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Agenda

JOINT MEETING OF THE BOARD OF DIRECTORS

for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

November 13, 2008

9:00 a.m.

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

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ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes - October 30, 2008 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 2009 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 2009.

Please turn off cell phones and pagers
during the meeting



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

CONSENT ITEMS

- | | | |
|-----|--|---------|
| 6. | <u>MTS: Increased Authorization for Legal Services - Liebman, Quigley, Sheppard & Soulema, APLC</u>
Action would authorize the CEO to execute MTS Doc. No. G1087.3-07 with Liebman, Quigley, Sheppard & Soulema, APLC for legal services and ratify prior amendments entered into under the CEO's authority. | Approve |
| 7. | <u>MTS: KMD Bus Wash Renovation Project</u>
Action would authorize the CEO to execute MTS Doc. No. PWB106.0-09 to Telliard Construction for the Kearny Mesa Division (KMD) Bus Wash Renovation Project. | Approve |
| 8. | <u>MTS: Rail Profile-Grinding Services - Contract Award</u>
Action would authorize the CEO to execute MTS Doc. No. PWL104.0-09 with Advanced Rail Management Corporation for rail profile-grinding services for a five-year period. | Approve |
| 9. | <u>MTS: Third-Party Administration Services for Workers' Compensation - Contract Award</u>
Action would authorize the CEO to execute MTS Doc. No. G1182.0-08 with TRISTAR Risk Management for third-party administration services for workers' compensation for a five-year period with two 1-year options. | Approve |
| 10. | <u>MTS: Southland Transit, Inc. - Contract Option Year</u>
Action would authorize the CEO to execute MTS Doc. No. B0449.1-06 for: (1) one 12-month option period for central minibus fixed-route with Southland Transit, Inc. (Southland); and (2) one 12-month option period for Sorrento Valley Coaster Connection (SVCC) with Southland contingent upon securing sustainable funding for this service. | Approve |

CLOSED SESSION

- | | | |
|-----|---|-----------------|
| 24. | a. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL
ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION Pursuant to California Government Code section 54956.9(b) (<u>One Potential Case</u>) | Possible Action |
|-----|---|-----------------|

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

- | | | |
|-----|---|---------|
| 30. | <u>MTS: An Ordinance Amending Ordinance No. 4, An Ordinance Establishing a Metropolitan Transit System Fare-Pricing Schedule and an Ordinance Amending Ordinance No. 13, An Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions on or About a Transit Facility, Trolley Station, or Bus Stop</u>
Action would adopt the ordinance entitled "An Ordinance Amending Ordinance No. 4, an Ordinance Establishing a Metropolitan Transit System Fare-Pricing Schedule" and the ordinance (Attachment B) entitled "An Ordinance Amending Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions on or About a Transit Facility, Trolley Station, or Bus Stop" and direct publication of ordinance summaries. This action is necessary to make the MTS ordinances consistent with the San Diego Association of Governments' (SANDAG's) Regional Comprehensive Fare Ordinance. | Adopt |
| 31. | <u>MTS: SDTC Site Hardening & Security Project - Contract Award</u>
Action would authorize the CEO to: (1) waive the applicable provisions of Policy No. 52 "Procurement of Goods and Services;" and (2) utilize the County of San Diego's Job Order Contracting process to award a contract to Security Systems Techniques for construction on the San Diego Transit Corporation (SDTC) Site Hardening & Security Project. | Approve |
| 32. | <u>MTS: State Legislative Representation</u>
Action would authorize the CEO to execute MTS Doc No. G1204.0-09 with California Strategies and Advocacy, LLC for state legislative representation for up to a five-year period. | Approve |
| 33. | <u>MTS: 2009 Legislative Program</u>
Action would: (1) receive a report on 2008 legislative and intergovernmental activities; (2) accept the proposed MTS 2009 Federal Legislative Program; (3) accept the proposed MTS 2009 State Legislative Program; and (4) authorize the CEO to direct MTS's Sacramento and Washington representatives to advocate the state and federal legislative programs. | Approve |

REPORT ITEMS

- | | | |
|-----|---|---------|
| 45. | <u>MTS: Annual Service Performance Monitoring Report</u>
Action would receive a report for information. | Receive |
| 46. | <u>MTS: Padres Baseball 2008 Year-End Summary</u>
Action would receive a report for information. | Receive |
| 47. | <u>MTS: Route 28 Service on Shelter Island</u>
Action would receive a report for information. | Receive |
| 48. | <u>SDTC: Pension Investment Status Report</u>
Action would receive a report for information. | Receive |
| 49. | <u>MTS: Fiscal Year 2008 Comprehensive Annual Financial Report</u>
Action would receive the Fiscal Year 2008 Comprehensive Annual Financial Report | 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>
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 11, 2008 | |
| 66. | <u>Adjournment</u> | |

DRAFT

JOINT MEETING OF THE BOARD OF DIRECTORS FOR THE METROPOLITAN TRANSIT SYSTEM (MTS), SAN DIEGO TRANSIT CORPORATION (SDTC), AND SAN DIEGO TROLLEY, INC. (SDTI)

October 30, 2008

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

1. Roll Call

Vice Chairman Rindone called the Board meeting to order at 9:03 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Young moved to approve the minutes of the October 16, 2008, MTS Board of Directors meeting. Mr. Faulconer seconded the motion, and the vote was 8 to 0 in favor.

3. Public Comments

ARC Presentation: Matt Mouer, ARC Director, presented a plaque to MTS in recognition of its support of the ARC Program, which allows disabled people to become working members of society while cleaning buses for San Diego Transit. He stated that their work at San Diego Transit began four years ago under the direction of Ms. Claire Spielberg, Chief Operating Officer – Transit Services. Adam Rocksandich, who participates in this program, said “I love what you guys do for us, and I love my job”. Mr. Monroe extended his heartfelt sympathy to ARC for the recent loss of one of its employees in a pedestrian accident. Mr. Mouer stated that ARC appreciated the support of its MTS family during that time. Ms. Spielberg stated that ARC’s participation in this program would not have been possible without the support and cooperation of the International Brotherhood of Electrical Workers, Local 465.

Clive Richard: Mr. Richard stated that he was approached during the recent APTA Annual Meeting by a magazine editor who asked what MTS was doing to go “green.” Mr. Richard stated that he thought MTS was green. Mr. Richard also stated that he hoped all technical difficulties with the implementation of the Compass Card would be worked out before it is made available to the general public.

Dwight Davis: Mr. Davis suggested that trolleys have stickers that provide a phone number for security, that smoking areas be better defined so passengers don’t have to carry a tape measure to determine where the smoking area starts; and that Veolia operators be more knowledgeable regarding their routes and where they connect with other transit services.

CONSENT ITEMS:

6. MTS: San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Railway Company Board of Directors at its October 10, 2008 Special Meeting (SDAE 710)

Recommend that the Board of Directors (1) receive the San Diego and Imperial Valley Railroad, Pacific Southwest Railway Museum Association, and Carrizo Gorge Railway, Inc. quarterly reports (Attachment A of the agenda item); and (2) ratify actions taken by the SD&AE Railway Company Board of Directors at its Special Meeting on October 10, 2008.

7. MTS: State Transit Assistance (STA) Claims (FIN 340.2)

Recommend that the Board of Directors adopt Resolution No. 08-22 (Attachment A of the agenda item) approving fiscal year 2009 STA claims.

8. MTS: Office of Homeland Security Grant Applications (AG 210.9)

Recommend that the Board of Directors adopt Resolution No. 08-23 (Attachment A of the agenda item) authorizing the CEO to submit applications for fiscal year 2008-2009 California Transit Security Grant Program – State Transit Assistance Agencies funding.

9. MTS: Public Transportation Modernization, Improvement, and Service Enhancement Account Funding (AG 210.9)

Recommend that the Board of Directors adopt Resolution 08-24 (Attachment A of the agenda item) authorizing the CEO to submit applications for fiscal year 2008-2009 California Public Transportation Modernization, Improvement, and Service Enhancement Account – State Transit Assistance Agencies funding.

10. MTS: Investment Report – September 2008 (FIN 300)

Recommend that the Board of Directors receive a report for information.

11. MTS: Increased Authorization for Legal Services – Law Offices of R. Martin Bohl (LEG 491)

Recommend that the Board of Directors authorize the CEO to execute MTS Doc. No. G1072.2-07 (in substantially the same form as Attachment A of the agenda item) with the Law Offices of R. Martin Bohl for legal services and ratify prior amendments entered into under the CEO's authority.

12. MTS: Ticket Vending Machine Reprogramming (CIP 11166)

Recommend that the Board of Directors (1) authorize the CEO to execute a Memorandum of Understanding (in substantially the same form as Attachment A of the agenda item) with SANDAG for Ticket Vending Machine reprogramming; and (2) approve a fund transfer from Capital Improvement Project (CIP) 11166 – CCATV Surveillance Equipment to SANDAG's CIP 1145700 – Fare Technology (in substantially the same form as shown on Attachment B of the agenda item – Budget Transfer Summary).

Action on Recommended Consent Items

Mr. Emery moved to approve Consent Agenda Item Nos. 6, 7, 8, 9, 11 and 12. Mr. Ewin seconded the motion, and the vote was 12 to 0 in favor.

Agenda Item No. 10 was pulled for discussion at Mr. Young's request.

In response to a question from Mr. Young, Mr. Tom Lynch, Controller, reported that restricted assets total \$158,000 (for debt service and capital support), and unrestricted assets total \$57,000. He added that of the total unrestricted assets, cash and cash equivalents total \$22 million. He further reported that the restricted assets are in a variety of secure investments. Mr. Young requested that future investment reports include a list of institutions used and the amounts held in each. Mr. Cliff Telfer, Chief Financial Officer, reported that these assets have not been affected by recent extreme market fluctuations. Mr. Telfer further advised Mr. Young that the only MTS assets affected by the changes in the market were the Pension Obligation Bonds.

Mr. Clabby moved to approve Consent Agenda Item No. 10. Mr. Emery seconded the motion, and the vote was 12 to 0 in favor.

CLOSED SESSION:

There were no Closed Session items.

NOTICED PUBLIC HEARINGS

25. There were no noticed public hearings.

DISCUSSION ITEMS:

30. MTS: An Ordinance Amending Ordinance No. 4, an Ordinance Establishing an MTS Fare-Pricing Schedule and an Ordinance Amending Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions on or About a Transit Facility, Trolley Station, or Bus Stop (ADM 110.3)

Mr. Mark Thomsen, Senior Transportation Planner, reported that MTS is amending its ordinances to incorporate the Compass Card and to allow enforcement of Compass Card rules. Mr. Thomsen reviewed the changes, the implementation schedule, and the next steps.

Ms. Tiffany Lorenzen, General Counsel, read the titles of the ordinances as follows: An Ordinance Amending Ordinance No. 4, an Ordinance Establishing an MTS Fare-Pricing Schedule and an Ordinance Amending Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions on or About a Transit Facility, Trolley Station, or Bus Stop.

Public Comment

Clive Richard: Mr. Richard stated that he is participating in the pilot program to test the Compass Card. He stated that the equipment that is used to tap on and tap off does not always work. He expressed concern about issuing citations to people who try to tap on or off but are unable to do so because of technical difficulties. He also pointed out that the sign at City

College is mislabeled as San Diego State University. Mr. Richard stated that he advised the project manager about the mislabeling of this sign.

Ms. Sharon Cooney, Director of Government Affairs and Community Relations, reported that this is SANDAG's project, and the pilot program is being used to identify and work out any technical difficulties. She stated that SANDAG has assured MTS that these problems will be worked out before the program is implemented. She stated that the Board will be kept apprised as this project proceeds and that MTS has reported problems as they have been discovered. Mr. Ewin requested that the Board be provided with information about the procedures that are set up to help passengers who are erroneously cited for not tapping on and off.

In response to a comment from Mr. Clabby regarding the cost of a ticket to special events, staff explained that the round-trip ticket has been eliminated but that passengers can purchase a Day Pass for the same price.

Action Taken

Mr. Ewin moved to (1) read the title of Ordinance No. 4, An Ordinance Establishing a Metropolitan Transit System Fare-Pricing Schedule and Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions on or About a Transit Facility, Trolley Station, or Bus Stop; (2) waive further readings of the ordinances; (3) introduce the ordinances for further consideration at the next Board meeting on November 13; and (4) direct publication of an ordinance summary. Mr. Emery seconded the motion, and the vote was 12 to 0 in favor.

REPORT ITEMS:

45. MTS: Year-To-Date Operations Budget Status Report Through August 2008 (FIN 310)

Mr. Larry Marinesi, Budget Manager, reviewed revenue and expenses for FY 2009 through August 2008 compared to budget. He pointed out that energy expense, which increased during this time period, has now decreased to levels that are below budget. He reported that the spot price of diesel is now \$2.14 a gallon compared to budget at \$3.29, and compressed natural gas is now \$1.45 compared to budget at \$1.47. He also reviewed subsidy revenue projections for FY 2009 reporting that sales tax projections have dropped by \$5,145,000. He added that, if ridership stays at current levels, MTS should be able to cover this anticipated shortfall. Mr. Marinesi also reported that it is anticipated that sales tax revenues will not return to normal levels until 2011.

Mr. Monroe stated that he expected an answer during SANDAG's Board meeting on October 24, 2008, to his question about the impact of sales tax revenues on MTS's and NCTD's budget but was not provided with one. He stated that he specifically requested during the most recent Executive Committee meeting that staff notify SANDAG that he would be asking this question.

Ms. Cooney stated that discussions regarding the impact of sales tax revenue reductions will first be discussed with the Budget Development Committee. She advised the Board that the Governor has reopened the budget and another \$14 million in transit-related funds are at risk. She stated that MTS is going to trim expenses as much as it can in anticipation of these potential future shortfalls in funding.

Action Taken

Mr. Rindone moved to receive the MTS Year-to-Date Operations Budget Status Report through August 2008. Mr. McLean seconded the motion, and the vote was 12 to 0 in favor.

46. MTS: Transit Services Year-End Report (OPS 960.2)

Ms. Cooney reported that staff is planning on presenting the Annual Performance Monitoring Report at the November Executive Committee and Board meetings. She stated that a more detailed analysis of performance-related statistics will be presented at that time.

Mr. Jim Byrne, SDTC Director of Transportation, reviewed comparative FY 2007 and FY 2008 figures for ridership as well as revenue and expense elements. He provided the same type of data for operational-related elements. Mr. Byrne pointed out that lift boardings have increased from 20,000 per month in 2006 to 30,000 per month currently. He also reviewed customer complaint comparisons and information on the frequency of preventable accidents. Ms. Spielberg discussed maintenance performance at San Diego Transit and the negative impact on SDT of the cost of parts and the low Mean Distance Between Failure (MDBF) of older buses.

Ms. Spielberg stated that MTS's biggest challenge ahead is providing the capacity to deal with the increases in ridership that have been experienced recently.

Public Comment

Clive Richard: Mr. Richard stated that he would like to know how many lift deployments there were on paratransit services. Ms. Spielberg stated that during FY 2007 there were 107,568 lift deployments on fixed-route service and 78,172 on paratransit services.

In response to a question from Mr. Monroe, Ms. Spielberg stated that the Federal Transit Administration (FTA) mandates a 12-year life for buses. She stated that MTS has 24 buses that were purchased in 1995 and 27 buses that were purchased in 1997. She stated that the articulated buses that were purchased in 2001, which are causing the most mechanical problems, cannot be officially retired until 2013. In response to a question from Mr. Ewin, Ms. Spielberg stated that there is no recourse if a bus series is found to be particularly problematic. She added, in response to a question from Mr. Monroe, that these were the only articulated buses that were available at the time of purchase. In response to a question from Mr. McClellan, Ms. Spielberg reported that SDTC needs to use all of its articulated buses in order to meet ridership demand and cannot let any of them "rest."

Mr. Monroe stated that MTS bus and contract service statistics should not be combined. Ms. Spielberg stated that the information could be provided that way. She stated that the statistics were combined as part of an effort to make the whole transit system as seamless as possible to MTS customers and in order to show the Board how well the entire system is performing. She also reported that SDTC is overseeing contract maintenance operations on a regular basis using a quality assurance system. Chairman Mathis requested that future reports show contract services and bus statistics separately.

Action Taken

Mr. McLean moved to receive a report for information. Mr. McClellan seconded the motion, and the vote was 12 to 0 in favor.

47. MTS: Rail Operations Year-End Report (OPS 960.2)

Mr. Wayne Terry, Chief Operating Officer – Rail, provided the Board with information on ridership, operating efficiency, and accidents (per 100,000 miles, by location, and by operator seniority). Mr. Terry pointed out that the majority of the accidents occur in Centre City and are minor in nature with no injuries. He reported that while SDTI accidents are low per 100,000 miles compared to other cities, staff was still alarmed when accidents increased in 2008 compared to 2006 and 2007. He stated that an auxiliary and specific retraining program was adopted, and as a result, SDTI has experienced the longest train miles without an accident in the history of SDTI. In response to a question from Mr. Ewin, Mr. Terry reported that the newest operators have the highest accident rates and that group consists of about 20 operators. In response to a question from Chairman Mathis, Mr. Terry explained that a number of methods are used to oversee train operators including observance by supervisors, audits, oversight by the PUC, and a recertification program. In response to a question from Mr. Young, Mr. Terry reported that operators who have a higher seniority number get better assignments but he didn't feel that would have a significant bearing on accident rates. In response to a question from Mr. Emery, Mr. Terry reported that only one operator was cited for a violation of the California Vehicle Code in connection with an accident during the fiscal year, and there were no injuries associated with that accident. Mr. Faulconer pointed out that the redevelopment of the C Street corridor should help considerably in reducing the number of accidents due to red light, stop sign, and illegal turn violations.

Mr. Terry then reviewed data on customer complaints, schedule adherence, lift service, special event service, and Centralized Train Control. He reported that CCTV systems can be used by train control operators to monitor activity at stations.

Mr. Terry also reviewed train miles between service failures, the status of the LRV Body Restoration and Painting Program, and the frequency of door failures. He also explained how iPods are being interfaced with existing systems on LRVs in order to provide a passenger announcement system. He pointed out that this system, which was developed in-house, will save SDTI \$581,286 over a commercial messaging system. He also briefly discussed a crossing-gate protection device that was developed in-house (cost savings of \$84,500) that causes the crossing gate to spring away when hit by a car.

Action Taken

Mr. Emery moved to receive a report for information. Mr. Clabby seconded the motion, and the vote was 12 to 0 in favor.

48. MTS: Route 28 Service on Shelter Island (SRTP 830)

This item was deferred.

60. Chairman's Report

NABI Articulated Buses: Chairman Mathis advised Board members that the first of 26 NABI compressed natural gas articulated buses had arrived and was parked outside for Board members to see. He stated that these buses replace 25 diesel coaches purchased in 1993 that have 12.5 million miles on them collectively. He added that the new buses are being purchased using Proposition 1B funds.

61. Audit Oversight Committee Chairman's Report

Mr. Ewin, Chairman of the Audit Oversight Committee, reported that Board members should have received a faxed draft of the minutes for its most recent meeting. He stated that the Executive Committee will be reviewing the Comprehensive Annual Financial Report in November, and the report will then be forwarded to the Board.

62. Chief Executive Officer's Report

Ms. Cooney relayed Mr. Paul Jablonski's thanks for the good wishes and reported that he should be back at work soon.

63. Board Member Communications

Trolley: Mr. Monroe reported that Imperial Beach City Council Member Patricia McCoy e-mailed him about a problem she had with a recent trolley ride that was so crowded that people were unable to get out of the cars to get off at their respective stops. He stated that Ms. Cooney has talked to Ms. McCoy about her experience. Mr. McLean reported that late afternoon trips on the Blue Line are also very crowded. Chairman Mathis stated that he wished MTS had more trolley cars that could be put into operation. Mr. Terry stated that SDTI personnel monitor very closely in order to match passenger loads with the right size of train consists where possible but that SDTI cannot operate four-car trains downtown because of physical limitations related to the length of the trains and city blocks.

Economic Crisis: Mr. Young distributed a memo requesting that a report be made at a future Board meeting regarding how the current economic crisis is impacting MTS.

64. Additional Public Comments on Items Not on the Agenda

There were no additional Public Comments.

65. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, November 13, 2008.

66. Adjournment

Chairman Mathis adjourned the meeting at 10:49 a.m.

Filed by:

Approved as to form:

Office of the Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

Attachment: A. Roll Call Sheet

[gail.williams/minutes](#)

**METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL**

MEETING OF (DATE): 10/30/08

CALL TO ORDER (TIME): 9:03 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: _____

RECONVENE: _____

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 10:49 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS	<input checked="" type="checkbox"/> (Hueso) <input type="checkbox"/>	9:10 a.m. during AI 3	
CLABBY	<input checked="" type="checkbox"/> (Selby) <input type="checkbox"/>	9:06 a.m. during AI 3	
EMERY	<input checked="" type="checkbox"/> (Cafagna) <input type="checkbox"/>		
EWIN	<input checked="" type="checkbox"/> (Allan) <input type="checkbox"/>		
FAULCONER	<input checked="" type="checkbox"/> (Hueso) <input type="checkbox"/>		
MAIENSCHIN	<input type="checkbox"/> (Hueso) <input type="checkbox"/>		<input checked="" type="checkbox"/>
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>	9:09 a.m. during AI 3	
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
MCLEAN	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		
MONROE	<input checked="" type="checkbox"/> (Downey) <input type="checkbox"/>		
RINDONE	<input checked="" type="checkbox"/> (McCann) <input type="checkbox"/>		
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:10 a.m. during AI 3	
RYAN	<input type="checkbox"/> (B. Jones) <input type="checkbox"/>		<input checked="" type="checkbox"/>
YOUNG	<input checked="" type="checkbox"/> (Hueso) <input type="checkbox"/>		
ZARATE	<input type="checkbox"/> (Parra) <input type="checkbox"/>		<input checked="" type="checkbox"/>

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

Gail Williams
[Signature]



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San Diego, CA 92101-7490
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Agenda

Item No. 4

JOINT MEETING OF THE BOARD OF DIRECTORS for the

Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

LEG 410 (PC 50101)

November 13, 2008

SUBJECT:

MTS: APPOINTMENT OF AD HOC NOMINATING COMMITTEE FOR
RECOMMENDING APPOINTMENTS TO MTS COMMITTEES FOR 2009

RECOMMENDATION:

That the Board of Directors 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 2009.

Budget Impact

None.

DISCUSSION:

Each year, the Board makes appointments to various committees, including the Budget Committee, Audit Committee, Executive Committee, Joint Committee on Regional Transit (JCRT), Taxicab Committee, High-Speed Rail Task Force of SANDAG, Los Angeles-San Diego Rail Corridor Agency (LOSSAN), Accessible Services Advisory Committee (ASAC), and the SANDAG Transportation Committee. Attachment A is a table of committee appointments for 2008.



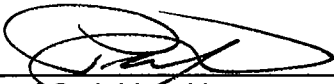
MTS Board Policy No. 22 specifies that on or before the Board's first meeting in November, the Board shall appoint less than a quorum of members to an Ad Hoc Nominating Committee. The 2007 Ad Hoc Nominating Committee appointed by the Board included Board members Clabby, Emery, and Ewin.

The Ad Hoc Nominating Committee shall review the list of MTS committees and make recommendations to the Board with respect to the appointment of members of the Board to serve on each committee. The Ad Hoc Nominating Committee is also tasked with reviewing the list of outside boards and/or committees and making recommendations to the Board with respect to the appointment of members of the Board to represent MTS on each outside board or committee, except for the Board representative appointed to the SANDAG Transportation Committee, which is appointed by the Executive Committee.

The Ad Hoc Nominating Committee forwards its recommendations for appointments of officers and committee members on or before the first Board meeting in January.

The election procedures to appoint an Ad Hoc Nominating Committee pursuant to Robert's Rules of Order are as follows:

1. The Chairman of the Board opens the agenda item.
2. The Chairman requests nominations from the floor. Nominations do not require a second.
3. The Chairman closes the nominations.
4. The Chairman invites the candidate(s) to address the Board for three minutes.
5. The Chairman asks for any Board discussion.
6. The Chairman calls for the vote on each motion for each candidate.
7. A vote is taken on the motion(s) for each candidate based upon the order in which they were nominated. The vote continues until a candidate is elected.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, Sharon.Cooney@sdmts.com

NOV13-08.4.ADHOCNOMINATINGCOMM.SCOONEY.doc

Attachment: A. Table of MTS Committees for 2008

TABLE OF MTS COMMITTEES FOR 2008

MTS Executive Committee (E/C)	<p>Harry Mathis: Chair</p> <p>Toni Atkins: City of San Diego Representative (Alternate: Tony Young)</p> <p>Ernie Ewin: East Cities Representative (Alternate: Tom Clabby)</p> <p>Phil Monroe: South Cities Representative (Alternate: Fred McLean)</p> <p>Ron Roberts: County of San Diego Representative (Alternate: Greg Cox)</p> <p>Bob Emery: (E/C Rep. on SANDAG Transportation Comm.) (Alternate: Harry Mathis)</p> <p>Jerry Rindone: (Vice Chair of the Board) (Alternate: Bob Emery)</p>
Accessible Services Advisory Committee (ASAC)	Tom Clabby: Chair
Ad Hoc Public Security Committee	<p>Tony Young, Chairman</p> <p>Tom Clabby</p> <p>Ernie Ewin</p> <p>Harry Mathis</p> <p>Phil Monroe</p>
Ad Hoc Railroad Subcommittee	<p>Bob Emery: Chair</p> <p>Harry Mathis: Vice Chair</p> <p>Thomas Clabby</p> <p>Jerry Rindone</p>
Airport Master Plan Policy Committee	<p>Harry Mathis</p> <p>(Alternate: Jerry Rindone)</p>
Audit Oversight Committee	<p>Ernie Ewin: Chair (Alternate: Tom Clabby)</p> <p>Toni Atkins (Alternate: Tony Young)</p> <p>Bob Emery: (Alternate: Harry Mathis)</p> <p>Harry Mathis</p> <p>Phil Monroe (Alternate: Fred McLean)</p> <p>Jerry Rindone: (Alternate: Bob Emery)</p> <p>Ron Roberts (Alternate: Greg Cox)</p>
Budget Development Committee	<p>Jerry Rindone: Chair</p> <p>Harry Mathis: Vice Chair</p> <p>Tom Clabby</p> <p>Ron Roberts</p> <p>Tony Young</p>
Joint Committee on Regional Transit (JCRT)	<p>Bob Emery, Harry Mathis, Ernie Ewin</p> <p>(Alternates: Tom Clabby and Brian Maienschein)</p>
Los Angeles--San Diego Rail Corridor Agency (LOSSAN)	<p>Jerry Rindone</p> <p>(Alternate: Harry Mathis)</p>
SANDAG Board	<p>Advisory Member: Harry Mathis</p> <p>(Alternate: Jerry Rindone)</p> <p>(Second Alternate: Bob Emery)</p>
SANDAG Transportation Committee (Elected by Executive Committee)	<p>Bob Emery</p> <p>(Alternate: Harry Mathis)</p>
SANDAG Regional Planning Committee	<p>Harry Mathis</p> <p>(Alternate: Bob Emery)</p>
Taxicab Committee	<p>Brian Maienschein – Chair</p> <p>(Alternate: Tony Young)</p>



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466 FAX 619.234.3407

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 491 (PC 50633)

November 13, 2008

SUBJECT:

MTS: INCREASED AUTHORIZATION FOR LEGAL SERVICES – LIEBMAN,
QUIGLEY, SHEPPARD & SOULEMA, APLC

RECOMMENDATION:

That the Board of Directors to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1087.3-07 (in substantially the same form as Attachment A) with Liebman, Quigley, Sheppard & Soulema, APLC for legal services and ratify prior amendments entered into under the CEO's authority.

Budget Impact

Not to exceed \$45,000 for Liebman, Quigley, Sheppard & Soulema, APLC. The recommended amounts are contained within the fiscal year 2009 budget.

DISCUSSION:

On January 18, 2007, the Board approved a list of qualified attorneys for general liability and workers' compensation for use by MTS, San Diego Trolley, Inc. (SDTI), and San Diego Transit Corporation (SDTC) (hereinafter referred to as the Agencies) staffs on an as-needed basis. Thereafter, MTS began to contract with approved attorneys for various amounts depending upon current and anticipated needs.

Pursuant to Board Policy No. 52 (Procurement of Goods and Services), the CEO may enter into contracts with service providers for up to \$100,000. The Board must approve all agreements in excess of \$100,000. All attorneys listed have multiple cases that are



Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB is owner of the San Diego and Arizona Eastern Railway Company. MTDB Member Agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

scheduled to proceed to trial, and the total cost of their legal services will exceed the CEO's authority.

Liebman, Quigley, Sheppard & Soulema, APLC is currently under contract with the Agencies for \$100,000. Attorney John Madsen has successfully defended the Agencies in a number of tort liability matters. Pending invoices for recent and current services are anticipated to exceed current contract authority due to legal defense costs.

The CEO has approved contracts up to the \$100,000 authority level. Staff is requesting Board approval of MTS Doc. No. G1087.3-08 with Liebman, Quigley, Sheppard & Soulema, APLC for legal services and ratification of prior contracts/amendments entered into under the CEO's authority.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: James Dow, 619.557.4562, jim.dow@sdmts.com

NOV13-08.6.LEGALSVCS.JDOW.doc

Attachment: A. MTS Doc. No. G1087.3-07

DRAFT

November 13, 2008

MTS Doc. No. G1087.3-07
LEG 491 (PC 50633)

Mr. James J. Rij
Liebman, Quigley, Sheppard & Soulema, APLC
110 W C Street, Suite 2100
San Diego, CA 92101-3947

Dear Mr. Rij:

Subject: AMENDMENT NO. 3 TO MTS DOC. NO. G1087.0-07: LEGAL SERVICES – GENERAL
LIABILITY

This letter will serve as Amendment No. 3 to MTS Doc. No. G1087.0-07. This contract amendment authorizes additional costs not to exceed \$45,000 for professional services. The total value of this contract, including this amendment, is \$145,000. Additional authorization is contingent upon MTS approval.

If you agree with the above, please sign below and return the document marked "original" to the Contracts Administrator at MTS. The other copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

Mr. James J. Rij
Liebman, Quigley, Sheppard & Soulema, APLC

NOV13-08.6.AttA.LEGAL SVCS.JDOW.doc

Date: _____



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San Diego, CA 92101-7490
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FAX 619/234-3407

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.

CIP 11207

November 13, 2008

SUBJECT:

MTS: KMD BUS WASH RENOVATION PROJECT

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWB106.0-09 (in substantially the same format as Attachment A) to Telliard Construction for the Kearny Mesa Division (KMD) Bus Wash Renovation Project.

Budget Impact

This project is funded under CIP 11207 for a total of \$340,000.

DISCUSSION:

An Invitation for Bids (IFB) for the KMD Bus Wash Renovation Project was issued on August 8, 2008. The project was advertised, and a letter of interest was mailed directly to ten contractors on August 8, 2008. A prebid conference was held on September 3, 2008 at KMD with a site visit immediately following the prebid conference. A total of four sealed bids were received on October 9, 2008.

An investigation of responsiveness and responsibility was conducted in accordance with MTS Policy No. 52 (Procurement of Goods and Services), which requires a formal competitive bid process for procurements of goods and services exceeding \$100,000 and a bid summary was prepared (Attachment B).



After evaluating the bids and fully reviewing the prices compared to the Engineer's Estimate, it was found that Telliard Construction provided the lowest responsive and responsible bid. Therefore, staff recommends that MTS award a contract to Telliard Construction for Schedule A in the amount of \$340,000.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Frank Toth, 619.238.0100, Ext. 6511, frank.toth@sdmts.com

NOV13-08.7.KMD BUS WASH.JMILLER.doc

Attachments: A. Draft MTS Standard Construction Agreement Doc. No. PWB106.0-09
B. Bid Summary

STANDARD CONSTRUCTION AGREEMENT

DRAFT

PWB106.0-09
 CONTRACT NUMBER
 CIP 11207
 FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2008, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: Telliard Construction Address: 740 Amiford Drive
 Form of Business: Sole Proprietor San Diego, CA 92104
 (Corporation, partnership, sole proprietor, etc.)
 Telephone: (619) 224-4725

Authorized person to sign contracts: David Telliard Owner
 Name Title

The attached Standard Conditions are part of this agreement. The Contractor agrees to furnish to the MTS services and materials, as follows:

Contractor shall provide all management, tools, supplies, equipment, and skilled labor necessary for demolition of existing bus wash system, including all wash equipment, wash controllers, all material storage and transport equipment, electrical and electronics equipment, and any ancillary equipment; saw cutting of concrete pavement; refurbishing of structural steel frame, procurement and installation of Concrete Masonry Unit (CMU) wall, metal roof systems, engineered drawings, and installation of a new bus washer system, including relocation of power for new control station, finishing of all structures including sealants, and procuring all materials and performing all other work necessary to complete the work in accordance with the Project CIP-11207 plans and Special Provisions and based upon MTS's IFB No. PWB106.0-09, Addendum No. 1, MTS's Responses to Questions and Clarifications, and in accordance with MTS's Standard Construction Agreement, including the Standard Conditions Procurement, Federal Requirements, and Telliard Construction's bid dated October 10, 2008 (collectively "Contract Documents"). If there are any inconsistencies between the Contract Documents, the following order of precedence will govern the interpretation of this contract: (1) MTS's IFB No. PWB106.0-09 for KMD Bus Wash Renovation Project, including Addendum No. 1 and MTS's Responses to Questions and Clarifications; (2) Telliard Construction's bid; and (3) the Standard Construction Agreement, including Standard Conditions Procurement and Federal Requirements. The total amount of contract shall not exceed \$340,000.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM		CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer		Firm: _____
Approved as to form:		By: _____ Signature
By: _____ Office of General Counsel		Title: _____
AMOUNT ENCUMBERED \$340,000	BUDGET ITEM CIP 11207	FISCAL YEAR FY 09

By: _____
 Chief Financial Officer _____ Date

Updated: 11/4/2008

BID SUMMARY
KMD BUS WASH RENOVATION PROJECT
IFB-2008

SCHEDULE "A" TOTAL BID

		Montgomery General		Randall Construc.		St. Thomas Enter.		Tellard Construc.	
Spec. Ref.	Item No.	Item	Qty.	Unit Price	Total	Unit Price	Total	Unit Price	Total
10-1.01	1	Mobilization	1	\$ 21,896.05	\$ 21,896.05	\$ 7,000.00	\$ 7,000.00	\$ 41,000.00	\$ 41,000.00
11	2	Demolition	1	\$ 26,565.00	\$ 26,565.00	\$ 88,000.00	\$ 88,000.00	\$ 48,000.00	\$ 48,000.00
12	3	Equipment	1	\$ 333,774.05	\$ 333,774.05	\$ 207,000.00	\$ 207,000.00	\$ 440,000.00	\$ 440,000.00
13	4	Earthwork	1	\$ 8,538.75	\$ 8,538.75	\$ 25,000.00	\$ 25,000.00	\$ 26,000.00	\$ 26,000.00
15	5	Concrete Pavement	1	\$ 10,849.59	\$ 10,849.59	\$ 55,000.00	\$ 55,000.00	\$ 33,000.00	\$ 33,000.00
16-3.02	6	Roofing-Refurb.	1	\$ 24,035.00	\$ 24,035.00	\$ 40,000.00	\$ 40,000.00	\$ 10,000.00	\$ 10,000.00
16-3.04	7	Corrugated Roof Sys.	1	\$ 67,109.83	\$ 67,109.83	\$ 75,000.00	\$ 75,000.00	\$ 35,000.00	\$ 35,000.00
17	8	Concrete Masonry Wall	1	\$ 49,901.09	\$ 49,901.09	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Sub-Total:					\$ 542,669.36		\$ 527,000.00		\$ 663,000.00

SCHEDULE "B" TOTAL BID

		Montgomery General		Randall Construc.		St. Thomas Enter.		Tellard Construc.	
Spec. Ref.	Item No.	Item	Qty.	Unit Price	Total	Unit Price	Total	Unit Price	Total
16-3.06	9	Corrugated Roof Sys.	1	\$ 46,915.69	\$ 46,915.69	\$ 34,000.00	\$ 34,000.00	\$ 40,000.00	\$ 40,000.00
12	10	Slab Drain	1	\$ 18,397.91	\$ 18,397.91	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
12	11	Blower System	1	\$ 63,658.60	\$ 63,658.60	\$ 90,000.00	\$ 90,000.00	\$ 75,000.00	\$ 75,000.00
Sub-Total:					\$ 128,972.20		\$ 144,000.00		\$ 135,000.00

Grand Total Basis of Award				\$ 671,641.56	\$ 671,000.00	\$ 798,000.00	\$ 487,000.00
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1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466, FAX: 619.234.3407

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.

CIP 11206

November 13, 2003

SUBJECT:

MTS: RAIL PROFILE-GRINDING SERVICES – CONTRACT AWARD

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc No. PWL104.0-09 (in substantially the same form as Attachment A) with Advanced Rail Management Corporation for rail profile-grinding services for a five-year period.

Budget Impact

This contract would be for a five-year period with a total cost not to exceed \$1,625,197.00. Funding would come from the Capital Improvement Program (CIP) 11206-0800 (FY 09 through FY 13). The CIP budget is comprised of 80% federal and 20% local funds.

DISCUSSION:

MTS Policy No. 52, Procurement of Goods and Services, requires a formal competitive bidding process for procurements exceeding \$100,000. In accordance with Federal Transit Administration Circular 4220.1F, a cost analysis is required when only a single responsive bid is received for any type of formal procurement.

MTS issued an Invitation for Bids on September 4, 2008, for rail profile grinding services for a five-year period with San Diego Trolley, Inc.'s rail divisions. One responsive bid was received from Advanced Rail Management Corporation. A cost analysis



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

(Attachment B) was conducted, which concludes that the bid prices are fair and reasonable.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Marco Yniguez, 619.557.4576, marco.yniguez@sdmts.com

NOV13-08.8.RAILPROFILEGRINDING.MYNIGUEZ.doc

Attachments: A. Draft MTS. Doc. No. PWL104.0-09
B. Cost Analysis
C. Bid Pricing

STANDARD SERVICES AGREEMENT

DRAFT

PWL104.0-09
 CONTRACT NUMBER
 OPS 970.4
 FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2008, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: Advanced Rail Management Corporation Address: 507 Latana Palm Drive
 Form of Business: Corporation Indialantic, FL 32903
 (Corporation, partnership, sole proprietor, etc.) Telephone: 321.984.1474
 Authorized person to sign contracts: Gordon S. Bachinsky President
 Name Title

The attached Standard Conditions are part of this agreement. The Contractor agrees to furnish to MTS services and materials, as follows:

Provide rail profile grinding services for MTS's rail operations as stipulated in its Invitation for Bids (IFB), including the Addenda, Responses to Approved Equals/Clarifications; and in accordance with the Standard Services Agreement, including the Standard Conditions for Services, Federal Requirements, MTS's Safety Program, and Bid Proposal (hereinafter "Contract Documents"). If there are any inconsistencies between the Contract Documents, the following order of precedence will govern the interpretation of the contract.

1. IFB, Addenda, Responses to Approved Equals/Clarifications, MTS Safety Program, and Contractor's Bid.
2. Standard Services Agreement, including the Standard Conditions Services and Federal Requirements.

This contract shall be for a five-year base period effective December 1, 2008, through November 30, 2013. The total contract amount shall not exceed \$1,625,197.00

SAN DIEGO METROPOLITAN TRANSIT SYSTEM		CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer		Firm: _____
Approved as to form:		By: _____ Signature
By: _____ Office of General Counsel		Title: _____
AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$ 1,625,197.00	CIP 11206	09-13

By: _____
Chief Financial Officer Date



Purchasing Department
1255 Imperial Ave., Suite 1000
San Diego, CA 92101
619.557.4576 FAX 619.696.7084

Att. B, AI 8, 11/13/08

MEMORANDUM

DATE: October 21, 2008
TO: Procurement file
FROM: Marco Yniguez
SUBJECT: Cost Analysis / Single Responsive Bidder

Background

San Diego Trolley, Inc. (SDTI) solicited for Rail Profile Grinding Services for five (5) year period. Of eight potential bidders; SDTI received a single responsive bid from Advance Rail Management. The Contractor is required to pay prevailing wages for this project, and will need to comply with all Federal Requirements. The following is a breakdown of cost associated with the Rail Grinding Project which include the following items below:

> Rail Grinding Operation (up to 40 miles per year)	MTS \$202,400	VTA \$198,492.97
> Mobilization and Transportation of equipment to west cost from the east cost	\$40,000	\$35,000
> Rail inspection and grinding plan, (per year) (Survey before and after grinding)	\$95,000	\$60,000
	MTS (2009)	VTA (2007/2008)
	\$337,400	\$293,492.97

Total Year 2009:	\$ 337,400.00
Total Year 2010:	\$317,120.00
Total Year 2011:	\$ 317,336.00
Total Year 2012:	\$318,053.00
Total Year 2013:	\$335,288.00
GRAND TOTAL:	\$1,625,197.00

Cost Comparison / Fair and Reasonable Determination

Procurement staff reviewed 2007/2008 past invoices from Santa Clara VTA, and did a cost comparison/evaluation. Staff found that the pricing is comparable and similar to the quotation breakdown that Advance Rail Management provided both agencies. The above information is based on the mileage, of 33.84 miles for VTA and 40 miles for MTS.

Conclusion

In light of the above, the staff has determined that the cost for this project is fair and reasonable, and is recommending that the contract be awarded to Advance Rail Management for the amount of \$1,625,197.00 for a five (5) year period

Contract officer
Marco B. Yniguez

NOV13-08.8.AttB.RAILGRINDCOSTANALYSIS.MYNIGUEZ.doc

B-1



BID PRICING

GRAND TOTALS - BASIS OF AWARD:

		<i>Advanced Rail Management Corporation</i>	
1	Total Year 2009:	\$	337,400.00
2	Total Year 2010:	\$	317,120.00
3	Total Year 2011:	\$	317,336.00
4	Total Year 2012:	\$	318,053.00
5	Total Year 2013:	\$	335,288.00
GRAND TOTAL:		\$	1,625,197.00



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San Diego, CA 92101-7490
619.231.1466 FAX 619.234.3407

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.

OPS 960.2, 970.2

November 13, 2008

SUBJECT:

MTS: THIRD-PARTY ADMINISTRATION SERVICES FOR WORKERS'
COMPENSATION - CONTRACT AWARD

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1182.0-08 (in substantially the same format as Attachment A) with TRISTAR Risk Management for third-party administration services for workers' compensation for a five-year base period with two 1-year options.

Budget Impact

This contract would cover a five-year base period with two 1-year options, and the total fixed cost would not exceed \$1,726,914. Specific costs directly charged to individual claims are estimated to be approximately \$355,236 plus a percentage of savings realized from medical auditing services provided. Funding would come from the Risk Administration operating budget (FY 2009 through FY 2015).

DISCUSSION:

Background

MTS Policy No. 52 governing procurement of goods and services requires a formal competitive bid process for procurements exceeding \$100,000.

MTS's third-party administration services for workers' compensation contract expired in March 2008. MTS is currently on a month-to-month contract until a new contract is awarded. MTS initiated a Request for Proposals (RFP) for a new third-party administration for worker's compensation to secure a multiyear contract that includes claims administration, medical review, managed care (utilization review/nurse case management), and medical provider network services.



On May 1, 2008, MTS issued an RFP to interested parties for third-party administration services for workers' compensation for a five-year base period with two 1-year options. The RFP was advertised and mailed to 19 firms. On August 13, 2008, MTS received eight proposals.

Proposals were found to meet the minimum requirements established in the RFP and deemed responsive and responsible. The proposals were evaluated by a committee consisting of representatives from MTS Procurement, Finance, Risk, Human Resources, and North County Transit District. While considering the primary objectives of the RFP, the committee evaluated and ranked the proposals using the following four criteria and their relative weights of importance:

- | | | |
|----|---|-----|
| 1. | Qualifications and prior experience of firm or individual | 25% |
| 2. | Staffing, firm organization, and management plan | 25% |
| 3. | Proposed methodology and work plan | 25% |
| 4. | Cost | 25% |

It was the unanimous finding of the evaluation committee that the proposal submitted by TRISTAR Risk Management represented the best value to the MTS. This finding was based on the procurement objectives, the evaluation criterion contained in the RFP, and a consideration of both technical and price factors.

TRISTAR Risk Management received the highest overall rankings in almost every area. Its proposal included a clear understanding of the scope of work with a highly knowledgeable and experienced management team.

Overall, TRISTAR Risk Management's proposal was the best combination of a clear understanding of the scope of work, highly knowledgeable and experienced management team, and financial approach that MTS staff believes would provide the best service and value for the agency. The negotiation committee is recommending that the MTS Board approve TRISTAR Risk Management for contract award.

Factoring in the maximum annual Consumer Price Index increase during the life of the contract, MTS should realize an estimated annual savings of over \$122,000 based on current third-party administrator charges for FY 2008. An additional estimated annual savings of up to \$50,000 is anticipated to be realized for medical auditing services and managed care reviews, which are charged directly against individual workers' compensation claims.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Jim Dow, (619) 557-4562, jim.dow@sdmts.com
Carmen Naranjo, (619) 557-4502, carmen.naranjo@sdmts.com

NOV13-08.9.3rdPARTYWORKERSCOMP.JDOW.doc

Attachments: A. Draft Agreement for TRISTAR Risk Management
B. Evaluation Committee Rankings
C. Cost Summary

DRAFT

Att. A, AI 9, 11/13/08

STANDARD SERVICES AGREEMENT

MTS Doc. No. G1182.0-08
CONTRACT NUMBER
LEG 491 50633
FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2008, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: TRISTAR Risk Management Address: 203 N. Golden Circle, Suite 200

Form of Business: Corporation Santa Ana, CA 92705
(Corporation, partnership, sole proprietor, etc.)

Telephone: 805.517.2928

Authorized person to sign contracts: Tom Veale President
Name Title

The attached Standard Conditions are part of this agreement. The Contractor agrees to furnish to MTS services and materials, as follows:

Provide third-party administration services for workers' compensation for MTS, and its bus and rail operations, as stipulated in MTS's Request for Proposals (RFP) for Third-Party Administration Services for Workers' Compensation, MTS Doc. No. G1182.0-08; including Addendum Nos. 1, 2, and 3, MTS's Responses to Questions/Clarifications; and in accordance with the Standard Services Agreement, including the Standard Conditions Services, Federal Requirements, and TRISTAR Risk Management's Revised Proposal dated 10/17/08. If there are inconsistencies between the RFP and Addendum, Responses to Questions/Clarifications, Standard Services Agreement, and/or the Standard Conditions Services, the following order of precedence will govern the interpretation of this contract:

1. MTS's Third-Party Administration Services for Workers' Compensation RFP, Addendum Nos. 1, 2, and 3, MTS's Responses to Questions/Clarifications, and TRISTAR Risk Management's Revised Proposal dated 10/17/08.
2. Standard Services Agreement, including the Standard Conditions Services, and Federal Requirements.

This contract shall be for a five-year base period with two 1-year options exercisable at MTS's discretion, effective December 1, 2008, through November 30, 2015. The annual Claims Administration Services fee will be reduced by \$9,600 per year assuming MTS's utilization of TRISTAR Risk Management's medical review auditing services, managed care and medical provider network. It is understood that Claims Administration Proposed staffing level is predicated on service requirements as stated in the RFP. These proposed levels may be adjusted if volume of open indemnity claims count change significantly ($\pm 15\%$). An annual increase in claims administration service costs shall be tied to the U.S Department of Labor Consumer Price Index – All Urban Consumers [All Items/Not Seasonally Adjusted] for San Diego, California area. The annual increase shall not exceed 4% and should be calculated when posted and shall be retroactive to the beginning of the contract year of the current period.

Total contract amount for Claims Administration Services shall not exceed \$1,726,914. Specific costs directly charged to individual claims [medical review auditing and managed care] are estimated to be approximately \$355,236 plus a percentage of savings realized from medical auditing services provided.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer	Firm: _____
Approved as to form:	By: _____ Signature
By: _____ Office of General Counsel	Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$1,726,914	PC 50633 (Risk/Liability Claims)	2009-2015

By: _____
Chief Financial Officer

_____ Date

(___ total pages, each bearing contract number)

NOV13-08.9.AttA.TRISTAR CONTRACT.JDOW.doc

**THIRD-PARTY ADMINISTRATION SERVICES
FOR
WORKERS' COMPENSATION**

Evaluation Committee Rankings

Proposals established in the San Diego Metropolitan Transit System's (MTS's) Request for Proposals (RFP) for Third-Party Administration Services for Workers Compensation were evaluated by a committee consisting of representatives from MTS Procurement, Finance, Risk, Human Resources, and North County Transit District. While considering the primary objectives of the RFP, the committee evaluated and ranked the proposals using the following four criteria and their relative weights of importance:

- | | | |
|----|---|-----|
| 1. | Qualifications and prior experience of firm or individual | 25% |
| 2. | Staffing, firm organization, and management plan | 25% |
| 3. | Proposed methodology and work plan | 25% |
| 4. | Cost | 25% |

This process resulted in the following ranking:

Proposer's Scoring	Total Score (Total Possible Score: 100)
TRISTAR Risk Management Santa Ana, California	97.60
Cambridge Integrated Services Group Phoenix, Arizona	79.64
Southern California Risk Management Assoc. (SCRMA) Upland, California	78.72
Athens Administrators Concord, California	76.02
Corvel Corp. San Diego, California	71.96
LWP Claims Solutions Sacramento, California	73.44
ACME Administrators, Inc. Temecula, California	66.22
Monitor Integrated Healthcare Bakersfield, California	46.51



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 San Diego, CA 92101-7490
 619.231.1466, FAX: 619.234.3407

THIRD-PARTY ADMINISTRATION SERVICES FOR WORKERS' COMPENSATION RFP

COST SUMMARY

COMPANY NAME	TOTAL PROPOSAL AMOUNT
ACME Administrators, Inc.	\$ 3,166,601.00
Athens Administrators	\$ 3,163,005.57
Cambridge Integrated Services Group	\$ 3,086,682.00
Corvel Corp.	\$ 3,449,906.00
LWP Claims Solutions	\$ 2,689,371.00
Monitor Integrated Healthcare	\$ 759,660.00
Southern California Risk Management Assoc. (SCRMA)	\$ 3,555,910.66
TRISTAR Risk Management	\$ 2,021,885.00

Medical review auditing and managed care services are based on assumed quantities noted within the RFP. Actual quantities may be more or less than stated for these services. Bill audit review fees may include an additional charge based on a percentage of savings following the review. These service fees are charged directly against individual workers' compensation claims.

NOV13-08.9.AttC.3RDPARTYWC CONTRACT.JDOW.doc



C-1



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466, FAX: 619.234.3407

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.

OPS 920.6

November 13, 2008

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. B0449.1-06 (in substantially the same format as Attachment A) for:

1. one 12-month option period for central minibus fixed-route with Southland Transit, Inc. (Southland); and
2. one 12-month option period for Sorrento Valley Coaster Connection (SVCC) with Southland contingent upon securing sustainable funding for this service.

Budget Impact

Southland's rate of service will contractually increase by 3% to \$40.25 per revenue hour for MTS-owned vehicles for the central minibus routes and by 2.2% to \$54.07 per revenue hour for contractor-owned vehicles operated on the SVCC shuttle routes.

The total central minibus fixed-route projected transportation cost for option 1 would be approximately \$2,820,000 plus an estimated \$545,000 in pass through fuel costs. The estimated total cost would be \$3,365,000 for the option period.

The total SVCC projected transportation cost for option 1 would be approximately \$810,000 plus an estimated \$155,000 in pass-through fuel costs. The estimated total cost would be \$965,000 for the option period.

Due to the current unpredictable and volatile nature of the state and federal budgets, it is important to note that the availability of ongoing sustainable transit funding for projects like the Sorrento Valley Coaster Connection shuttle routes is in jeopardy at this time.



Article 2 General Provisions Section K titled "Special Funding Consideration" of the contract states in essence that this agreement is contingent upon the receipt of funds by MTS. In the event that funding from the sources is eliminated or decreases, MTS reserves the right to terminate this agreement or modify it accordingly. Thus, if funding cannot be secured in the very near term, MTS will be forced to cease operating the SVCC service due to lack of funding.

DISCUSSION:

Southland currently operates MTS-owned minibuses on 12 fixed-routes using a fleet of new 2008 gasoline-powered, medium-duty Type VII minibuses. Southland also provides contractor-owned 2006 Type II propane-powered minibuses for 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 08, Southland operated an estimated 52,000 revenue hours of minibus service and an estimated 15,000 revenue hours of SVCC service. During this time, Southland transported an estimated 711,000 passengers on its minibus service and an estimated 215,000 passengers on the SVCC service. In late August 2008, Southland also assumed the two routes serving the City of Poway without incident.

Southland provides MTS with a cost-effective approach to community-based service needs by providing a low 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 our passengers.

Currently, Southland is operating under the base term of the contract, which began on January 1, 2006, and extends through December 31, 2008. Exercising one option year would extend the agreement from January 1, 2009, through December 31, 2009.

Southland provides an operation geared toward minibus operations. Southland operates out of a contractor-leased facility that is centrally located in Mira Mesa. In addition to the services that Southland provides for MTS, Southland also provides fixed-route and demand-response transit services for other transit agencies in Southern California. These operations are provided under contract with 11 Los Angeles County cities, the County of Los Angeles Department of Public Works, San Luis Obispo Regional Transit Authority, Riverside Transit Agency, and three regional centers for the developmentally disabled.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Scott Transue, 619.235.2648, scott.transue@sdmts.com

NOV13-08.10.SOUTHLAND.JDAVENPORT.doc

Attachment: A. Draft MTS Doc. No. B0449.1-06

DRAFT

November 13, 2008

MTS Doc. No. B0449.1-06
OPS 920.6

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

Dear Mr. Daley:

Subject: AMENDMENT NO. 1 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

Continue to provide fixed-route transit services pursuant to the original terms and conditions of the contract during the option year.

SCHEDULE

Work shall begin on January 1, 2009, and continue through December 31, 2009.

PAYMENT

Payment shall be based upon the original contract rates under the option years of the price proposal of the original contract. The total cost for option 1 of the service is expected to be approximately \$3,630,000 excluding fuel.

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

Dave Daley
Southland Transit, Inc.

Date: _____



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San Diego, CA 92101-7490
619.231.1466, FAX: 619.234.3407

Agenda

Item No. 30

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

ADM 110.3 (PC 50121)

November 13, 2008

SUBJECT:

MTS: AN ORDINANCE AMENDING ORDINANCE NO. 4, AN ORDINANCE ESTABLISHING A METROPOLITAN TRANSIT SYSTEM FARE-PRICING SCHEDULE AND AN ORDINANCE AMENDING ORDINANCE NO. 13, AN ORDINANCE REGARDING PROHIBITED CONDUCT ONBOARD TRANSIT VEHICLES AND PROHIBITED ACTIONS ON OR ABOUT A TRANSIT FACILITY, TROLLEY STATION, OR BUS STOP

RECOMMENDATION:

That the MTS Board of Directors adopt the ordinance entitled "An Ordinance Amending Ordinance No. 4, an Ordinance Establishing a Metropolitan Transit System Fare-Pricing Schedule" (Attachment A) and the ordinance entitled "An Ordinance Amending Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions on or About a Transit Facility, Trolley Station, or Bus Stop" (Attachment B) and direct publication of ordinance summaries.

This action is necessary to make the MTS ordinances consistent with the San Diego Association of Governments' (SANDAG's) Regional Comprehensive Fare Ordinance.

Budget Impact

None.

DISCUSSION:

SANDAG has been responsible for governing the fare structure for public transportation services in San Diego County since 2003. SANDAG administers this function through the Regional Comprehensive Fare Ordinance. MTS still maintains its own fare ordinance, Ordinance No. 4, to provide for a mechanism for fare enforcement and issuing citations.



On June 13, 2008, SANDAG approved amendments to the Regional Comprehensive Fare Ordinance. MTS proposes adoption of the amendments to Ordinance No. 4 (contained in Attachment A) in order to maintain consistency with the Regional Comprehensive Fare Ordinance and ensure enforceability. None of the amendments changes fare levels. The following is a summary of the changes:

- Compass Card Inclusion

The Compass Card will be phased in as a fare medium by the end of FY 2009 replacing the current paper versions of most monthly and multiday passes. All Compass Card products are planned to be available by January 1, 2009. SANDAG plans to phase out paper media according to the following schedule:

January 1, 2009	Premium Express Monthly Pass
March 1, 2009	Coaster Monthly Pass
May 1, 2009	Breeze Monthly Pass
July 1, 2009	Regional Monthly Pass

- Inclusion of 14-Day and 30-Day Passes

Most monthly passes will be converted to 30-day rolling passes when they are transferred from paper media to Compass Card. The exception is the College Monthly Pass, which will not be offered on Compass Card because the fare medium is a sticker affixed to the student identification card. In addition, a new 14-day rolling pass will be offered. This pass will replace the half-month pass that is currently available only after the 15th of each month.

- Removal of Outdated Language

References to the following discontinued services and fare types are deleted:

1. Trolley zone fares except for the \$2.50 downtown fare; and
2. Direct Access to Regional Transit (DART) services and fares.

In order to ensure proper use of the Compass Card and the validator machines, modifications have also been made to MTS Ordinance No. 13. These proposed modifications will allow Code Compliance Officers to issue citations and revoke Compass Cards if riders fail to "tap" on and/or off the MTS transit system when required. This item is being placed before the Board for its second reading; the first reading occurred on October 30, 2008.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Mark Thomsen, 619.595.4909, mark.thomsen@sdmts.com

NOV13-08.30.ORD4 ORD13 2ND READG.MTHOMSEN.doc

Attachments: A. Proposed Amended Codified Ordinance No. 4
B. Proposed Amended Codified Ordinance No. 13

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

CODIFIED ORDINANCE NO. 4
(as amended through ~~7/17/08~~ 10/30/08)An Ordinance Establishing a Metropolitan Transit System
Fare-Pricing ScheduleSection 4.1: Findings

This Ordinance is adopted to implement a Metropolitan Transit System (MTS) Fare-Pricing Schedule approved by the Metropolitan Transit System Board of Directors and to authorize future modifications or amendments to the schedule to be made by the MTS Board of Directors.

Section 4.2: Definitions

A. Senior - Any person 60 years of age or older. Acceptable proof of senior fare eligibility shall be a Medicare Card, a valid driver's license, a State of California Senior identification card, or an MTS identification card in the MTS area, or a North County Transit District (NCTD) identification card in the NCTD area. This definition applies to persons who seek to purchase and/or use a Senior/Disabled/Medicare Monthly Pass or Senior/Disabled/Medicare cash fare on fixed-route transit or general public demand-responsive services.

B. Disabled/Medicare - Any person with a permanent or temporary mental or physical disability. Acceptable proof of disabled fare eligibility shall be an MTS identification card, Medicare Card, NCTD disabled identification card, State of California Department of Motor Vehicles (DMV) disabled identification card, or DMV placard identification card. This definition applies to persons who seek to purchase and/or use a Senior/Disabled/Medicare Monthly Pass or Senior/Disabled/Medicare cash fare for fixed-route transit or general public demand-responsive services.

C. Youth - Any person 6-18 years of age (inclusive). Acceptable proof of youth fare eligibility in the MTS area shall be an MTS Youth identification card, a valid driver's license, or current school photo identification card (through high school only). NCTD shall control youth pass eligibility at the point of purchase.

D. College Student - Any person enrolled as a student with a current enrollment for seven units or more in a participating accredited San Diego area post-secondary school.

E. Child - Any person five years of age or under.

F. Compass Card - The Compass Card is an electronic fare medium based on contactless smart card technology. The Compass Card can hold either transit products or cash for use on regional transit services. Transit products include, but are not limited to, multiday passes, college semester passes, and special event period passes. The Compass Card utilizes wireless technology to interface with Compass validator devices on regional buses, rail platforms, and regional ticket vending machines. Patrons using their Compass Card must touch or tap their card to a validator device before each ride as a condition precedent to using MTS services.

FG. Bus - Rubber-tired transit vehicles operated by MTS San Diego Transit Corporation, Chula Vista Transit, MTS Contract Services, and NCTD.

GH. Trolley - Light rail transit vehicles operated by San Diego Trolley, Incorporated.

- HI. Local Service** - Bus service on local roads serving neighborhood destinations and feeding transit centers in the immediate area.
- IJ. Urban Service** - Moderate-speed bus service primarily on arterial streets with frequent stops.
- JK. Express Service** - Bus service with stops only at major transit centers, residential centers and activity centers; has more than six stops outside Centre City or at collector end of route; generally traveling less than 50 percent of the one-way trip miles on freeways and averaging at least 15 miles per hour, with an average passenger trip length of approximately 10.0 miles or under, and uses standard transit buses.
- KL. Premium Express** - Bus service with stops only at major transit centers, residential centers and activity centers; generally traveling 50 percent or more of the one-way trip miles on freeways; averaging at least 20 miles per hour, with an average passenger trip length of over 10.0 miles, and using commuter coaches.
- LM. Rural Service** – Bus service providing limited daily or weekly service linking rural Northeastern and Southeastern San Diego County to a multimodal transit center or major shopping center generally provided on a two-lane highway or roadway with one-way vehicle trip lengths ranging from 15 to 80 miles.
- MN. Centre City San Diego** - That portion of downtown San Diego bordered by Laurel Street to Interstate 5 (I-5) on the north, Commercial Street to I-5 on the south, I-5 on the east, and the waterfront on west. The 11 stations in City Centre San Diego are: County Center/Little Italy, Santa Fe Depot, America Plaza, Seaport Village, Convention Center, Gaslamp Quarter, 12th & Imperial Transit Center, Park & Market, City College, Fifth Avenue, Civic Center
- NO. Station** - That fixed site at which the San Diego Trolley stops to load and unload passengers.
- OP. Zone(s)** - For ADA complementary paratransit service, a zone is the geographical area defined by fixed boundaries within which particular fares are established. The boundaries for the zones are determined by each of the contracting agencies for the local operator of the paratransit service. The zones are as follows:
- | | |
|---------------|---|
| <u>Zone 1</u> | Central San Diego |
| <u>Zone 2</u> | Mid-County: Poway, Rancho Bernardo, Rancho Peñasquitos, Carmel Mountain Ranch, and Sabre Springs |
| <u>Zone 3</u> | East County: La Mesa, El Cajon, Santee, Lakeside, Lemon Grove, Spring Valley, and parts of Alpine |
| <u>Zone 4</u> | South Bay: Chula Vista, Coronado, National City, Imperial Beach, Palm City, Nestor, Otay Mesa, and San Ysidro |
- PQ. Transfer** - The action by passengers in which they leave one bus or rail vehicle and board a subsequent bus or rail vehicle to complete their trips.
- QR. Upgrade** - An additional fare required to enhance the value of an original fare (upon transfer) or a pass to travel on a higher-fare service.

RS. ADA Complementary Paratransit Service - Specialized curb-to-curb transportation services provided to persons who qualify as eligible for such services under the guidelines of the ADA. Except for commuter bus, commuter rail, or intercity rail systems, each public entity operating a fixed-route system shall provide complementary paratransit or other special service to individuals with disabilities (who cannot access or use fixed-route transit due to a qualifying disability) that is comparable to the level of service provided to individuals without disabilities who use the fixed-route system.

ST. Personal Care Attendant - In relation to the ADA complementary paratransit service, a personal care attendant is a person who is designated by the ADA eligible passenger to aid in their mobility. The person may be a friend, family member, or paid employee. A personal care attendant is not charged a fare on the ADA complementary paratransit service vehicle on which she/he accompanies the ADA-eligible passenger. The need for and use of a personal care attendant must be indicated at the time of eligibility certification.

TU. Dedicated Transportation Service - In relation to social services agencies or other organizations, a dedicated transportation service is defined as paratransit vehicle usage that is set apart for and guaranteed to an agency for the transportation of its eligible clients. The vehicle, for a particular time frame, is for the definite use of these persons and a ride is unavailable to other eligible persons within the community.

UV. Pass, Tokens, and Ticket Sales Commission - The amount of money that is retained from the retail purchase price by an authorized pass sales outlet on the sale of each monthly pass, token, prepaid ticket, or day pass. The following chart shows the Pass Sales Commissions:

FARE MEDIA	RETAIL PRICE	COMMISSION AMOUNT (\$)	COMMISSION AMOUNT (%)	EFFECTIVE DATE
Monthly Pass	\$64.00	\$0.64	1.0%	1/1/08
Monthly or 30-Day Pass	\$68.00	\$0.68	1.0%	1/1/09
Monthly or 30-Day Pass Premium	\$90.00	\$1.35	1.5%	1/1/08
Monthly Pass Senior/Disabled/Medicare (Terminates 1/1/09)	\$16.00	\$0.24	1.5%	1/1/08
Monthly or 30-Day Pass Senior/Disabled/Medicare	\$17.00	\$0.25	1.5%	1/1/09
Monthly or 30-Day Pass Premium Senior/Disabled/Medicare	\$22.50	\$0.34	1.5%	1/1/09
Monthly or 30-Day Pass Youth (Terminates 1/1/09)	\$32.00	\$0.48	1.5%	1/1/08
Monthly or 30-Day Pass Youth	\$34.00	\$0.51	1.5%	1/1/09
Monthly Pass Youth Premium	\$45.00	\$0.67	1.5%	1/1/09
14-Day Pass	\$41.00	\$0.62	1.5%	1/1/09
\$2.25 Individual Token	\$2.25	N/A	N/A	1/1/08
\$2.25 Token 20-Pack	\$45.00	\$0.45	1.0%	1/1/08
\$2.25 Token 40-Pack	\$90.00	N/A	N/A	1/1/08
One-Day Pass	\$5.00	\$0.25	5.0%	1/1/08
Two-Day Pass	\$9.00	\$0.50	5.55%	1/1/08
Three-Day Pass	\$12.00	\$0.75	6.25%	1/1/08
Four-Day Pass	\$15.00	\$1.00	6.67%	1/1/08
Hotel Scratch One-Day Pass	\$5.00	\$0.25	5.0%	1/1/08

(Section 4.2 amended 7/17/08)

Section 4.3: Regional Fare-Pricing Schedule

Section 4.3.1: Regional Passes and Tickets

Section 4.3.1a: Regional Monthly or 30-Day Passes

1) Except as provided in Section 4.3.1b, 4.3.1c, and 4.3.1d of this Ordinance, the price of a regional monthly or 30-day pass shall be based on service type ~~and zones~~. Local, Urban, and Express bus and Trolley passes shall be \$64.00 (effective 1/1/08) and \$68.00 (effective 1/1/09). Premium Express passes shall be \$90.00. The monthly or 30-day pass shall entitle the person to whom the pass is issued to unlimited rides during the month-period for which the pass is designated on any equal or lower priced regularly scheduled bus and rail service provided by MTS and NCTD, except for COASTER, for which the pass entitles the holder a \$2.00 discount per boarding. Refer to Section 4.10.3 for use on rural services. Half-price passes are available beginning the 15th of each month at The Transit Store, Pass by Mail, and certain outlets.

2) Employer-Based Group Sales Pass Program

Employers may purchase in bulk, discounted monthly or 30-day passes for their employees subject to the following conditions:

The discount is available for the advance purchase of 25 or more passes a month for up to three months for a "trial program." Price would be set according to what the price would be for an annual program using the same number of passes per month. Only one "trial program" is allowed per employer. The trial program agreement must be for a specific fiscal year. Advance payment for the total number of Trial Program passes is required. The discount is available for an employer purchasing 300 or more passes for an annual (12 months) program. The program can be pro-rated to accommodate the time left in the fiscal year. The annual program agreement and payment must be for a specific fiscal year. Advance payment for the total number of annual monthly passes is required.

The price of the Employer-Based Group Sales Pass Program will be tiered according to the number of annual regular adult passes purchased. The discount offered shall be as follows:

<u>Proposed Employer-Based Group Sales Pass Program</u>		
<u>Tiered-Discount Table</u>		
<u>Employees Using Transit Per Month</u>	<u>Passes Per Year</u>	<u>Discount</u>
25 to 50	300 to 600	10%
51 to 100	601 to 1,200	15%
101 to 250	1,201 to 3,000	20%
251 or more	3,001 or more	25%

(Section 4.3.1a amended 11/8/07)

Section 4.3.1b: Senior/Disabled/Medicare Monthly or 30-Day Passes

The price of a regional Senior/Disabled/Medicare Monthly or 30-Day Pass is \$16.00 (effective 1/1/08) and \$17.00 (effective 1/1/09) and shall entitle the Senior, Disabled, or Medicare passenger to unlimited trips during the month or 30-day period for which the pass is designated on any regularly scheduled services provided by those operators identified in Section 4.3.1a of this Ordinance, except rural service (as defined by Section 4.2L). Half price passes are available beginning the 15th of each

month at The Transit Store, Pass by Mail, and certain outlets.

| Section 4.3.1c: Youth Monthly or 30-Day Passes

| The price of a youth monthly or 30-day pass is \$32.00 (effective 1/1/08) and \$34.00 (effective 1/1/09) and shall entitle the youth passenger to unlimited trips during the month or 30-day period for which the pass is designated on any regularly scheduled services provided by those operators identified in Section 4.3.1a of this Ordinance, except rural service (as defined by Section 4.2L). Half-priced passes are available beginning the 15th of each month at The Transit Store, Pass by Mail, and certain outlets.

| **(Section 4.3.1c amended 11/13/08)**

Section 4.3.1d: Day Passes - General Public

The price of a one-day Day Pass is \$5.00 and shall entitle the person to whom the pass is issued unlimited rides during the day for which the pass is valid on any regularly scheduled services provided by those operators identified in Section 4.3.1a of this Ordinance (except Premium Express services, ADA complementary paratransit services, and rural service).

The price of a two-day Day Pass is \$9.00 and shall entitle the person to whom the pass is issued unlimited rides during the days for which the pass is valid on any regularly scheduled services provided by those operators identified in Section 4.3.1a of this Ordinance (except Premium Express services, ADA complementary paratransit services, and rural service).

The price of a three-day Day Pass is \$12.00 and shall entitle the person to whom the pass is issued unlimited rides during the days for which the pass is valid on any regularly scheduled services provided by those operators identified in Section 4.3.1a of this Ordinance (except Premium Express services, ADA complementary paratransit services, and rural service).

The price of a four-day Day Pass is \$15.00 and shall entitle the person to whom the pass is issued unlimited rides during the days for which the pass is valid on any regularly scheduled services provided by those operators identified in Section 4.3.1a of this Ordinance (except Premium Express services, ADA complementary paratransit services, and rural service).

| The price of a 14-day pass is \$41.00 and shall entitle the person to whom the pass is issued unlimited rides during the days for which the pass is valid on any regularly scheduled services provided by those operators identified in Section 4.3.1a of this Ordinance (except Premium Express services, ADA complementary paratransit services, and rural service).

| **(Section 4.3.1d amended 11/13/08)**

Section 4.3.1e: Group Advance Pass Sales

Group event day passes, valid for one to seven days, may be issued to groups (minimum quantity = 100) only on a 21-day or longer advance sales basis. The price of group event advance sales passes shall be as follows:

One-Day Pass	=	\$4.50
Two-Day Pass	=	\$8.00
Three-Day Pass	=	\$11.00
Four-Day Pass	=	\$14.00
Five-Day Pass	=	\$16.00
Six-Day Pass	=	\$18.00
Seven-Day Pass	=	\$20.00

The group event day pass shall entitle the person to whom the pass is issued unlimited rides during the corresponding number of consecutive days for which the pass is valid on any regularly scheduled services provided by those operators identified in Section 4.3.1a of this Ordinance, except rural service (as defined by Section 4.2L).

Group event day passes for special events may be purchased in bulk in advance at discounted rates as follows or as otherwise agreed to by the Board:

100-999 passes	=	Full price per pass
1,000-1,999 passes	=	5 percent discount per pass
2,000-2,999 passes	=	10 percent discount per pass
3,000-3,999 passes	=	15 percent discount per pass
4,000+ passes	=	20 percent discount per pass

Section 4.3.1f: Classroom Day Pass

Classroom Day Passes, valid for one day during nonpeak hours, may be issued to school and youth groups (up to 18 years of age) on an advance sales basis only. Each group shall consist of no more than 17 people (15 youths and two adult chaperons). The price of Classroom Day Passes shall be \$1.50 per person.

Section 4.3.1g: College Semester/Monthly Pass

MTS shall offer a pass for a college or university school term of 63 or more days that is priced at \$1.34 a day (effective 1/1/08) and \$1.43 a day (effective 1/1/09), payable in advance, sold only during the term's registration and/or a monthly pass good for a calendar month, priced at \$51.20 a month (effective 1/1/08) and \$54.40 (effective 1/1/09) a month, payable in advance. College semester and monthly passes are valid for travel on all regularly scheduled bus and rail services provided by MTS and NCTD, except for Premium Express, COASTER (for which the passes entitle the holder to a \$2.00), ADA complementary paratransit services and rural services (as defined by Section 4.2L). The semester and monthly college student passes are to be sold only at schools, colleges, and universities that meet the following requirements: accredited by recognized accrediting institution; provide an on-site sales location; track sales to individual students; limit sales to one pass per student currently enrolled with a minimum of seven credit hours; only issue to students with a current school year photo identification card; provide a benefit to each student purchasing the term and/or monthly pass to encourage public transit use; and promote the pass through school information materials.

Section 4.3.1h: Hotel Scratch One-Day Pass

The Hotel Scratch One-Day Pass is a one-day day pass that is priced at the standard one-day price but with scratch-off instead of punched month, day, and year boxes. The Hotel Scratch One-Day Pass has a unique serial number code, and customers may not return or exchange Hotel Scratch One-Day Passes. Only hotels with a pass sales agreement can sell this type of day pass.

Section 4.3.1i: San Diego County Juror Day Pass

Upon entering an agreement with MTS that meets MTS requirements, courts located in San Diego County may purchase the following special fare media to be distributed to jurors summoned to jury duty in courts in San Diego County:

Juror Regional Day Pass is valid for all regular MTS and NCTD services. The pre per-day price

for this pass shall be 85% of the Regional Day Pass or \$4.25.

The Juror Regional Premium Day Pass valid for travel on MTS and NCTD regular and premium services except two-zone rural bus services. The price of this pass shall be 85% of a Premium Day Pass or \$9.35. Use of this pass for a two-zone rural trip will require payment of a \$5.00 upgrade for adults and \$4.00 for seniors/disabled/Medicare passengers in each direction.

Section 4.3.2: Regional Monthly or 30-Day Pass Upgrades

Passengers holding a valid monthly or 30-day pass as described in Section 4.3.1a must pay a cash upgrade to ride rural services. Holders of Regional Monthly or 30-Day Passes and Premium Regional Monthly Passes shall receive a \$1 discount per zone. Senior/Disabled/Medicare Pass holders shall receive a \$0.50 discount per zone. Refer to Section 4.6.5a for upgrade requirements on DART services.

Section 4.3.3: Regional Fares for Children

Children, as defined in Section 4.2.E, shall ride for free when accompanied by a fare-paying passenger. This shall be applicable to all fixed-route bus service, Trolley service, and rural service. **(Section 4.3 amended 12/8/05)**

Section 4.4: Trolley Fare-Pricing Schedule

Section 4.4.1a: One-Way Cash Fares

~~The price of a one-way cash fare ticket to ride the Trolley shall be as follows:~~

Centre City	=	\$1.25
1 station	=	\$1.50
2 stations	=	\$1.75
3 stations	=	\$2.00
4-10 stations	=	\$2.25
11-19 stations	=	\$2.50
20+ stations	=	\$3.00

~~Effective September 1, 2008, the cash fare for a single, one-way trip involving any number of stations shall be \$2.50 for an adult and free transfers shall be permitted between Trolley lines. The cash fare for a Trolley ride originating and terminating in Centre City San Diego shall be \$1.25. The ticket shall be valid for two hours and must be valid during the entire Trolley trip.~~

A one-way ticket shall entitle the person to a one-way trip in a direction away from the station of issue. The one-way ticket is valid for two hours and must be valid during the entire Trolley trip.

(Section 4.4.1a amended 11/13/08)

Section 4.4.1b: Round-Trip Cash Fares

~~The price of a Trolley round-trip ticket shall be as follows:~~

Round-trip 2 @ \$1.00	=	\$2.00 (Senior/Disabled/Medicare fare)
Round-trip 2 @ \$1.25	=	\$2.50
Round-trip 2 @ \$1.50	=	\$3.00
Round-trip 2 @ \$1.75	=	\$3.50
Round-trip 2 @ \$2.00	=	\$4.00

Round trip 2 @ \$2.25	=	\$4.50
Round trip 2 @ \$2.50	=	\$5.00
Round trip 2 @ \$3.00	=	\$6.00

~~Effective on September 1, 2008, the~~In lieu of an adult round-trip cash fare, is discontinued and replaced by the Day Pass is offered and free transfers between Trolley lines shall be permitted.

Section 4.4.2: Senior/Disabled/Medicare Cash Fares

The Senior/Disabled/Medicare cash fare shall be ~~\$1.00~~1.25 per one-way trip on the Trolley.
~~Effective on September 1, 2008, the fare shall be \$1.25.~~

The Senior/Disabled/Medicare cash fare shall be \$2.50 per roundtrip on the Trolley ~~effective~~
~~September 1, 2008.~~

For trips originating and terminating in Centre City San Diego, the one-way Senior/Disabled/Medicare cash fare shall be ~~\$.60 effective September 1, 2008.~~

(Section 4.4.2 amended 11/13/08)

Section 4.4.3: Tokens

Universal tokens shall be available for \$2.25 each, in multiples of 20 (\$45.00) or 40 (\$90.00), and shall entitle the person holding the universal token to up to a \$2.25 cash fare value trip on any MTS bus or Trolley service except ADA paratransit services. Some services may require a cash upgrade in conjunction with the universal token.

(Section 4.4 amended 7/17/08)

Section 4.4.4: Compass Card

Use of a Compass Card with a "stored value" is defined as use of any Compass Card for a debit transaction for transit service when transit cash has been placed on the card.

Compass Card users who have a transit product stored on their card must validate their card on each transit service that they ride each and every time they use the service as a condition precedent to using MTS services. Compass Card users must validate their cards via onboard validators on Buses, or station platform validators for Trolleys, and in accordance with Ordinance No. 13.

Patrons who fail to validate their Compass Card in the manner described above and as set forth in Ordinance No. 13 will be deemed to not be in possession of a valid fare and subject to applicable fines and penalties.

Users of the Compass Card must produce the Compass Card for inspection by authorized MTS, employees, security, contractors, or law enforcement staff upon demand.

The Compass Card is intended as a fare payment device on MTS services and NCTD services, and any unauthorized use of the card is strictly forbidden. Persons found to be using the Compass Card in a fraudulent manner may have their Compass Card confiscated and their account suspended.

Refunds of transit products on Compass Cards will not be provided.

Refunds of cash value remaining on voluntarily surrendered cards and confiscated cards will be

considered on an individual basis for holders of registered Compass Cards only and may be obtained by request to SANDAG. Registered Compass Card holders seeking a refund must complete an application form (available from The Transit Store or NCTD Customer Service) and follow the submission instructions on the application. SANDAG reserves the right to refuse any request for refund or to make a partial refund. SANDAG also reserves the right to deduct a processing fee of not more than 10 percent on any refund.

Refunds will be issued as credit on the same card as the original purchase if made by credit card. Original payments made by cash, check, or debit card will be refunded by check.
(Section 4.4.4 added 11/13/08)

Section 4.5: MTS Bus Fare-Pricing Schedule

Section 4.5.1: Cash Fares

Section 4.5.1a: Local Services

The price of a trip on MTS local service, as described in Section 4.2H of this Ordinance, shall be \$2.00 (effective 1/1/08) and \$2.25 (effective 1/1/09).

Section 4.5.1b: Urban Services

The price of a trip on MTS urban service, as described in Section 4.2I of this Ordinance, shall be \$2.25.

Section 4.5.1c: Express and Premium Express Services

The price of a trip on express and premium express service, as described in Sections 4.2J and 4.2K of this Ordinance, shall be:

Express	= \$2.50
Premium Express	= \$5.00

Section 4.5.1d: Senior/Disabled/Medicare Cash Fares

The Senior/Disabled/Medicare Bus cash fare shall be \$1.00 except as otherwise provided in Section 4.9 concerning rural service.

Effective September 1, 2008, the fare for urban service shall be \$1.10. Effective January 1, 2009, the fare for local service shall be \$1.10.

Effective September 1, 2008, the Senior/Disabled/Medicare Bus cash fare shall be \$1.25 on Express service and \$2.50 on Premium Express service.

Section 4.5.2: Special Fares

Section 4.5.2a: Shuttle Fare

The price of a trip on shuttle services shall be \$1.00. Effective on September 1, 2008, the Senior/Disabled/Medicare shuttle service fare shall be \$0.50.

Section 4.5.2b: Stadium/Ballpark Bus Fares

The price of a trip on special buses with the primary purpose of traveling to and from events at Qualcomm Stadium or PETCO Park shall be \$5.00 one way and \$8.00 round-trip.
(Section 4.5 amended 7/17/08)

Section 4.6.5: Demand-Responsive Fares

MTS does not offer demand-responsive service at this time.

~~Section 4.6.5a: MTS DART Services~~

~~The price of a one-way trip on MTS DART services (Rancho Bernardo) shall be as follows:~~

MTS DART – Regular/Adult	\$3.00
MTS DART – Senior/Disabled/Medicare	\$1.50
All other prepaid fare media, including senior/disabled/Medicare, upgrade	\$0.50

(Section 4.6.5 amended 11/13/08)

Section 4.6.5ba: ADA Paratransit Services Cash Fares

The ADA complementary paratransit services, provided in accordance with the ADA, are only available to persons with qualifying disabilities that prevent them from using fixed-route transit services. These services shall have a cash fare of no more than double the predominant adult cash fare in the area of service. Section 4.2.O establishes the ADA paratransit zones. The urban zone (Zone 1) shall use the Urban Service fare defined in Section 4.2.I to calculate the MTS Access cash fare. The three suburban zones (Zones 2, 3, and 4) shall use the Local Service fare defined in Section 4.2.H to calculate the ADA Suburban paratransit cash fare. Passes are not accepted on ADA paratransit services. Paying ADA paratransit passengers will be issued (upon request) a Premium Regional Day Pass for use on connecting fixed-route and Trolley services. Passengers transferring from ADA paratransit service in Zones 2, 3, or 4 to ADA paratransit service in Zone 1 may be required to pay an upgrade on the Zone 1 vehicle if the price of the MTS Urban Service Fare is greater than the price of the MTS Local Service Fare. Full-price (no discount) tickets for ADA paratransit services may be sold to passengers in advance. No passes, tokens, or discounts and no other tickets are accepted on ADA paratransit services. Personal Care Attendants (PCA) required by disabled passengers are not required to pay a fare.

(Section 4.6 amended 7/17/08)

Section 4.7: Rural Service

Rural service, as defined in Section 4.2L, shall have applied to it a 2-zone based fare structure. Zone boundaries shall generally be located on a north-south axis and have zone boundaries at Ramona (Ramona Station), Alpine (Tavern Road and Alpine Boulevard), and the Tecate border crossing (Tecate Road and Thing Road). Passenger trips remaining within 1 zone shall have applied to them the 1-zone based fare.

Section 4.7: 1- and 2-Zone One-Way Cash Fares

The 1-zone cash fare shall be \$5 for each one-way trip. The 2-zone cash fare shall be \$10 for each one-way trip.

Section 4.7.2: One-Way Senior/Disabled/Medicare Cash Fare

Senior/~~d~~Disabled/Medicare cash fares shall be 50 percent of the regular cash fare: 1-zone senior/~~d~~Disabled/Medicare cash fare shall be \$2.50 for each one-way trip. The 2-zone cash fare shall

| be \$5 for each one-way trip.

Section 4.7.3: Prepaid Monthly or Daily Pass Upgrade Required

| Passengers exhibiting a valid MTS Monthly or 30-Day Adult or Youth Pass, College Semester Pass, or Daily Pass shall be provided a \$1 discount per zone for rural service: the 1-zone cash upgrade shall be \$4 for each one-way trip. The 2-zone cash upgrade shall be \$8 for each one-way trip. Senior/Disabled/Medicare passengers exhibiting a valid Senior/Disabled/Medicare Monthly Pass shall be given a \$.50 cent discount per zone: the 1-zone cash upgrade shall be \$2.00 for each one-way trip. The 2-zone cash upgrade shall be \$4 for each one-way trip.

Section 4.7.4: Other Fare Media

- Tokens shall be accepted at face value of \$2.25; change will not be provided in instances where token value exceeds required fare.

- A San Diego County Juror Premium pass is valid for travel for 1-zone rural bus service. Use of this pass for a 2-zone rural trip requires payment of a \$5.00 upgrade (\$4.00 for senior/disabled/Medicare) in each direction.

- Transfers from ADA complementary service shall not require an upgrade.

| ***(Section 4 renumbered and amended 11/8/07 11/13/08)***

Section 4.8: Sorrento Valley Coaster Connection

| ~~Effective on September 1, 2008, the~~ The one-way cash fare on Sorrento Valley Coaster Connection (SVCC) services shall be \$1.00 for adults and \$0.50 for Senior/Disabled/Medicare.

| The price for a ~~Monthly or 30-Day~~ Pass for the SVCC shall be \$40.00 for adults, \$20.00 for Youth, and \$10.00 for Senior/Disabled/Medicare.

| All Regional and Premium Day Passes and Regional and Premium Monthly or 30-Day Passes will be accepted on SVCC services.

| ***(Section 4.8 renamed and amended 7/17/08 11/13/08)***

Section 4.9: Special Fares

MTS shall be allowed to adjust fares for special events with the approval of the Chief Executive Officer.

(Section 4.9 amended 7/17/08)

Section 4.10: Other Metropolitan Transit System Operators and Special Cash Fares

Section 4.10.1: Cash Fares

Any special fares of any operator in the region not listed within this Ordinance shall be included in the Uniform Fare Structure Agreement.

(Section 4. 10 amended 7/17/08)

Section 4.11: Public Notice

Before the expiration of fifteen (15) days after its passage, a summary of this Ordinance shall be published once with the names and members voting for and against the same in a newspaper of

general circulation published in the County of San Diego.
(Section 4.11 amended 7/17/08)

Section 4.12: Effective Date of Ordinance

This Ordinance shall become effective 30 days from and after the date of its final passage.
(Section 4.12 amended 7/17/08)

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Amended: 12/8/05
Amended: 1/15/04
Amended: 11/13/03
Amended: 05/22/03
Amended: 04/10/03
Amended: 10/17/02
Amended: 06/14/01
Amended: 05/10/01
Amended: 08/10/00
Amended: 07/13/00
Amended: 05/13/99
Amended: 02/26/98
Repealed & Readopted: 07/17/97
(operative - 11/23/97)
Amended: 04/28/94
Amended: 01/13/94
Amended: 07/08/93
Amended: 02/11/93
Repealed & Readopted: 05/28/92
Amended: 01/09/92
Repealed & Readopted: 03/14/91
Amended: 09/27/90
Amended: 05/10/90
Repealed & Readopted: 02/23/89
Amended: 11/10/88
Repealed & Readopted: 02/25/88
Amended: 12/10/87
Amended: 10/09/86
Amended: 04/24/86
Amended: 03/01/86
Repealed & Readopted: 12/05/85
Amended: 07/11/85
Amended: 05/23/85
Amended: 10/04/84
Amended: 07/19/84
Repealed & Readopted: 02/27/84
Amended: 07/25/83
Amended: 07/11/83
Repealed & Readopted: 05/24/82
Amended: 10/05/81
Amended: 07/08/81
Amended: 06/30/81
Adopted: 06/08/81
Amended: 11/8/07

Amended: 7/17/08
Amended: 11/13/08

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

CODIFIED ORDINANCE NO. 13

(as Adopted 8/9/01 and amended on 06/28/07 11/13/08)

An Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles
and Prohibited Actions on or About a Transit Facility, Trolley Station, or Bus Stop

The Board of Directors of the San Diego Metropolitan Transit System (MTS) do ordain as follows:
Section 13.1: General

The use of the San Diego Metropolitan Transit System (MTS) facilities shall be conditioned upon the observance of this ordinance or any rules and regulations hereafter promulgated by MTS or pursuant to its authority; all rights, privileges, licenses and permits, express or implied, for the use of MTS facilities are revocable; and each such right, privilege, license or permit shall at the option of MTS or its duly authorized representative be revoked and canceled by and upon the breach of this ordinance or of the violation while in or upon MTS facilities or any applicable laws or ordinances.

Nothing herein contained or omitted from this ordinance shall be construed to relieve any person whatsoever from exercising all reasonable care to avoid or prevent injury or damage to persons or property.

Any requirement or provision of these rules relating to any prohibited act shall respectively extend to and include the causing, procuring, aiding or abetting, directly or indirectly, of such act; or the permitting or the allowing of any minor in the custody of any person, doing any act prohibited by a provision hereof.

Any act otherwise prohibited by these rules shall be lawful if performed under, by virtue of, and strictly in compliance with the provisions of an agreement, permit, or license issued or approved by MTS and/or San Diego Trolley, Inc. (SDTI), and/or San Diego Transit Corporation (SDTC), and to the extent authorized thereby.

These rules are in addition to and supplement all applicable laws or ordinances.

Section 13.2: Definitions

The following terms, as used in this ordinance shall, unless otherwise expressly stated or unless the context clearly requires a different interpretation, have the following meaning.

A. Bicycle - A "bicycle" is a device upon which any person may ride, propelled exclusively by human power through a belt, chain, or gears, and having two wheels.

B. Bus - A "bus" is any motor vehicle, other than a motortruck or truck tractor, designed for carrying more than 10 persons including the driver, and used or maintained for the transportation of passengers, except that any motor vehicle, other than a motortruck or truck tractor, designed for carrying not more than 12 persons, including the driver, which is maintained and used in the nonprofit transportation of adults to and from a work location as part of a carpool program or when transporting only members of the household of the owner thereof, shall not be considered to be a bus for the purposes of this section.

C. Bus Stop - A "bus stop" is a designated area marked by a sign depicting a specific route number or numbers for the loading and unloading of passengers from or onto a bus, which may or may not include a bench or shelter.

D. Facility or Transit Facility – A "facility" or "transit facility" includes, but is not limited to, transit centers, rail stations, bus shelters, and bus stops on public or private property.

E. Pedestrian – A "pedestrian" is any person who is afoot or who is using a means of conveyance propelled by human power other than a bicycle.

F. Tailgate – Any person standing, sitting, or remaining in the area of a vehicle, chair, table, ice-chest, barbeque, or similar device for the purpose of consuming any food or beverage, or for the purpose of socializing before during or at the conclusion of an event.

G. Trolley – A "trolley" is a vehicle which is propelled by electric power obtained from overhead trolley wires and is operated upon rails.

H. Trolley Station – A "trolley station" is a designated area marked by a sign depicting a specific line; i.e., Orange, Blue, Red, Green, etc., for the loading and unloading of passengers from or onto a trolley, which may or may not include a bench or shelter.

I. Transit Vehicle – A "transit vehicle" shall mean buses and trolleys or any other form of public conveyance utilized, owned, or controlled by MTS, SDTI, or SDTC.

J. Validator – A "Validator" is a machine used to deduct the proper fare from a Compass Card prior to a passenger boarding a bus or trolley and prior to and after a passenger boards and alights a Centre City San Diego Trolley if the passenger wishes to receive the Centre City San Diego fare (as defined in MTS Ordinance No. 4).

Section 13.3: Fares

Passengers shall be permitted on a transit vehicle or in a transit station owned, controlled, or used by MTS or its subsidiaries or contractors only upon payment of such fares and under such circumstances as may from time to time be ordained by MTS. It is unlawful for any person to refuse to pay, or to evade or attempt to evade the payment of such fares.

If passengers are utilizing a Compass Card (as defined in MTS Ordinance No. 4), they must present their card to a fare Validator when entering a bus, prior to waiting in any fare paid zone, prior to boarding a trolley, and prior to boarding and after exiting a trolley originating and terminating in Centre City San Diego (as defined in MTS Ordinance No. 4) in order to receive the Centre City San Diego cash fare. This procedure is known as "Tap or Tapping." Tapping is a condition precedent to utilizing MTS bus and trolley service and the Compass Card. It shall be unlawful for passengers to refuse to Tap, or to evade Tapping, or to attempt to evade Tapping when utilizing a Compass Card. MTS reserves the right to confiscate the Compass Card for noncompliance with this provision or the provisions of MTS Ordinance No. 4.

(Section 13.3 amended 6/28/07 11/13/08)

Section 13.4: Prohibited Conduct Onboard Transit Vehicles

It shall be unlawful for passengers or occupants while aboard a bus or trolley while the vehicle is transporting passengers in regular route service, contract, special, or community-type service within the MTS jurisdictional area to:

A. Consume any food or beverage, except that passengers may consume beverages while onboard a trolley if the beverages are contained in a spill-proof or screw-top container or bottle. Examples of such spill-proof or screw-top containers or bottles include, but are not limited to, water

bottles and soda bottles with screw tops, personal beverage containers with snap-on or screw-on lids, and coffee cups or mugs with snap-on or screw-on lids.

- B. Smoke or carry a lighted or smoldering pipe, cigar, cigarette, or tobacco in any form.
- C. Operate any radio, phonograph, tape player, or other such instrument that is audible to any other person on a transit vehicle.
- D. Expectorate.
- E. Discard litter.
- F. Extend his/her head, hand, arm, foot, leg, or other portion of the body through any window.
- G. Interfere in any manner whatsoever with the operator or operation of any bus or trolley.
- H. Possess an open alcoholic beverage container, irrespective of whether the container is spill-proof or screw-top.
- I. Ride any bike, skateboard, or scooter.
- J. No person shall put his foot on any seat provided for any passengers on a bus or trolley, or place any article on such seat which would leave grease, oil, paint, dirt, or any other substance on such seat.
- K. No person shall activate without justification, mutilate, deface or misuse in any manner, any safety device or intercom located onboard a bus or trolley.
- L. No person shall ride upon the outside or roof of any bus or trolley.

(Section 13.4 amended 01/18/07)

Section 13.5: Prohibited Actions on or About a Transit Facility

- A. No person (except MTS/SDTI/SDTC employees, agents, or authorized visitors) shall enter upon the roadbed, tracks, structures, right-of-way, or other parts of a transit facility, which are not open to passengers or to the public.
- B. No person shall drink any alcoholic beverage or possess an open alcoholic beverage container on or in a transit facility except on premises licensed therefor.
- C. No person shall sit, lie, or stand with any portion of his/her body extending within 8 feet 6 inches of the centerline of the outside rail on straight track or within 9 feet 6 inches of the centerline of the outside rail on curved track except while entering or alighting from a trolley stopped at that station.
- D. No person shall injure, deface, destroy, loosen, remove, or tamper with the transit facility.
- E. No person shall injure, mutilate, deface, alter, change, displace, remove, or destroy any sign, notice, signal, or advertisement on the transit facility.
- F. No person shall interfere with any lamp, electric light, electric fixture, or density on the transit facility.

G. No person shall write, paint, or draw any inscription or figure on or deface any transit facility.

H. No person shall disobey or disregard the notices, prohibitions, instructions, or directions on any sign posted on the transit facility.

I. No person shall interfere with, encumber, obstruct, or render dangerous any transit facility.

J. No person shall throw or project a stone or other missile at any trolley, bus or at any person or thing on or in the transit facility.

K. No person shall throw or project a stone or other missile from any transit facility or transit vehicle.

L. No person shall fail or refuse to comply with any lawful order or direction of any MTS inspector, security officer, whether an employee or designated agent of MTS, or any peace officer.

M. No person shall do, aid, abet, or assist in doing any act which may be dangerous, harmful, or injurious to any person or property within the transit facility, said act being not specifically prohibited herein.

N. No person shall put his foot on any seat provided for any passengers of the transit facility or place any article on such seat which would leave grease, oil, paint, dirt, or any other substance on such seat.

O. No person shall urinate or defecate in or upon unauthorized locations on the transit facility.

P. No person shall post, distribute, or display commercial signs, advertisements, circulars, handbills, or written material of a commercial nature on or within the transit facility, nor shall any person engage in any verbal solicitations of a commercial nature on or within said transit facility.

Q. No person shall climb upon or jump the trolley couplers.

R. No person shall discard litter in any transit facility or transit vehicle.

S. No person shall loiter in the immediate vicinity of any posted property.

T. No person shall tailgate.

(Section 13.5 amended 06/28/07)

Section 13.6: Animals

No person shall bring, carry unto, or convey upon the transit facility, a dog, or other animal, unless it is completely enclosed in a carrying case, which can be accommodated in the lap of a passenger with no danger or annoyance to other passengers. This rule shall not apply to a "service" or "assistance" animal. A "service" or "assistance" animal is trained to assist persons with disabilities. Such animals shall be properly harnessed when possible. Service or assistance animals must be under the control of the person at all times. MTS reserves the right to inquire about the status of such animals.

(Section 13.6 amended 6/28/07)

Section 13.7: Meetings

No person shall hold any meeting, perform any ceremony, make any speech, address or oration, exhibit, or distribute any sign, placard, notice, declaration, or appeal of any kind or description within any transit facility or upon any transit vehicle or platform without written permit from an MTS official.

Section 13.8: Selling, Peddling, Leasing, Etc.

No person shall exhibit, sell, or offer for sale, hire, lease, or let out in or about the transit facility or a transit vehicle any object or merchandise, whether corporeal or incorporeal, except concessions under contract to MTS.

Section 13.9: Bicycles

Bicycles are permitted on transit vehicles under the following conditions:

- A. Bicyclists must be at least 16 years of age and have a valid proof of payment of fare.
- B. Only one bicycle is allowed onboard a trolley during the hours of 6:00 a.m. to 9:00 a.m. and 3:00 p.m. to 6:00 p.m. weekdays. At any other time, no more than two bicycles per trolley will be allowed. No bicycles will be permitted in the aiseways at any time.
- C. Bicycles will be permitted to board trolleys at the rear doors only and must be placed against the rear driver's cab.
- D. Bicyclists must remain with their bicycles at all times.
- E. When part of a group charter, more than two bicycles per car may be permitted at the sole discretion of MTS.

(Section 13.9 amended 01/18/07)

Section 13.10: No Smoking at any Transit Facility or Bus Stop

No person shall smoke any materials, whether tobacco or any other product using any device, cigarette, cigar, pipe, or any other apparatus, or utilize any smoking device, cigarette, cigar, pipe, or other apparatus at the following locations owned, operated, or controlled by MTS, SDTI and/or SDTC:

- A. Within 25 feet from any bus stop;
- B. Within 25 feet of any trolley station; and
- C. Within 25 feet of any transit facility.

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Amended: 11/13/08
Amended: 06/28/07
Amended: 01/18/07
Amended: 06/09/05
Amended: 05/26/05
Amended: 10/28/04
Adopted: 8/9/01



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466, FAX: 619.234.3407

Agenda

Item No. 31

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

CIP 11232

November 13, 2008

SUBJECT:

MTS: SDTC SITE HARDENING & SECURITY PROJECT - CONTRACT AWARD

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to:

1. waive the applicable provisions of Policy No. 52 "Procurement of Goods and Services;" and
2. utilize the County of San Diego's Job Order Contracting process to award a contract to Security Systems Techniques (in substantially the same form as Attachment A) for construction on the San Diego Transit Corporation (SDTC) Site Hardening & Security Project.

Budget Impact

A total of \$736,404.00 from the Transit Security Grant Program (TSGP) included in the fiscal years 2006 and 2007 Capital Improvement Program would be utilized to install access controls, cameras, and lighting.

DISCUSSION:

Background

SDTC has an urgent need to replace and renovate its lot lighting at both the Imperial Avenue and Kearny Mesa Bus Yards. This project allows the work to be accomplished using TSGP grant funding and utilizes the County of San Diego's Job Order Contracting process. This process allows the work to be accomplished prior to the TSGP grant funding deadline of December 31, 2008, with pricing based on the County of San Diego's economy of scale for lighting, camera, and access control work.



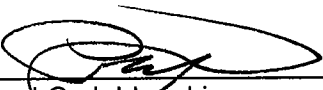
The recommended improvements would provide adequate lighting for the bus yards, camera coverage for the bus yard perimeter and high-security areas, and access controls for the main building and gate entrances. These improvements would significantly improve the security and safety of both bus yards.

This project would also provide for the installation of access controls on the 9th and 10th floors of the Mills Building. The existing access control system is less than functional and no longer supported by the manufacturer.

MTS Policy No. 52 provides, "... contracts for construction in excess of fifty thousand dollars (\$50,000) shall be awarded to the lowest responsible bidder submitting a responsive bid after formal competitive bidding, except in an emergency declared by the vote of two-thirds of the membership of the Board of Directors."

The County of San Diego utilizes a Job Order Contracting Program. This innovative program allows the County to contract with preapproved contractors in various building trades. The County's experience using the Job Order Contracting Program has been excellent and has reduced the overall cost of many projects. Under the provisions of our enabling legislation, MTS may enter into contracts directly with any other government agency (Cal. Pub. Util. Code § 120221). The cost of projects administered through the Job Order Contracting Program is determined by an independent, industry-approved, unit price book that was developed and is maintained by the Gordian Group. Staff has learned that Security Systems Techniques is a preapproved Job Order Contracting Program contractor who could be utilized to complete the yard hardening work at a lower price. Security Systems Techniques has agreed to beat the costs outlined by the Gordian Group by 2%. The cost to design and construct this project would not exceed \$736,404.00.

The costs to perform work using the County of San Diego's Job Order Contracting program are prenegotiated through the County's competitive bid process. In order to more accurately qualify the contractor's bid proposal, an independent engineer's cost estimate was completed for the lighting work, and a bid for the camera and access control work was solicited. The contractors total bid proposal was lower than the combined engineer's estimate and competitive bid. A summary of the comparison between the contractor's proposal and engineer's estimate is attached (Attachment B).



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Frank Toth, 619.238.0100, Ext. 6511, Frank.Toth@sdmts.com
Kent Tsubakihara, 619.557.4548, Kent.Tsubakihara@sdmts.com

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Attachments: A. Draft Contract
B. Engineer's Estimate
C. Available Funding

STANDARD CONSTRUCTION AGREEMENT

DRAFT

CONTRACT NUMBER
CIP 11232
FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2008, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: Security Systems Techniques Inc. Address: 7768 Arjons Drive

Form of Business: Corporation San Diego, CA 92126
(Corporation, partnership, sole proprietor, etc.)

Telephone: 858-693-0163

Authorized person to sign contracts: Al Bitarafan President
Name Title

The attached Standard Conditions are part of this agreement. The Contractor agrees to furnish to the MTS services and materials, as follows:

In general, the project consists of security improvements for the San Diego Transit Corporation bus yards and the 9th and 10th floors of the Mills Building in San Diego. The project includes installation of access control equipment at both bus yards and the 9th and 10th floors of the Mills Building, which shall be integrated with the existing access control system via the local area network. Camera systems shall be complete CCTV systems with central monitoring stations at both SDTC yards. Yard camera systems shall have off-site monitoring capabilities through the existing local area network. Lighting upgrades shall include the installation of new lighting, fixtures, wiring, conduit, and service panels. The contractor shall be responsible for procuring all materials and supplies required to deliver complete and functional systems as described in the detailed scope of work.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer	Firm: _____
Approved as to form:	By: _____ Signature
By: _____ Office of General Counsel	Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$736,404	CIP 11232	09

By: _____ Chief Financial Officer _____ Date

(____ total pages, each bearing contract number)

11232 SDTC Yard Hardening Engineering Estimate

Kearny Mesa Lighting

	Engineer's Estimate	JOC Proposal
Replace (25) existing light pole fixtures and mounting arms on (5) 50' poles and (9) 30' poles. Replace with (25) new fixtures and rewire all poles from base of poles to fixtures. Provide point-to-point information, wiring diagrams per manufacturer-suggested specifications for each pole location. See attached material list for details and submittal information.	\$ 55,540.00	\$ 49,850.00

Imperial Avenue Electrical Upgrades

Scope of work includes all labor, materials, equipment, transportation, and incidentals to provide power to Break Room from Administration Building. Upgrade existing panel to 200 amps service, connect and upgrade electrical to and from noncode panel. Repull 250' of interior and exterior 2' EMT and replace all new strapping and couplings to NEC code. Run 70' of conduit from junction box on Administration Building to Break Room/ Replace existing panel with 200-amp service panel in Break Room. Trench approximately 150' from breakers to guard sheds, run (2) new 50-amp circuits from new panel to guard sheds, and install new subpanel in each guard shed.	\$ 32,350.00	\$ 35,000.00
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Imperial Avenue Lighting

Retrofit (36) 1,000 MHz pole light fixtures in maintenance yard with 36 new lamps and ballasts in existing fixtures and poles. Remove and replace existing wiring in (9) poles approximately 70' high and provide point-to-point information, aiming diagrams per manufacturer's suggested specifications for each pole location. Remove and replace service panel, lighting contactors and, conduit in fueling facility per NEC code. Saw cut, trench, and replace pole lighting-related conduit with new 2' conduit and wiring in bus yard. Replace asphalt and paint per direction of SDTC/MTS facilities. Reuse existing pull boxes per site plan and include 5/8" ground rod for each box. Install new pull boxes at each pole location.	\$ 225,893.00	\$ 234,610.00
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	Engineer's Estimate	JOC Proposal
Lighting Totals:	\$ 313,783.00	\$ 319,460.00

Kearny Mesa Access Controls and Cameras		Competitive Bid	JOC Proposal
Door Access Control	\$	32,981.11	\$ 39,382.00
Facility CCTV	\$	85,064.57	\$ 76,835.00
Stores High Security CCTV	\$	32,300.54	\$ 29,427.00
Scope of work includes all labor, materials, equipment, transportation, and incidentals to provide facility yard, store room, and high-security-area cameras and access controls throughout the facility		\$ 150,346.22	\$ 145,644.00

Imperial Avenue Access Controls and Cameras

Door Access Control	\$	112,775.94	\$ 102,209.00
Facility CCTV	\$	89,573.61	\$ 84,797.00
Stores High Security CCTV	\$	19,928.93	\$ 20,349.00
Scope of work includes all labor, materials, equipment, transportation, and incidentals to provide facility yard, store room, and high-security-area cameras and access controls throughout the facility		\$ 222,278.48	\$ 207,355.00

Mills Building 9th and 10th Floor Access Controls

Access Controls	\$	47,809.90	\$ 46,257.00
Reroute equipment from 1st floor control room to MTS server room on the 10th Floor (ESS did not provide a competitive bid...JOC bid used to complete estimate)	\$	17,688.00	\$ 17,688.00
Scope of work includes all labor, materials, equipment, transportation, and incidentals to provide access controls and reroute equipment from 1st floor control room to MTS server room on the 10th Floor		\$ 65,497.90	\$ 63,945.00

Access Control Totals: \$ 438,122.60 \$ 416,944.00

Project Summary:

	Competitive Bid	JOC Proposal
Lighting Totals:	\$ 313,783.00	\$ 319,460.00
Access Control Totals	\$ 438,122.60	\$ 416,944.00

	Competitive Bid	JOC Proposal
Total Project Comparison:	\$ 751,905.60	\$ 736,404.00

AVAILABLE FUNDING
SDTC YARD HARDENING PROJECT

CURRENTLY PROGRAMMED	DESCRIPTION	AMOUNT	GRANT STATUS
11232-various	MTS TSGP Grant (FY 06)	\$ 702,976.45	APPROVED
1128500	SANDAG TSGP Grant (FY 06)	\$ 47,618.75	AVAILABLE BALANCE
TOTAL		\$750,595.20	



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Agenda

Item No. 32

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

LEG 470

November 13, 2008

SUBJECT:

MTS: STATE LEGISLATIVE REPRESENTATION

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer to execute MTS Doc No. G1204.0-09 (in substantially the same form as Attachment A) with California Strategies and Advocacy, LLC for state legislative representation for up to a five-year period.

Budget Impact

The total cost of the five-year contract would not exceed \$348,000. The base year contract cost is \$69,600. Subsequent years could be subject to Consumer Price Index adjustments of no more than 4% and the approval of both MTS and North County Transit District (NCTD). The cost of the contract would be shared evenly by MTS and NCTD, and MTS's share of the first year would be \$34,800. The cost for state representative services was budgeted in the FY 2009 budget. All subsequent years would need to be included in the approved budget. All subsequent year exercises of one-year options would require approval of the Chief Executive Officer and NCTD.

DISCUSSION:

For many years, MTS and NCTD have jointly procured the services of a state legislative representative. For ease of administration and payment of services, our agencies have taken turns performing as the lead administrator of the contract. NCTD performed this function in the last procurement.



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

The joint procurements have proven to be beneficial to both agencies, and they have resulted in more competitive pricing while resulting in no conflicts. The last joint contract with California Strategies and Advocacy, LLC (formerly Smith, Watts and Company) is due to expire on December 31, 2008. MTS as the lead agency conducted a full procurement process, and a request for proposals was advertised on September 5, 2008, in the San Diego Union-Tribune, San Diego Daily Transcript, and La Prensa.

Requests for Proposals were sent to five firms; however, only one bid proposal was received. Evaluations of the bid proposal by California Strategies and Advocacy, LLC were performed by the government relations staff from both MTS and NCTD, and a cost analysis was performed by an MTS procurement officer.

The transportation specialty team proposed for this contract includes Mark Watts and DJ Smith who together offer more than 50 years of program-based administrative, regulatory, and advocacy experience on the subject of transportation. With the current economic climate, protection of public transportation funding will be particularly challenging over the next year. Obtaining the services of experienced legislative representatives in Sacramento will be extremely important.

The annual cost proposed by California Strategies and Advocacy, LLC for the first year of the contract was \$72,000. However, the MTS Procurement Department staff was able to reduce that amount to \$69,600. MTS's share of the first year of the contract is \$34,800, which has been included in the FY 2009 budget. Exercise of each subsequent year of the contract would be subject to approval by the Chief Executive Officer and NCTD.



Paul G. Jablonski
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, Sharon.Cooney@sdmts.com

NOV13-08.32.STATEREP.COONEY.doc

Attachments: A. Standard Services Agreement
B. Bid Summary

STANDARD SERVICES AGREEMENT

G1204.0-09
 CONTRACT NUMBER
 LEG 470
 FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2009, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: California Strategies & Advocacy, LLCAddress: 980 9th Street Suite 2000

Form of Business: Limited Liability Company
 (Corporation, partnership, sole proprietor, etc.)

Sacramento, CA 92101Telephone: 916-266-4575

Authorized person to sign contracts: Mark Watts
 Name

Project Manager
 Title

The attached Standard Conditions are part of this agreement. The Contractor agrees to furnish to MTS services and materials, as follows:

Provide state lobbying services for up to (5) five years for the Metropolitan Transit System and the North County Transit District as stipulated in MTS's Request for Proposals (RFP) for State Lobbying Services, MTS Document No. G1204.0-09, and in accordance with the Standard Services Agreement, including the Standard Conditions Services, and California Strategies & Advocacy, LLC's proposal dated October 6, 2008. If there are any inconsistencies between the RFP, Standard Services Agreement, and the Standard Conditions Services, the following order of precedence will govern the interpretation of this contract:

1. MTS's State Lobbying Services RFP.
2. California Strategies & Advocacy, LLC's proposal dated October 6, 2008.
3. Standard Services Agreement, including Standard Conditions Services.

This contract shall be for a three-year base period with two one-year option periods exercisable at the discretion of the agency effective January 1, 2009, through December 31, 2013. The total contract amount for lobbying services shall not exceed \$348,000.00.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM		CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer		Firm: _____
Approved as to form:		By: _____ Signature
By: _____ Office of General Counsel		Title: _____
AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$348,000.00	PC 50902/53116	09

By: _____
 Chief Financial Officer
 (____ total pages, each bearing contract number)

Date
 NOV13-08.32.AttA.STATEREP.COONEY.doc

1/1/09 - 12/31/13

CALIFORNIA STRATEGIES & ADVOCACY

Line #	Terms	Monthly Rate	No. of Mo.	Total Annual Fee
1	Year One (1):	\$ 5,800.00	12	\$ 69,600.00
2	Year Two (2):	\$ 5,800.00	12	\$ 69,600.00
3	Year Three (3):	\$ 5,800.00	12	\$ 69,600.00
4	Year Four (4) - Option Year 1:	\$ 5,800.00	12	\$ 69,600.00
5	Year Five (5) - Option Year 2:	\$ 5,800.00	12	\$ 69,600.00
6	Grand Total:			\$ 348,000.00

GRAND TOTAL - BASIS OF AWARD:	\$ 348,000.00
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Agenda

Item No. **33**

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

LEG 410

November 13, 2008

SUBJECT:

MTS: 2009 LEGISLATIVE PROGRAM

RECOMMENDATION:

That the Board of Directors:

1. receive a report on 2008 legislative and intergovernmental activities;
2. accept the proposed MTS 2009 Federal Legislative Program;
3. accept the proposed MTS 2009 State Legislative Program; and
4. authorize the Chief Executive Officer (CEO) to direct MTS's Sacramento and Washington representatives to advocate the state and federal legislative programs.

Budget Impact

None.

DISCUSSION:

2008 FEDERAL YEAR IN REVIEW

Transit Security Grant Program

Department of Homeland Security (DHS) 2008 grant awards totaled \$844 million divided among the Port Security Grant Program, Transit Security Grant Program, Intercity Bus Security Grant Program, Trucking Security Grant Program, and a Buffer Zone Protection



Program. The total was \$189 million more than 2007. The transit grant program went from \$257 million to \$350 million, and MTS's share was \$1.5 million. This represented a slight increase from the \$1.2 million awarded to MTS from the federal FY 2007 program. In addition, this year the program was changed to give awards directly to the transit operators rather than as a pass-through from the state.

Rail Safety Improvement Act of 2008

Enacted on October 1, this legislation reauthorizes the Federal Railroad Administration (FRA) and provides \$1.65 billion for the nation's rail safety program for fiscal years 2009 through 2013. It also clarifies that the primary mission of the FRA is to ensure safety on the nation's railways, creates a new Chief Safety Officer, and provides resources for an additional 200 safety and rail inspection employees. The legislation increases penalties for violations of safety laws and gives the FRA more enforcement tools. The legislation also contains provisions to improve the conditions of rail bridges and tunnels.

Amendments to the bill in response to the Metrolink collision include a requirement that all Class I railroads and intercity passenger and commuter railroads implement a positive train control system by December 31, 2015, on all main-line tracks where intercity passenger railroads and commuter railroads operate and where toxic-by-inhalation hazardous materials are transported. In addition, it includes a grant program for the deployment of various positive train control technologies, electronically controlled pneumatic brakes, rail integrity inspection and warning systems, switch position indicators, remote control power switch technologies, track integrity circuit technology, and other technologies.

The amendments also mandate the following limits to hours of service for signal and train crews:

- prohibits them from working in excess of 12 hours;
- extends hours-of-service standards to railroad contractors;
- limits time off during split shifts; and
- requires railroads to develop fatigue management plans through a mandatory risk-reduction program.

It is not clear from the language how much of the new safety regulations will apply to MTS's light rail operations or its freight property. Assurances from the authors' offices indicated that the regulations would not impact light rail. However, staff will advocate for cleanup legislation that will specifically exempt light rail operations and operations in which there is a temporal separation between freight and light rail.

Reaction to Economic Downturn

An economic stimulus package was passed in an effort to halt the downturn in the nation's economy. Many have called for a second stimulus package—one that would include funding for infrastructure projects. As with the first package, MTS has advocated to have transit capital projects included in the package. Congress may take up a package after the election.

Energy Security and Climate Change

Various forms of climate-change legislation were introduced in 2008, which is a reflection of the increased awareness of issues related to energy security and emissions reduction in the electorate. The Saving Energy through Public Transportation Act was introduced to provide \$1.7 billion over 2 years for transit grants associated with increasing transit service or reducing fares. This legislation has not been enacted. Other legislation, the Climate Security Act of 2007, would establish declining "caps" on carbon emissions from power plants and other stationary sources over a 40-year period and then establish credits to entities to emit greenhouse gas emissions that will be traded as commodities. This market would generate revenues for allocations parceled out to activities to reduce emissions or to benefit sectors impacted by rising emissions or energy prices. In 2008, Senator Barbara Boxer's Senate Bill 3036 sought to amend the legislation to include (among other things) \$171 billion from the auction for public transit. MTS staff will continue to advocate to the Senator and others for the inclusion of public transportation as a beneficiary of any cap and trade program.

Charter Regulations and MTS Chargers Express Service

MTS sought a favorable decision from the Federal Transit Administration (FTA) to permit the continuance of Chargers Express service during the 2008-2009 football season. MTS received two different opinions, at which point staff launched a campaign to gain a favorable ruling from Administrator James Simpson. In the end, MTS was able to continue to operate all of its service to the games. However, the decision did not set a precedent for future years, and staff will continue to urge the FTA to create a more reasonable interpretation of its Charter Regulations.

Funding for Transit to Military Bases

Staff met with several congressional members and committee offices to discuss potential funding sources to address public transportation needs at military facilities in the region. MTS's legislative representative, Blank Rome, LLC, provided research support and strategic advice. While the overall reaction was positive, agreement on the vehicle for beginning a pilot project in the San Diego region was not reached. Staff will continue to advocate for funding in 2009.

FY 2009 Appropriations

The Fiscal Year 2009 Transportation, Housing and Urban Development, and Related Agencies (THUD) budget has not been approved. Federal programs are being funded under a continuing resolution. Inclusion of federal transit earmarks in the appropriation language remains unlikely.

Reauthorization

The Surface Transportation Act is scheduled to be reauthorized for 2010. Staff has been actively working through our Congressional delegation and the American Public Transportation Association to achieve favorable results in the reauthorization process. Among other objectives, staff is seeking a favorable change to the Rail Modernization formula program. Staff is also participating with the San Diego Association of

Governments (SANDAG) in a strategy to have the Mid-Coast Light Rail Extension Project designated as a New Start in reauthorization thereby making it more likely to gain a Full-Funding Grant Agreement from the FTA. Activities have included meetings with FTA officials and San Diego delegation members. Most recently, MTS staff hosted several key Senate Banking Committee staff on a tour of MTS facilities that focused on the positive results to be achieved through expansion of the trolley system.

San Ysidro Border Reconfiguration Project

The United States Customs and Border Protection Agency determined that the existing 30-year-old facility at the San Ysidro border cannot support enforcement activities. The General Services Administration (GSA) is working on the reconfiguration of the Port. \$190 million has been authorized to date. MTS has been working with the agency to minimize impacts to the pedestrian and transit facilities; however, current designs would have a significant impact on the pedestrian and transit movements in the area. MTS has briefed the Congressional delegation on several occasions and continues to work to gain changes to the GSA's plans that will preserve transit's access to the area and provide favorable conditions for pedestrian border crossings.

2008 STATE YEAR IN REVIEW

Fiscal Year 2009 State Budget

Governor Schwarzenegger signed the 2008-09 State Budget Assembly Bill (AB) 1781 (Committee on Budget), the Conference Committee report along with a series of budget trailer bills, including AB 88 and AB 268, the transportation omnibus bill on Tuesday, September 23. The budget, which was late by a record 85 days, ostensibly resolved the state's \$25 billion shortfall. With his signature, the Governor took action to reduce State General Fund expenditures by \$510 million below the expenditure levels authorized by the legislature. Despite aggressive advocacy efforts, nearly \$1.7 billion of traditional public transportation dollars were diverted to pay General Fund expenditures. Attachment A shows the breakdown of transit funding as it would have been distributed by law. \$969 million should have been available in State Transit Assistance (STA), of which \$44.54 million would have been allocated to MTS.

The Budget Act diverts approximately \$1.67 billion from "spillover" and other traditional transit funding sources to the General Fund as follows:

- \$857 million to the General Fund for transportation-related general obligation bond debt;
- \$589 million to the General Fund for home-to-school transportation;
- \$138 million to the Department of Developmental Services for regional center transportation; and
- \$83 million to reimburse the General Fund for repayment of a prior loan from Proposition 42 transit funds to the General Fund.

The Budget appropriated \$306 million for STA. This is slightly less than the amount allocated in FY 2008 (\$316 million). According to the State Controller, MTS's allocation will be \$14.08 million (\$520,000 less than FY 2008). No funding was provided for transit capital projects in the State Transportation Improvement Account. In total, 71% of all available revenues for public transportation were diverted to the General Fund.

Proposition 1B Infrastructure Bonds

The \$19.9 billion in bonds for infrastructure approved by the voters in November 2006 requires subsequent legislative action to allocate funds for specific programs in a given year. In the FY 2009 budget, the following allocations directly impact MTS:

- Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). For FY 2008, \$600 million of the \$3.6 billion was appropriated. For FY 2009, \$338 million is available for this program. It is anticipated that this will result in \$15.65 million for MTS capital expenditures.
- Transit System Safety, Security, & Disaster Response Account (TSSSDRA). In FY 2008, \$101 million of the \$1 billion was appropriated. For FY 2009, \$60 million is available for this program of which \$2.78 million should be available for MTS security-related expenditures.

AB 32 Implementation and Other Climate Change Activities

Staff has been actively involved in efforts to favorably impact climate change legislation. AB 32 (Nunez and Pavley), California's Global Warming Act of 2006, is intended to reduce statewide greenhouse gas emissions to 1990 levels, which is a 15% reduction from today's levels. Implementation of a strategy to reach the goals of AB 32 is the responsibility of the California Air Resources Board (CARB). AB 32 has the potential to reshape the way California develops and does business. Dramatic rollback of emission levels throughout the state will require multiple initiatives spanning a broad spectrum of activities.

Public transportation could be significantly affected through regulations designed to lower transit's carbon footprint and through statewide goals for lowering single-occupancy vehicle use and vehicle miles travelled (VMT). To significantly reduce VMT, regions would need to alter land-use practices that induce longer auto trips. There would also be a greater demand for alternative methods of transportation, including transit.

CARB staff recently published the draft *Climate Change Scoping Plan: A Framework for Change*, which will be reviewed by its Board at the November meeting. The draft plan looks at implementation of AB 32 with a phased approach. This initial plan does not address VMT reduction nor does it recommend additional investment in transit. However, it does look forward past 2020 when the state has committed to even greater emissions reductions. Executive Order S-3-05 requires an 80% reduction in greenhouse gases from 1990 levels by 2050. It is evident that future phased implementation to achieve higher goals for reduction will require a significant change in land use and transportation policy making.

Similarly, an implementation process will soon begin for SB 375 (Steinberg) signed into law on September 30, 2008. This law seeks dramatic changes in the way land use and transportation decisions will be made at the regional and local level as a way of reducing climate change emissions. While there is no clear strategy or funding mechanism for implementation of this legislation, staff will continue to advocate for favorable outcomes with respect to any technical "cleanup" legislation or implementation planning. AB 118 (Nunez) the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 was enacted in October 2007. This legislation provides funding to CARB and the California Energy Commission (CEC) from an increase in the vehicle license fee that went into effect in July 2008 and is anticipated to generate \$100 million annually. Staff has been engaged in advocacy for favorable implementation of these programs to enhance MTS's alternative fuel program. The CEC anticipates that funding awards will be made as early as April 2009.

Legislation Related to Copper Wire Theft

A source of considerable financial impact to public agencies has been the rise in copper wire theft. MTS has experienced a surge in the number of incidents, with the associated impact on service operations and a financial burden on the agency. Multiple laws were enacted this year in support of reporting to law enforcement by junk dealers, enhanced identification requirements at salvage yards, delays in payments to individuals bringing copper wire to salvage yards, and fingerprinting and photographing of individuals salvaging materials.

2009 LEGISLATIVE PROGRAM

The draft state and federal legislative programs are attached (Attachments B and C). The federal legislative program includes recommended capital project appropriation requests. Upon recommendation of the Executive Committee and approval by the MTS Board, these programs will be used to define our legislative advocacy efforts in calendar year 2009, and MTS will forward its capital project appropriation requests to SANDAG to meet the region's December 15 deadline for submission.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, sharon.cooney@sdmts.com

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Attachments: A. Transit Funding Under State Law Provisions
B. Draft Federal Legislative Program
C. Draft State Legislative Program

Transit Funding Under State Law Provisions

The following is a breakdown of FY 2009 transit funding as it would have been allocated if all existing state laws were respected.

Statewide Revenues Generated for Transit

\$1,427 million in spillover
\$ 492 million from Proposition 111
\$ 268 million from Proposition 42
\$ 65 million sales tax on diesel
\$ 93 million non-article XIX revenue (state and regional programming)
\$ 2.345 billion Total generated revenue

Total Public Transportation Account (PTA) Resources Available Pursuant to Current Law (Had It Been Honored)

\$2.345 billion Total Generated Revenue
~~-\$713.5 million (Mass Transportation Fund contribution-1/2 of the spillover)~~
\$1.632 billion available to the PTA
\$ 108 million Misc. (loan from TCRF, beginning balance, etc.)
\$1.739 billion TOTAL PTA Resources

Breakdown of Revenue Distribution Within The PTA Pursuant To Current Law

State Transit Assistance (STA) Revenue

\$ 476 million (1/3 of \$1.427 billion in spillover)
\$ 246 million (1/2 of Prop 111 revenue)
\$ 214.5 million (75% of Prop 42 revenue)
\$ 32.5 million (1/2 of sales tax on diesel)
\$ 969 million total STA that SHOULD be made available

State and Regional Programming Priorities Revenue

\$ 238 million (1/6 of \$1.427 billion in spillover)
\$ 246 million (1/2 of Prop 111 revenue)
\$ 71.5 million (25% of Prop 42)
\$ 32.5 million (1/2 of sales tax on diesel)
\$ 93 million (non-article XIX)
\$108 million Misc. (loan from Traffic Congestion Relief Fund, beginning balance, etc.)
\$789 million TOTAL state and regional programming priorities that SHOULD be made available

Transit Capital Projects in the State Transportation Improvement Plan (STIP)

\$ 789 million Total state regional programming priorities revenue
- \$ 154 million Caltrans (Intercity Rail, planning, Div. Mass Trans.)
- \$ 53 million Caltrans Local Assistance
- \$ 5.6 million High-Speed Rail
- \$ 3.4 million CPUC operations
- \$ 1.5 million UC ITS planning
- \$ 1.4 million CTC Operations
\$ 570 million that SHOULD be made available for transit capital projects in the STIP

San Diego Metropolitan Transit System (MTS) 2009 Federal Legislative Program

I. Transit Funding

1. Oppose legislation that would reduce direct funding to transit agencies or transportation funding in general.
2. Reauthorize the Surface Transportation Act: support appropriation of MTS earmarks and New Starts designation for Mid-Coast Rail Extension. Seek favorable revision of the Rail Modernization Program.
3. Support legislation that would help offset the impact on transit budgets caused by increases in fuel costs.
4. Support legislation that would generate new revenue for transit projects and operating costs.
5. Support legislation to bring funding to railroad corridors.
6. Seek funding for railroad bridge and infrastructure rehabilitation.
7. Seek funding to offset the costs associated with implementation of hybrid and alternative technologies in the transit fleet.
8. In partnership with interested cities, seek funding dedicated to grade-separation projects.
9. Seek a permanent compressed natural gas credit program for transit operators.
10. Support programs in the defense appropriation process that would help offset the cost to provide transit services for military facilities.
11. Oppose attempts to discontinue federal funding for school paratransit services or for nonemergency medical transport.
12. Oppose actions by the General Services Administration that might adversely impact transit functions at the San Ysidro Border and seek funding to mitigate any changes to transit facilities currently used or owned by MTS.

II. Public Safety

1. Seek Tier 1 status under the Transit Security Grant Program.
2. Seek stiffer criminal penalties for vandalism or theft of transit property.
3. Seek clarification of 2008 legislation regarding rail safety.
4. Support legislation that increases funding for transit security projects and personnel.
5. Support legislation that provides reimbursement to transit operators for lost employee work hours due to emergency preparedness and antiterrorism training.
6. Oppose legislation or regulations that would have an adverse impact on transit agencies' ability to provide safe transportation to their customers.
7. Support legislation that assists transit operators to carry out their responsibilities as first responders to emergency situations.
8. Support efforts to enhance the transit agency's ability to coordinate with other local emergency personnel for disaster response and evacuation preparedness.

III. Regulatory Matters

1. Support legislation that would facilitate the delivery of capital projects.
2. Oppose unfunded mandates that impact transit operators.
3. Support efforts to increase competition in the fuel market.
4. Support legislation that would require manufacturers of wheelchairs and scooters to notify customers prior to purchase of any vehicles that are larger than what the Americans with Disabilities Act requires transit agencies to accommodate for boarding.

5. Oppose proposals that limit the use of eminent domain for public transportation projects.
6. Monitor and respond to legislation in the areas of finance, employment, and safety that could affect agency governance or operations, including issues related to contractors.
7. Support efforts to ensure that climate change legislation recognizes that transit investment can help achieve emission reduction goals.
8. Seek clarification of the charter bus regulations to permit transit agencies to serve special events.
9. Oppose efforts to enlarge the universe of paratransit service eligibility to classifications of individuals that could effectively be served through fixed-route services.
10. Monitor and respond to attempts to alter access guidelines in a way that would financially burden transit operators without providing funding.

IV. Support for Legislative Programs of Other Agencies or Organizations

1. Support the legislative programs of other agencies, such as SANDAG and NCTD, where consistent with the MTS legislative program.
2. Support provisions in the legislative programs of organizations, such as the California Transit Association and American Public Transportation Association, where consistent with the MTS legislative program.

V. Capital Projects

1. Seek the following capital project earmarks in the Fiscal Year 2009 Transportation, Housing and Urban Development Appropriations Bill:

• MTS Bus Replacement Vehicles	\$13.53 million
• East County Bus Maintenance/Paratransit Facility	\$10 million
• Blue Line Station Improvements	\$2.25 million
• Regional Transportation Management System for Contract Services	\$8.3 million
2. Seek funding earmarks for MTS under any economic stimulus package.

San Diego Metropolitan Transit System (MTS) 2009 State Legislative Program

I. Transit Funding

1. Seek legislation to expedite the allocation of state infrastructure bond funding designated for transit operators/projects.
2. Oppose legislation that would reduce direct funding to transit agencies, or transportation funding in general; support legislation that would generate new revenue for transit projects and operating costs.
3. Support legislation that would help offset the impact on transit budgets caused by increases in fuel costs.
4. Support legislation to bring funding to railroad corridors and for railroad bridge and infrastructure rehabilitation.
5. Support actions that would protect against the diversion of Transportation Development Act (TDA), Public Transportation Account (PTA), Traffic Congestion Relief Program (TCRP), and other transit funds to state and local agencies for other purposes.
6. In partnership with interested cities, seek funding dedicated to grade-separation projects.
7. Seek legislation to exempt transit agencies from sales tax.

II. Transit-Oriented Development

1. Seek legislation to expedite the allocation of state infrastructure bond funding for transit-oriented development.
2. Support legislation that provides funding incentives for mixed-use projects and transit-oriented development.
3. Support legislation that aids transit operators' efforts to create transit-oriented development.

III. Public Safety

1. Seek actions that would expedite the allocation of the \$1 billion in Proposition 1B bond funding designated for transit security projects.
2. Oppose legislation or regulations that would have an adverse impact on transit agencies' ability to provide safe transportation to their customers.
3. Support legislation that assists transit operators to carry out their responsibilities as first responders to emergency situations.
4. Support efforts to enhance penalties for crimes against transit staff or related to transit property, such as wire theft.
5. Seek legislation that would protect the records of transit code compliance officers to the same degree as sworn officers.
6. Seek legislation that would allow agencies to pass an ordinance to allow national criminal background checks for taxicab operators.

IV. Climate Change

1. Advocate for favorable implementation of AB 32.
2. Seek funding under AB 118 for MTS alternative fuel projects.

V. Regulatory Matters

1. Support legislation that would facilitate the delivery of transit capital projects—especially through the availability of alternative procurement practices, such as design build and construction manager at risk.
2. Oppose unfunded mandates that impact transit operators.
3. Support legislation that would require manufacturers of wheelchairs and scooters to notify customers prior to purchase of any vehicles that are larger than what the Americans with Disabilities Act requires transit agencies to accommodate for boarding.
4. Monitor proposals that limit the use of eminent domain for public transportation projects.
5. Support legislation that would remedy Bonanno v. Central Contra Costa Transit Authority, which is a case that substantially broadened the liability exposure of transit agencies.
6. Seek relief from regulations which prevent MTS from providing service in the most cost efficient way possible.
7. Support legislation that would clarify Public Utilities Commission rail oversight authority.
8. Monitor and respond to efforts to regulate MTS operations.
9. Seek clarification of regulations governing the disposition of real property purchased with TDA funds to prevent using the property for nontransit purposes.
10. Oppose efforts to eliminate or restrict transit exemption provisions in the California Environmental Quality Act. Seek clarification that service and fare adjustments are always exempt.

VI. Labor Relations

1. Monitor and respond to legislation relating to personnel matters.
2. Support legislation that protects the integrity of collective bargaining agreements, and oppose efforts to mandate benefits or working conditions.

VII. Support Legislative Programs of Other Agencies or Organizations

1. Support the legislative programs of other agencies, such as SANDAG and NCTD, where consistent with the MTS legislative program.
2. Support provisions in the legislative programs of organizations, such as the California Transit Association and American Public Transportation Association, where consistent with the MTS legislative program.



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Agenda

Item No. 45

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

SRTP 830 (PC 50451)

November 13, 2008

SUBJECT:

MTS: ANNUAL SERVICE PERFORMANCE MONITORING REPORT

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

MTS Board Policy No. 42 establishes a process for evaluating existing transit services to achieve the objective of developing a customer-focused, competitive, integrated, and sustainable system. The policy states that services will be evaluated annually, and provides a set of measures for evaluation.

This report represents the annual service evaluation for FY 2008. This is the first full fiscal year in which the system operated under the results of the Comprehensive Operational Analysis (COA). Some of the definitions have been standardized across the divisions in keeping with definitions used by the National Transit Database, and this has had an impact on some of the trends reported. The narrative indicates instances where that is the case.

In Attachment A, routes are designated into seven service categories based on route characteristics and compared against other similar services in the same category.



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

Develop a Customer-Focused and Competitive System

The following measures of productivity and service quality are used to ensure that services are focused on providing competitive and attractive transportation that meets our customers' needs.

- **Total Passengers** - *Percent change in passengers should equal or exceed percent change in average daily traffic within the MTS urban network area*

Route Categories	FY 2006	FY 2007	FY 2008	Chg. 06-07	Chg. 07-08
Premium Express	273,161	254,099	280,691	-7.0%	10.5%
Express	2,135,309	2,077,456	2,217,331	-2.7%	6.7%
Light Rail	33,829,833	35,114,385	37,620,944	3.8%	7.1%
Urban Frequent	30,582,865	34,464,253	37,005,041	12.7%	7.4%
Urban Standard	13,670,763	12,091,618	11,949,335	-11.6%	-1.2%
Circulator	1,695,443	1,279,247	1,179,296	-24.5%	-7.8%
Rural	41,909	24,323	25,822	-42.0%	6.2%
Demand-Responsive	351,040	372,619	374,500	6.1%	0.5%
Total MTS Passengers	82,580,323	85,678,000	90,652,960	3.8%	5.8%

System-wide ridership increased 5.8 percent (4,974,960 passengers) between FY 2007 and FY 2008. The greatest ridership increase (2,540,788) was experienced in the Urban Frequent route category while the Urban Standard routes had the largest decrease (-142,283). In terms of percentages, the Premium Express route category had the largest gains in ridership (10.5%) most likely because the new coaches plus competitive travel time and cost make the service an attractive alternative to driving. Higher fuel prices have contributed significantly.

The Circulator category had the largest percentage decrease in ridership (-7.8%, or 99,951 passengers). The Urban Standard routes are slightly down reflecting service cuts made to those routes as a result of the COA and anticipated passenger preference for Urban Frequent routes to complete their trips. These trends reflect the strategies of the COA that passengers will ride routes with better frequencies.

Average daily traffic (ADT) statistics are not yet available for FY 2008; therefore, the increase in ridership cannot be compared to the ADT for this report. However, a decline in auto traffic has been reported and attributed to higher gas prices and the economic downturn.

- **Average Weekday Passengers** - *Improve ratio between ridership and average daily traffic within the MTS urban network area*

Route Categories	FY 2006	FY 2007	FY 2008	Chg. 06-07	Chg. 07-08
Premium Express	1,046	977	1,108	-6.6%	13.3%
Express	7,318	7,403	7,936	1.2%	7.2%
Light Rail	100,593	104,037	113,858	3.4%	9.4%
Urban Frequent	95,127	106,384	119,396	11.8%	12.2%
Urban Standard	41,860	38,148	39,573	-8.9%	3.7%
Circulator	5,357	4,214	4,133	-21.3%	-1.9%
Rural	140	130	144	-7.0%	10.7%
Demand-Responsive	1,264	1,142	1,381	-9.6%	20.9%
Avg. Weekday Passengers	252,706	262,438	287,530	3.9%	9.6%

Average weekday ridership increased 9.6 percent (25,092 passengers) between FY 2007 and FY 2008. The greatest increase occurred in the Urban Frequent category with an increase of 13,012 daily passengers. In terms of percentages, the

I-15 Premium Express routes increased substantially over the previous year in part due to increased ridership resulting from the high cost of fuel for personal-commuting vehicles. The Premium Express routes provide a competitive alternative to the car for such a long commute on a congested corridor, and the introduction of the new coaches makes the ride more comfortable. The Demand-Responsive routes increased substantially showing an increased demand by disabled passengers on ADA paratransit services. Circulator routes showed the only decrease in year-over-year weekday ridership mostly due to service cuts.

Transit's percent of Average Daily Traffic (ADT), or mode split, cannot be calculated at this time since ADT statistics are not yet available for FY 08.

• **Passengers per Revenue Hour – Improve route category average**

Route Categories	FY 2006	FY 2007	FY 2008	Chg. 06-07	Chg. 07-08
Premium Express	19.0	20.9	21.6	10.0%	3.4%
Express	20.2	22.4	25.3	10.9%	13.3%
Light Rail	190.6	198.5	212.4	4.1%	7.0%
Urban Frequent	31.2	31.9	32.9	2.5%	2.9%
Urban Standard	24.5	22.6	23.1	-8.1%	2.4%
Circulator	16.4	16.9	14.9	2.6%	-11.4%
Rural	3.3	5.7	5.6	73.4%	-3.0%
Demand-Responsive	2.2	2.2	2.1	1.7%	-5.1%
MTS System	39.0	39.9	41.5	2.2%	3.9%

Passengers per revenue hour is an industry standard for assessing service productivity. Revenue hours include the time that vehicles are transporting passengers (in service) as well as the recovery time at the end of each trip.

Overall, passengers per revenue hour for the system improved by 3.9 percent from 39.9 to 41.5. Fixed-route bus service improved from 43.2 to 45.0 passengers per revenue hour or a 4.3 percent increase over FY 2007. Circulator routes exhibited the largest percent decline in passengers per hour, which may be reflective of passenger shifts to more frequent routes as planned by the COA. While there was a 5.1% decrease for the Demand-Responsive category, the numeric drop was from 2.2 passengers per hour to 2.1 passengers per revenue hour, which is a .1 passenger difference.

• **Passengers per In-Service Hour – Improve route category average**

Route Categories	FY 2007	FY 2008	Change 07-08
Premium Express	18.2	22.5	23.5%
Express	28.8	32.3	12.3%
Light Rail	228.0	249.6	9.5%
Urban Frequent	38.1	42.4	11.4%
Urban Standard	30.7	31.6	2.8%
Circulator	32.6	26.4	-19.1%
Rural	4.5	5.78	25.2%
Demand-Responsive			
MTS System	52.9	57.5	8.7%

Passengers per in-service hour represents a more accurate picture of productivity because in-service hours only include hours of operations dedicated to transporting passengers and does not include recovery time. This statistic is only available for FY 2007 and beyond.

All categories of services had productivity increases per in-service hour except the Circulator category, which had a decrease of 19.1 percent. Staff has already begun to pare down Circulator service where necessary (especially at night and on weekends). Premium Express routes saw the greatest percentage productivity increase since they are carrying more passengers for nearly the same level of service.

-
- **Passenger Load Factor** – *No more than 20% of revenue hours exceeding one standee per 4 ft² on local street operation (55 passengers on a standard bus, and 90 passengers on an articulated bus) and seating capacity on freeway operations and minibus service*
-

Route	Type of Route	% Trips With Overcrowding
3	Regular	2.4%
5	Regular	0.8%
7	Regular	1.0%
11	Regular	0.7%
15	Regular	2.2%
20	Freeway	7.1%
25	Minibus	3.4%
30	Regular	1.5%
41	Regular	1.6%
48	Regular	5.4%
115	Regular	1.6%
150	Freeway	34.0%
701	Regular	0.9%
704	Regular	1.7%
705	Regular	3.3%
709	Regular	13.8%
712	Regular	3.3%
833	Regular	2.2%
844	Regular	5.9%
845	Regular	2.2%
848	Regular	1.5%
855	Regular	2.9%
856	Regular	1.5%
905	Freeway	2.2%
921	Regular	5.6%
929	Regular	15.2%
932	Regular	5.3%
933	Regular	2.6%
934	Regular	3.9%
955	Regular	3.2%
960	Freeway	38.5%
962	Regular	3.3%
964	Minibus	3.4%

Due to a change in the passenger reporting system administered by SANDAG, overcrowding is only available on the trip level for FY 2008; therefore, a figure for overcrowding is not available. As a result, the number of trips that had overcrowding at some point in the trip are reported above. These figures do not mean that buses were overcrowded for the whole trip, but rather at some time during the trip they experienced overcrowding.

Routes 20, 25, 150, 905, 960, and 964 have overcrowding over the threshold specified by Policy No. 42. Route 150 and 960 service has been supplemented with extra trips to help with overcrowding. The rest of the routes have sporadic overcrowding during peak hours typically due to school passengers.

-
- **On-Time Performance** – 85% for Urban Frequent, and 90% for all other route categories
-

Route Categories	Service Changes					
	Jun-06	Sep-06	Jan-07	Jun-07	Sep-07	Jan-08
Premium Express	81%	68%	90%	64%	79%	66%
Express	63%	72%	84%	82%	81%	86%
Light Rail	96%	95%	97%	97%	96%	96%
Urban Frequent	76%	80%	81%	84%	84%	86%
Urban Standard	81%	83%	79%	83%	85%	89%
Circulator	92%	87%	88%	95%	88%	89%
Rural	N/A	N/A	N/A	N/A	N/A	N/A
Demand-Responsive	N/A	N/A	N/A	N/A	N/A	N/A
MTS System	79%	81%	82%	85%	86%	87%

On-time performance is calculated as departing within 5 minutes of the scheduled time.

MTS system-wide, on-time performance has increased gradually over each service change. Both the Planning and Scheduling and Bus Operations Departments have been working to improve on-time performance through driver counseling, improved running times, and strict oversight of contract operations. The Planning and Scheduling Department has been able to use new technologies in place on routes operated by MTS Bus to analyze running times in order to provide more realistic times.

Urban Frequent routes are now above their 85% threshold while all other routes are close to the 90% level of on-time performance.

Premium Express routes have had a decline in on-time performance due to their reroute onto Broadway from other downtown San Diego streets. Premium Express route on-time performances are sampled only on their arrivals into downtown in the morning and their departures from downtown in the afternoon after they have picked up their passengers through the downtown area. Arrivals into downtown are almost at 100% while departures from downtown are lower. Scheduling has shortened the running times leaving downtown so that the passengers will not have to wait on the bus at a time point if they arrive at the point early. This allows the bus to move throughout the entire trip in downtown, but it also means that traffic on Broadway can have a more unpredictable impact on whether or not the bus exits downtown on time.

On-time performance is reported at service changes in order to isolate the changes so that we can monitor the impact of scheduling changes on on-time performance and adjust as needed.

• **Accidents per 100,000 Miles – Improve operator average**

Operator	FY 2006	FY 2007	FY 2008	Chg 06-07	Chg 07-08
MTS Bus	1.74	1.57	1.53	(9%)	(2.5%)
MTS Contract Services	1.86	2.19	2.56	18.2%	16.5%
MTS Rail	0.0	0.0	0.03	0%	100%

Accidents reported are preventable accidents. MTS Rail experienced one preventable accident in 2008, while the total accidents for MTS Rail increased from 16 to 29. MTS Bus had 276 total accidents in FY 2008, which is up from 190 the previous year. However, the number of preventable accidents declined. Continued operator retraining and improved driver safety-awareness programs and materials were used throughout the year to maintain relatively low incident levels for bus and trolley operators. Staff will continue to strive to improve the operator average.

• **Complaints per 100,000 Passengers – Improve operator average**

Operator	FY 06	FY 07	FY 08	Chg 06-07	Chg 07-08
MTS Bus	13.0	11.4	13.6	(12.1%)	19.5%
MTS Contract Services FR	4.2	7.3	14.7	68.8%	100.6%
MTS Contract Services DR	20.2	16.6	27.8	(15.8%)	67.4%
MTS Rail	1.63	1.25	.94	(23%)	(.25%)

All bus operators are showing an increase in the number of customer complaints. However, this number is reflective of the new, centralized customer service database—one point of contact for all customers utilizing any MTS bus route. As a result of the centralized database, complaints are closely tracked and reported uniformly across all services and operators. The complaints for FY 2008 include any complaint received by the database, including scheduling concerns, requests for service, or complaints about a service change. Separating out just complaints about the trip experience and the driver shows an average of 8.75 complaints per 100,000 for MTS Bus and 11.43 for Contract Bus. It is unclear how much of this increase in complaints is due to better tracking and how much is due to the customer experience; however, staff will continue to aggressively address complaints and seek to drive down the number of incidents.

Develop a Sustainable System

The following measures are used to ensure that transit resources are deployed as efficiently as possible and do not exceed budgetary constraints.

• **In-Service Miles - Not to exceed budget**

Operator	FY 2008		Difference	
	Actual	Budget	Number	Percent
MTS Bus	9,534,910	9,570,407	(35,497)	-0.4%
MTS Contract Service FR	9,218,022	9,068,839	149,183	1.6%
MTS Rail	8,002,889	7,959,350	43,539	0.5%

In FY 2008, actual in-service miles were slightly below budget for MTS Bus and slightly above budget for contracted fixed-route and MTS Rail.

• **In-Service Hours - *Not to exceed budget***

Operator	FY 2008		Difference	
	Actual	Budget	Number	Percent
MTS Bus	870,793	872,208	(1,415)	(0.2%)
MTS Contract Service FR	824,244	817,107	7,137	0.9%
MTS Rail	439,377	468,154	(28,777)	(6.1%)

MTS Bus and MTS Rail were below budget for in-service hours. MTS fixed-route Contract Services were 0.9% over budget, which was mostly due to increased running times for better on-time performance.

• **Peak-Vehicle Requirement - *Not to exceed budget***

Operator	June 07	Sept 07	Jan 2008	Chg Jun-Sept	Chg Sept-Jan
MTS Bus	200	199	199	(1)	0
MTS Contract Services FR	242	244	238	1	(6)
MTS Rail	96	96	97	0	1

The peak-vehicle requirement is the maximum number of vehicles available to provide scheduled service during the heaviest service period of the week. Peak vehicles have been mostly level over the fiscal year except for fixed-route contract services, which saw a decrease of 6 buses due to elimination of some services and scheduling and vehicle-blocking efficiencies.

• **In-Service Speeds - *Improve operator average***

Operator	June 07	Sept 07	Jan 2008	Chg Jun-Sept	Chg Sept-Jan
MTS Bus	13.3	13.4	13.3	0.8%	(0.8%)
MTS Contract Services FR	14.1	14.0	14.1	(0.7%)	0.7%
MTS Rail	20.8	21.2	21.1	1.92%	(0.5%)

In-service speeds were almost neutral for all modes of service between the June 2007 to January 2008 service periods.

• **In-Service/Total Miles - *Improve operator average***

Operator	June 07	Sept 07	Jan 08	Chg Jun-Sept	Chg Sept-Jan
MTS Bus	89.6%	89.5%	89.2%	(0.1%)	(0.3%)
MTS Contract Services FR	N/A	N/A	N/A	N/A	N/A
MTS Rail	N/A	N/A	N/A	N/A	N/A

In-service miles per total miles is only calculated for MTS bus operations as the contract is responsible for bus and driver assignments (run cutting), which determines total mileage. MTS bus ratios have been generally consistent over time with only a minor decrease in the ratio. MTS rail does not incur out-of-service mileage.

- **In-Service/Total Hours - Improve operator average**

Operator	June 07	Sept 07	Jan 2008	Chg Jun-Sept	Chg Sept-Jan
MTS Bus	94.2	94.2	94.2	0.0%	0.0%
MTS Contract Services FR	N/A	N/A	N/A	N/A	N/A
MTS Rail	N/A	N/A	N/A	N/A	N/A

As with the mileage statistic, in-service hours per total hours can only be calculated for MTS Bus operations. Efficiency of scheduling has shown that the in-service to total vehicle hours has remained steady over the past three service changes for MTS Bus.

- **Farebox Recovery Ratio - TDA requirement of 31.9 percent system wide for fixed-route (excluding regional routes that have a 20 percent requirement)**

Operator	FY 2007	FY 2008	Chg 07-08
MTS (excluding Premium Exp)	37.1%	38.6%	1.5%
Premium Express	32.0%	45.0%	13.0%
MTS Rail	49.0%	55.4%	6.4%
System	37.0%	38.7%	1.7%

For both system wide and Premium Express services, farebox recovery ratios continue to exceed the Transportation Development Act (TDA) target and are improving. This is due to more efficient service based on the implementation of the COA, an increase in ridership in the urban core, and fare adjustments.

- **Subsidy per Passenger - Improve route category average**

Route Categories	FY 06	FY 07	FY 08	Chg 06-07	Chg 07-08
Premium Express	\$5.70	\$5.72	\$3.38	0.3%	(40.9%)
Express	\$4.33	\$3.68	\$2.76	(15.1%)	(25.0%)
Light Rail	\$0.80	\$0.81	\$0.66	1.6%	(18.3%)
Urban Frequent	\$1.46	\$1.42	\$1.55	(2.4%)	9.2%
Urban Standard	\$1.86	\$1.75	\$1.90	(6.0%)	8.5%
Circulator	\$2.58	\$2.47	\$2.68	(4.1%)	8.5%
Rural	\$21.29	\$21.41	\$24.11	0.5%	12.6%
Demand-Responsive	\$20.60	\$22.23	\$25.21	7.9%	13.4%
<i>Fixed-Route Bus Average</i>	<i>\$1.76</i>	<i>\$1.65</i>	<i>\$1.71</i>	<i>(6.7%)</i>	<i>3.6%</i>
MTS System	\$1.46	\$1.40	\$1.38	(4.1%)	(1.4%)

Overall, system-wide subsidy per passenger has improved from \$1.46 in FY 2006 to \$1.38 in FY 2008. For fixed-route bus service, subsidy per passenger decreased from \$1.76 in FY 2006 to \$1.71 in FY 2008 but increased \$0.06 per passenger between FY 2007 and FY 2008. Light rail decreased to \$0.66 over the last year, which is a result of ridership increasing faster than cost.

Premium Express routes have shown marked decreases in subsidy per passenger as a result of rising gas prices and a fare increase, which has led to higher passenger loads.



Paul C. Jablonski
Chief Executive Officer

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Attachment: A. Key Route Statistics

FY 2008 ANNUAL ROUTE STATISTICS

Updated: 10/30/2008

Route	Annual Passengers	Avg. Weekday Passengers	Passengers/ Revenue Hour	Subsidy per Passenger	Farebox Recovery
1	1,398,655	4,574	27.6	\$2.43	26.2%
2	1,698,026	5,422	37.6	\$1.60	34.1%
3	1,953,012	6,405	41.6	\$1.35	38.4%
4	814,302	2,574	35.6	\$1.74	31.9%
5	872,697	2,940	44.2	\$1.24	40.0%
6	606,206	1,907	32.8	\$1.92	31.0%
7	3,651,241	11,533	44.2	\$1.20	41.7%
8	670,419	1,862	27.3	\$2.49	25.3%
9	725,553	2,035	29.5	\$2.22	27.9%
10	1,414,634	4,362	33.6	\$1.90	30.3%
11	2,615,245	8,529	31.6	\$2.04	29.2%
13	1,708,936	5,575	37.6	\$1.57	35.6%
14	460,435	1,530	14.5	\$5.43	13.2%
15	1,528,740	4,853	34.2	\$1.83	31.5%
18	35,110	138	11.8	\$3.32	17.1%
20	1,297,149	4,315	24.4	\$2.88	22.9%
25 (New)	104,190	371	13.3	\$2.78	21.8%
27	360,331	1,250	21.4	\$1.39	39.6%
28	439,807	1,434	27.3	\$0.79	51.5%
30	1,997,923	6,444	27.1	\$2.50	25.7%
31	130,664	513	16.8	\$5.44	14.1%
35	469,569	1,398	26.8	\$0.41	69.0%
41	1,131,913	3,782	32.8	\$1.86	30.4%
44	1,108,020	3,665	32.5	\$1.94	30.7%
48/49	498,051	1,605	25.4	\$1.15	37.5%
50	283,177	1,115	21.4	\$3.43	19.3%
83	57,625	215	15.6	\$2.31	23.9%
84	26,356	216	14.4	\$2.53	22.8%
86	11,185	84	6.8	\$6.19	11.3%
105	518,722	1,568	25.4	\$2.72	24.0%
120	933,992	3,061	26.9	\$2.57	23.9%
150	454,196	1,785	31.0	\$2.17	26.1%
210	77,085	303	26.0	\$2.71	22.6%
Blue Line	20,826,129	62,967	278.3	\$0.48	62.6%
Orange Line	7,704,265	23,320	137.3	\$1.32	38.6%
Green Line	9,090,550	27,571	196.9	\$0.52	62.2%
701	687,639	2,443	25.7	\$1.41	37.1%
704	560,247	1,926	28.6	\$1.65	34.7%
705	265,132	906	22.5	\$1.56	34.7%
707	52,609	208	22.0	\$2.17	30.1%
709	1,079,036	3,794	36.6	\$0.95	47.5%
712	876,140	3,146	34.3	\$0.86	49.5%
810	97,869	387	18.1	\$4.31	39.3%
115/815/848	1,109,634	3,529	26.5	\$1.41	39.6%
816	287,684	1,134	27.3	\$1.19	42.9%
820	45,274	178	25.4	\$3.40	44.8%
832	67,347	232	17.3	\$3.11	22.9%
833	95,790	324	17.6	\$1.89	29.7%
834	22,401	93	19.1	\$3.15	24.8%
844/845	203,601	725	13.4	\$2.64	26.8%
850	65,362	258	27.6	\$2.18	55.8%
851	90,105	355	19.3	\$1.55	36.7%
854	141,926	491	15.9	\$3.40	19.5%
855	282,621	959	22.6	\$1.68	33.9%
856	675,390	2,373	25.2	\$1.73	33.6%
860	59,643	235	23.2	\$2.82	49.5%

Route	Annual Passengers	Avg. Weekday Passengers	Passengers/ Revenue Hour	Subsidy per Passenger	Farebox Recovery
864	476,159	1,494	17.5	\$3.90	20.6%
870	12,543	49	15.1	\$5.05	35.6%
871/872	253,214	802	16.5	\$2.05	33.0%
874/875 (New)	489,511	1,492	24.3	\$1.68	35.4%
878	36,012	186	17.7	\$1.89	29.3%
888	2,015	19	3.6	\$47.64	3.5%
891	1,243	24	3.9	\$41.50	5.4%
892	761	15	2.5	\$64.31	4.4%
894	21,803	86	6.3	\$19.54	15.5%
901	1,035,208	3,184	21.4	\$2.69	25.6%
904	41,589	115	13.1	\$1.28	39.8%
905	418,817	1,452	25.5	\$2.24	33.4%
916/917	254,002	834	16.6	\$2.95	22.5%
921	337,461	1,196	21.0	\$1.93	31.4%
923	313,450	1,054	16.4	\$1.88	35.3%
926/927	9,998	228	9.5	\$5.04	15.4%
928	280,758	940	18.3	\$2.93	22.2%
929	2,992,665	9,613	32.9	\$0.61	60.2%
932	2,224,889	7,091	34.8	\$0.66	58.1%
933/934	2,223,567	7,191	33.8	\$1.23	41.6%
936	560,592	1,632	26.1	\$1.00	45.3%
955	1,434,397	4,700	34.4	\$0.71	53.7%
960	105,724	417	30.0	\$2.11	32.1%
961/962/963	1,240,893	4,355	28.6	\$1.10	44.5%
963 (Old)/964	147,373	580	15.7	\$2.20	27.1%
965	72,663	243	12.9	\$2.96	19.8%
966	10,336	47	5.6	\$7.75	8.4%
967	74,700	241	13.8	\$2.70	24.5%
968	84,890	281	15.7	\$2.76	24.0%
992	436,288	1,286	15.2	\$1.93	36.0%
ADA SUBURBAN	165,613	610	2.2	See Access	See Access
MTS ACCESS	201,114	740	2.0	\$25.35	14.8%
RB DART	2,465	10	2.1	\$24.57	5.4%
SR DART	5,308	21	3.2	\$15.49	8.3%
SVCC	215,253	847	14.7	\$3.50	14.3%
SVCC Cal Trans	30,126	118	12.9	\$3.51	18.4%

SERVICE CATEGORY	Annual Passengers	Avg. Weekday Passengers	Passengers/ Revenue Hour	Subsidy per Passenger	Farebox Recovery
Premium Express	280,691	1,108	21.6	\$3.38	45.0%
Express	2,217,331	7,936	25.3	\$2.76	23.3%
Light Rail	37,620,944	113,858	212.4	\$0.66	55.4%
Urban Frequent	37,005,041	119,396	32.9	\$1.55	35.8%
Urban Standard	11,949,335	39,573	23.1	\$1.90	31.8%
Circulator	1,179,296	4,133	14.9	\$2.68	23.2%
Rural	25,822	144	5.6	\$24.11	12.2%
Demand-Responsive	374,500	1,381	2.1	\$25.21	14.7%

MODE	Annual Passengers	Avg. Weekday Passengers	Passengers/ Revenue Hour	Subsidy per Passenger	Farebox Recovery
Light Rail	37,620,944	113,858	212.4	\$0.66	55.4%
Fixed Route Bus	52,631,694	172,147	28.9	\$1.71	33.8%
Demand-Responsive	374,500	1,381	2.1	\$25.21	14.7%
Rural	25,822	144	5.6	\$24.11	12.2%



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Agenda

Item No. 46

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

OPS 970.12

November 13, 2008

SUBJECT:

SDTI: PADRES BASEBALL 2008 YEAR-END SUMMARY

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

The 2008 San Diego Padres baseball season marked the fifth year of Major League Baseball at the downtown ballpark. This also was the 11th year of light rail transit (LRT) service to Padres baseball games since the opening of the Mission Valley West line segment in late 1997. To date, more than 3.2 millions fans have used LRT to attend Padres baseball games at Qualcomm Stadium and PETCO Park.

The 2008 season resulted in significant reductions in attendance and overall ridership; however, ridership as a percentage of attendance was up slightly compared to the 2007 season. We have maintained a steady level of loyal fans who continue to use the trolley as their preferred mode of travel to games. There was a significant increase in the number of low attendance games (less than 50% of ballpark capacity) as well as a sharp decrease in the number of capacity or near-capacity games.



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

Attendance and Ridership Recap

	<u>2007</u>	<u>2008</u>
No. of Games	81	82
Overall Attendance	2,437,990	2,006,657 (down 18%)
Attendance per Game	30,099	24,471 (down 19%)
No. of Games Below 20K	5	23 (up 360%)
No. of Games Above 40K	10	2 (down 80%)
Overall Ridership	347,922	297,320 (down 15%)
Average Ridership	4,295	3,626 (down 16%)
Average Gate %	14.3%	14.8%

Ticket Booth Revenue – Ballpark Summary

Ticket sales were conducted for all 82 games in 2008. For high-attendance games, manual sales were conducted at as many as 10 locations (Opening Day). For weekend games including Friday nights, seven locations were opened. For midweek or low-attendance games, sales locations were reduced to four. The average amount collected per game was down 22% to \$3,158 compared to \$4,064 last year.

September 2008 Fare Change

The change to the flat fare structure was in effect for the final ten games of the 2008 season. Preliminary observations revealed that the amount collected at the ticket booths increased an average of \$0.21 per trip after the change was implemented. The average number of single-trip tickets sold at the ticket booths during the 2008 season was 1,648 per game. Projected over a full season at the 2008 numbers, this change to the fare structure would result in an estimated increase of more than \$28,000 for ticket booth sales.

Cost Recovery

As part of an annual cost-recovery exercise, a 12-game series was chosen to obtain numbers from high-attendance weekend games as well as lower-attendance weeknight games. The sample includes two 3-game, midweek series and two 3-game, weekend series.

All operating costs generated by the event service were considered including car miles, staffing levels, and contract services. Revenue sources include manual tickets sales, estimated revenue from ticket vending machines (TVM), and COASTER fare receipts. The TVM figures were established based upon sales averages by day of the week and comparing sales on nonevent dates with the dates in the sample. Reductions in gross receipts and revenue collected per rider were more than offset by improved operating efficiencies resulting in a net increase in operating revenue per game despite fewer riders.

Padres Midseason Sample

	<u>2007</u>	<u>2008</u>	
• No. of Games	6	12	
• Average Attendance	29,810	26,926	(down 10%)
• Average Ridership	4,242	4,086	(down 4%)
• Gate %	14.2%	15.2%	
• Average Revenue per Rider (estimate)	\$3.25	\$3.15	(down 3%)
• Average Gross Revenue (estimate)	\$13,796	\$12,854	(down 7%)
• Average Operating Costs	\$9,565	\$8,125	(down 15%)
• Average Net Revenue (estimate)	\$4,231	\$4,729	(up 12%)

Using these figures and based on the level of service offered, the current breakeven point for a typical baseball game at PETCO Park is approximately **2,580** passengers (note: 2008 season average = 3,626).

OPERATING COST/REVENUE COMPARISON 12-Game Series

Category	Revenue	Expenses
Ticket Sales (Booth)	\$36,000.00	
Ticket Sales (TVM)	\$114,585.00	
COASTER	\$3,665.00	
Security (TSS)		(\$10,499.00)
Security (Heritage)		(\$23,688.00)
Transportation Department		(\$32,654.00)
Car Miles (Traction Power)		(\$19,280.00)
Revenue Department		(\$8,418.00)
Facilities Department		(\$2,959.00)
Total Expenses:		(\$97,498.00)
Total Revenues:	\$154,250.00	
Net-Operating Rev. 12-Game Series:	\$56,752.00	
Net Operating Rev. per Game:	\$4,729.00	

Season Summary

The 2008 season marked the fifth year that SDTI provided service to baseball games at PETCO Park. Overall, the season was considered successful. Ridership, as a percentage of the gate, remained consistent through the year averaging between 12% and 15% for most games. Another factor that affected gate percentages included seven midweek day games (18% average gate percentage) due to reduced downtown parking availability. On Monday, May 19, prior to a game between the Padres and St. Louis Cardinals, an explosion in the new Hilton Hotel resulted in the temporary closure of the adjacent parking structure. The resulting unplanned reduction in parking capacity produced a higher mode split than normal for LRT for the baseball game that night (19% of the gate).

Ballgames during concurrent events at Qualcomm Stadium (Chargers, international soccer) represented the opposite end of the spectrum averaging less than 13% of the gate as parking availability was reduced in the Mission Valley corridor due to multiple events.

A full season breakdown by game is contained in Attachment A.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tom Doogan, 619.595.4984, tom.doogan@sdmts.com

NOV13-08.46.PADRES BASEBALL.TDOOGAN.doc

Attachment: A. Attendance/Ridership Summary

Attendance / Ridership Summary

DAY	DATE	GAME #	TEAM	GAME ATT (GATE)	CUMULATIVE ATT	CUMULATIVE ATT 2007	% DIFF 06-07	GAS	IMP	TOTAL RIDERS	GATE %	CUM TOT RIDERS	CUM TOT RIDERS 2007	% DIFFER 06-07	TIME	COMMENTS
FRI	3/28	1	LA ANGELS	21,393	21,393	42,509	-49.7%	1,405	1,491	2,896	13.5%	2,896	6,429	-55.0%	7:05 PM	Exhibition Game
MON	3/31	2	HOUSTON	43,719	65,112	78,725	-17.3%	2,746	3,006	5,752	13.2%	8,648	11,565	-25.2%	7:05 PM	Opening Night (Caps)
TUE	4/1	3	HOUSTON	17,642	82,754	101,226	-18.2%	1,041	1,322	2,363	13.4%	11,011	14,322	-23.1%	7:05 PM	
WED	4/2	4	HOUSTON	15,678	98,432	130,103	-24.3%	853	980	1,833	11.7%	12,844	18,328	-29.9%	7:05 PM	
THU	4/3	5	HOUSTON	20,012	118,444	157,093	-24.6%	1,491	1,963	3,454	17.3%	16,298	22,131	-26.4%	12:35 PM	2 for 1 Day
FRI	4/4	6	LOS ANGELES	39,696	158,140	186,721	-14.9%	2,424	3,470	5,894	14.8%	22,192	26,647	-16.7%	7:05 PM	Fireworks, towels
SAT	4/5	7	LOS ANGELES	36,151	194,291	208,504	-6.8%	2,463	3,218	5,681	15.7%	27,873	29,684	-6.1%	12:55 PM	Padres Flags
SUN	4/6	8	LOS ANGELES	40,525	234,816	235,654	-0.4%	2,679	3,469	6,148	15.2%	34,021	34,531	-1.5%	1:05 PM	Kids Floppy Hats
TUE	4/15	9	COLORADO	21,165	255,981	277,745	-7.8%	1,181	1,603	2,784	13.2%	36,805	42,541	-13.5%	7:05 PM	SDSU Charter Group
WED	4/16	10	COLORADO	18,839	274,820	317,685	-13.5%	1,219	1,919	3,138	16.7%	39,943	49,184	-18.8%	7:05 PM	
THU	4/17	11	COLORADO	23,886	298,706	358,062	-16.6%	1,712	1,812	3,524	14.8%	43,467	55,925	-22.3%	7:05 PM	
WED	4/23	12	SAN FRAN	21,836	320,542	374,579	-14.4%	1,318	1,624	2,942	13.5%	46,409	58,224	-20.3%	7:05 PM	
THU	4/24	13	SAN FRAN	23,983	344,525	390,256	-11.7%	1,694	1,817	3,511	14.6%	49,920	60,298	-17.2%	7:05 PM	
FRI	4/25	14	ARIZONA	29,314	373,839	408,042	-8.4%	1,980	2,123	4,103	14.0%	54,023	62,874	-14.1%	7:05 PM	Fireworks
SAT	4/26	15	ARIZONA	27,660	401,499	443,989	-9.6%	1,578	2,704	4,282	15.5%	58,305	67,854	-14.1%	12:55 PM	Seat Cushions
SUN	4/27	16	ARIZONA	34,394	435,893	484,253	-10.0%	2,011	2,922	4,933	14.3%	63,238	72,962	-13.3%	1:05 PM	Kids Posters
FRI	5/9	17	COLORADO	26,695	462,588	517,002	-10.5%	1,705	2,022	3,727	14.0%	66,965	77,554	-13.7%	7:05 PM	Fireworks
SAT	5/10	18	COLORADO	30,322	492,910	533,581	-7.6%	1,948	2,120	4,068	13.4%	71,033	80,003	-11.2%	7:05 PM	T-shirts
SUN	5/11	19	COLORADO	24,014	516,924	556,460	-7.1%	1,521	2,121	3,642	15.2%	74,675	83,379	-10.4%	1:05 PM	Kids Batting Helmets
MON	5/19	20	ST. LOUIS	18,515	535,439	577,066	-7.2%	1,396	2,040	3,436	18.6%	78,111	85,989	-9.2%	7:05 PM	
TUE	5/20	21	ST. LOUIS	22,675	558,114	600,229	-7.0%	1,369	2,010	3,379	14.9%	81,490	89,202	-8.6%	7:05 PM	
WED	5/21	22	ST. LOUIS	16,920	575,034	624,760	-8.0%	975	1,467	2,442	14.4%	83,932	92,403	-9.2%	7:05 PM	
THU	5/22	23	CINCINNATI	15,387	590,421	652,925	-9.8%	842	1,372	2,214	14.4%	86,146	96,480	-10.7%	7:05 PM	
FRI	5/23	24	CINCINNATI	18,307	608,728	682,163	-10.8%	1,049	1,329	2,378	13.0%	88,524	100,550	-12.0%	7:05 PM	Beanie Caps
SAT	5/24	25	CINCINNATI	23,406	632,134	713,895	-11.5%	1,502	1,665	3,167	13.5%	91,691	104,802	-12.5%	7:05 PM	Fireworks
SUN	5/25	26	CINCINNATI	27,718	659,852	747,801	-11.8%	1,708	2,571	4,279	15.4%	95,970	109,468	-12.3%	1:05 PM	Photo Day
TUE	5/27	27	WASHINGTON	13,329	673,181	775,742	-13.2%	680	1,265	1,945	14.6%	97,915	113,164	-13.5%	7:05 PM	
WED	5/28	28	WASHINGTON	14,203	687,384	804,733	-14.6%	769	1,500	2,269	16.0%	100,184	116,848	-14.3%	7:05 PM	
THU	5/29	29	WASHINGTON	18,909	706,293	842,207	-16.1%	1,324	2,395	3,719	19.7%	103,903	122,100	-14.9%	12:35 PM	2 for 1 Day
MON	6/2	30	CHI. CUBS	26,694	732,987	882,557	-16.9%	1,585	2,248	3,833	14.4%	107,736	128,672	-16.3%	7:05 PM	
TUE	6/3	31	CHI. CUBS	21,102	754,089	915,811	-17.7%	1,354	1,772	3,126	14.8%	110,862	132,992	-16.6%	7:05 PM	
WED	6/4	32	CHI. CUBS	18,638	772,727	946,081	-18.3%	1,108	1,137	2,245	12.0%	113,107	137,471	-17.7%	7:05 PM	Light Rain / Soccer at Q
THU	6/5	33	NY METS	22,927	795,654	978,332	-18.7%	1,231	2,111	3,342	14.6%	116,449	141,992	-18.0%	7:05 PM	
FRI	6/6	34	NY METS	24,466	820,120	1,002,584	-18.2%	1,356	1,945	3,301	13.5%	119,750	144,961	-17.4%	7:05 PM	Concert
SAT	6/7	35	NY METS	34,464	854,584	1,037,196	-17.6%	2,094	2,374	4,468	13.0%	124,218	151,665	-18.1%	7:05 PM	Caps
SUN	6/8	36	NY METS	27,931	882,515	1,079,676	-18.3%	2,520	2,366	4,906	17.6%	129,124	156,750	-17.6%	1:05 PM	Kids Gloves
TUE	6/10	37	LOS ANGELES	22,584	905,099	1,121,994	-19.3%	1,213	2,063	3,276	14.5%	132,400	161,589	-18.1%	7:05 PM	
WED	6/11	38	LOS ANGELES	26,188	931,287	1,164,288	-20.0%	1,396	1,957	3,353	12.8%	135,753	167,131	-18.8%	7:05 PM	
THU	6/12	39	LOS ANGELES	32,704	963,991	1,185,597	-18.7%	2,224	3,455	5,679	17.4%	141,432	169,880	-16.7%	12:35 PM	2 for 1 Day
FRI	6/20	40	DETROIT	35,934	999,925	1,217,275	-17.9%	2,202	2,647	4,849	13.5%	146,281	174,132	-16.0%	7:05 PM	Kouzmanoff Koosies
SAT	6/21	41	DETROIT	30,556	1,030,481	1,240,338	-16.9%	1,801	2,150	3,951	12.9%	150,232	177,253	-15.2%	7:05 PM	Fireworks
SUN	6/22	42	DETROIT	23,368	1,053,849	1,266,857	-16.8%	1,696	2,087	3,783	16.2%	154,015	180,718	-14.8%	1:05 PM	Kids T-shirts
TUE	6/24	43	MINNESOTA	29,456	1,083,305	1,301,373	-16.8%	1,489	2,779	4,268	14.5%	158,283	185,472	-14.7%	7:05 PM	
WED	6/25	44	MINNESOTA	18,450	1,101,755	1,338,980	-17.7%	1,165	1,678	2,843	15.4%	161,126	191,320	-15.8%	7:05 PM	



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Agenda

Item No. 47

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

SRTP 830

November 13, 2008

SUBJECT:

MTS: ROUTE 28 SERVICE ON SHELTER ISLAND

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

Background

Route 28 provides 30-minute frequency service in the Rosecrans corridor between the Old Town Transit Center (OTTC) and Canon Street in Point Loma (refer to the map in Attachment A). The route was reconfigured in September 2006 as part of the Comprehensive Operational Analysis (COA). At that time, the southern terminal bus stop was moved from the Naval Submarine Base Point Loma (Sub Base) to Anchorage Lane on Shelter Island in order to redeploy resources from the lesser-productive segment of Rosecrans south of the commercial district and to provide first-time service to Shelter Island. Service to the Sub Base is now provided by the new Route 84, which employs smaller shuttle vehicles on a reduced schedule and also serves the Cabrillo National Monument. Routes 28 and 84 have timed connections on Rosecrans at Canon Street and on Shelter Island Drive at Rosecrans.

The site of the terminal bus stop on Anchorage Lane was selected because it serves the western portion of Shelter Island and it is located adjacent to public parking lots on both sides of the street avoiding potentially conflicting land uses (refer to the aerial photo in Attachment B). Currently, approximately 76 riders board and alight at this stop daily. After the terminal stop, Route 28 buses



continue on Anchorage Lane to Canon Street before returning to Old Town Transit Center via Rosecrans.

Le Rondelet Condominium

In recent months, a resident of Le Rondelet Condominium, which is located at 1150 Anchorage Lane adjacent to the intersection of Anchorage Lane and Canon Street, contacted MTS about the noise the buses cause when passing through the intersection. MTS staff worked with the resident to address the following requests:

1. Designate the Anchorage Lane/Canon Street area as a quiet zone. MTS has instructed drivers to accelerate slowly when leaving the stop sign on Anchorage Lane at Canon Street.
2. Have the stop sign at the intersection removed so that buses will not have to decelerate and accelerate. MTS contacted the Port of San Diego on behalf of the resident. Port staff has indicated that further study of the stop will be needed to determine if it is safe to remove the stop sign.

MTS staff has reviewed three alternatives for rerouting Route 28 off Anchorage Lane and relocating the terminal stop:

1. Shelter Island Roundabout (adjacent to San Diego Bay near Humphrey's Half Moon Inn & Suites) - MTS staff examined this potential extension as part of the COA to serve most of the hotels, marinas, shipyards, and restaurants on Shelter Island when resources are available. The annualized cost for this change would be \$62,800.
2. Corner of Avenida de Portugal and Scott Street – This location is adjacent to a deli/convenience store that uses the curb space for customer parking. The length of curb available (68 feet) is insufficient to accommodate more than one bus simultaneously. Route 28 has some overlapping trips. In addition, relocating the terminal stop to Scott Street between Shelter Island Boulevard and Canon Street effectively would discontinue transit service to parts of Shelter Island currently served.
3. Existing Bus Stop on Shelter Island Drive at Rosecrans – The length of this bus stop (76 feet) is insufficient to accommodate Route 28 and Route 84 buses simultaneously preventing bus layover at this important transfer point. Locating the Route 28 terminal stop here also would discontinue transit service to parts of Shelter Island currently served.



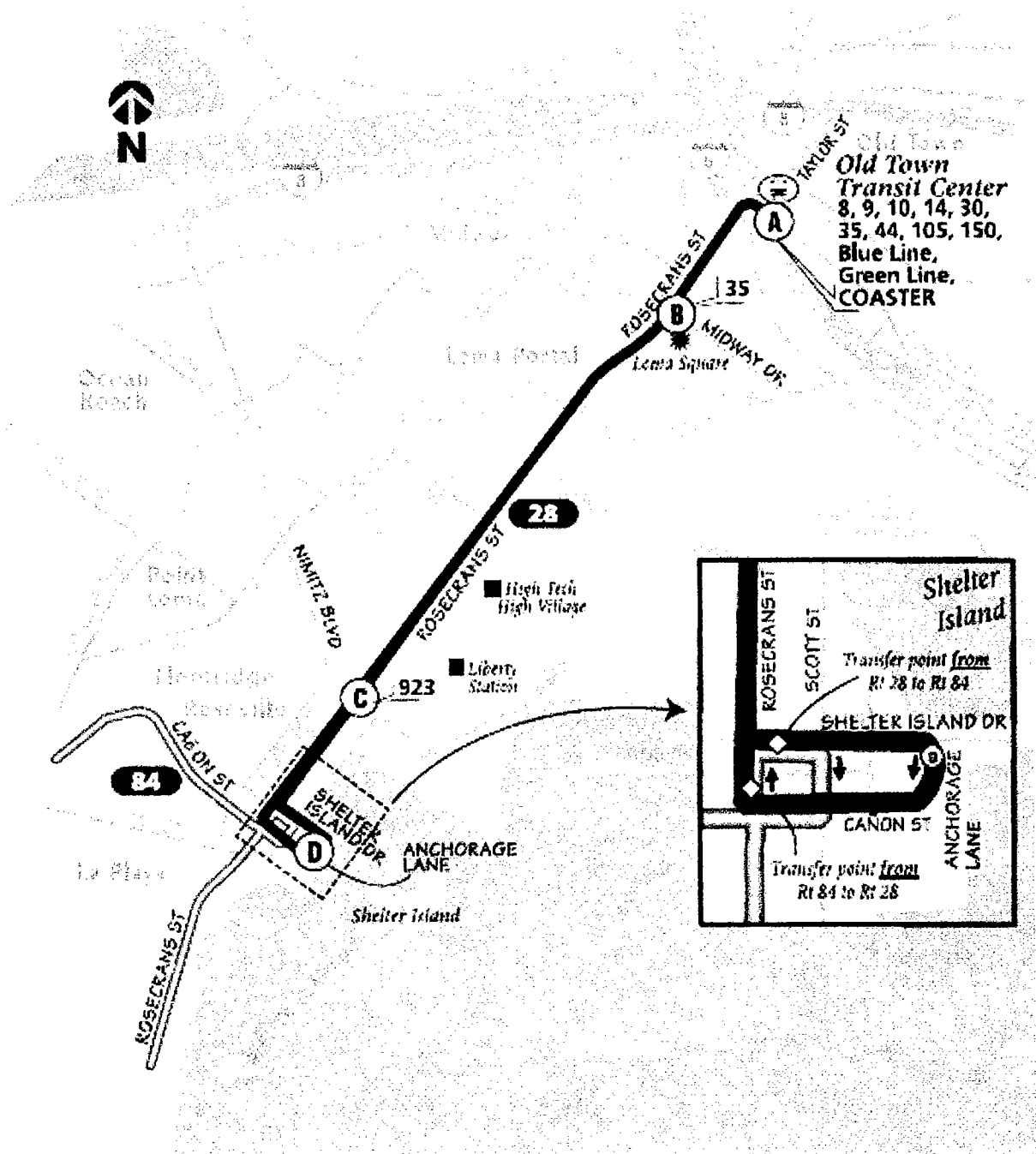
Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Mark Thomsen, 619.595.4909, mark.thomsen@sdmts.com

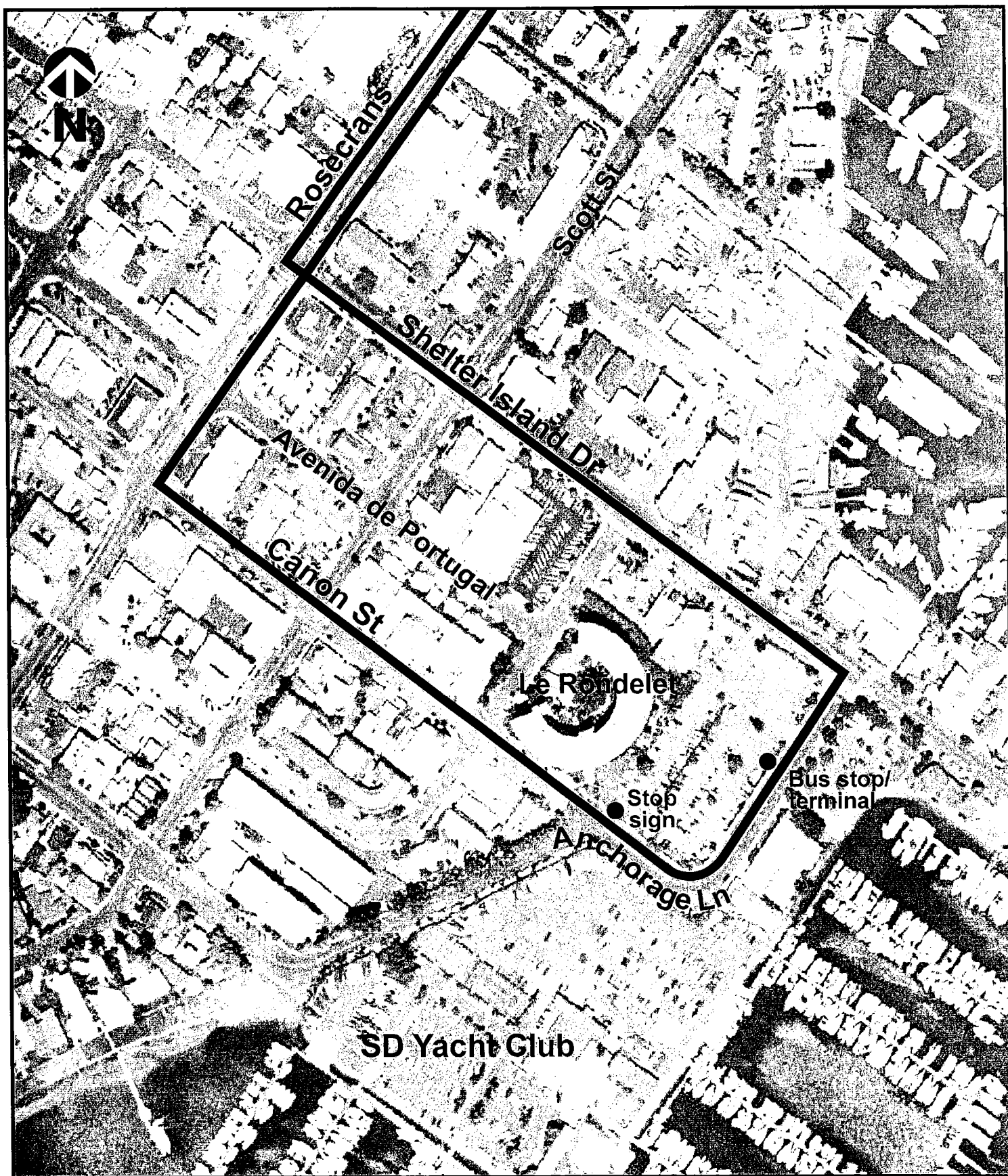
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Attachments: A. Route 28 map
B. Shelter Island aerial photo

Route 28



Shelter Island





Metropolitan Transit System

1255 Imperial Avenue, Suite 1000
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Agenda

Item No. 48

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

OPS 960.10

November 13, 2008

SUBJECT:

SDTC: PENSION INVESTMENT STATUS

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None at this time.

DISCUSSION:

Attachment A is a copy of RV Kuhn's pension investment performance analysis for San Diego Transit Corporation's (SDTC's) Employee Retirement Plans as of September 30, 2008. The third quarter of 2008 and the month of September in particular turned out to be one of the worst periods in the capital market's recent history. SDTC's pension plan, along with most other pension plans, saw their market values drop substantially during this time period. The market value of the pension plan's fund on September 30, 2008, was \$142,745,045, which represents a decrease of \$15.4 million from June 30, 2008. This equates to a return of -9.61% for the quarter. The pension plan's investment advisor, Bruno Grimaldi, will be attending the meeting to discuss the capital market's performance in general and SDTC's pension plan performance specifically. This report is being provided to the Board as an informational item only.

Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Cliff Telfer, 619.557.4532, cliff.telfer@sdmts.com

NOV13-08.48.PENSION.CTELFER.doc

Attachment: A. SDTC Pension Plan Investment Review (Board Only Due to Volume)



San Diego Transit Corporation Employees Retirement Plan

Investment Performance Analysis

Quarter Ended
September 30, 2008

Prepared By
Bret van Roden

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RVKuhns

▲ ▲ ▲ & ASSOCIATES, INC.



San Diego Transit Corporation Employees Retirement Plan
Executive Summary
As of September 30, 2008

The San Diego Transit Corporation Employees Retirement Plan had a total market value of \$142,745,045 on September 30, 2008, a decrease of approximately \$15.4 million from June 30, 2008.

As of September 30, 2008, equity and REIT investments comprised 50.91% of the portfolio (under the 55.0% equity target), fixed income and cash investments comprised 36.36% (over its target of 32.5%), and alternative investments comprised 12.73% of the portfolio (over its target of 12.5%).

For the quarter ending September 30, 2008, the total San Diego Transit Portfolio returned -9.61%, and underperformed the policy index by 431 basis points. This return ranked at the 66th percentile in the All Corporate Plans (\$20 million to \$250 million) Plan Sponsor universe for the quarter. The Plan has outperformed its peer group median over a longer term period of 10 years, ranking in the 37th percentile.

During the third quarter, the Westwood Large Cap Value Portfolio underperformed the Russell 1000 Value Index (-8.02% vs. -6.11%), and ranked at the 54th percentile in the US Value/Large Cap Equity (SA+CF) universe. The Portfolio invests in about 50 high quality companies that appear undervalued relative to their forecasted growth rate based on proprietary research. The Portfolio remains fully invested (95-100%) at all times.

The Rainier Large Cap Equity Portfolio returned -15.38% during the third quarter of 2008, underperforming the Russell 1000 Growth Index by 305 basis points. The Portfolio ranked at the 71st percentile in the US Growth/Large Cap Equity (SA+CF) universe. Rainier Investment management seeks to maximize long-term capital appreciation. The investment philosophy utilizes a GARP approach to purchase companies with superior earnings and attractive valuations.

For the quarter ending September 30, 2008, Westwood SMid Cap Equity returned -7.69% versus -1.22% for the Russell 2500 Value Index. Westwood ranked at the 57th percentile in the US Small/Mid Cap Value (SA+CF) universe. The Portfolio invests in value securities ranging from \$100 million to \$10 billion with a selection of approximately 46-60 securities. The Fund seeks sector diversity as well as a below market risk profile.

The Vanguard Explorer Fund posted a -10.59% return during the third quarter, outperforming the Russell 2500 Growth Index return of -12.09%. The Fund ranked at the 54th percentile in the US Equity Small-Cap Growth Funds (MF) universe. The Fund seeks long-term capital appreciation using a multi-manager approach that provides exposure to a broad universe of small company growth stocks.

The Cohen & Steers Institutional Realty Fund posted a return of 4.31% for the quarter, underperforming the Dow Jones Wilshire REIT Index return of 4.78%. The Fund ranked at the 39th percentile in the Real Estate Sector Funds (MF) universe. The Fund seeks maximum total return through both the current income and capital appreciation by investing in real estate securities, primarily real estate investment trusts (REITs).

Brandes Global Large Cap Portfolio returned -17.23% for the quarter, underperforming the MSCI World Index (Gross) return of -15.15%. The Portfolio ranked at the 50th percentile in the Global Equity (SA+CF) universe. The Portfolio is designed for investors who seek long-term capital appreciation along with diversification and value equity management.

TT International Investment Trust Active International Equity underperformed the MSCI EAFE Index (Gross) (-24.54 vs. -20.50), and ranked at the 79th percentile for the quarter against the International Equity All (SA+CF) universe. The actively managed fund's returns are driven by a combination of currency management, a top-down, and a bottom up approach to international equity. TT International focuses on mid to large cap equity holdings in Europe, Australasia, and the Far East. The Fund protects capital through currency management and will hedge up to 100% of the portfolio.

JP Morgan Core Bond Trust returned -1.56% for the quarter, underperforming the Barclays Global U.S. Aggregate Bond Index return by 107 basis points on a relative basis.

Note: Performance versus SA+CF or plan sponsor peer groups is gross of fees while performance versus MF peer groups is net of fees.

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San Diego Transit Corporation Employees Retirement Plan
Executive Summary
As of September 30, 2008

The Trust ranked at the 54th percentile in the US Broad Market Core Fixed Income (SA+CF) universe. The Trust invests mainly in investment grade bonds and debt securities. These include U.S. government obligations and mortgage-backed securities.

The PIMCO Total Return Fund returned -2.07% for the quarter and underperformed the Barclays Global U.S. Aggregate Bond Index by 158 basis points on a relative basis. The Fund ranked at the 35th percentile in the US Broad Market Core Funds (MF) universe for the quarter. The Fund uses a core bond portfolio strategy that seeks maximum current income and price appreciation consistent with the preservation of capital and prudent risk taking. All sectors of the bond markets are utilized to add value while maintaining an overall risk level similar to the benchmark.

The Loomis Sayles World Bond Trust returned -7.65% during the third quarter and underperformed the Citigroup World Government Bond Index, which returned -2.97%. The Fund ranked at the 92nd percentile in the Global Fixed Income (SA+CF) universe for the quarter. The objective of the Fund is to seek a high total investment return through a combination of high current income and capital appreciation. At the end of Jun-2008, the Fund (LSGBX) was sold to transition into the Loomis Sayles World Bond Trust commingled fund (CF) equivalent.

The Wellington Diversified Inflation Hedges (Gross) returned -28.35% for the third quarter, underperforming both the short and long term benchmarks. The short and long term benchmarks returned 1.21% and -21.85% for the CPI + 5% and Wellington Diversified Inflation Hedges Composite Index, respectively. The Fund seeks to provide real return performance which is measured against the Consumer Price Index plus 5%.

The PIMCO All Asset Fund (Net) returned -7.66% for the quarter, underperforming both the CPI + 5% and All Asset Composite index by 887 and 235 basis points, respectively. The Fund invests in a combination of other PIMCO products to preserve capital while maximizing the real return for the underlying assets and providing a diversified inflation hedge for the Portfolio.

The PAAMCO Pacific Hedged Strategies Portfolio (Net) returned -11.66% for the quarter and underperformed its custom benchmark (3 Month LIBOR + 5%) by 1359 basis points. The Portfolio seeks to match or outperform its return objective of 500 to 600 basis points above LIBOR by investing in a diversified portfolio of hedge funds and strategies with the goal of preserving capital and adding appreciable value (alpha).

Note: Performance versus SA+CF or plan sponsor peer groups is gross of fees while performance versus MF peer groups is net of fees.

Capital Markets Review As of September 30, 2008

Capital Markets Review

Third Quarter Market Environment

In a dramatic flight to quality and repricing of global investment risk, the credit and liquidity crisis gripped all markets during the third quarter and sent volatility skyward. In the quarter's final month, markets witnessed the largest bankruptcy in U.S. history and unprecedented market intervention by the Federal Reserve and U.S. Treasury. Fannie Mae and Freddie Mac were taken over by the government, Lehman Brothers filed for bankruptcy protection, the government took control of AIG in exchange for an \$85 billion loan, Merrill Lynch and Wachovia were sold, and Washington Mutual was seized by federal regulators. Lehman's bankruptcy, on September 15, provided the catalyst for a late-quarter intensification of the credit crisis, as lending between banks ground to a halt and corporate borrowing costs soared (for those corporations that could obtain credit at all). By the time a hasty effort on the part of U.S. regulators to secure passage of a rescue plan ultimately failed on September 29, the Dow suffered its largest point decline in history, before a 5% rebound on the quarter's last trading day. Concerns for global demand sent commodity prices, particularly oil (which declined 28%), downward.

Third Quarter Equities

Markets around the world saw significant declines in the third quarter, based on a combination of a flight to quality given the credit and liquidity crisis, and on greater concerns of an economic slowdown. Commodity-rich and export-dependent emerging markets equities led the decline, returning -27%, in parity with the decline in commodity prices. International small-cap equities declined by 24%, and international developed markets fell by 21%. Within the domestic equity market, small-cap value securities provided the sole source of positive returns as every other market segment declined, led downward by large-cap growth. The economic sectors that had shown the most resiliency during the first half of the year saw the greatest declines in the third quarter, as energy and materials declined by 25% and 22%, respectively. Financial stocks, despite significant volatility, ended the quarter marginally positive, as the smaller and healthier banks posted gains. Consumer staples, long considered a recession hedge, posted the domestic market's greatest gains at 5%.

Third Quarter Fixed Income

In the quarter's flight to quality, every broad segment of the fixed income market except for short-term Treasury bills, fixed-rate mortgage-backed securities, and agency securities posted negative returns. Investors' preference for the very safest securities, short-term Treasuries, caused their prices to rise to such a level that, several times toward the end of the quarter, their yields turned negative -- indicating that investors were willing to accept a small, known loss as the price of avoiding all uncertainty. At the same time, yields for any fixed income security that included default, interest-rate, or any other risk soared as their prices collapsed. Longer-term Treasury securities saw a selloff, partially because of fears that the \$700 billion in new debt expected to be issued by a government rescue plan would cause their prices to fall.

Trailing-Period Performance

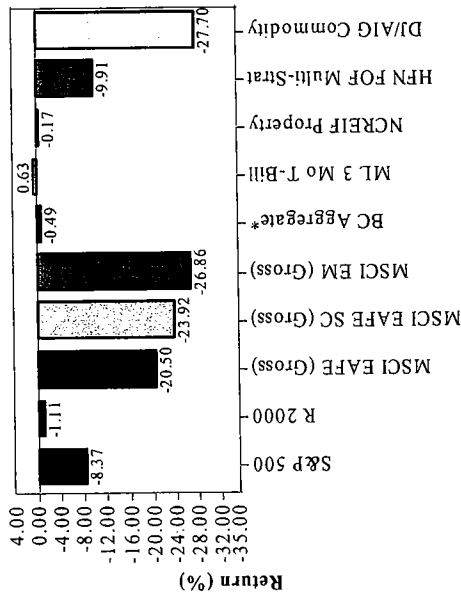
	1 Month Ending Jul-2008	1 Month Ending Aug-2008	1 Month To Date	1 Year	3 Years	5 Years	10 Years
S&P 500	-0.84	1.45	-8.91	-21.98	0.22	5.17	3.06
R 2000	3.70	3.61	-7.97	-14.48	1.83	8.15	7.81
MSCI EAFE (Gross)	-3.20	-4.03	-14.42	-30.13	1.58	10.16	5.42
MSCI EAFE SC (Gross)	-4.56	-3.83	-17.12	-31.68	-3.54	9.56	N/A
MSCI EM (Gross)	-3.69	-7.95	-17.49	-35.37	8.69	19.05	14.77
BC Aggregate*	-0.08	0.95	-1.34	3.65	4.15	3.78	5.20
ML 3 Mo T-Bill	0.18	0.15	0.30	1.83	4.20	3.26	3.55
NCREIF Property	N/A	N/A	N/A	5.27	13.24	14.24	11.83
HFN FOF Multi-Strat	-2.56	-1.64	-6.00	-9.65	2.84	4.81	8.03
DJ/AIG Commodity	-11.85	-7.28	-11.53	-3.66	1.90	10.15	9.98

Performance is annualized for periods greater than one year.

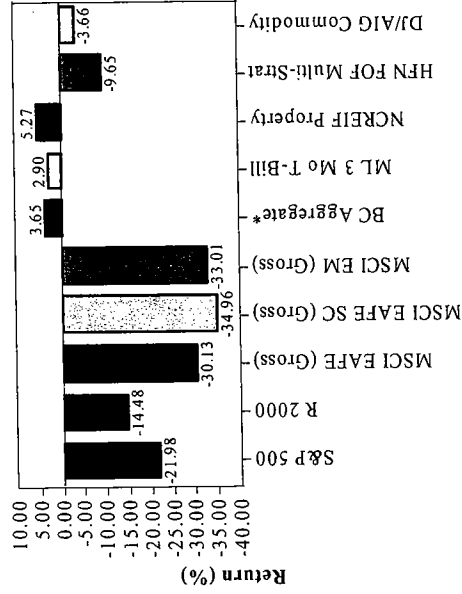
*On November 3, 2008 Barclays Capital announced the re-branding of the Lehman Brothers indices.

*All Lehman Brothers indices now reflect the Barclays Capital name.

1 Quarter



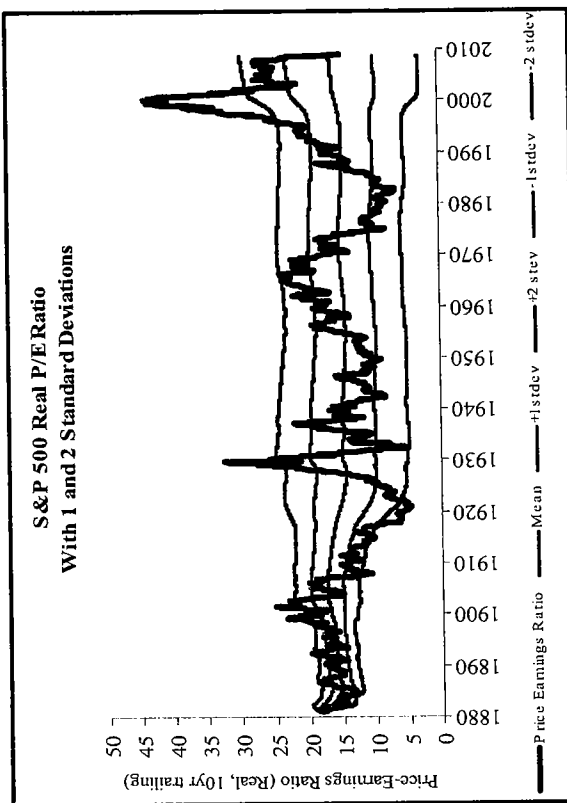
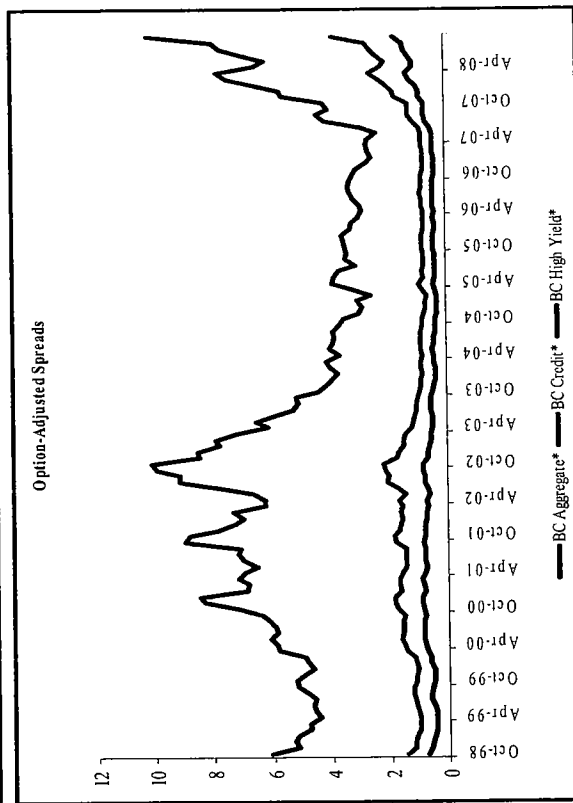
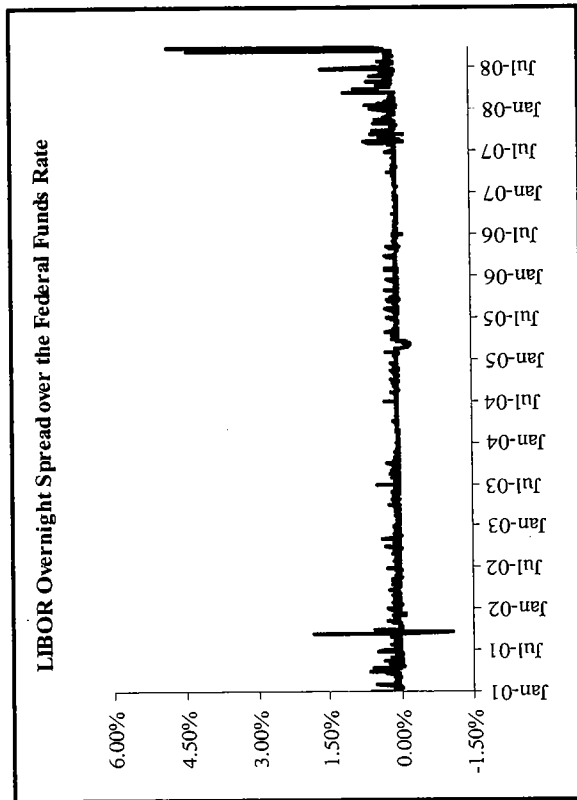
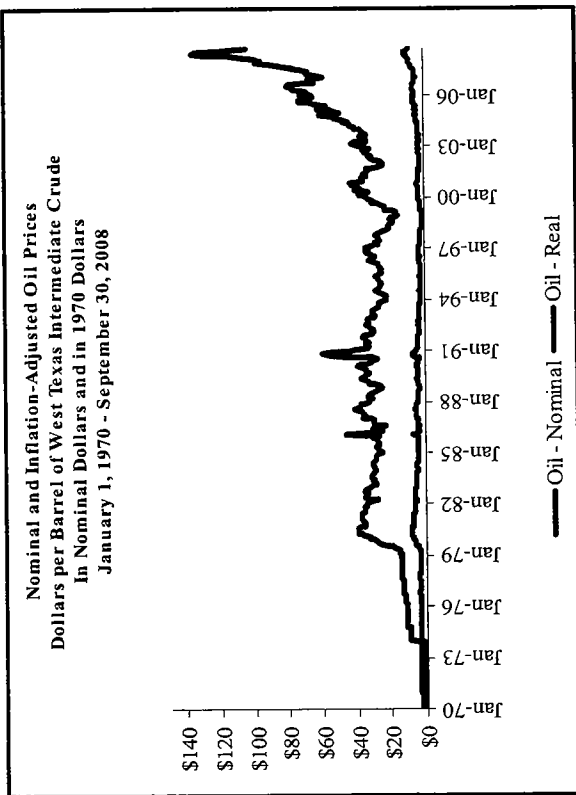
1 Year



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Capital Markets Review As of September 30, 2008



Libor stands for the London Interbank Offered Rate and is the rate of interest at which banks borrow funds from each other, in marketable size, in the London interbank market.

The S&P P/E ratio is based on real historical 10-year earnings.

*On November 3, 2008 Barclays Capital announced the re-branding of the Lehman Brothers indices.

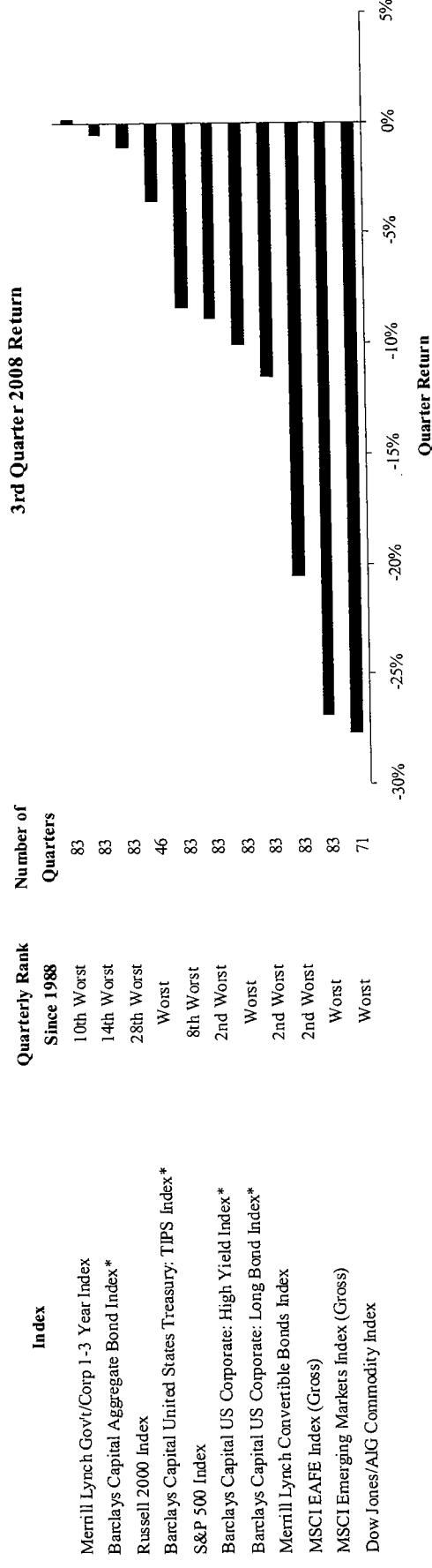
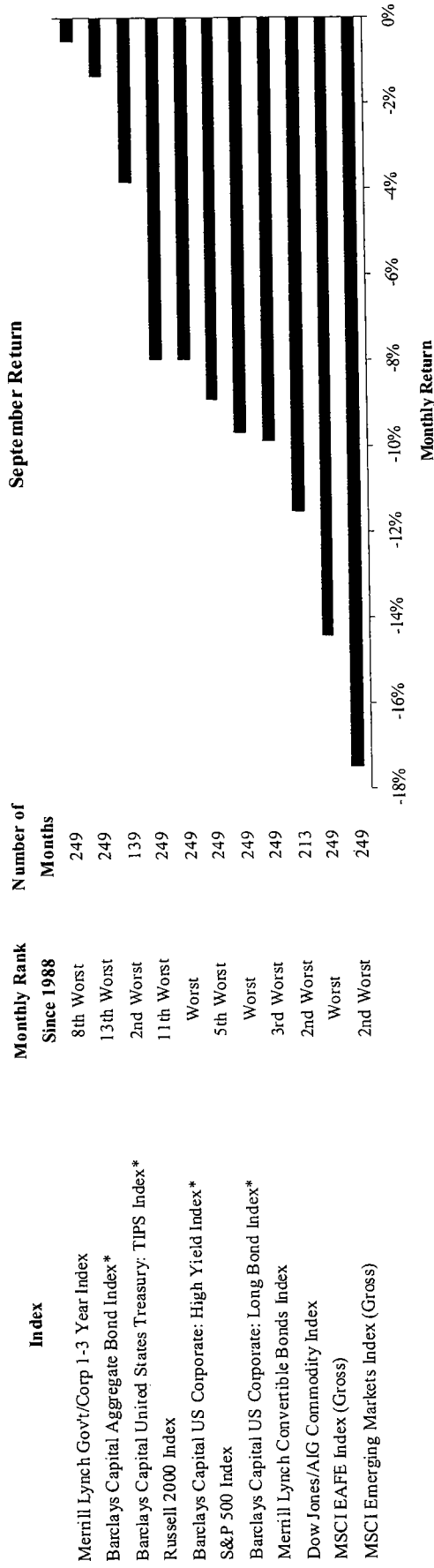
*All Lehman Brothers indices now reflect the Barclays Capital name.

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Capital Markets Review As of September 30, 2008

No Place to Hide



The Barclays Capital United States Treasury: TIPS Index return history begins in 1997 and the Dow Jones/AIG Commodity Index return history begins in 1991. The ranks shown for these indexes are since inception.

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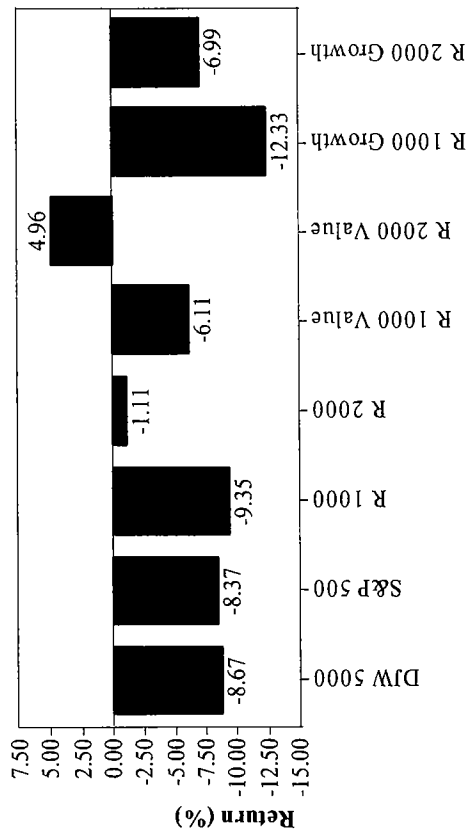
*All Lehman Brothers indices now reflect the Barclays Capital name.

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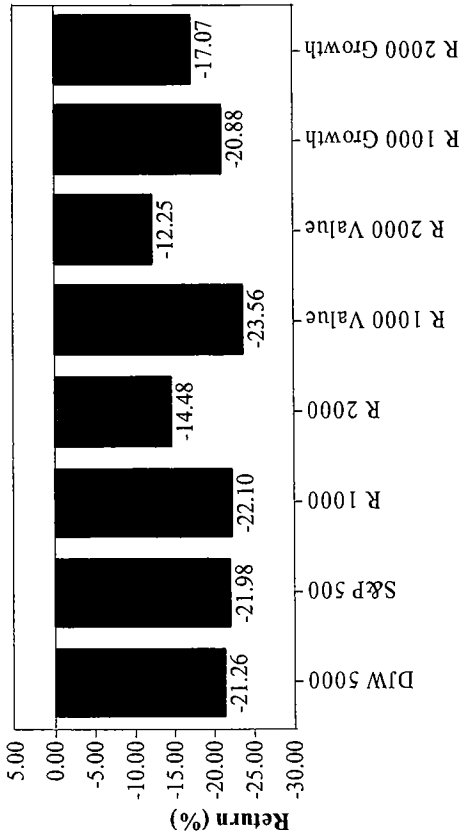
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Domestic Equity Market Performance As of September 30, 2008

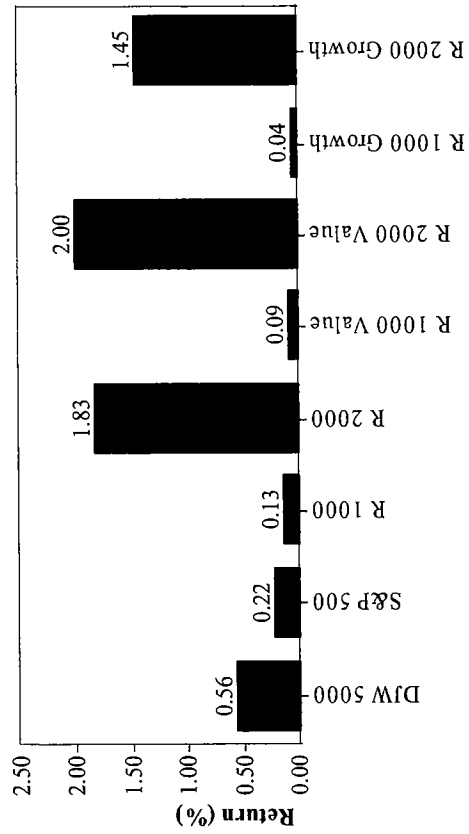
1 Quarter



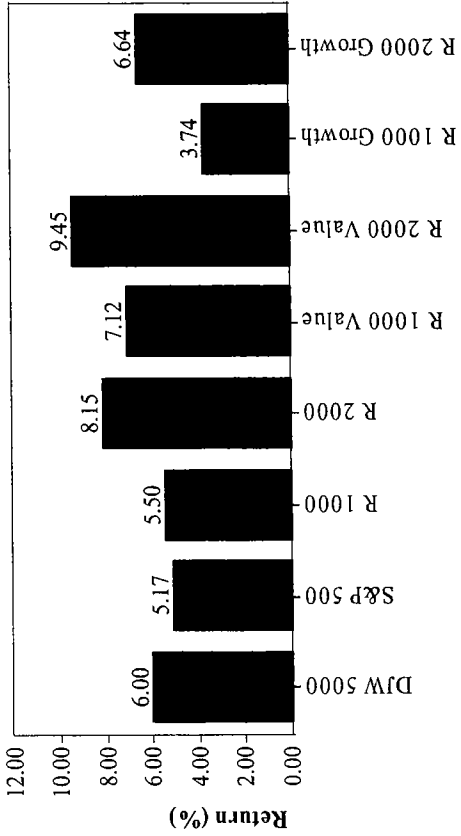
1 Year



3 Years



5 Years



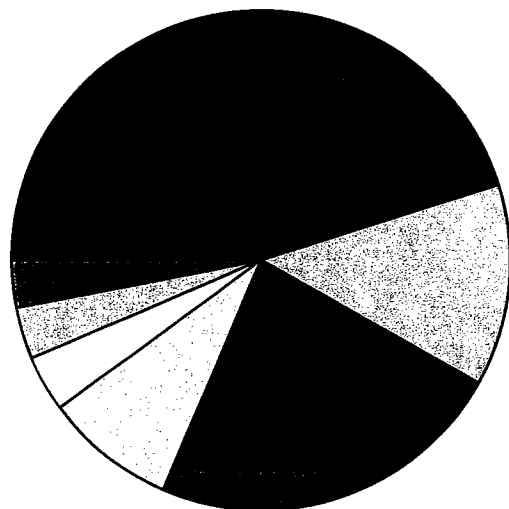
Performance is annualized for periods greater than one year.

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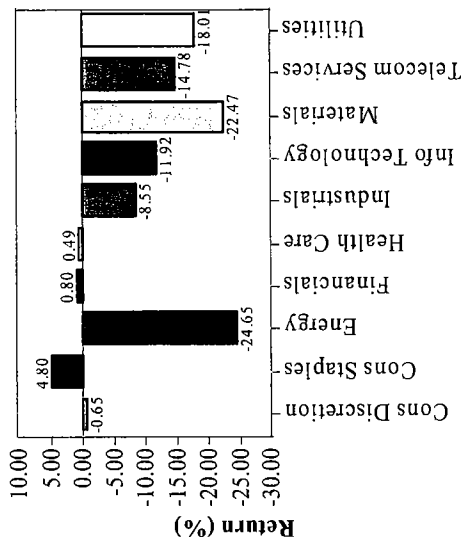
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Domestic Equity Sector Weights and Returns As of September 30, 2008

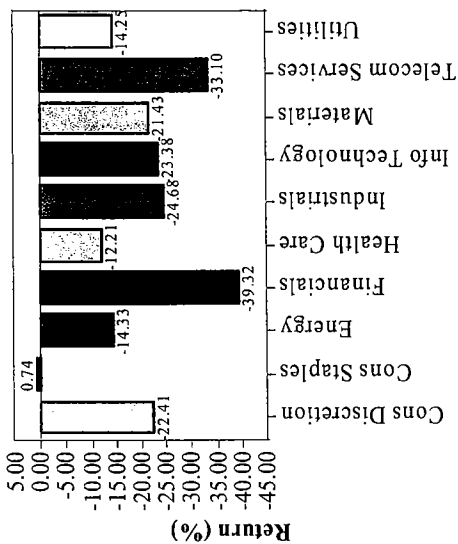
S&P 500 Sector Weights



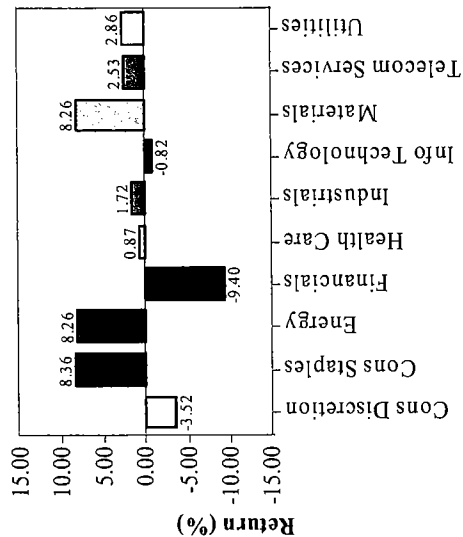
S&P 500 Sector Returns - 1 Quarter



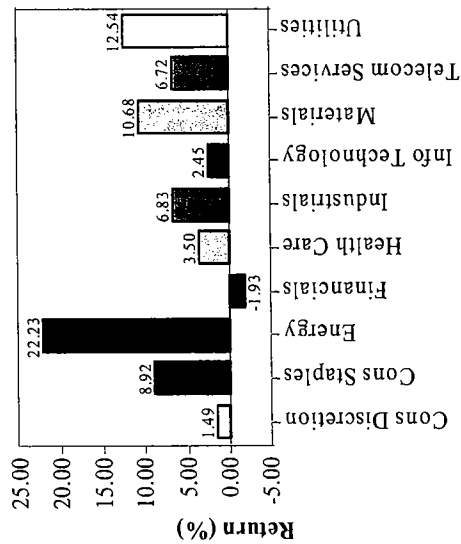
S&P 500 Sector Returns - 1 Year



S&P 500 Sector Returns - 3 Years



S&P 500 Sector Returns - 5 Years



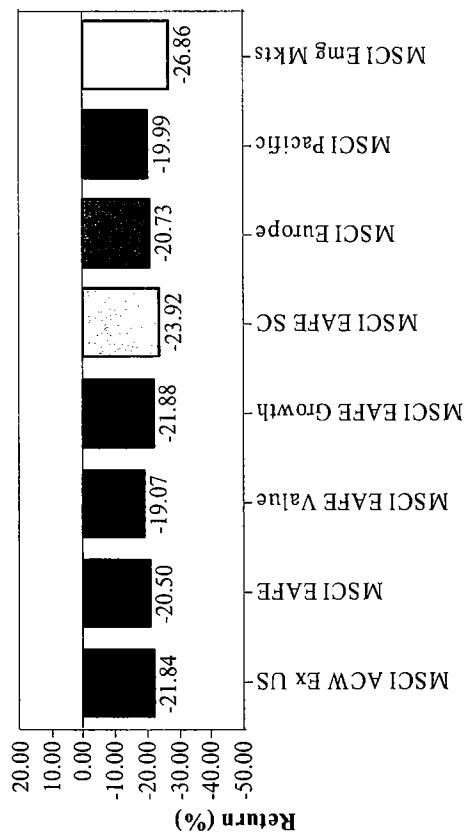
Performance is annualized for periods greater than one year. Returns provided by MPI Stylus, allocations provided by Standard & Poor's.

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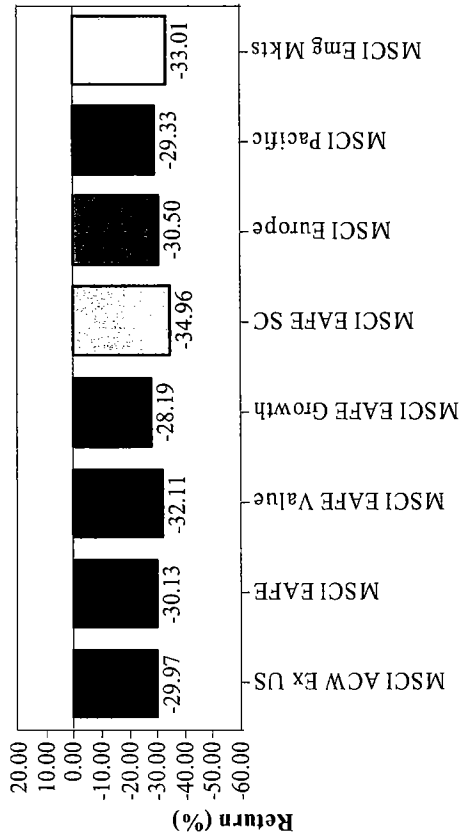
► ► ► & ASSOCIATES, INC.

International Equity Market Performance
As of September 30, 2008

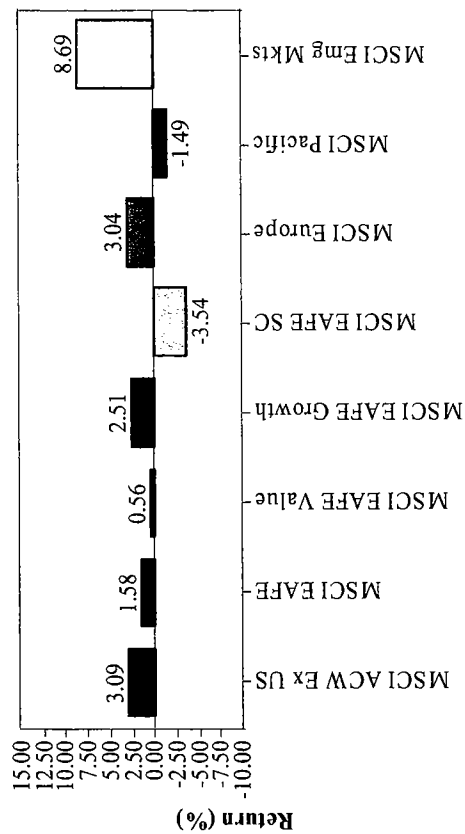
1 Quarter



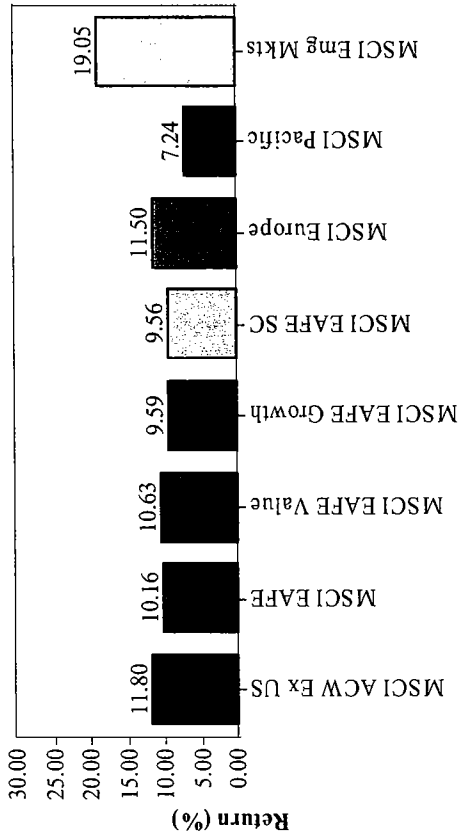
1 Year



3 Years



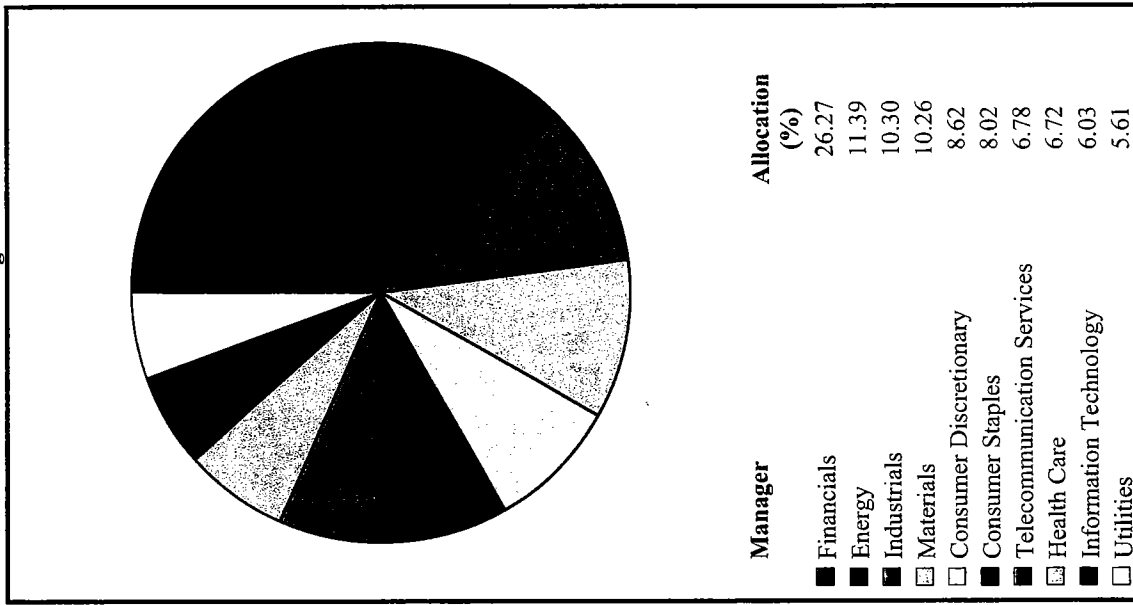
5 Years



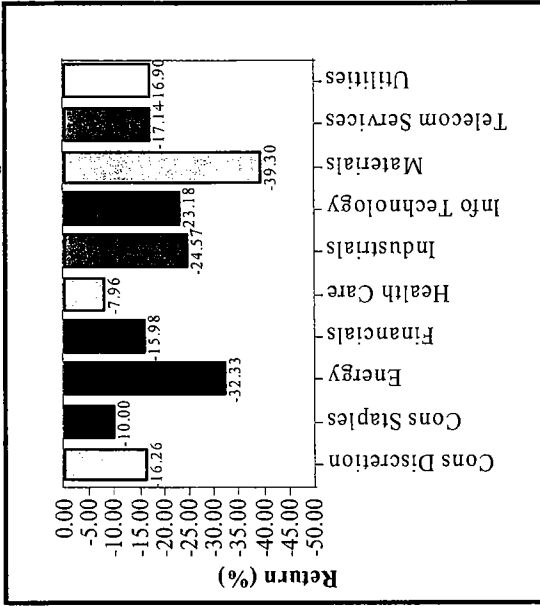
Performance is annualized for periods greater than one year.

International Equity Sector Weights and Returns
As of September 30, 2008

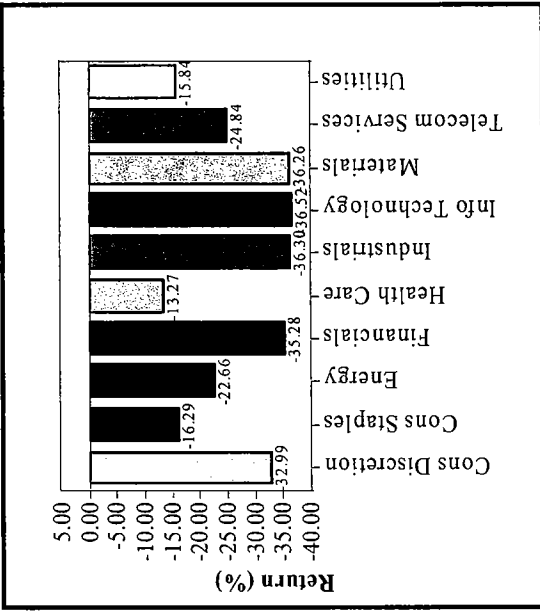
MSCI ACW Ex US Sector Weights



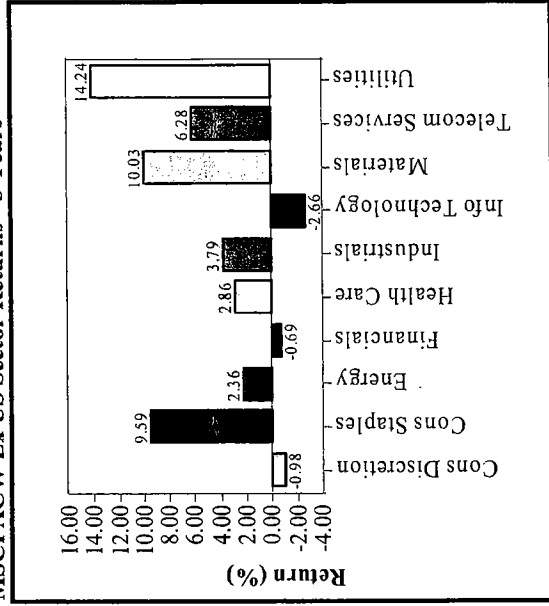
MSCI ACW Ex US Sector Returns - 1 Quarter



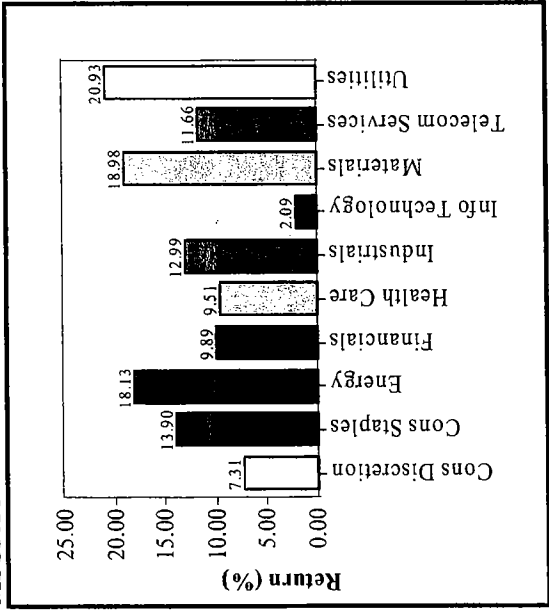
MSCI ACW Ex US Sector Returns - 1 Year



MSCI ACW Ex US Sector Returns - 3 Years



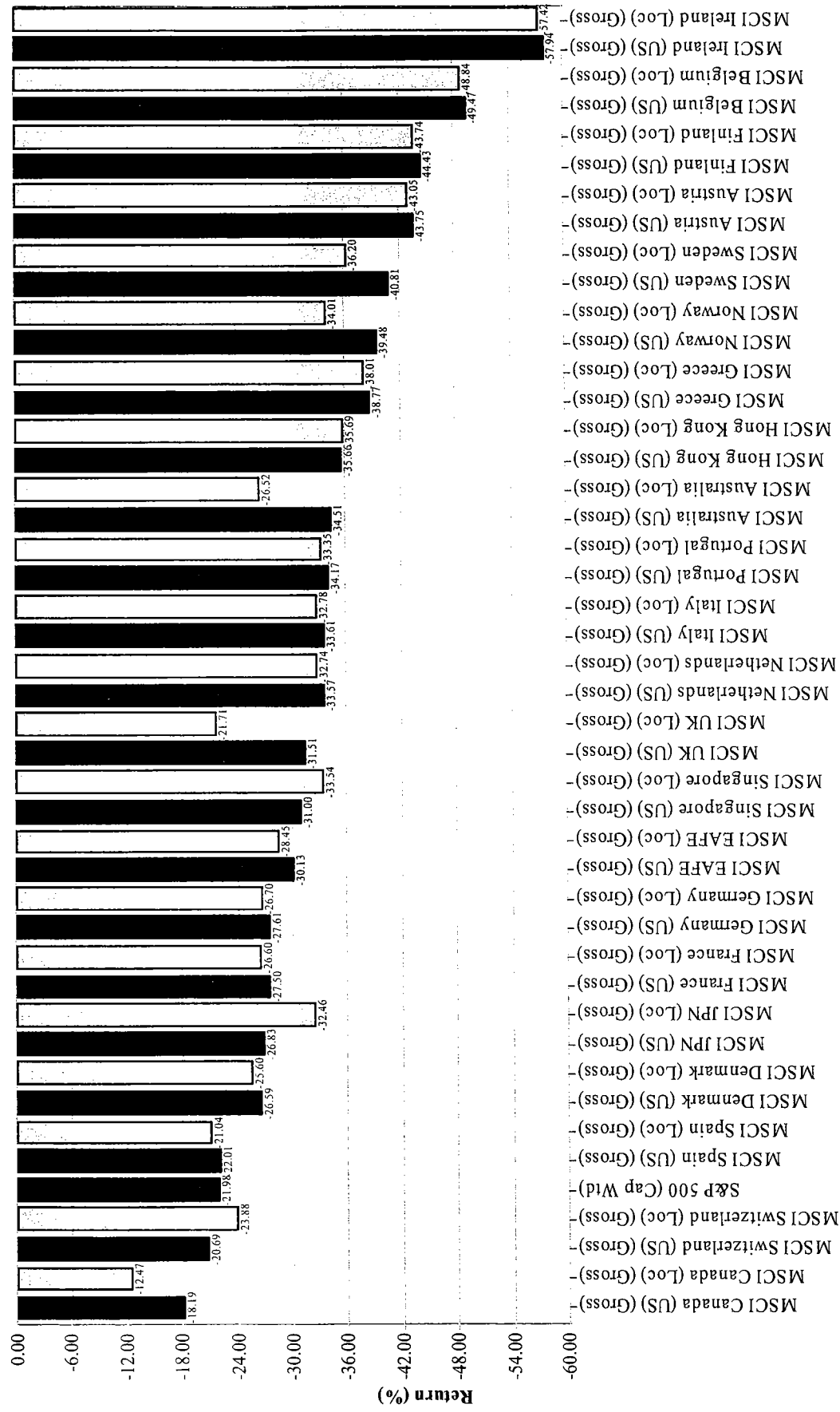
MSCI ACW Ex US Sector Returns - 5 Years



Performance is annualized for periods greater than one year. Returns and allocations provided by MSCI Barra.

International Equity Market Performance
As of September 30, 2008

1 Year Ending September 30, 2008

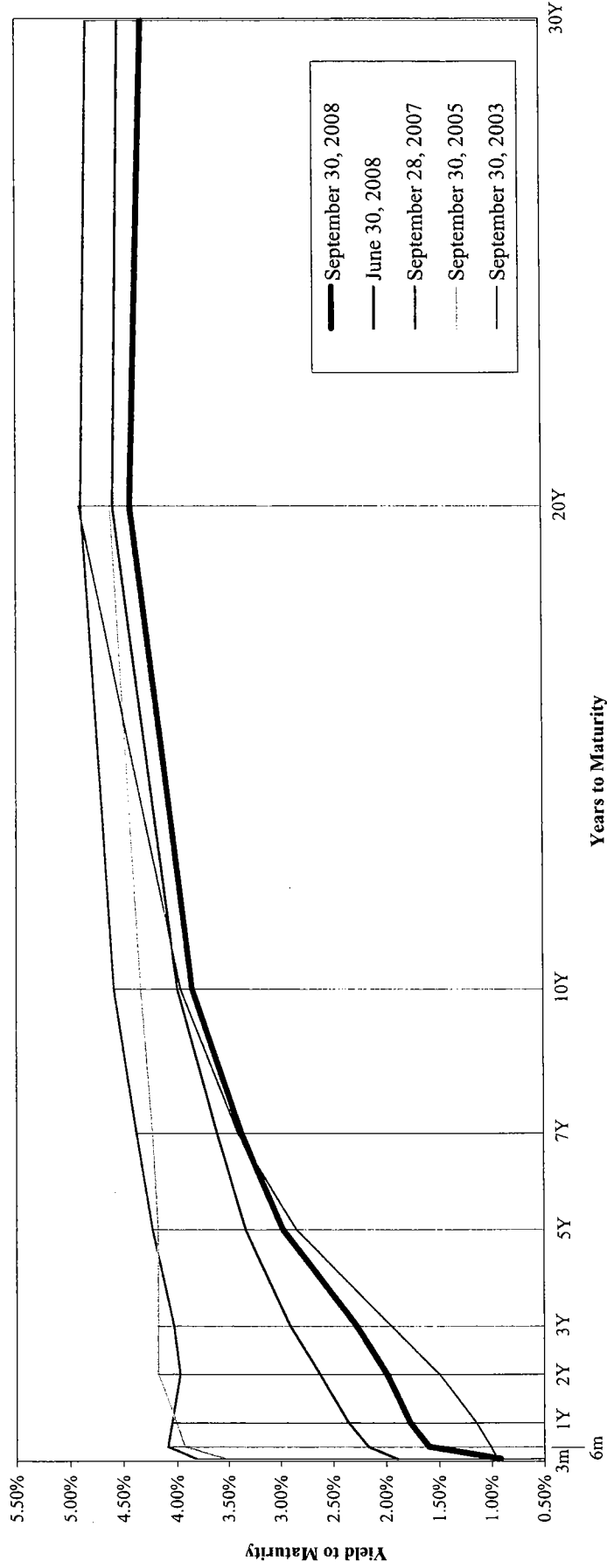


Treasury Yield Curve
As of September 30, 2008

September 30, 2008 June 30, 2008 September 28, 2007 September 30, 2005 September 30, 2003

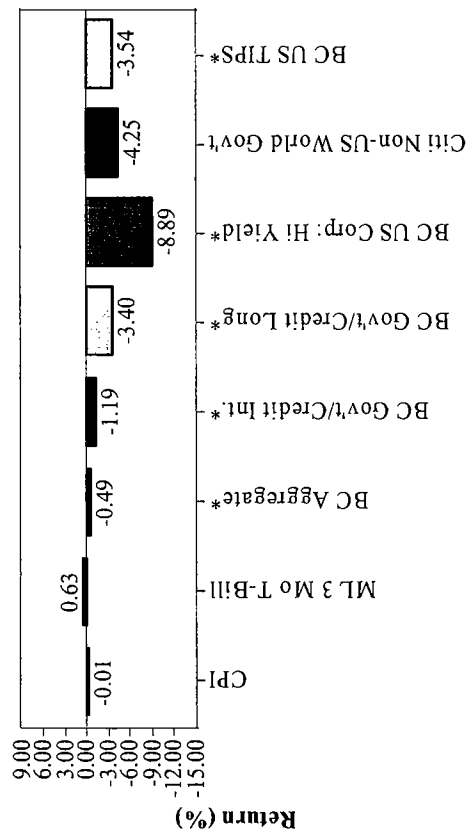
3 Month
6 Month
1 Year
2 Year
3 Year
5 Year
7 Year
10 Year
20 Year
30 Year

0.92% 1.90% 3.82% 3.55% 0.95%
1.60% 2.17% 4.09% 3.93% 1.01%
1.78% 2.36% 4.05% 4.01% 1.15%
2.00% 2.63% 3.97% 4.18% 1.50%
2.28% 2.91% 4.03% 4.18% 1.95%
2.98% 3.34% 4.23% 4.18% 2.85%
3.38% 3.61% 4.38% 4.23% 3.41%
3.85% 3.99% 4.59% 4.34% 3.96%
4.43% 4.59% 4.89% 4.62% 4.91%
4.31% 4.53% 4.83% N/A N/A

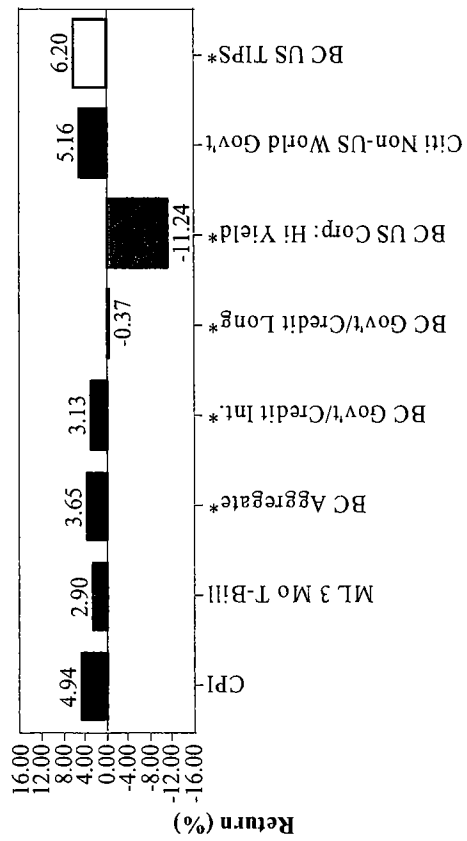


Fixed Income Market Performance
As of September 30, 2008

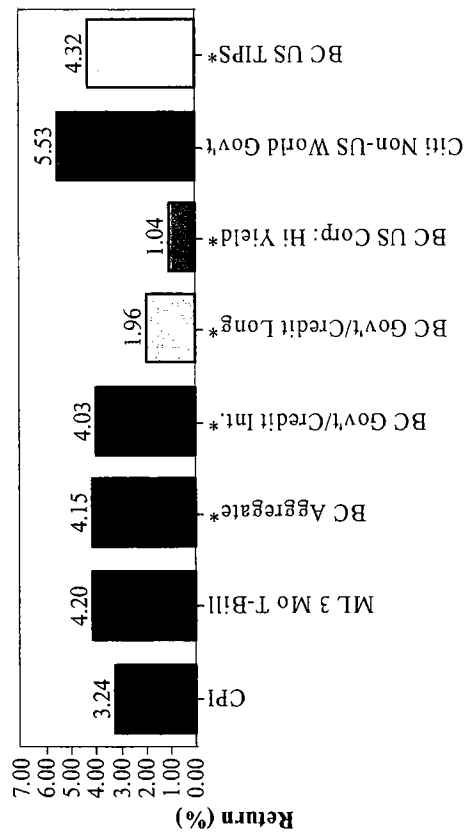
1 Quarter



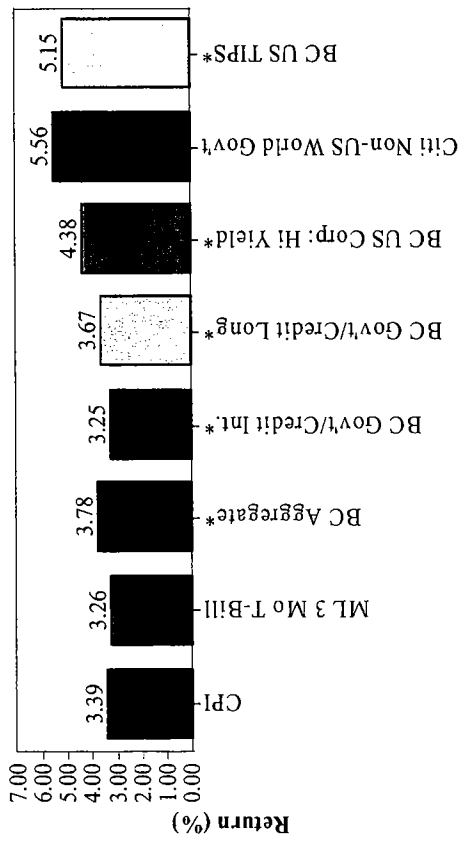
1 Year



3 Years



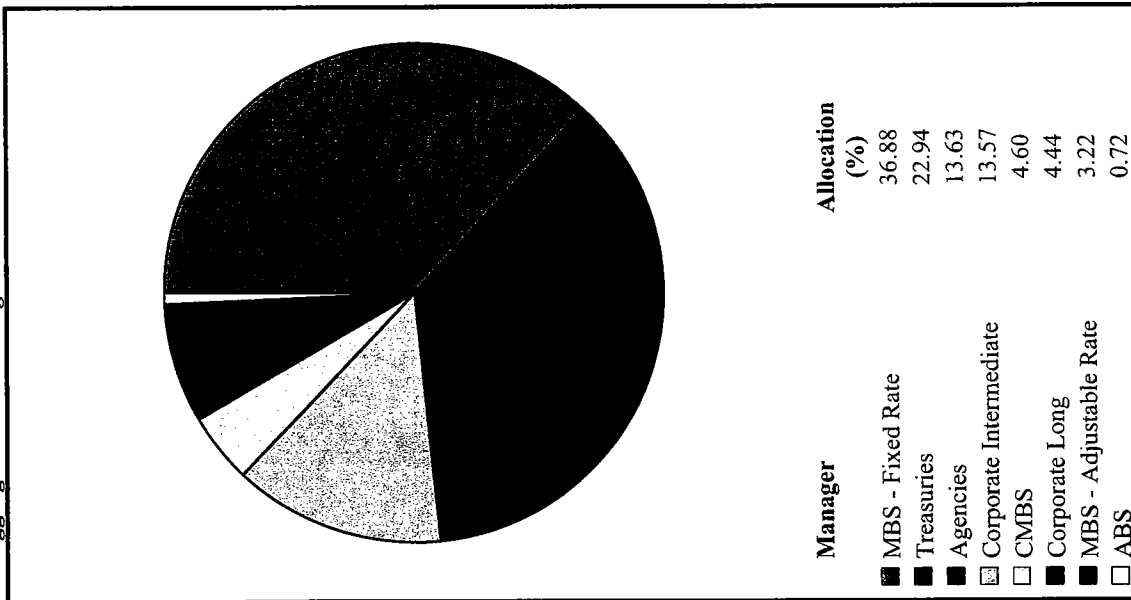
5 Years



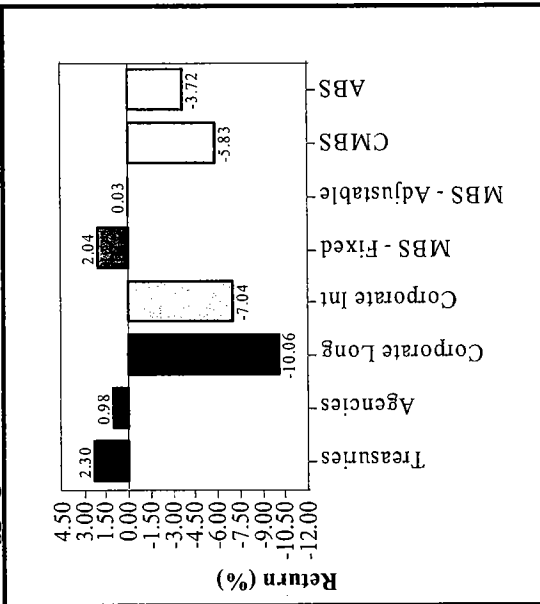
Performance is annualized for periods greater than one year.
*On November 3, 2008 Barclays Capital announced the re-branding of the Lehman Brothers indices.
*All Lehman Brothers indices now reflect the Barclays Capital name.

Domestic Fixed Income Sector Weights and Returns As of September 30, 2008

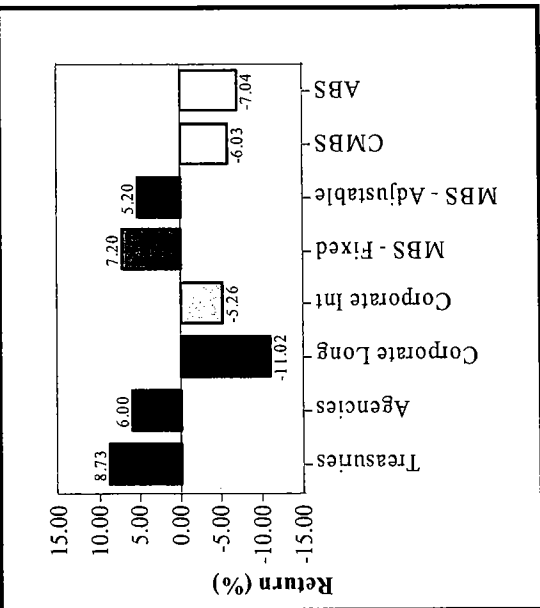
BC Aggregate* Sector Weights



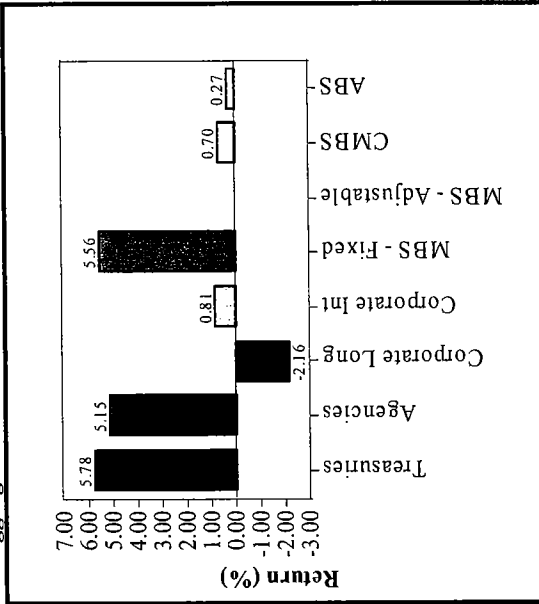
BC Aggregate* Sector Returns - 1 Quarter



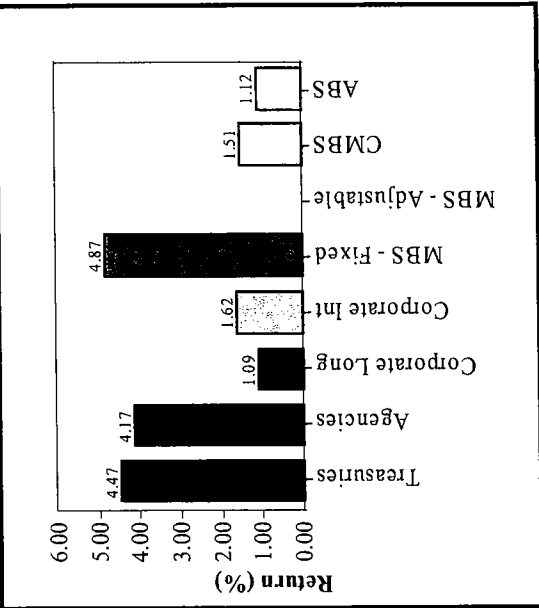
BC Aggregate* Sector Returns - 1 Year



BC Aggregate* Sector Returns - 3 Years



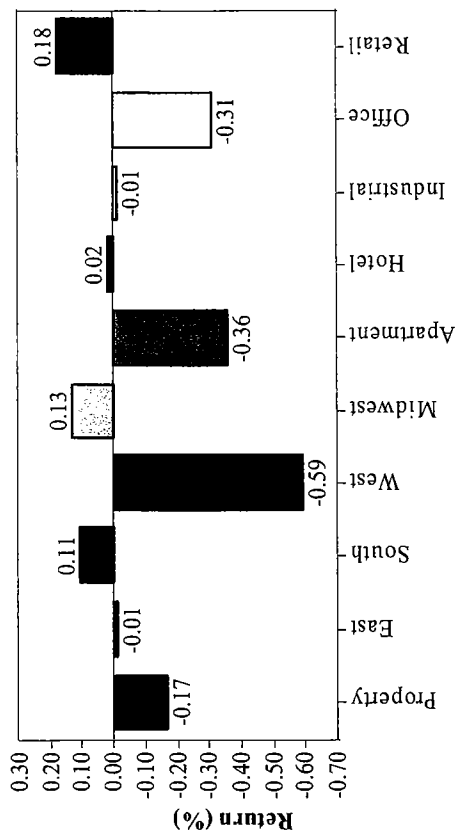
BC Aggregate* Sector Returns - 5 Years



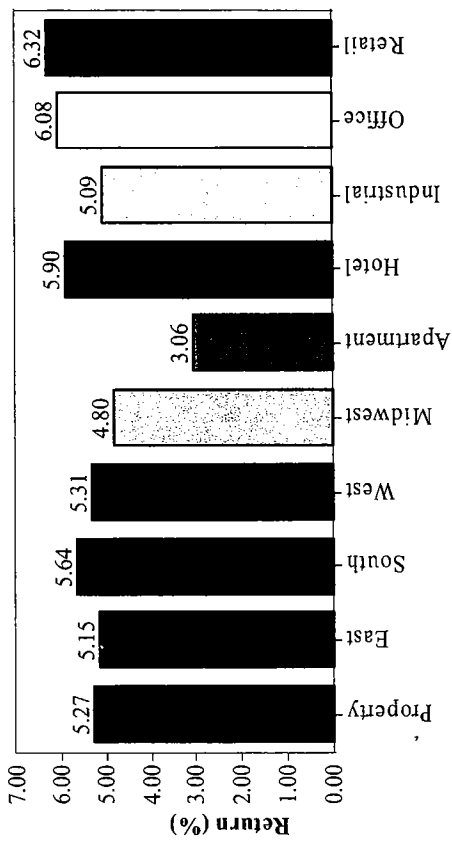
Performance is annualized for periods greater than one year. Returns and allocations provided by Barclays Capital Indices.
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Real Estate Market Performance As of September 30, 2008

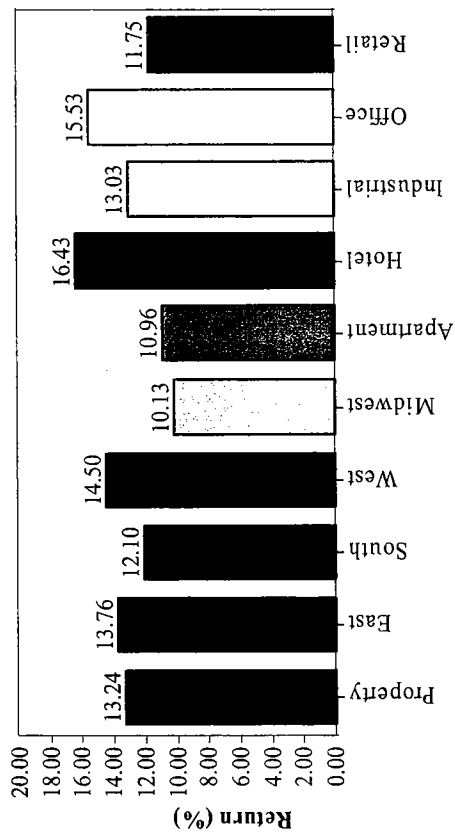
1 Quarter



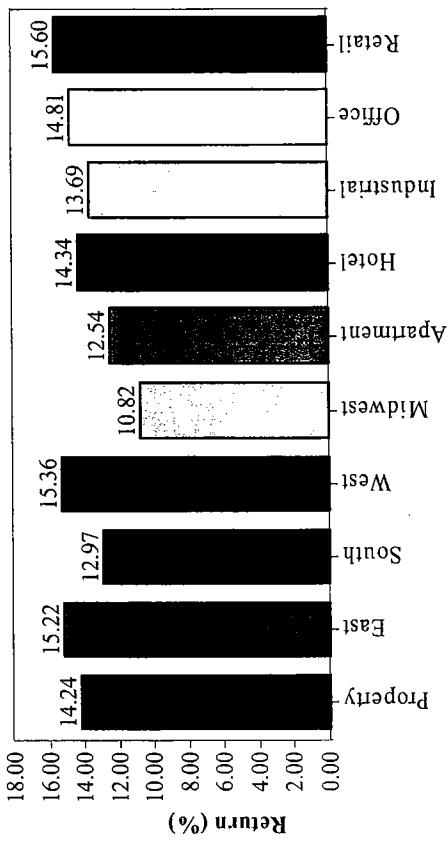
1 Year



3 Years



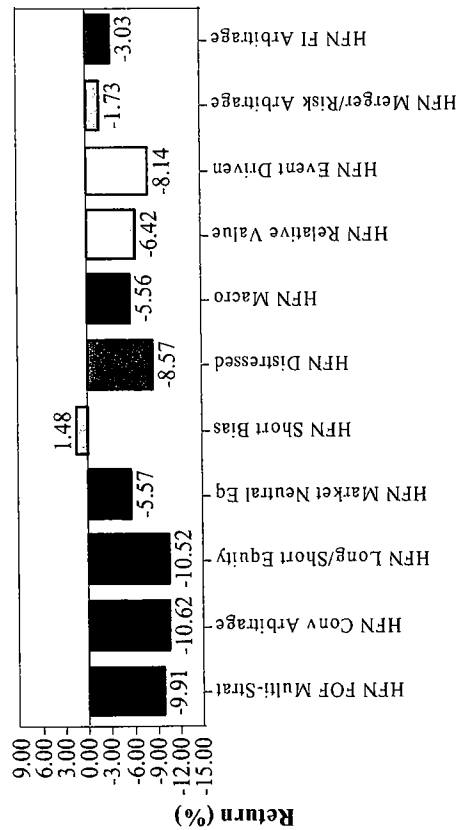
5 Years



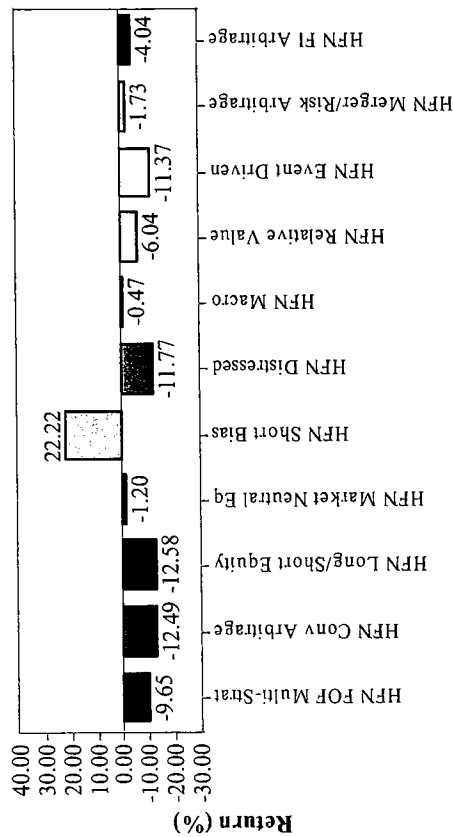
Performance is annualized for periods greater than one year.

Hedge Fund Market Performance As of September 30, 2008

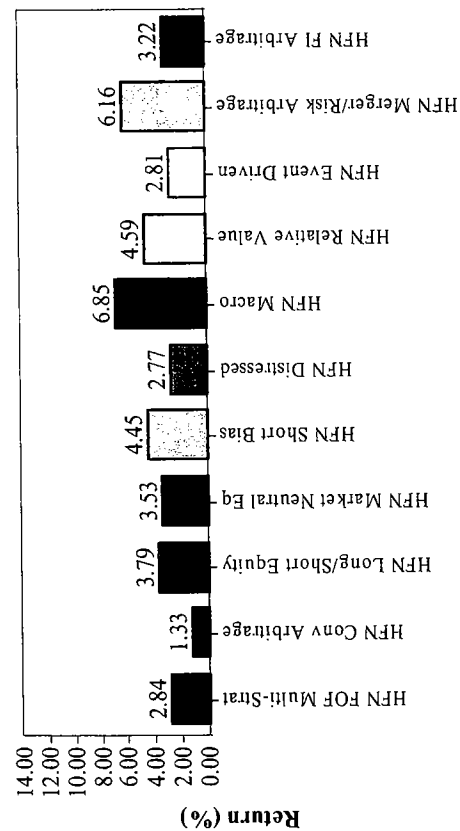
1 Quarter



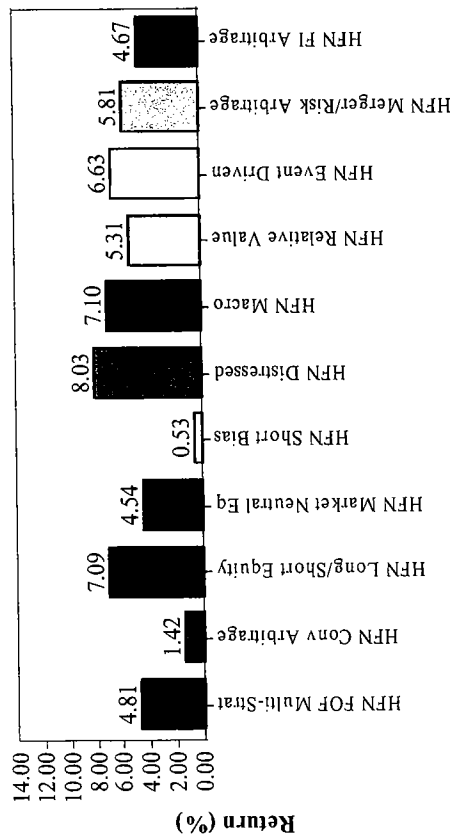
1 Year



3 Years



5 Years



Performance is annualized for periods greater than one year. Values are preliminary and subject to change.

Annual Asset Class Performance
As of September 30, 2008

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	YTD
Best	16.61%	23.17%	17.38%	17.65%	16.44%	24.69%	13.15%	7.29%	14.81%	39.17%	20.40%	21.36%	32.59%	39.78%	1.17%
	29.95%							7.89%	16.56%	56.28%	25.95%			16.23%	
	6.30%							7.28%				20.06%		11.63%	
	19.17%							6.61%	6.74%	28.97%	14.48%	14.02%	16.59%	11.63%	-4.09%
								5.28%	3.12%		11.13%	6.75%		9.91%	-8.01%
	0.62%	15.21%	10.31%	12.76%	5.23%					23.93%		5.33%	11.85%		-10.08%
	-1.03%	13.54%	6.34%		3.94%			4.42%	11.78%	11.93%	9.15%		9.85%	6.60%	
									-1.41%	8.99%	8.56%				-11.58%
	-7.10%								-6.00%	8.39%	8.46%	3.07%		5.00%	
	-7.31%	-5.21%	0.14%	-11.60%	-25.33%	2.39%				5.87%	6.79%	2.84%	2.71%	1.87%	
	N/A	N/A	N/A	N/A	-27.03%			-19.51%				2.74%	2.07%		
Worst	N/A	N/A	N/A	N/A	N/A	-7.65%	-30.61%						0.41%		-35.37%

MSCI EMF - Int'l Emerging Markets	BC US Corp. Hi Yield - FI*	BC US Treasury US TIPS - FI*	BC Gov't/Cre dit Long Term Bond - FI*	HFN FOF Multi-Sit at (Net) - Hedge Fund	DJ/AIG Commod -ity
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*On November 3, 2008 Barclays Capital announced the re-branding of the Lehman Brothers indices.
*All Lehman Brothers indices now reflect the Barclays Capital name.

San Diego Transit Corporation Employees Retirement Plan
 Growth of \$100
 San Diego Transit Total Fund
 5 Years Ending September 30, 2008



Performance shown is gross of fees. Calculation is based on quarterly periodicity.

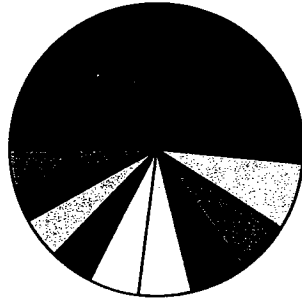
— San Diego Transit Total Fund

— Policy Index

San Diego Transit Corporation Employees Retirement Plan
San Diego Transit Total Fund
As of September 30, 2008

Asset Allocation by Manager

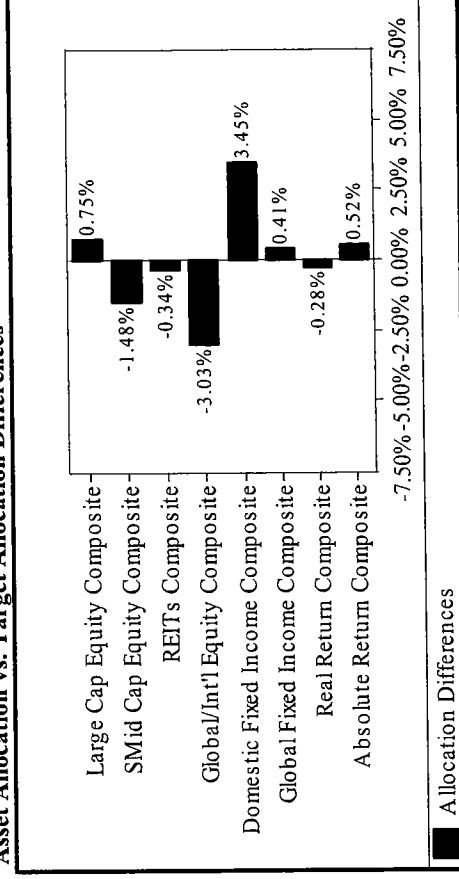
September 30, 2008 : \$142,745,045



Asset Allocation vs. Target Allocation

	Market Value (\$)	Allocation (%)	Target (%)
Large Cap Equity Composite	29,624,596	20.75	20.00
SMid Cap Equity Composite	19,305,509	13.52	15.00
REITs Composite	6,648,990	4.66	5.00
Global/Int'l Equity Composite	17,091,210	11.97	15.00
Domestic Fixed Income Composite	44,175,967	30.95	27.50
Global Fixed Income Composite	7,722,012	5.41	5.00
Real Return Composite	12,442,407	8.72	9.00
Absolute Return Composite	5,734,353	4.02	3.50
Total Fund	142,745,045	100.00	100.00

Asset Allocation vs. Target Allocation Differences



Schedule of Investable Assets

Periods	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Year To Date	171,073,868	-6,801,352	-21,527,472	142,745,045	-13.02	86.98

Performance shown is gross of fees. Allocations shown may not sum up to 100% exactly due to rounding.

San Diego Transit Corporation Employees Retirement Plan
Schedule of Investable Assets
San Diego Transit Total Fund
10 Years Ending September 30, 2008

Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Sep-98	-	-	-	63,090,530	N/A	100.00
Dec-98	63,090,530	-850,109	6,089,492	68,329,912	9.72	109.72
Mar-99	68,329,912	-853,743	139,762	67,615,931	0.20	109.94
Jun-99	67,615,931	-1,649,816	4,948,899	70,915,013	7.36	118.03
Sep-99	70,915,013	-168,591	-1,403,242	69,343,179	-1.98	115.69
Dec-99	69,343,179	-1,019,511	5,874,524	74,198,192	8.78	125.85
Mar-00	74,198,192	-147,517	2,801,102	76,851,777	3.78	130.61
Jun-00	76,851,777	-2,079,174	753,936	75,526,538	1.02	131.95
Sep-00	75,526,538	-82,337	318,123	75,762,325	0.43	132.51
Dec-00	75,762,325	-1,095,298	526,990	75,194,017	0.77	133.52
Mar-01	75,194,017	-243,013	-3,658,964	71,292,040	-4.88	127.01
Jun-01	71,292,040	-979,951	1,148,182	71,460,272	1.59	129.03
Sep-01	71,460,272	-823,697	-5,508,259	65,128,316	-7.79	118.98
Dec-01	65,128,316	601,279	2,613,899	68,343,494	7.16	127.50
Mar-02	68,343,494	-17,509	856,376	69,182,361	1.95	129.99
Jun-02	69,182,361	-1,485,144	-4,317,874	63,379,343	-6.30	121.80
Sep-02	63,379,343	-62,783	-6,894,336	56,422,224	-10.89	108.54
Dec-02	56,422,224	-931,783	2,314,306	57,804,747	4.94	113.91
Mar-03	57,804,747	-136,902	-1,152,421	56,515,424	-1.98	111.65
Jun-03	56,515,424	-2,139,277	6,508,167	60,884,314	11.37	124.34
Sep-03	60,884,314	-195,295	1,971,438	62,660,457	3.24	128.37
Dec-03	62,660,457	-189,903	5,601,518	68,072,072	8.95	139.86
Mar-04	68,072,072	-98,195	1,505,800	69,479,677	2.21	142.96
Jun-04	69,479,677	-136,123	589,649	69,933,203	0.85	144.18
Sep-04	69,933,203	-133,826	-622,742	69,176,635	-0.89	142.89
Dec-04	69,176,635	74,698,772	8,814,778	152,690,186	7.81	154.05
Mar-05	152,690,186	-3,449,347	-3,441,126	145,799,713	-2.09	150.83
Jun-05	145,799,713	-289,860	4,993,549	150,503,402	3.43	156.00
Sep-05	150,503,402	-236,880	5,372,913	155,639,435	3.57	161.58
Dec-05	155,639,435	-336,445	3,114,567	158,417,557	2.01	164.82
Mar-06	158,417,557	-4,611,370	6,124,214	159,930,401	3.96	171.34
Jun-06	159,930,401	-3,400,919	-2,212,359	154,317,124	-1.42	168.90
Sep-06	154,317,124	-1,797,194	5,106,618	157,626,548	3.34	174.54

The last row shown in bold at the end of the table contains aggregate values pertaining to the period specified in the header. Performance shown is gross of fees. Calculation is based on quarterly periodicity.

San Diego Transit Corporation Employees Retirement Plan
Schedule of Investable Assets
San Diego Transit Total Fund
10 Years Ending September 30, 2008

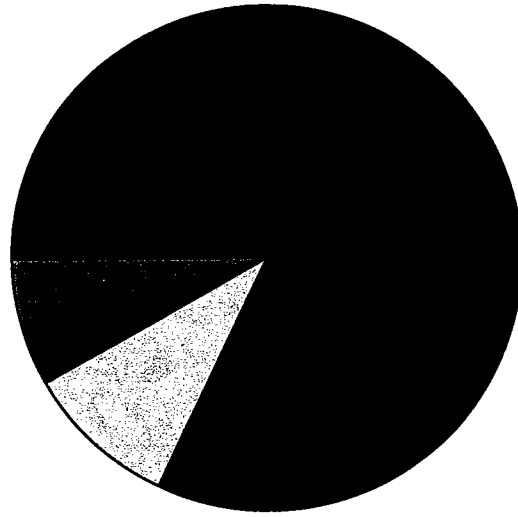
Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Dec-06	157,626,548	-48,741	7,614,415	165,192,222	4.83	182.98
Mar-07	165,192,222	-1,698,690	3,362,066	166,855,598	2.05	186.73
Jun-07	166,855,598	-2,766,935	5,929,124	170,017,788	3.55	193.36
Sep-07	170,017,788	-274,708	3,777,477	173,520,558	2.23	197.66
Dec-07	173,520,558	-390,659	-2,056,030	171,073,868	-1.19	195.32
Mar-08	171,073,868	-1,881,998	-5,976,479	163,215,391	-3.50	188.49
Jun-08	163,215,391	-4,706,455	-373,336	158,135,601	-0.29	187.95
Sep-08	158,135,601	-212,898	-15,177,657	142,745,045	-9.61	169.90
	63,090,530	33,677,455	45,977,061	142,745,045	5.44	169.90

The last row shown in bold at the end of the table contains aggregate values pertaining to the period specified in the header. Performance shown is gross of fees. Calculation is based on quarterly periodicity.

San Diego Transit Corporation Employees Retirement Plan
Asset Allocation by Segment
San Diego Transit Total Fund

Asset Allocation by Segment

June 30, 2008 : \$158,135,601

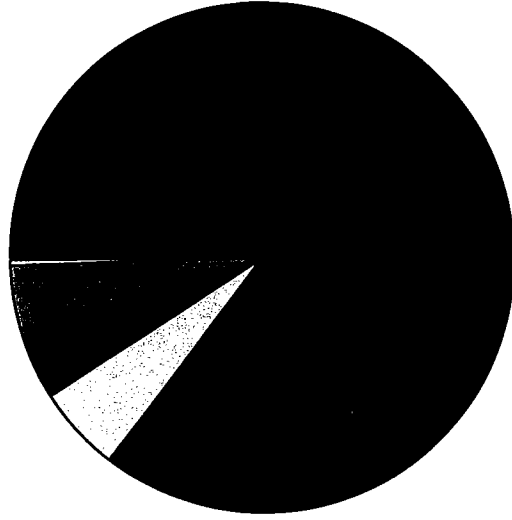


Segments	Market Value (\$)	Allocation (%)
Domestic Equity	50,235,978	31.77
Domestic Fixed Income	44,969,738	28.44
Cash Equivalent	18,059,723	11.42
International Equity	16,752,031	10.59
Real Return	15,252,723	9.65
Alternative Investment	6,491,223	4.10
Real Estate	6,374,184	4.03

Allocations shown may not sum up to 100% exactly due to rounding. Cash Equivalent segment for June 30, 2008 includes pending cash for the transition from Loomis Sayles Global Bond (LSGBX) to Loomis Sayles World Bond Trust (CF).

Asset Allocation by Segment

September 30, 2008 : \$142,745,045



Segments	Market Value (\$)	Allocation (%)
Domestic Equity	52,515,283	36.79
Domestic Fixed Income	44,135,710	30.92
International Equity	13,106,301	9.18
Real Return	12,438,224	8.71
International Fixed Income	7,719,854	5.41
Real Estate	6,648,989	4.66
Alternative Investment	5,734,353	4.02
Cash Equivalent	446,331	0.31

Allocations shown may not sum up to 100% exactly due to rounding. Cash Equivalent segment for June 30, 2008 includes pending cash for the transition from

RVKuhn

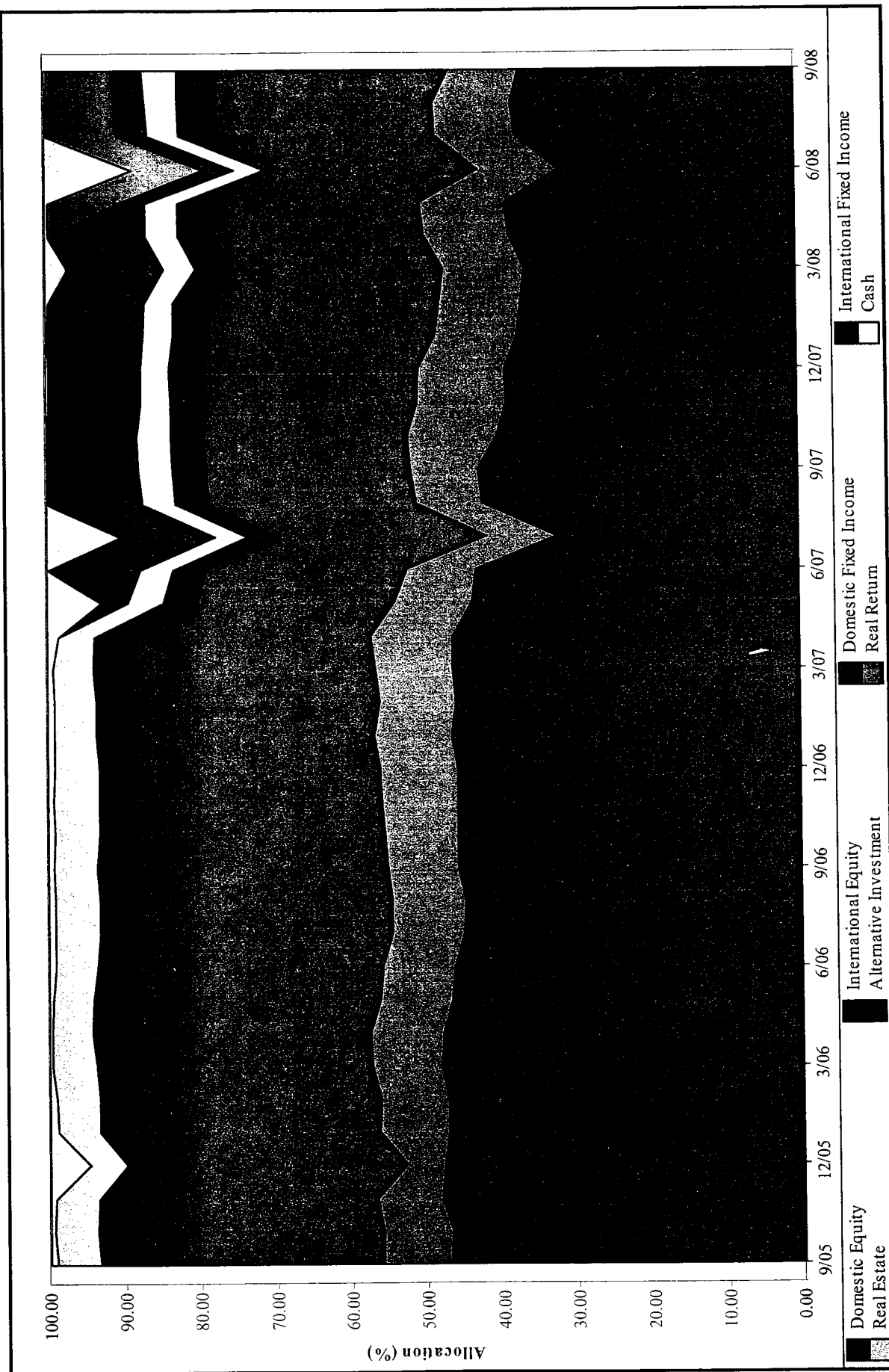
▶ ▶ ▶ & ASSOCIATES, INC.

San Diego Transit Corporation Employees Retirement Plan
Asset Allocation
(000 Dollars)
As of September 30, 2008

	Domestic Equity		International Equity		Domestic Fixed Income		International Fixed Income		Real Estate		Alternative Investment		Real Return		Cash Equivalent		Total Fund	
	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)
Composite - Large Cap Equity																		
Westwood Large Cap Value	15,414	99.99	-	-	-	-	-	-	-	-	-	-	-	-	2	0.01	15,416	10.80
Rainier Large Cap Equity	13,842	97.42	-	-	-	-	-	-	-	-	-	-	-	-	366	2.58	14,208	9.95
Total	29,257	98.76	-	-	-	-	-	-	-	-	-	-	-	-	368	1.24	29,625	20.75
Composite - SMid Cap Equity																		
Westwood SMid Cap Equity	8,571	99.99	-	-	-	-	-	-	-	-	-	-	-	-	1	0.01	8,572	6.01
Vanguard Explorer Fund Adm	10,717	99.84	-	-	-	-	-	-	-	-	-	-	-	-	17	0.16	10,734	7.52
Total	19,288	99.91	-	-	-	-	-	-	-	-	-	-	-	-	17	0.09	19,306	13.52
Composite - REITs																		
Cohen & Steers REIT Fund	-	-	-	-	-	-	-	-	6,649	100.00	-	-	-	-	-	-	6,649	4.66
Total	-	-	-	-	-	-	-	-	6,649	100.00	-	-	-	-	-	-	6,649	4.66
Composite - Global/Int'l Equity																		
Brades Global Equity	3,971	46.64	4,532	53.23	-	-	-	-	-	-	-	-	-	-	11	0.13	8,514	5.96
TT Int'l Inv Tr Active Int'l Eq	-	-	8,574	99.96	-	-	-	-	-	-	-	-	-	-	3	0.04	8,577	6.01
Total	3,971	23.23	13,106	76.68	-	-	-	-	-	-	-	-	-	-	14	0.08	17,091	11.97
TOTAL EQUITY	52,515	72.27	13,106	18.04	-	-	-	-	6,649	9.15	-	-	-	-	400	0.55	72,670	50.91
Composite - Domestic Fixed Income																		
JP Morgan Core Bond Trust	-	-	-	-	22,085	100.00	-	-	-	-	-	-	-	-	-	-	22,085	15.47
PIMCO Total Return Fund Inst'l	-	-	-	-	22,051	100.00	-	-	-	-	-	-	-	-	1	-	22,052	15.45
Disbursement Account	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	44,136	99.91	-	-	-	-	-	-	-	-	40	0.09	44,176	30.95
Composite - Global Fixed Income																		
Loomis Sayles World Bond Trust	-	-	-	-	-	-	7,720	99.97	-	-	-	-	-	-	2	0.03	7,722	5.41
Total	-	-	-	-	-	-	7,720	99.97	-	-	-	-	-	-	2	0.03	7,722	5.41
TOTAL FIXED INCOME	-	-	-	-	44,136	85.04	7,720	14.88	-	-	-	-	-	-	42	0.08	51,898	36.36
Composite - Real Return																		
Wellington DJH Portfolio	-	-	-	-	-	-	-	-	-	-	-	-	5,657	100.00	-	-	5,657	3.96
PIMCO All Asset Fund	-	-	-	-	-	-	-	-	-	-	-	-	6,781	99.94	4	0.06	6,785	4.75
Total	-	-	-	-	-	-	-	-	-	-	-	-	12,438	99.97	4	0.03	12,442	8.72
Composite - Absolute Return																		
PAA/MCO Pacific Hedged Strategies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ALTERNATIVES	-	-	-	-	-	-	-	-	-	-	5,734	100.00	12,438	68.43	4	0.02	18,177	12.73
SAN DIEGO TRANSIT TOTAL FUND	52,515	36.79	13,106	9.18	44,136	30.92	7,720	5.41	6,649	4.66	5,734	4.02	12,438	8.71	446	0.31	142,745	100.00

Allocations shown may not sum up to 100% exactly due to rounding.

San Diego Transit Corporation Employees Retirement Plan
 Historical Asset Allocation by Segment
 San Diego Transit Total Fund
 3 Years Ending September 30, 2008



RVKuhns
 & ASSOCIATES, INC.

San Diego Transit Corporation Employees Retirement Plan
Comparative Performance
As of September 30, 2008

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	2006	Since Inception	Inception Date
San Diego Transit Total Fund	-9.61	-13.02	-14.05	1.69	5.76	5.22	5.44	6.74	11.02	10/01/1982
Policy Index	-5.30	-9.07	-10.05	3.28	6.50	6.00	5.35	5.49	13.18	10.55
<i>Difference</i>	<i>-4.31</i>	<i>-3.95</i>	<i>-4.00</i>	<i>-1.59</i>	<i>-0.74</i>	<i>-0.78</i>	<i>0.09</i>	<i>1.25</i>	<i>-2.16</i>	<i>-0.33</i>
All Corporate Plans (\$20M to \$250M)-Total Fund Median	-9.08	-14.10	-15.29	2.38	5.79	5.39	4.95	8.05	12.73	N/A
Percentile Rank	66	35	42	71	55	58	37	72	80	N/A
San Diego Transit Total Fund (POB)	-9.61	-13.02	-14.05	1.69	N/A	N/A	N/A	6.74	11.02	10/01/2004
Policy Index (POB)	-5.30	-9.07	-10.05	3.28	N/A	N/A	N/A	5.49	13.18	5.33
<i>Difference</i>	<i>-4.31</i>	<i>-3.95</i>	<i>-4.00</i>	<i>-1.59</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>1.25</i>	<i>-2.16</i>	<i>-0.91</i>
All Corporate Plans (\$20M to \$250M)-Total Fund Median	-9.08	-14.10	-15.29	2.38	5.79	5.39	4.95	8.05	12.73	N/A
Percentile Rank	66	35	42	71	N/A	N/A	N/A	72	80	N/A
Westwood Large Cap Value	-8.02	-15.06	-15.15	5.49	11.45	8.51	8.08	13.08	19.77	07/01/1986
R 1000 Value Index	-6.11	-18.85	-23.56	0.09	7.12	5.52	5.55	-0.17	22.25	10.48
<i>Difference</i>	<i>-1.91</i>	<i>3.79</i>	<i>8.41</i>	<i>5.40</i>	<i>4.33</i>	<i>2.99</i>	<i>2.53</i>	<i>13.25</i>	<i>-2.48</i>	<i>1.26</i>
US Value/Large Cap Equity (SA+CF) Median	-7.76	-18.45	-21.53	0.83	7.53	6.07	6.66	3.51	18.93	N/A
Percentile Rank	54	22	9	3	7	13	29	4	43	N/A
Rainier Large Cap Equity	-15.38	-22.29	-22.58	N/A	N/A	N/A	N/A	N/A	N/A	08/01/2007
R 1000 Growth Index	-12.33	-20.27	-20.88	0.04	3.74	2.30	0.59	11.81	9.07	-14.10
<i>Difference</i>	<i>-3.05</i>	<i>-2.02</i>	<i>-1.70</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>-1.12</i>
US Growth/Large Cap Equity (SA+CF) Median	-12.40	-20.36	-20.92	0.51	5.24	3.90	4.41	13.13	9.12	N/A
Percentile Rank	71	65	65	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Performance versus SA+CF or plan sponsor peer groups is gross of fees while performance versus MF peer groups is net of fees.
Performance is annualized for periods greater than one year.

San Diego Transit Corporation Employees Retirement Plan
Comparative Performance
As of September 30, 2008

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	2006	Since Inception	Inception Date
Westwood SMid Cap Equity	-7.69	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-7.69	07/01/2008
R 2500 Value Index	-1.22	-9.48	-15.79	0.60	9.00	10.46	9.95	20.18	-1.22	
<i>Difference</i>	-6.47	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-6.47	
US Small/Mid Cap Value (SA+CF) Median	-6.81	-12.35	-16.48	1.92	10.10	11.16	11.91	18.05	N/A	
Percentile Rank	57	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Vanguard Explorer Fund Adm	-10.59	-19.16	-22.41	-1.21	N/A	N/A	N/A	9.80	3.40	11/01/2004
R 2500 Growth Index	-12.09	-19.01	-20.70	0.81	6.73	7.09	6.46	12.26	4.89	
<i>Difference</i>	1.50	-0.15	-1.71	-2.02	N/A	N/A	N/A	-2.46	-1.49	
US Equity Small-Cap Growth Funds (MF) Median	-10.20	-20.81	-23.47	-0.77	4.82	5.75	6.64	9.83	N/A	
Percentile Rank	54	37	42	58	N/A	N/A	N/A	51	N/A	
Cohen & Steers REIT Fund	4.31	1.91	-13.23	5.14	N/A	N/A	N/A	36.31	9.91	04/01/2005
DJW REIT Index (Float Adj)	4.78	1.25	-12.47	5.18	13.42	14.28	13.05	35.99	9.95	
<i>Difference</i>	-0.47	0.66	-0.76	-0.04	N/A	N/A	N/A	0.32	-0.04	
Real Estate Sector Funds (MF) Median	3.94	-0.23	-13.28	4.72	12.49	13.62	12.18	34.65	N/A	
Percentile Rank	39	12	50	40	N/A	N/A	N/A	18	N/A	
Brandes Global Equity	-17.23	-32.27	-36.34	-3.62	6.02	N/A	N/A	29.36	3.94	01/01/2002
MSCI World Index (Gross)	-15.15	-23.84	-25.62	1.27	7.86	5.89	4.26	20.65	4.82	
<i>Difference</i>	-2.08	-8.43	-10.72	-4.89	-1.84	N/A	N/A	8.71	-0.88	
Global Equity (SA+CF) Median	-17.35	-25.14	-26.64	1.62	8.63	7.53	6.83	21.77	N/A	
Percentile Rank	50	92	97	97	93	N/A	N/A	9	N/A	
TT Int'l Inv Tr Active Int'l Eq	-24.54	-31.95	N/A	N/A	N/A	N/A	N/A	N/A	-35.69	11/01/2007
MSCI EAFE Index (Gross)	-20.50	-28.91	-30.13	1.58	10.16	8.23	5.42	26.86	-32.77	
<i>Difference</i>	-4.04	-3.04	N/A	N/A	N/A	N/A	N/A	N/A	-2.92	
International Equity All (SA+CF) Median	-21.34	-28.93	-30.16	1.94	10.76	9.92	7.96	26.68	N/A	
Percentile Rank	79	78	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Performance versus SA+CF or plan sponsor peer groups is gross of fees while performance versus MF peer groups is net of fees.
Performance is annualized for periods greater than one year.

San Diego Transit Corporation Employees Retirement Plan
Comparative Performance
As of September 30, 2008

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	2007	2006	Since Inception	Inception Date
JPMorgan Core Bond Trust	-1.56	0.00	2.80	4.20	4.04	N/A	N/A	7.47	4.65	3.80	06/01/2003
BC US Agg Bond Index	-0.49	0.63	3.65	4.15	3.78	4.69	5.20	6.97	4.33	3.48	
<i>Difference</i>	<i>-1.07</i>	<i>-0.63</i>	<i>-0.85</i>	<i>0.05</i>	<i>0.26</i>	<i>N/A</i>	<i>N/A</i>	<i>0.50</i>	<i>0.32</i>	<i>0.32</i>	
US Broad Market Core Fixed Income (SA+CF) Median	-1.44	-0.51	2.55	3.74	3.60	4.68	5.21	6.91	4.47	N/A	
Percentile Rank	54	44	45	34	21	N/A	N/A	18	32	N/A	
PIMCO Total Return Fund Inst'l	-2.07	-0.18	3.74	4.37	4.21	N/A	N/A	9.11	3.95	3.82	06/01/2003
BC US Agg Bond Index	-0.49	0.63	3.65	4.15	3.78	4.69	5.20	6.97	4.33	3.48	
<i>Difference</i>	<i>-1.58</i>	<i>-0.81</i>	<i>0.09</i>	<i>0.22</i>	<i>0.43</i>	<i>N/A</i>	<i>N/A</i>	<i>2.14</i>	<i>-0.38</i>	<i>0.34</i>	
US Broad Market Core Funds (MF) Median	-2.93	-3.39	-1.41	2.09	2.40	3.51	4.12	5.35	3.94	N/A	
Percentile Rank	35	19	8	2	1	N/A	N/A	1	50	N/A	
Loomis Sayles World Bond Trust	-7.65	-5.21	-2.71	3.85	4.98	9.01	8.15	9.24	9.06	7.59	06/01/1998
Citi Wrld Gov't Bond Index	-2.97	1.90	5.88	5.56	5.34	7.32	5.38	10.95	6.09	6.03	
<i>Difference</i>	<i>-4.68</i>	<i>-7.11</i>	<i>-8.59</i>	<i>-1.71</i>	<i>-0.36</i>	<i>1.69</i>	<i>2.77</i>	<i>-1.71</i>	<i>2.97</i>	<i>1.56</i>	
Global Fixed Income (SA+CF) Median	-4.19	-1.54	1.23	4.08	5.18	7.56	5.68	9.01	6.23	N/A	
Percentile Rank	92	74	67	58	57	20	10	48	20	N/A	

Performance versus SA+CF or plan sponsor peer groups is gross of fees while performance versus MF peer groups is net of fees.
Performance is annualized for periods greater than one year.

San Diego Transit Corporation Employees Retirement Plan
Comparative Performance
As of September 30, 2008

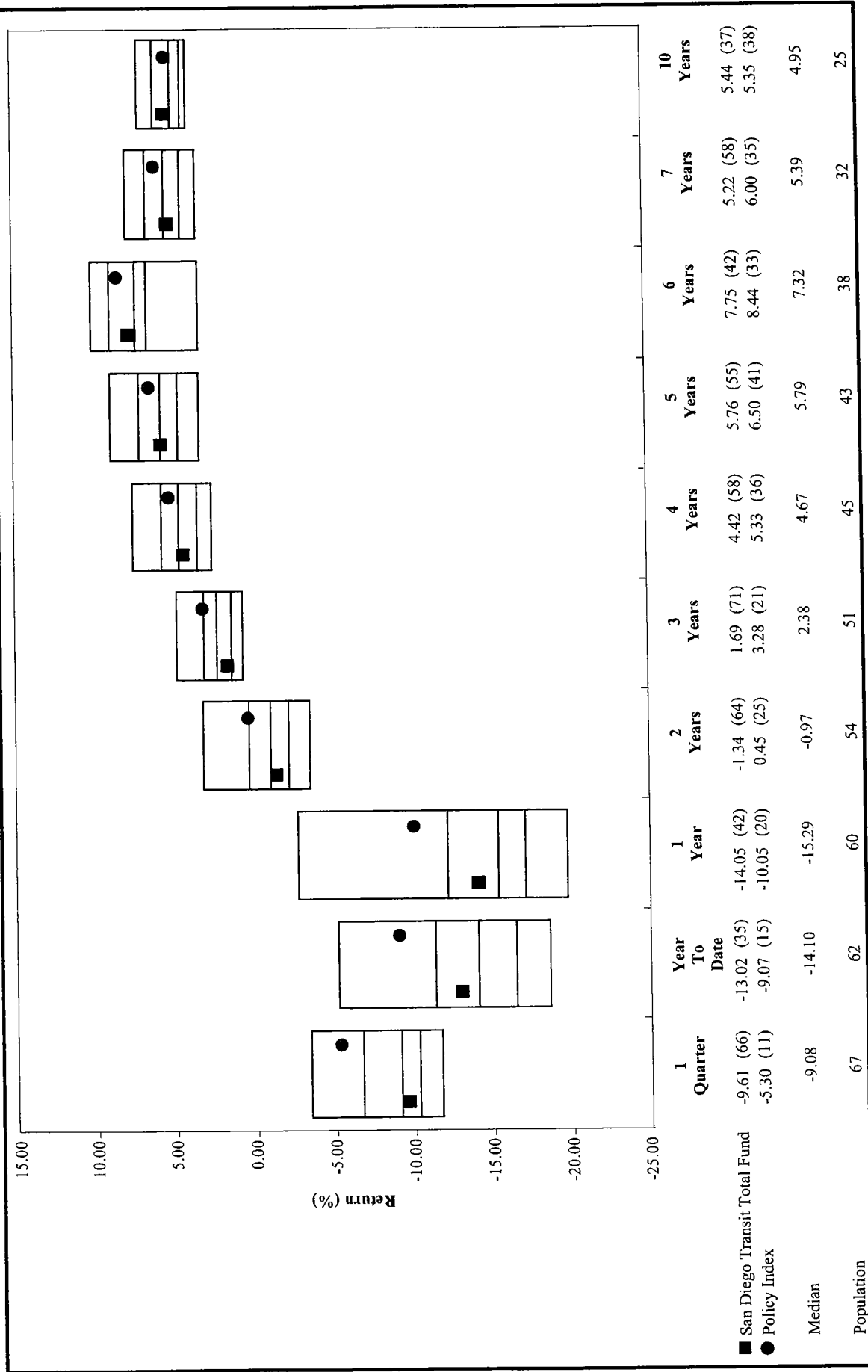
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	2007	2006	Since Inception	Inception Date
Wellington DIH Portfolio (Gross)	-28.35	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-24.17	05/01/2008
Consumer Price Index + 5%	1.21	8.05	10.18	8.41	8.56	8.11	8.10	9.29	7.67	3.93	
<i>Difference</i>	<i>-29.56</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>-28.10</i>	
Wellington DIH Portfolio (Gross)	-28.35	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-24.17	05/01/2008
Wellington Dvfd Infl Hedge Comp Index	-21.85	-12.98	-9.03	9.44	N/A	N/A	N/A	26.75	17.87	-18.34	
<i>Difference</i>	<i>-6.50</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>-5.83</i>	
PIMCO All Asset Fund (Net)	-7.66	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-9.03	05/01/2008
Consumer Price Index + 5%	1.21	8.05	10.18	8.41	8.56	8.11	8.10	9.29	7.67	3.93	
<i>Difference</i>	<i>-8.87</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>-12.96</i>	
PIMCO All Asset Fund (Net)	-7.66	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-9.03	05/01/2008
All Asset Composite Index	-5.31	-5.18	-4.39	3.58	6.51	7.23	6.92	6.33	8.92	-6.97	
<i>Difference</i>	<i>-2.35</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>-2.06</i>	
PAAMCO Pacific Hedged Strategies (Net)	-11.66	-9.77	-5.74	N/A	N/A	N/A	N/A	N/A	N/A	-1.36	06/01/2007
3 Month LIBOR Index + 5%	1.93	6.09	8.73	9.87	8.86	8.23	8.99	10.58	10.49	9.22	
<i>Difference</i>	<i>-13.59</i>	<i>-15.86</i>	<i>-14.47</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>-10.58</i>	
PAAMCO Pacific Hedged Strategies (Net)	-11.66	-9.77	-5.74	N/A	N/A	N/A	N/A	N/A	N/A	-1.36	06/01/2007
HFRI FOF Conservative Index	-7.78	-8.87	-7.47	2.83	4.12	4.56	5.79	7.68	9.21	-5.66	
<i>Difference</i>	<i>-3.88</i>	<i>-0.90</i>	<i>1.73</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>4.30</i>	

Loomis Sayles World Bond Trust is comprised of Loomis Sayles Global Bond Fund (LSGBX) thru Jun-2008 and Loomis Sayles World Bond Trust (CF) thereafter.

Performance versus SA+CF or plan sponsor peer groups is gross of fees while performance versus MF peer groups is net of fees.
Performance is annualized for periods greater than one year.

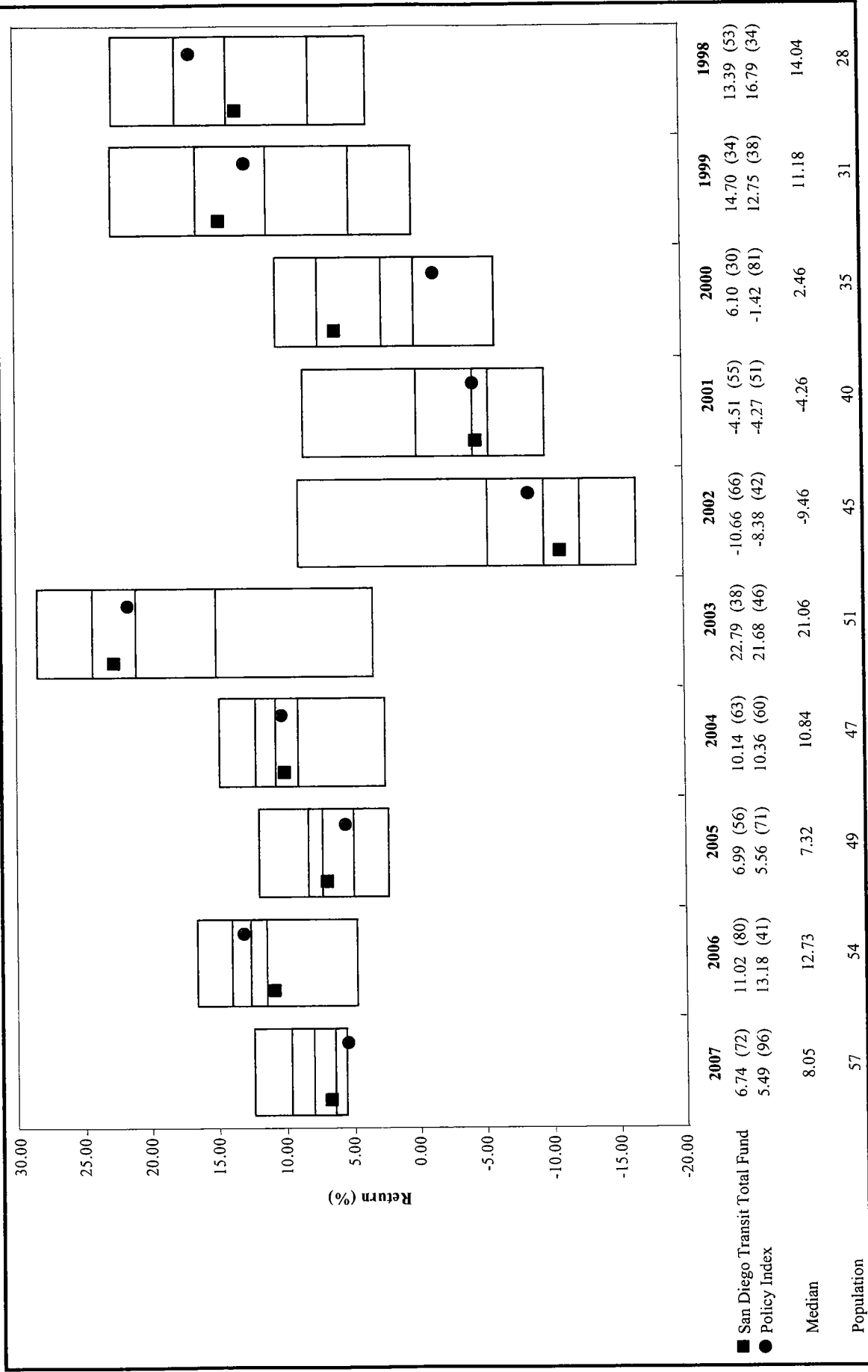
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 & ASSOCIATES, INC.

San Diego Transit Corporation Employees Retirement Plan
Plan Sponsor Peer Group Analysis
All Corporate Plans (\$20M to \$250M)-Total Fund
As of September 30, 2008



Performance shown is gross of fees. Parentheses contain percentile ranks.

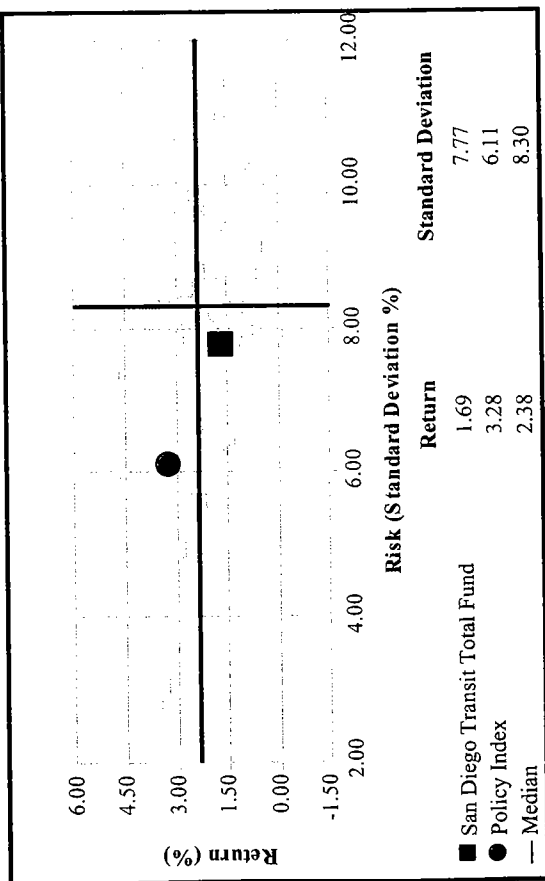
San Diego Transit Corporation Employees Retirement Plan
Plan Sponsor Peer Group Analysis
All Corporate Plans (\$20M to \$250M)-Total Fund
Calendar Year Periods



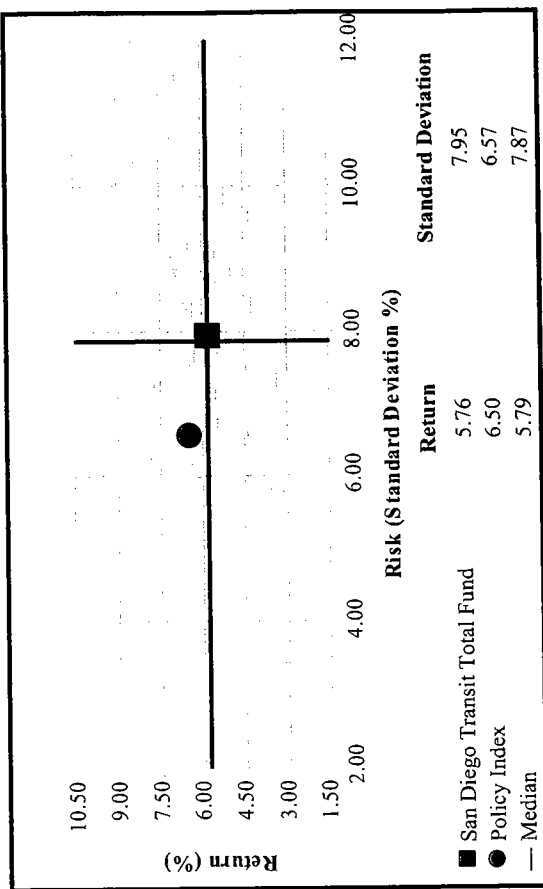
Performance shown is gross of fees. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
Plan Sponsor Scattergrams
All Corporate Plans (\$20M to \$250M)-Total Fund
As of September 30, 2008

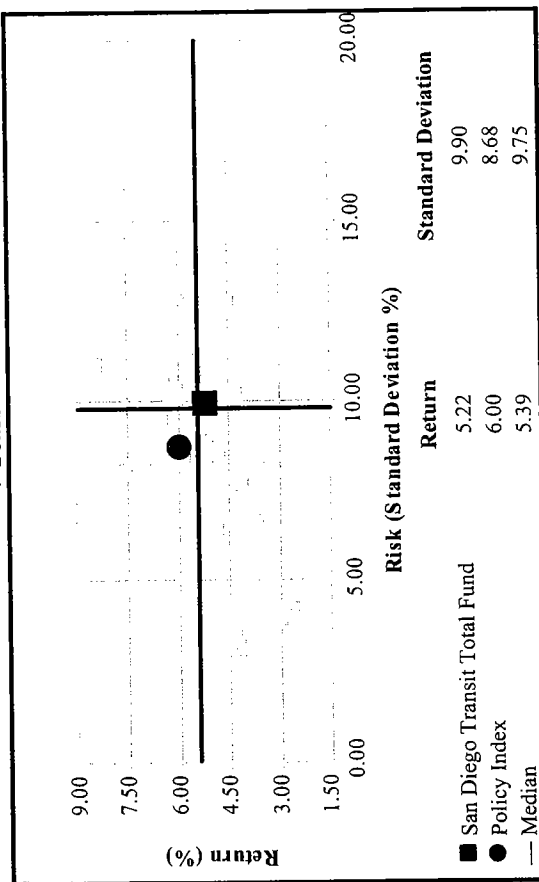
3 Years



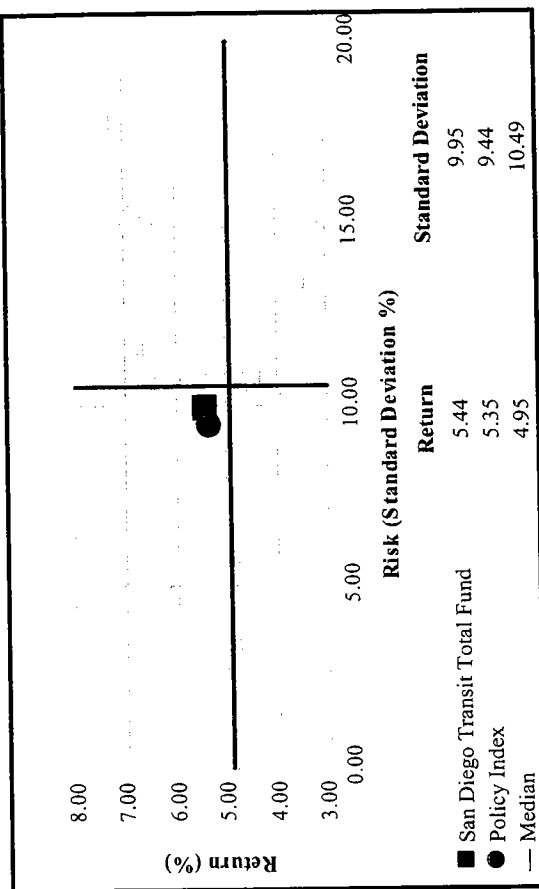
5 Years



7 Years



10 Years



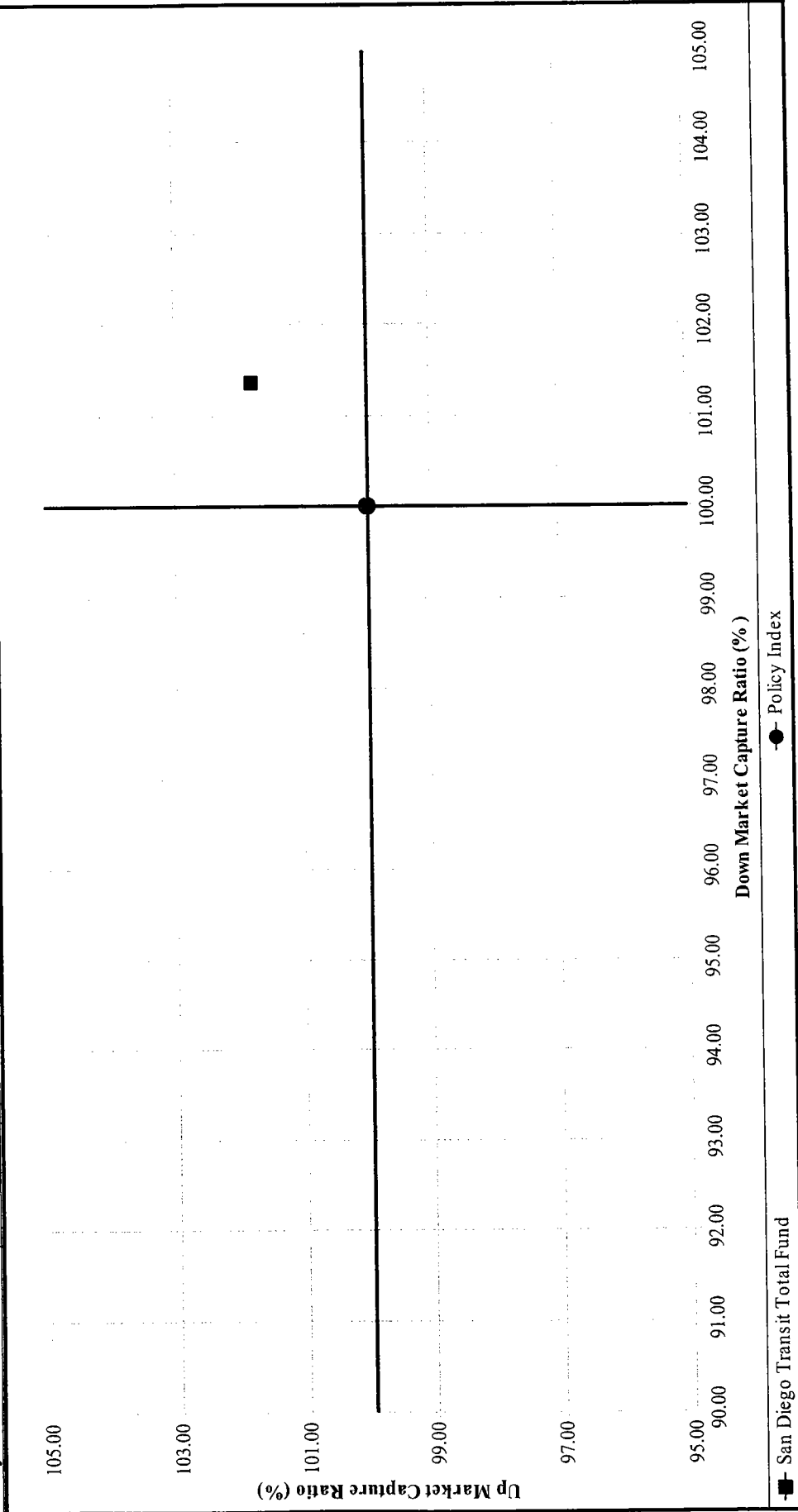
Performance shown is gross of fees. Calculation is based on quarterly periodicity.

RVKuhns

► ► ► & ASSOCIATES, INC.

San Diego Transit Corporation Employees Retirement Plan
Up/Down Markets
Versus Policy Index
10 Years Ending September 30, 2008

	Full Period Return	Months Benchmark Up(74)			Months Benchmark Down(46)		
	Manager	Benchmark	No. Months	Avg. Ahead	No. Months	Avg. Behind	
San Diego Transit Total Fund	5.44	5.35	37	0.53	37	-0.46	
Policy Index	5.35	5.35	74	0.00	-	0.00	
					No. Months	Avg. Ahead	Manager Ahead
					24	0.58	
					46	0.00	
					No. Months	Avg. Behind	Manager Behind
					22	-0.69	
					-	0.00	



Performance shown is gross of fees.

San Diego Transit Corporation Employees Retirement Plan
Schedule of Investable Assets
Westwood Large Cap Value
10 Years Ending September 30, 2008

Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Sep-98	-	-	-	22,852,726	N/A	100.00
Dec-98	22,852,726	-500,000	3,498,877	25,851,603	15.46	115.46
Mar-99	25,851,603	-714,704	102,660	25,239,559	0.41	115.94
Jun-99	25,239,559	-1,355,761	3,216,923	27,100,721	12.89	130.88
Sep-99	27,100,721	-	-2,028,446	25,072,275	-7.48	121.09
Dec-99	25,072,275	-668,630	1,915,641	26,319,285	7.78	130.51
Mar-00	26,319,285	19,576	1,081,740	27,420,602	4.10	135.86
Jun-00	27,420,602	-959,037	503,450	26,965,015	1.82	138.33
Sep-00	26,965,015	-	695,649	27,660,664	2.58	141.90
Dec-00	27,660,664	17,390	1,239,278	28,917,331	4.48	148.26
Mar-01	28,917,331	2,355	-1,085,731	27,833,954	-3.75	142.69
Jun-01	27,833,954	-807,892	244,597	27,270,659	0.76	143.77
Sep-01	27,270,659	-656,726	-3,882,789	22,731,144	-14.58	122.82
Dec-01	22,731,144	-15,744,180	2,057,009	9,043,972	11.95	137.49
Mar-02	9,043,972	-17,267	233,981	9,260,686	2.59	141.06
Jun-02	9,260,686	-17,836	-602,379	8,640,471	-6.52	131.87
Sep-02	8,640,471	-16,629	-1,521,430	7,102,411	-17.64	108.61
Dec-02	7,102,411	-13,738	470,370	7,559,044	6.63	115.80
Mar-03	7,559,044	-14,642	-380,571	7,163,831	-5.04	109.97
Jun-03	7,163,831	-13,902	976,704	8,126,633	13.65	124.98
Sep-03	8,126,633	-15,707	99,864	8,210,790	1.23	126.51
Dec-03	8,210,790	-15,864	1,080,500	9,275,426	13.18	143.18
Mar-04	9,275,426	-17,860	123,880	9,381,447	1.34	145.10
Jun-04	9,381,447	-18,059	257,163	9,620,551	2.75	149.09
Sep-04	9,620,551	-102,085	152,527	9,670,994	1.61	151.48
Dec-04	9,670,994	11,205,242	1,557,604	22,433,840	7.85	163.37
Mar-05	22,433,840	-3,950,953	561,154	19,044,041	2.77	167.90
Jun-05	19,044,041	-31,745	558,953	19,571,249	2.94	172.84
Sep-05	19,571,249	-35,444	1,415,697	20,951,502	7.24	185.35
Dec-05	20,951,502	-62,577	424,582	21,313,507	2.04	189.13
Mar-06	21,313,507	-1,349,358	1,362,097	21,326,246	6.70	201.81
Jun-06	21,326,246	-809,042	284,586	20,801,789	1.31	204.46
Sep-06	20,801,789	-1,244,365	796,445	20,353,869	4.06	212.77

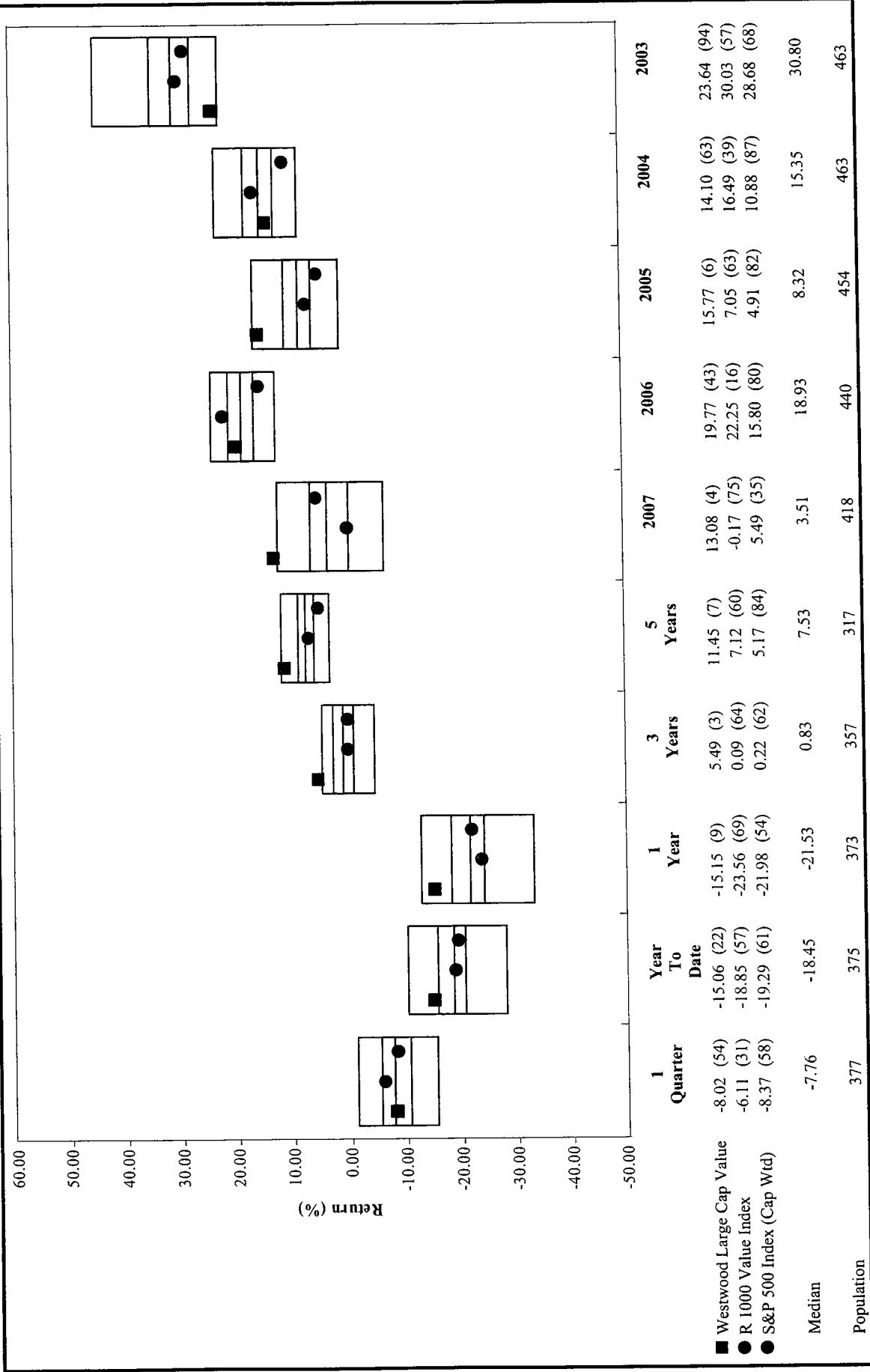
The last row shown in bold at the end of the table contains aggregate values pertaining to the period specified in the header. Performance shown is gross of fees. Calculation is based on quarterly periodicity.

San Diego Transit Corporation Employees Retirement Plan
Schedule of Investable Assets
Westwood Large Cap Value
10 Years Ending September 30, 2008

Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Dec-06	20,353,869	-29,635	1,314,634	21,638,869	6.47	226.52
Mar-07	21,638,869	-38,566	535,866	22,136,169	2.48	232.14
Jun-07	22,136,169	-5,514,311	1,683,501	18,305,359	7.31	249.11
Sep-07	18,305,359	-27,760	535,685	18,813,285	2.93	256.42
Dec-07	18,813,285	-22,776	-18,960	18,771,549	-0.11	256.14
Mar-08	18,771,549	-33,854	-1,323,008	17,414,687	-7.05	238.09
Jun-08	17,414,687	-531,090	-91,696	16,791,901	-0.64	236.56
Sep-08	16,791,901	-30,081	-1,345,478	15,416,342	-8.02	217.58
	22,852,726	-24,137,512	16,701,128	15,416,342	8.08	217.58

The last row shown in bold at the end of the table contains aggregate values pertaining to the period specified in the header. Performance shown is gross of fees. Calculation is based on quarterly periodicity.

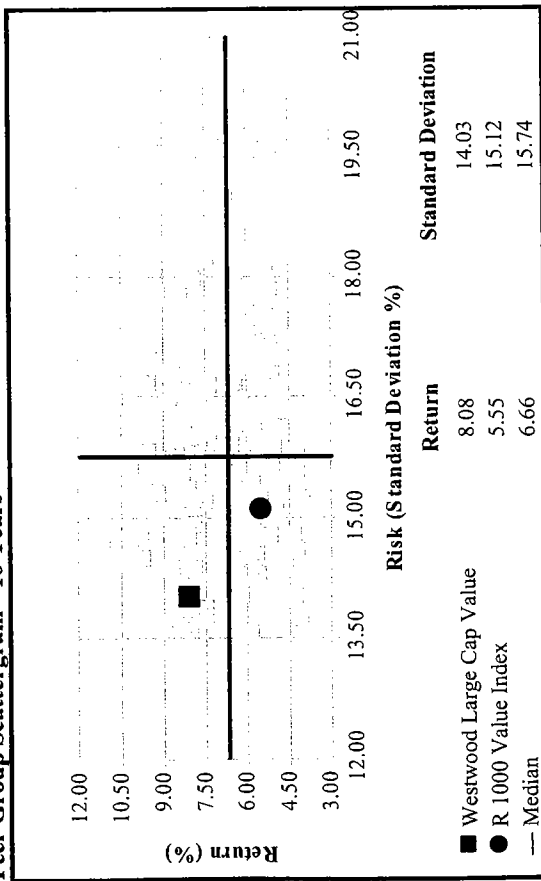
San Diego Transit Corporation Employees Retirement Plan
Peer Group Analysis
US Value/Large Cap Equity (SA+CF)
As of September 30, 2008



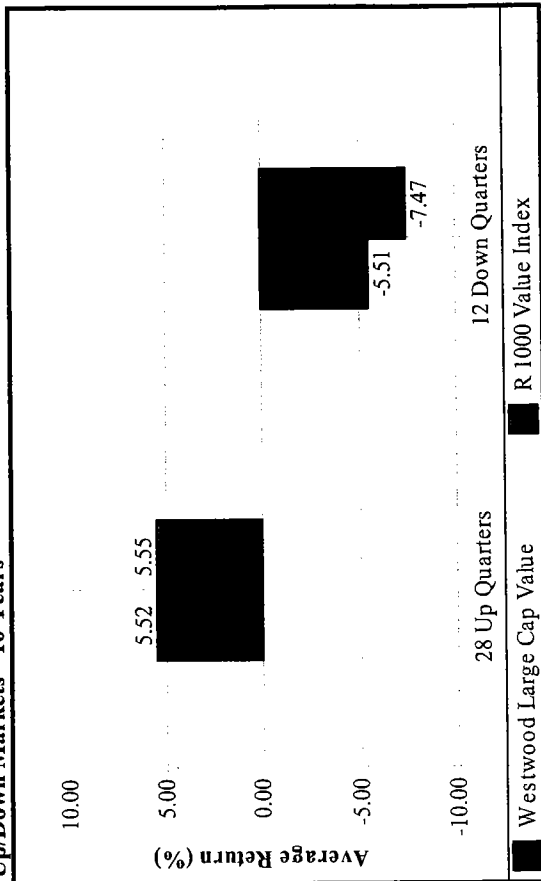
Performance shown is gross of fees. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
Westwood Large Cap Value vs. US Value/Large Cap Equity (SA+CF)
 As of September 30, 2008

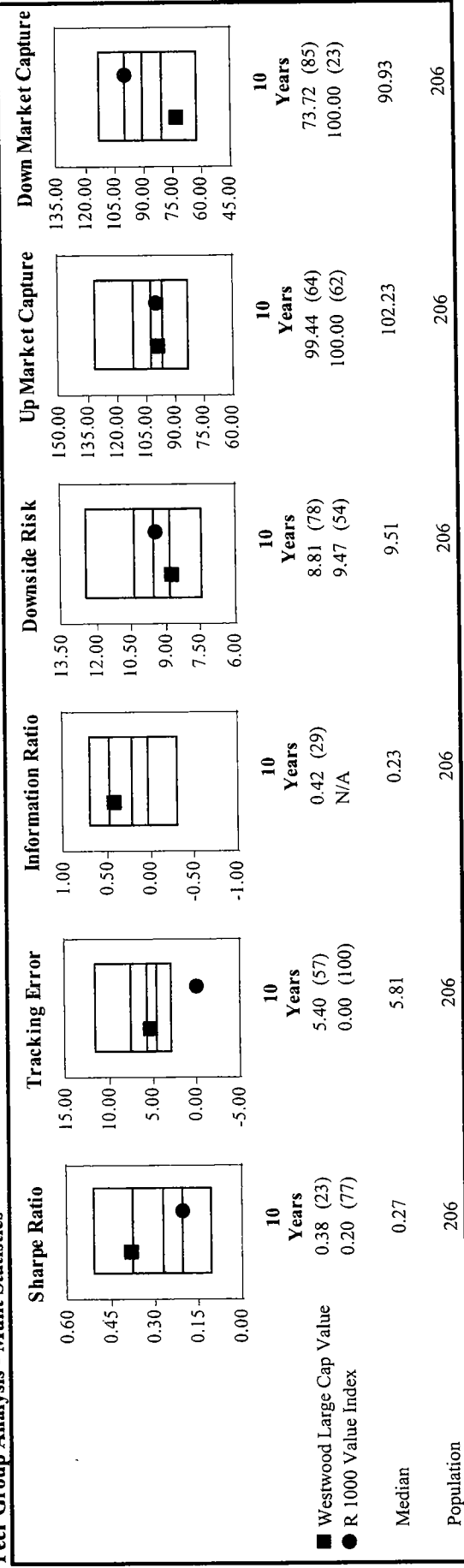
Peer Group Scattergram - 10 Years



Up/Down Markets - 10 Years

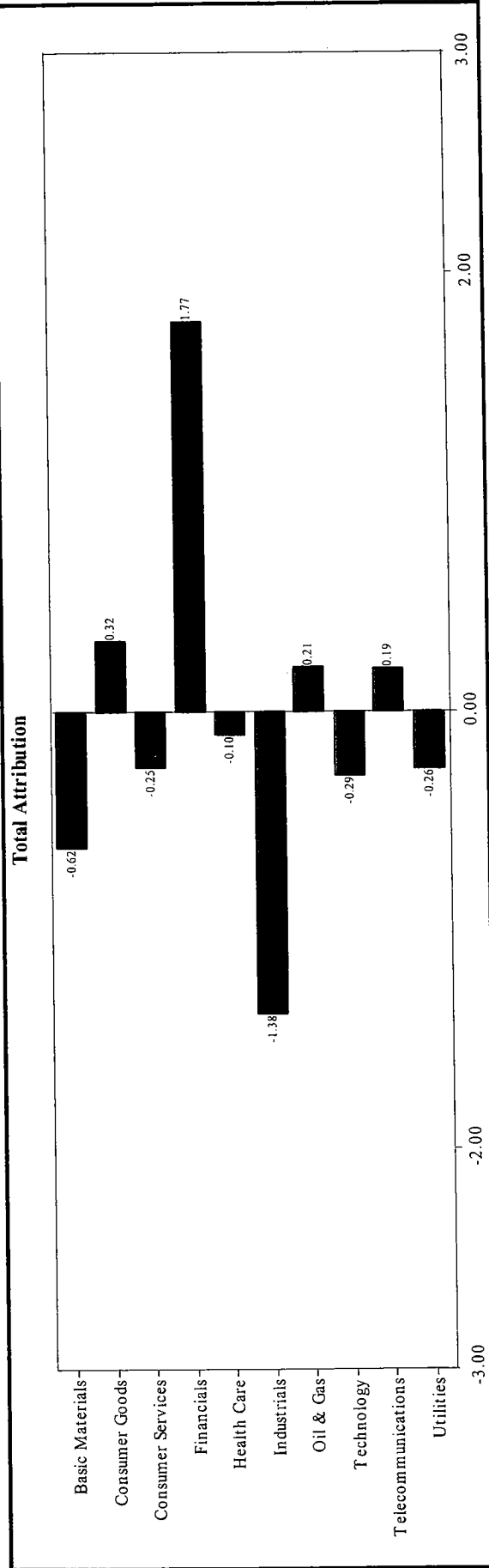
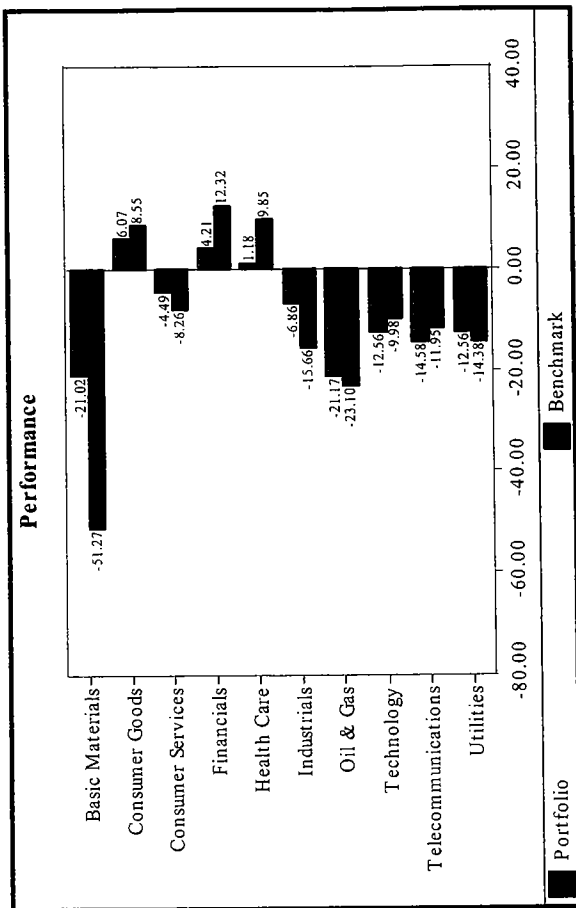
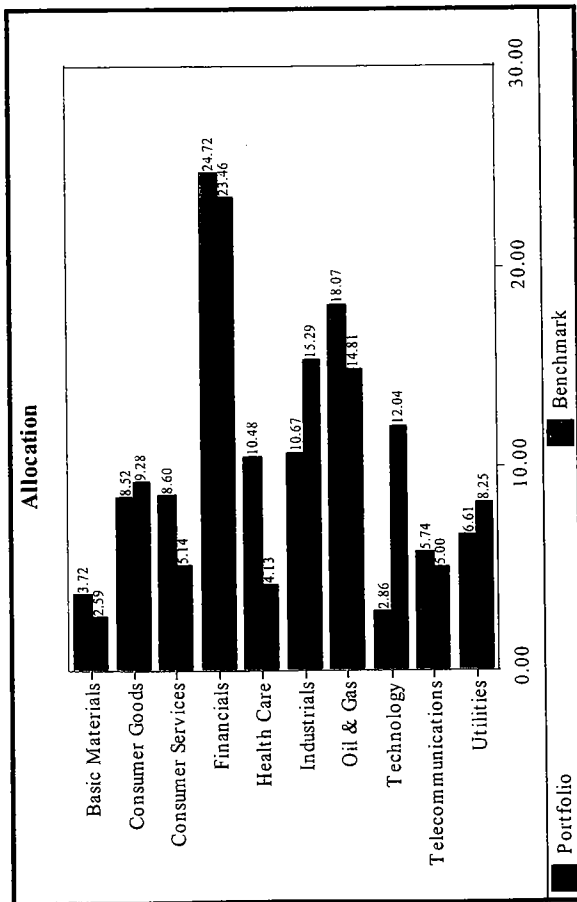


Peer Group Analysis - Mult Statistics



Performance shown is gross of fees. Calculation is based on quarterly periodicity. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
Westwood Large Cap Value vs. R 1000 Value Index
Buy and Hold Sector Attribution Graph
1 Quarter Ending September 30, 2008



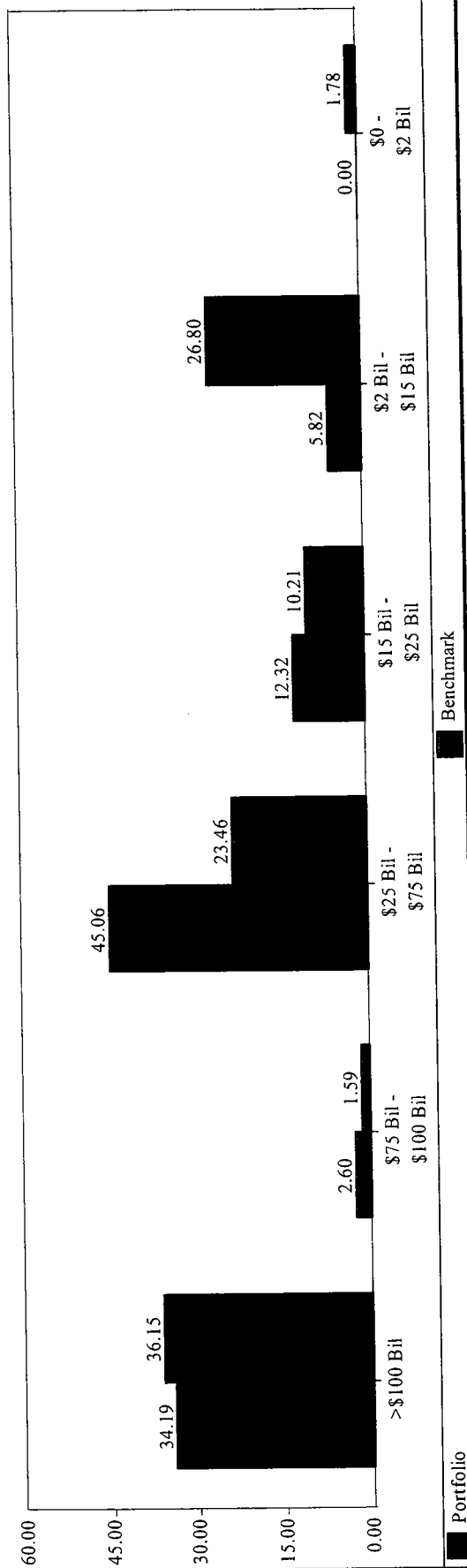
Sector attribution is calculated using the Industry Classification Benchmark (ICB).

San Diego Transit Corporation Employees Retirement Plan
Westwood Large Cap Value vs. R 1000 Value Index
Portfolio Characteristics
As of September 30, 2008

Top Ten Equity Holdings	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
DOMINION RESOURCES, INC.	2.83	0.43	2.40	-9.10
WELLS FARGO & COMPANY	2.81	2.15	0.66	59.80
EXXON MOBIL CORPORATION	2.77	5.81	-3.04	-11.44
JOHNSON & JOHNSON	2.72	2.50	0.22	8.38
NIKE INC.	2.70	0.00	2.70	12.62
UNITED TECHNOLOGIES	2.69	0.44	2.25	-2.18
COLGATE-PALMOLIVE CO.	2.69	0.00	2.69	9.63
PG&E CORPORATION	2.66	0.23	2.42	-4.66
CISCO SYSTEMS INCORPORATED	2.65	0.00	2.65	-3.01
ORACLE CORPORATION	2.65	0.00	2.65	-3.29
% of Portfolio	27.17		11.56	

Portfolio Characteristics	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	83,563	92,488
Median Mkt. Cap. (\$M)	44,146	4,023
Price/Earnings ratio	13.36	13.16
Price/Book ratio	2.33	1.90
5 Yr. EPS Growth Rate (%)	20.09	18.41
Current Yield (%)	2.68	3.42
Beta (5 yrs, monthly periodicity)	0.89	1.00
Number of Stocks	43	662

Distribution of Market Capitalization (%)

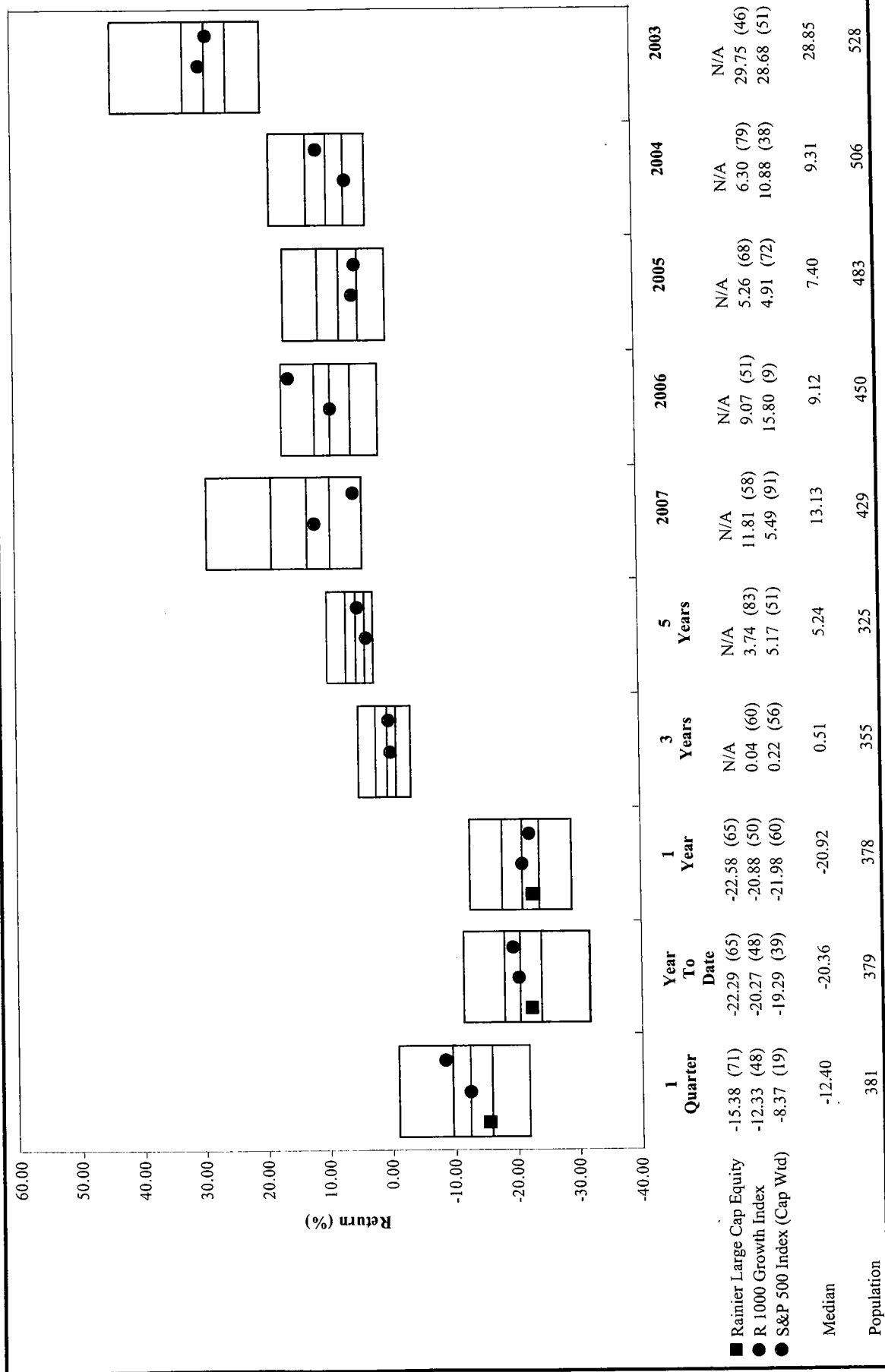


San Diego Transit Corporation Employees Retirement Plan
Schedule of Investable Assets
Rainier Large Cap Equity
Since Inception Ending September 30, 2008

Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Sep-07	-	-	-	19,733,399	N/A	100.00
Dec-07	19,733,399	-356,609	-69,478	19,307,312	-0.37	99.63
Mar-08	19,307,312	-874,390	-1,742,879	16,690,042	-9.03	90.64
Jun-08	16,690,042	-29,608	158,544	16,818,978	0.94	91.49
Sep-08	16,818,978	-27,125	-2,583,599	14,208,254	-15.38	77.42
	19,733,399	-1,287,732	-4,237,412	14,208,254	-22.58	77.42

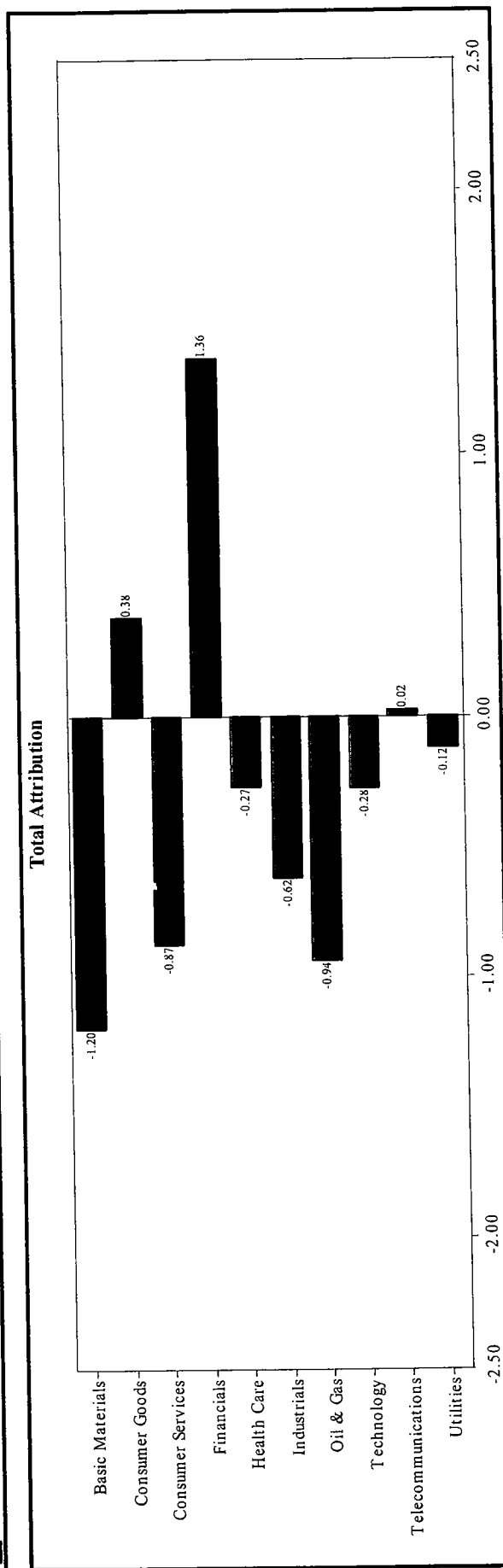
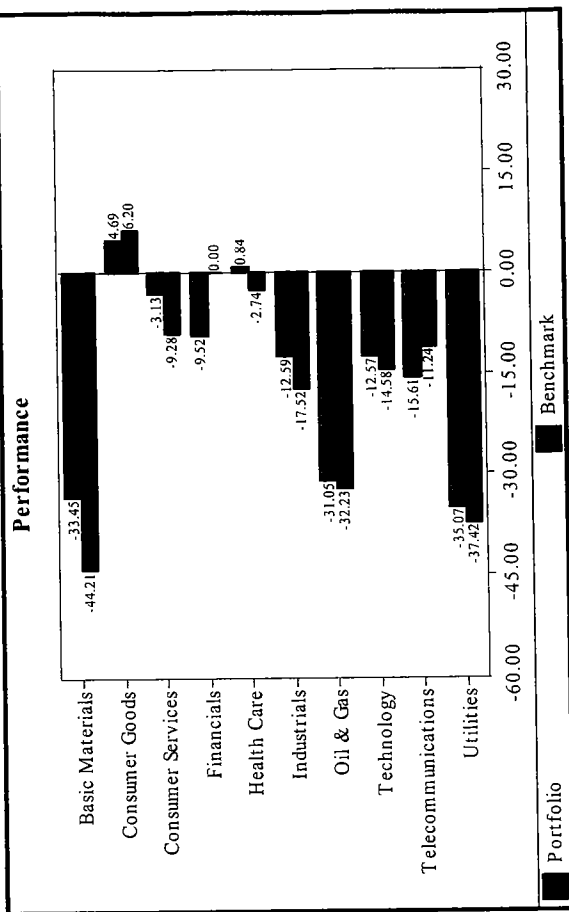
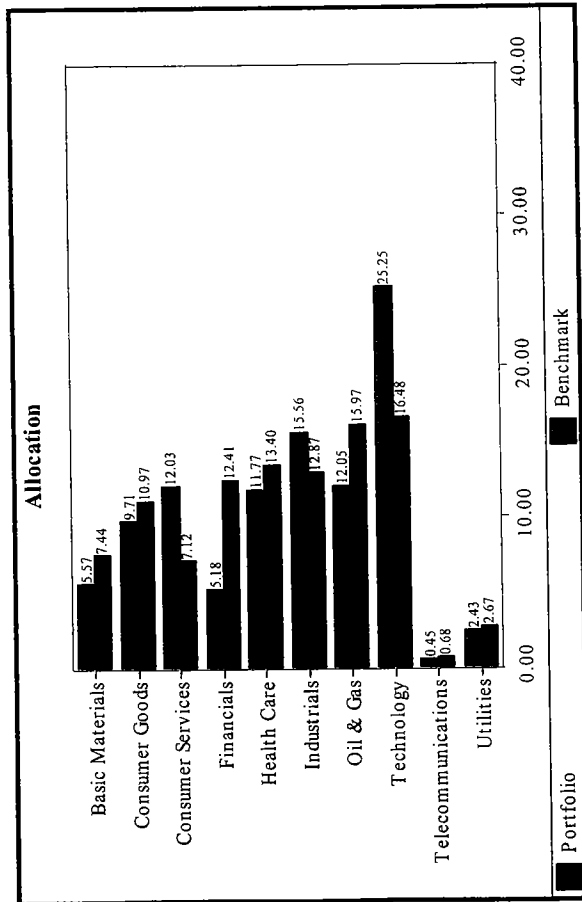
The last row shown in bold at the end of the table contains aggregate values pertaining to the period specified in the header. Performance shown is gross of fees. Calculation is based on quarterly periodicity.

San Diego Transit Corporation Employees Retirement Plan
Peer Group Analysis
US Growth/Large Cap Equity (SA+CF)
As of September 30, 2008



Performance shown is gross of fees. Parentheses contain percentile ranks.

**San Diego Transit Corporation Employees Retirement Plan
Rainier Large Cap Equity vs. R 1000 Growth Index
Buy and Hold Sector Attribution Graph
1 Quarter Ending September 30, 2008**



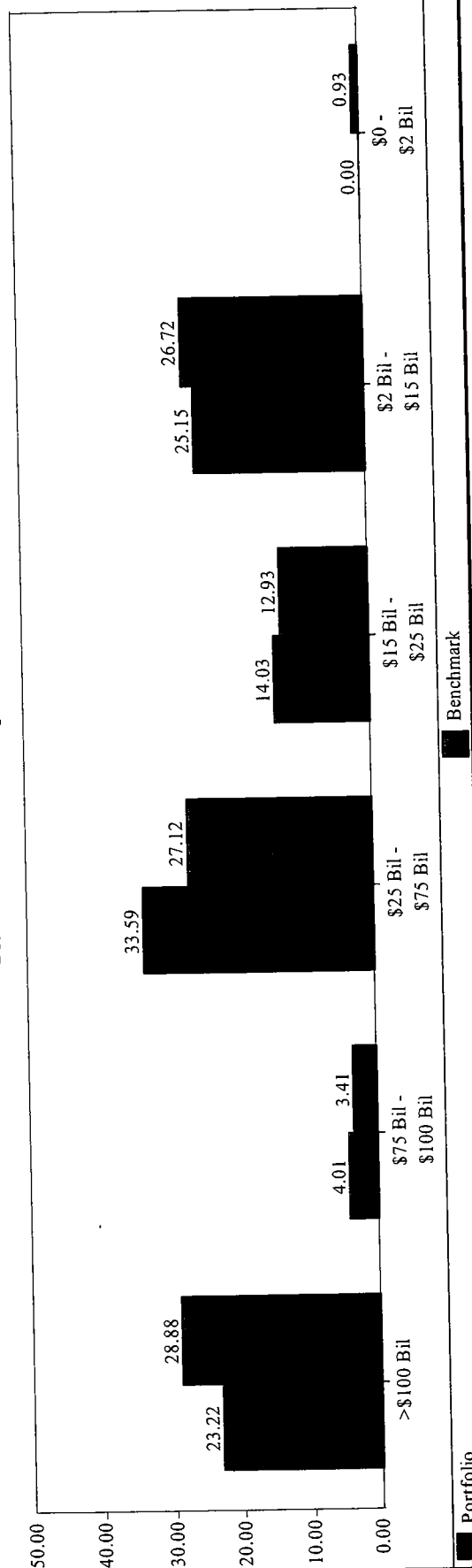
Sector attribution is calculated using the Industry Classification Benchmark (ICB).

San Diego Transit Corporation Employees Retirement Plan
Rainier Large Cap Equity vs. R 1000 Growth Index
Portfolio Characteristics
As of September 30, 2008

Top Ten Equity Holdings	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
TRANSCOCEAN INC.	3.08	0.60	2.48	-27.92
CHARLES SCHWAB CORP	2.43	0.41	2.02	26.90
PROCTER & GAMBLE CO (THE)	2.33	1.35	0.98	15.30
PEPSICO INC.	2.20	1.81	0.39	12.75
TOTAL SA	2.15	0.00	2.15	-28.84
ABBOTT LABORATORIES	2.07	1.52	0.55	9.40
GILEAD SCIENCES, INC.	1.84	0.72	1.12	-13.82
HEWLETT-PACKARD COMPANY	1.80	1.95	-0.15	4.77
BAXTER INTERNATIONAL INC.	1.79	0.70	1.08	2.98
EXXON MOBIL CORPORATION	1.75	1.30	0.45	-11.44
% of Portfolio	21.44		10.36	

Portfolio Characteristics	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	62,871	67,088
Median Mkt. Cap. (\$M)	22,776	4,856
Price/Earnings ratio	14.28	16.43
Price/Book ratio	2.94	3.58
5 Yr. EPS Growth Rate (%)	31.88	27.18
Current Yield (%)	2.05	1.96
Beta	-	1.00
Number of Stocks	97	647

Distribution of Market Capitalization (%)



Beta is not calculated for funds with performance of less than 3 years.

RVKuhns

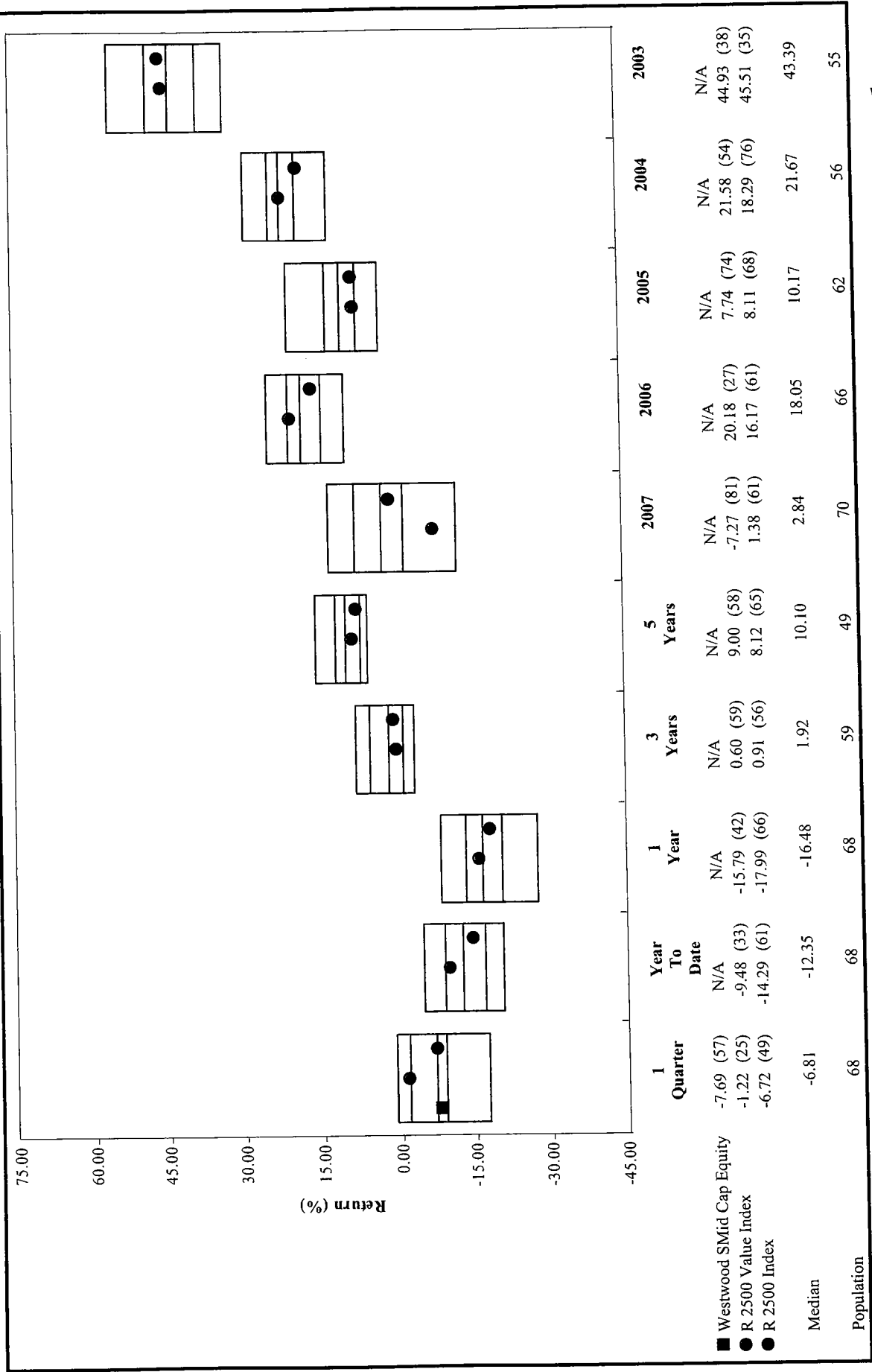
► ► & ASSOCIATES, INC.

San Diego Transit Corporation Employees Retirement Plan
Westwood SMid Cap Equity
Schedule of Investable Assets
Since Inception Ending September 30, 2008

Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Jun-08	-	-	-	9,301,536	N/A	100.00
Sep-08	9,301,536	648	-730,275	8,571,908	-7.69	92.31
	9,301,536	648	-730,275	8,571,908	-7.69	92.31

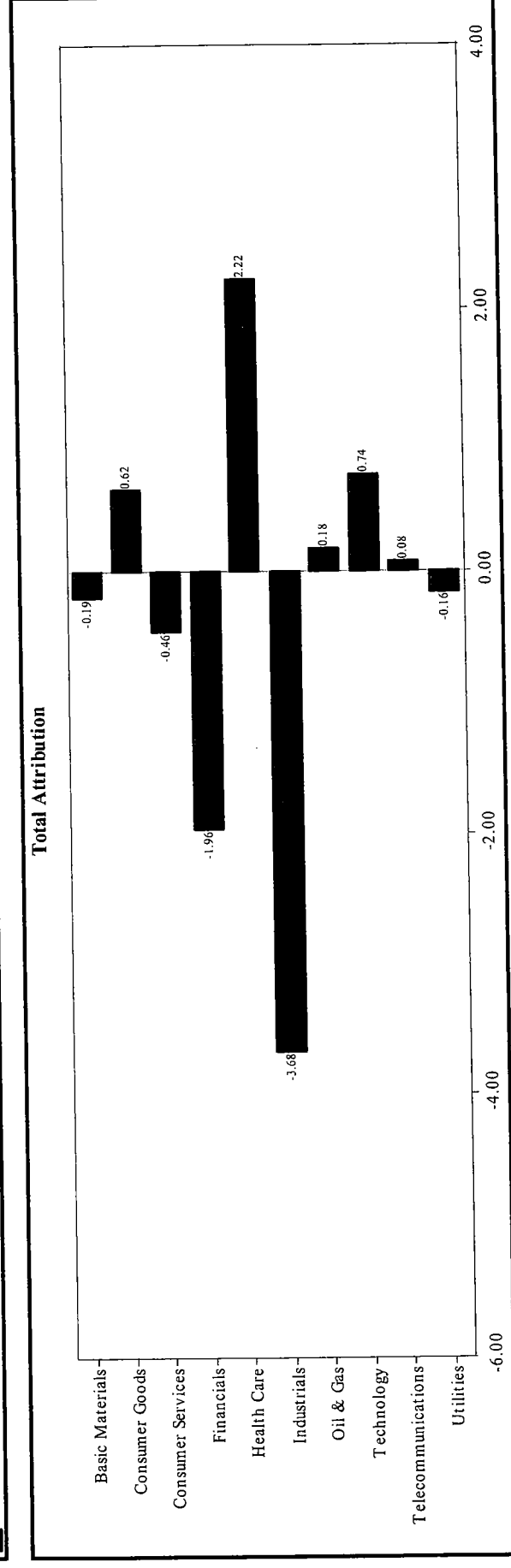
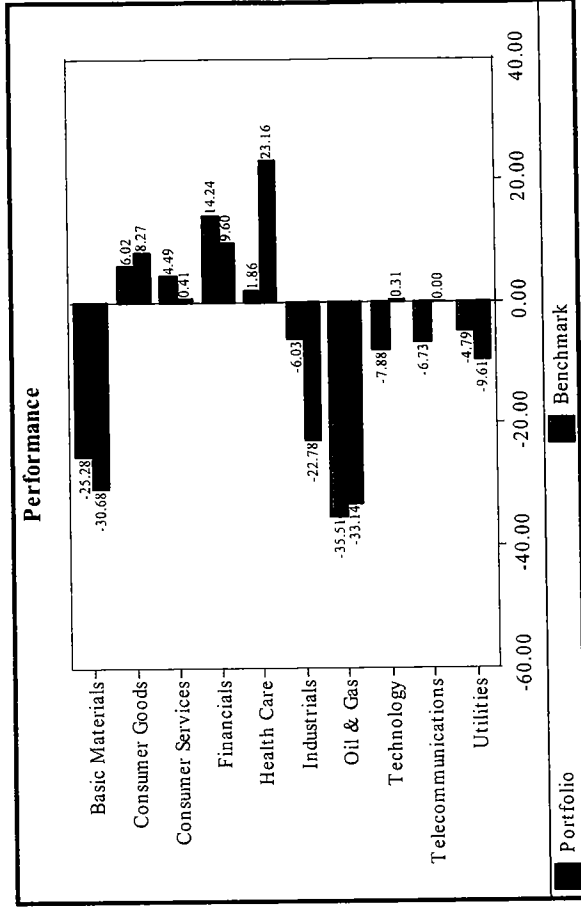
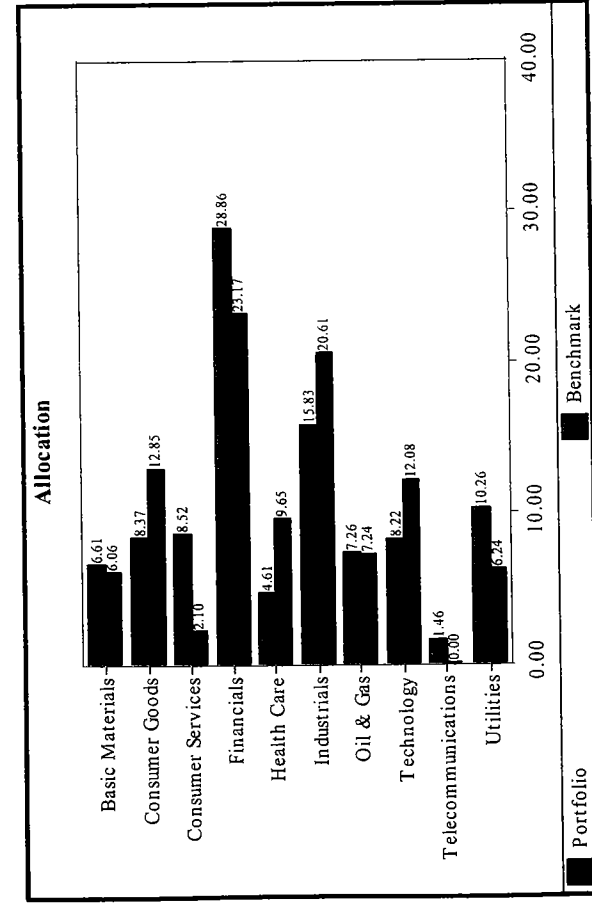
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San Diego Transit Corporation Employees Retirement Plan
US Small/Mid Cap Value (SA+CF)
Peer Group Analysis
As of September 30, 2008



Performance shown is gross of fees. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
Westwood SMid Cap Equity vs. R 2500 Value Index
Buy and Hold Sector Attribution Graph
1 Quarter Ending September 30, 2008

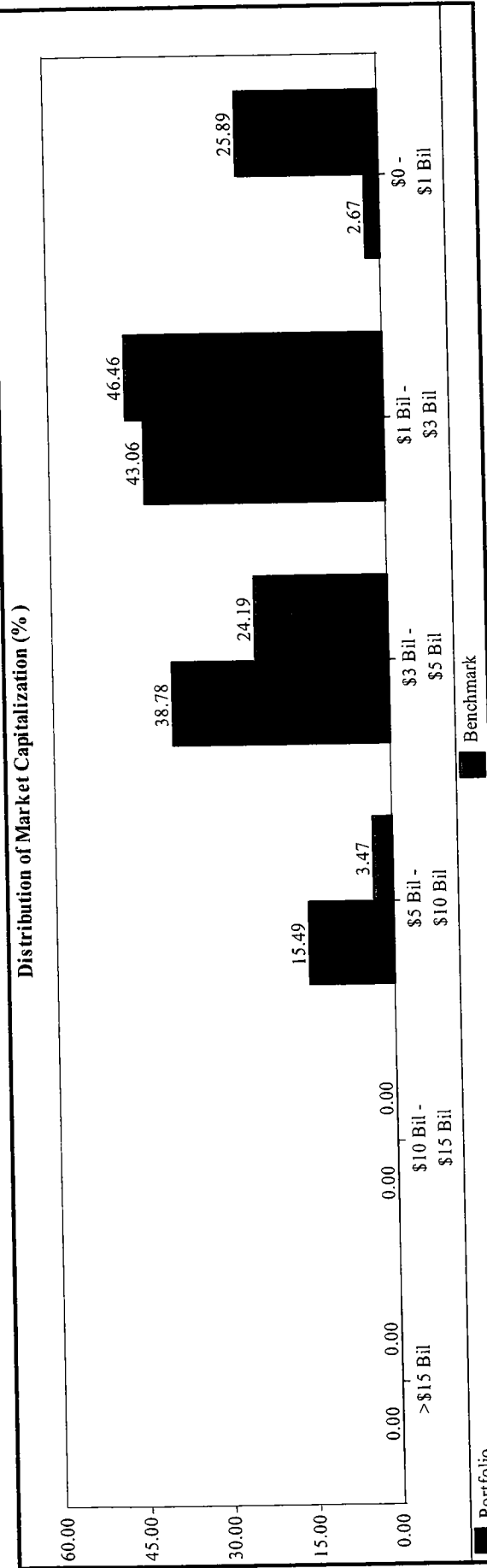


Sector attribution is calculated using the Industry Classification Benchmark (ICB).

San Diego Transit Corporation Employees Retirement Plan
Westwood SMid Cap Equity vs. R 2500 Value Index
Portfolio Characteristics
As of September 30, 2008

Top Ten Equity Holdings	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
CACI INTERNATIONAL INC	2.55	0.10	2.45	9.46
HEALTHCARE REALTY	2.49	0.12	2.37	24.28
DR PEPPER	2.48	0.00	2.48	26.22
MATTEL, INC.	2.46	0.00	2.46	5.37
WILLIS GROUP HOLDINGS LTD.	2.40	0.00	2.40	3.67
EATON VANCE CORPORATION	2.35	0.00	2.35	-11.04
WISCONSIN ENERGY CORPORATION	2.32	0.44	1.88	-0.13
LAB CORP OF AMERICA	2.28	0.00	2.28	-0.19
LAZARD LTD	2.26	0.00	2.26	25.51
ALEXANDER & BALDWIN, INC.	2.25	0.15	2.10	-2.66
% of Portfolio	23.84		0.81	

Portfolio Characteristics	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	3,417	2,169
Median Mkt. Cap. (\$M)	3,136	652
Price/Earnings ratio	12.63	14.39
Price/Book ratio	2.00	1.69
5 Yr. EPS Growth Rate (%)	19.54	11.99
Current Yield (%)	3.10	3.69
Beta	-	1.00
Number of Stocks	53	1666



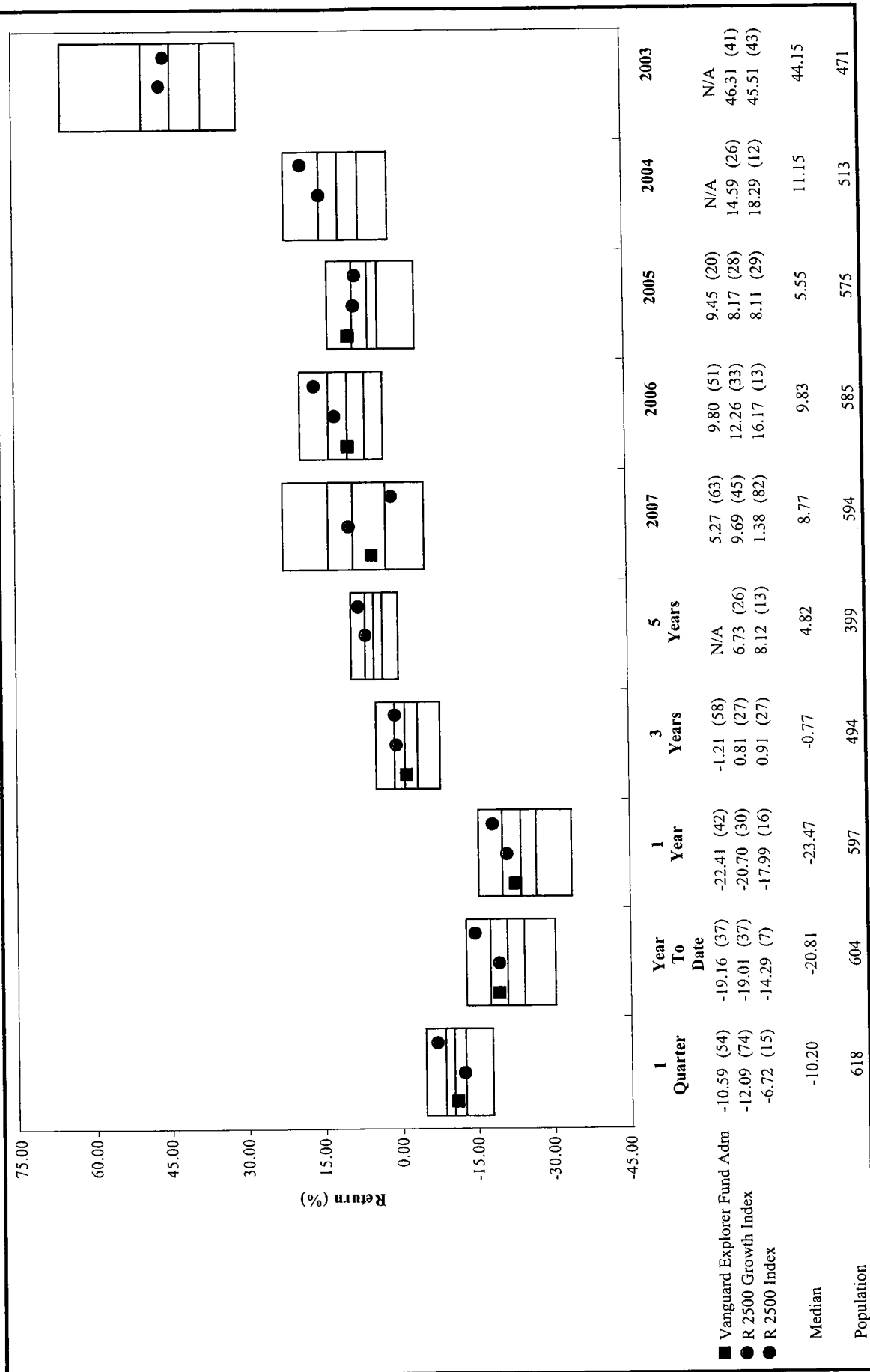
Beta is not calculated for funds with performance of less than 3 years.

San Diego Transit Corporation Employees Retirement Plan
Schedule of Investable Assets
Vanguard Explorer Fund Adm
Since Inception Ending September 30, 2008

Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Dec-04	-	-	-	8,836,887	N/A	100.00
Mar-05	8,836,887	2,200,000	-310,934	10,725,953	-3.11	96.89
Jun-05	10,725,953	-	409,725	11,135,678	3.82	100.59
Sep-05	11,135,678	-	609,002	11,744,679	5.47	106.09
Dec-05	11,744,679	-	372,557	12,117,236	3.17	109.45
Mar-06	12,117,236	-	1,393,722	13,510,958	11.50	122.04
Jun-06	13,510,958	-714,519	-855,255	11,941,184	-6.69	113.88
Sep-06	11,941,184	-	-188,562	11,752,622	-1.58	112.08
Dec-06	11,752,622	-	848,615	12,601,237	7.22	120.18
Mar-07	12,601,237	-	480,110	13,081,347	3.81	124.75
Jun-07	13,081,347	11,465	882,310	13,975,122	6.75	133.17
Sep-07	13,975,122	102	-142,922	13,832,302	-1.02	131.81
Dec-07	13,832,302	-	-556,180	13,276,123	-4.02	126.51
Mar-08	13,276,123	-	-1,620,862	11,655,260	-12.21	111.06
Jun-08	11,655,260	-	348,318	12,003,578	2.99	114.38
Sep-08	12,003,578	740	-1,270,717	10,733,601	-10.59	102.27
	8,836,887	1,497,788	398,926	10,733,601	0.60	102.27

The last row shown in bold at the end of the table contains aggregate values pertaining to the period specified in the header. Performance shown is net of fees. Calculation is based on quarterly periodicity.

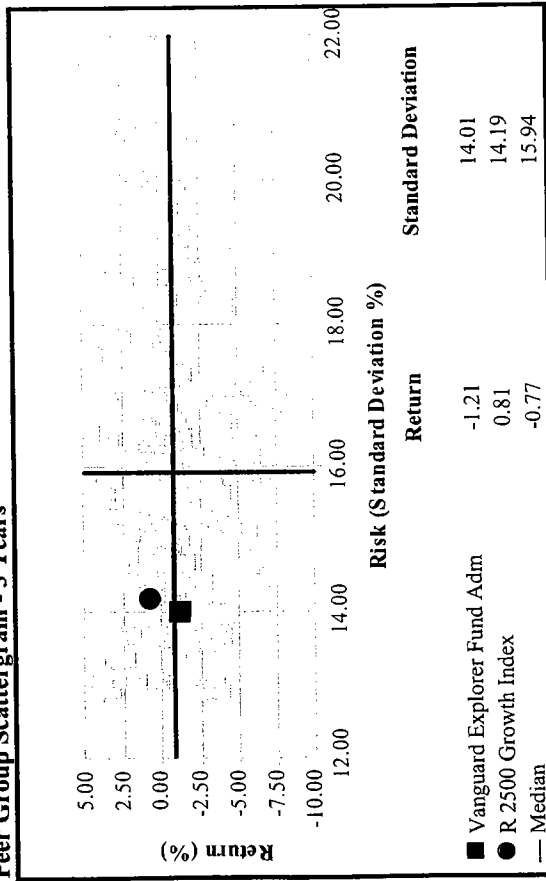
San Diego Transit Corporation Employees Retirement Plan
Peer Group Analysis
US Equity Small-Cap Growth Funds (MF)
As of September 30, 2008



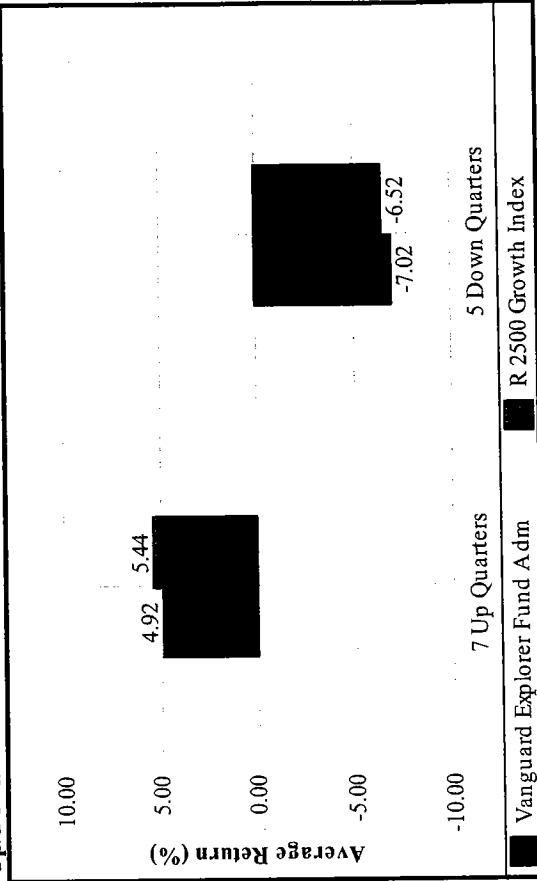
Performance shown is net of fees. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
 Vanguard Explorer Fund Adm vs. US Equity Small-Cap Growth Funds (MF)
 As of September 30, 2008

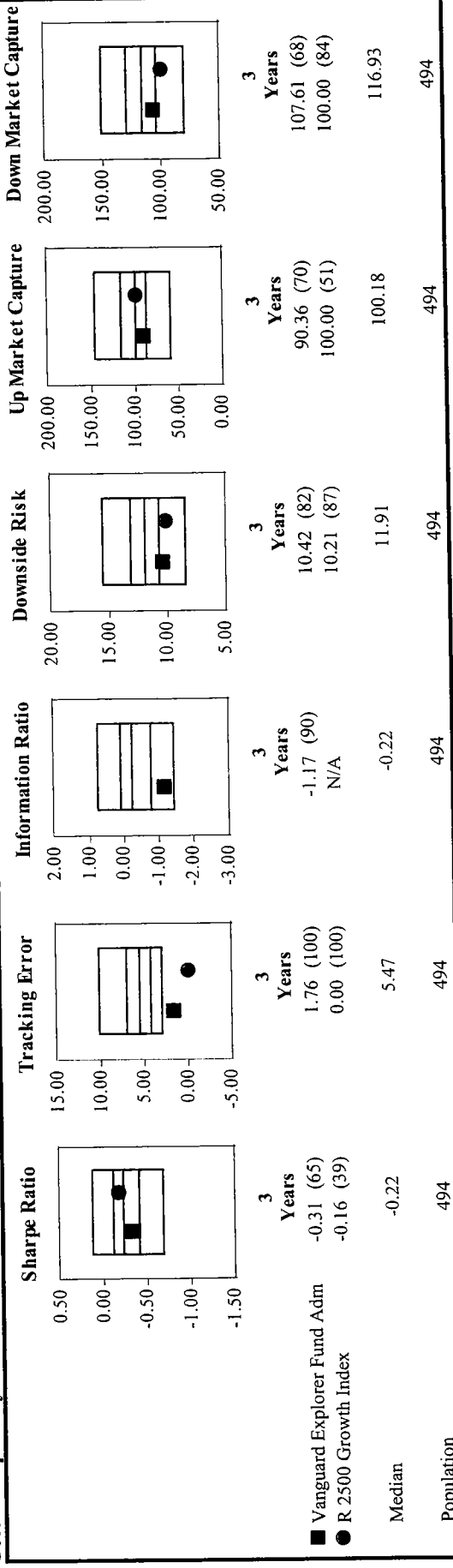
Peer Group Scattergram - 3 Years



Up/Down Markets - 3 Years

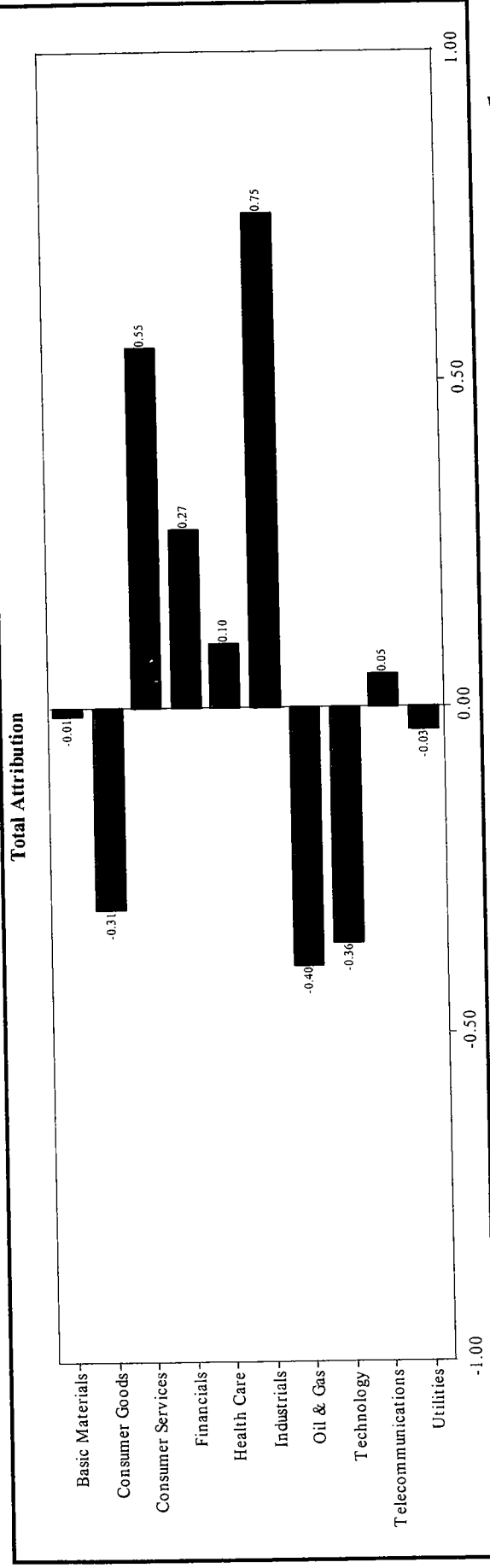
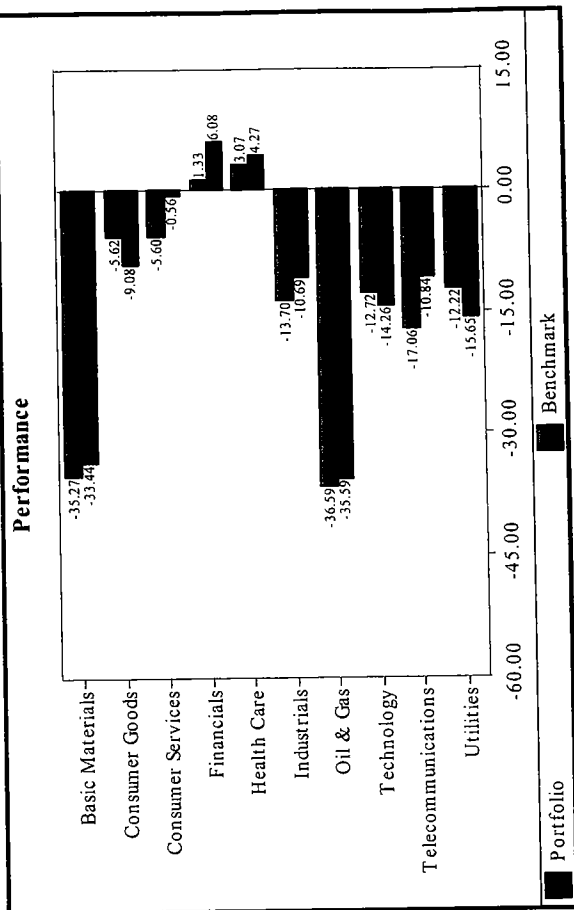
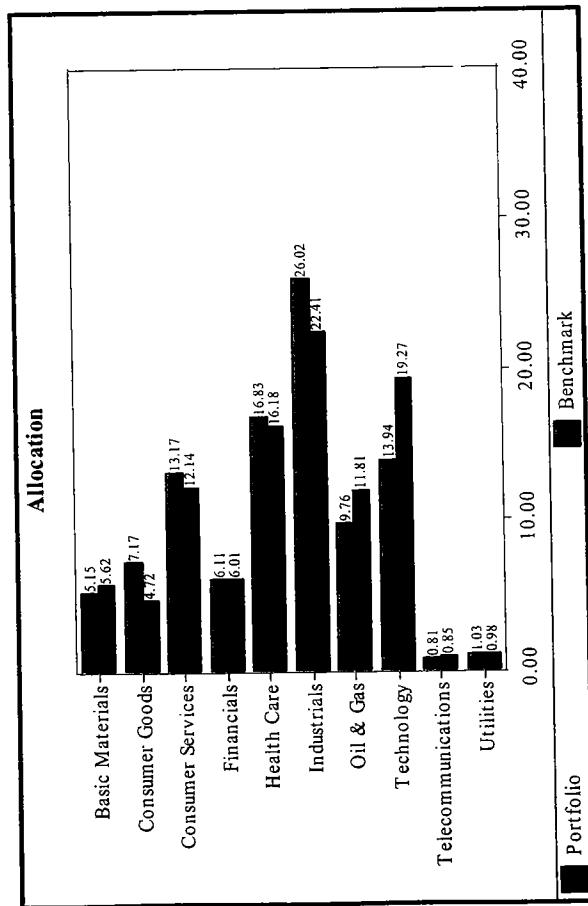


Peer Group Analysis - Multi Statistics



Performance shown is net of fees. Calculation is based on quarterly periodicity. Parentheses contain percentile ranks.

**San Diego Transit Corporation Employees Retirement Plan
Vanguard Explorer;Adm (VEXRX) vs. R 2500 Growth Index
Buy and Hold Sector Attribution Graph
1 Quarter Ending September 30, 2008**

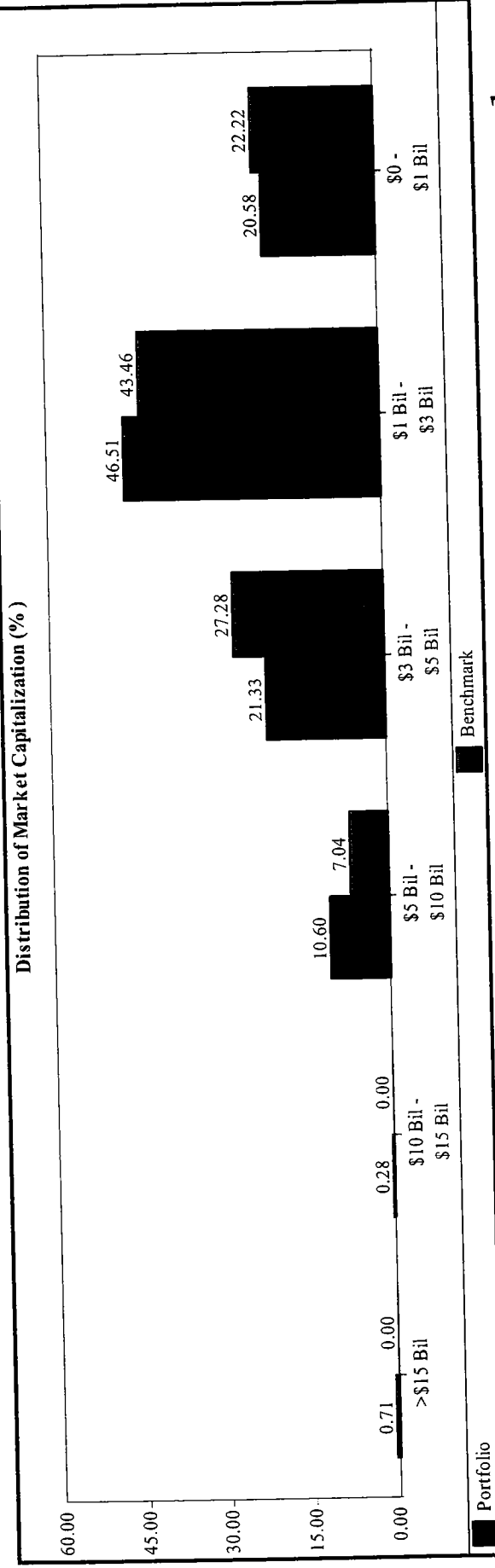


Sector attribution is calculated using the Industry Classification Benchmark (ICB).

San Diego Transit Corporation Employees Retirement Plan
Vanguard Explorer;Adm (VEXRX) vs. R 2500 Growth Index
Portfolio Characteristics
As of September 30, 2008

Top Ten Equity Holdings		Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
CEPHALON, INC.		1.27	0.49	0.78	16.19
MICROSEMI CORPORATION		1.03	0.19	0.85	1.19
DUN & BRADSTREET		0.92	0.35	0.58	8.02
APTARGROUP INCORPORATED		0.74	0.05	0.69	-6.41
POLYCOM, INC.		0.67	0.17	0.49	-5.05
HENRY SCHEIN, INC.		0.66	0.42	0.24	4.40
METTLER-TOLEDO INT'L		0.63	0.32	0.32	3.31
ARIBA, INC.		0.62	0.10	0.52	-3.94
ALLIANCE DATA SYSTEM		0.62	0.40	0.22	12.08
DENTSPLY INTL INC		0.59	0.52	0.07	2.13
% of Portfolio		7.75	3.01		

Portfolio Characteristics		Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)		2,670	2,410
Median Mkt. Cap. (\$M)		1,081	680
Price/Earnings ratio		17.73	18.27
Price/Book ratio		2.66	3.12
5 Yr. EPS Growth Rate (%)		21.38	22.79
Current Yield (%)		1.83	1.96
Beta (5 yrs, monthly periodicity)		0.98	1.00
Number of Stocks		1055	1517

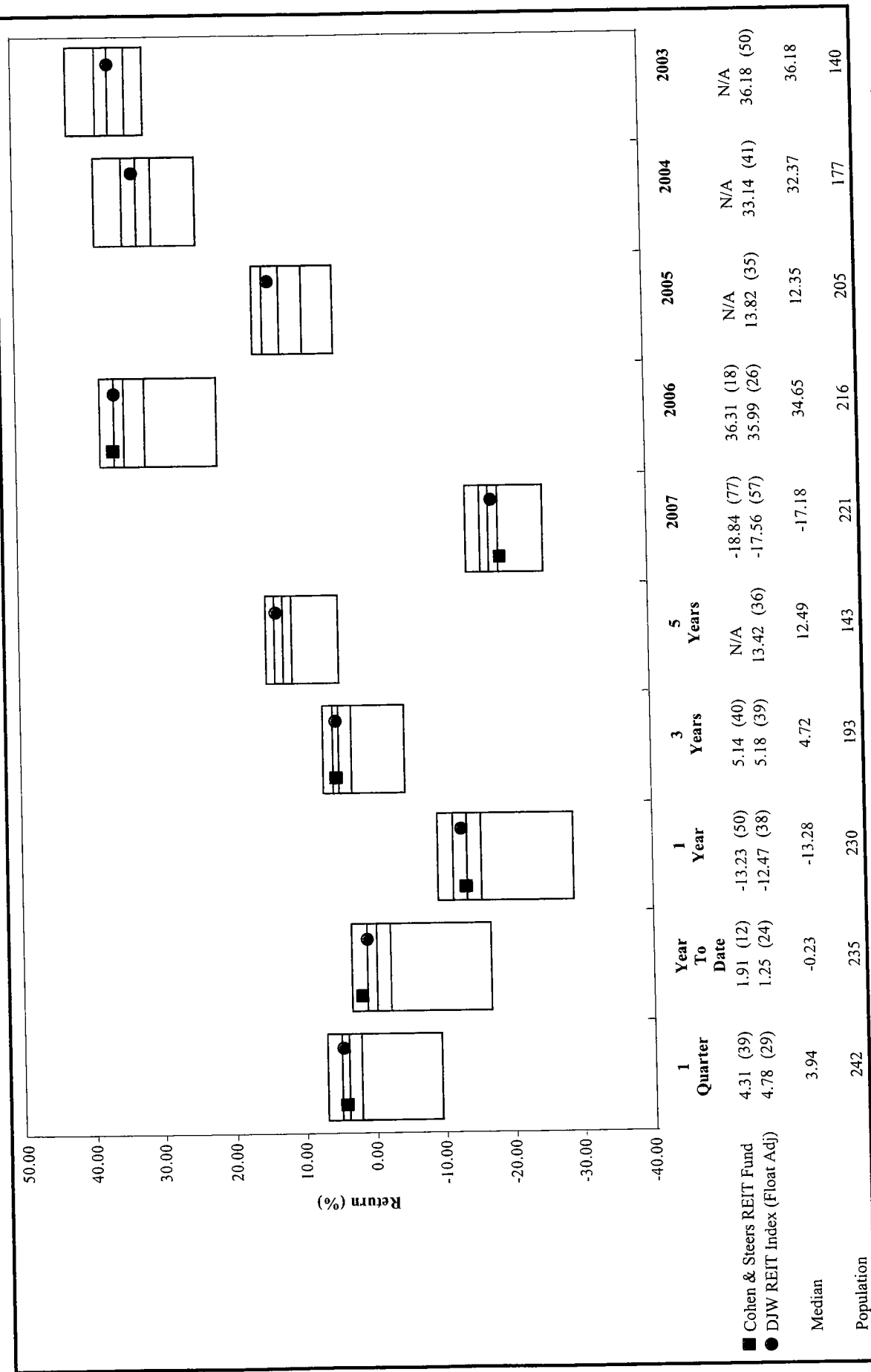


San Diego Transit Corporation Employees Retirement Plan
Schedule of Investable Assets
Cohen & Steers REIT Fund
Since Inception Ending September 30, 2008

Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Mar-05	-	-	-	7,300,614	N/A	100.00
Jun-05	7,300,614	-	1,111,725	8,412,339	15.23	115.23
Sep-05	8,412,339	-	333,185	8,745,524	3.96	119.79
Dec-05	8,745,524	-	269,401	9,014,926	3.08	123.48
Mar-06	9,014,926	-1,023,128	1,199,855	9,191,653	14.67	141.60
Jun-06	9,191,653	-706,826	-81,241	8,403,586	-0.76	140.53
Sep-06	8,403,586	-350,000	763,265	8,816,851	9.09	153.30
Dec-06	8,816,851	-	863,508	9,680,358	9.79	168.32
Mar-07	9,680,358	-1,246,000	231,641	8,665,999	2.25	172.11
Jun-07	8,665,999	-445,000	-737,418	7,483,581	-8.96	156.69
Sep-07	7,483,581	-	179,506	7,663,087	2.40	160.45
Dec-07	7,663,087	-	-1,139,017	6,524,070	-14.86	136.60
Mar-08	6,524,070	-	209,345	6,733,415	3.21	140.99
Jun-08	6,733,415	-	-359,054	6,374,361	-5.33	133.47
Sep-08	6,374,361	-	274,629	6,648,990	4.31	139.22
	7,300,614	-3,770,954	3,119,330	6,648,990	9.91	139.22

The last row shown in bold at the end of the table contains aggregate values pertaining to the period specified in the header. Performance shown is net of fees. Calculation is based on quarterly periodicity.

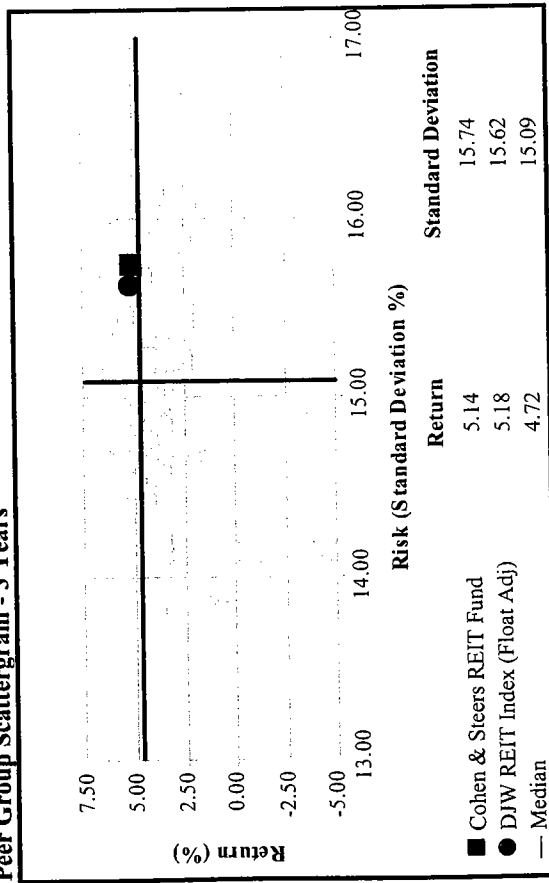
San Diego Transit Corporation Employees Retirement Plan
Peer Group Analysis
Real Estate Sector Funds (MF)
As of September 30, 2008



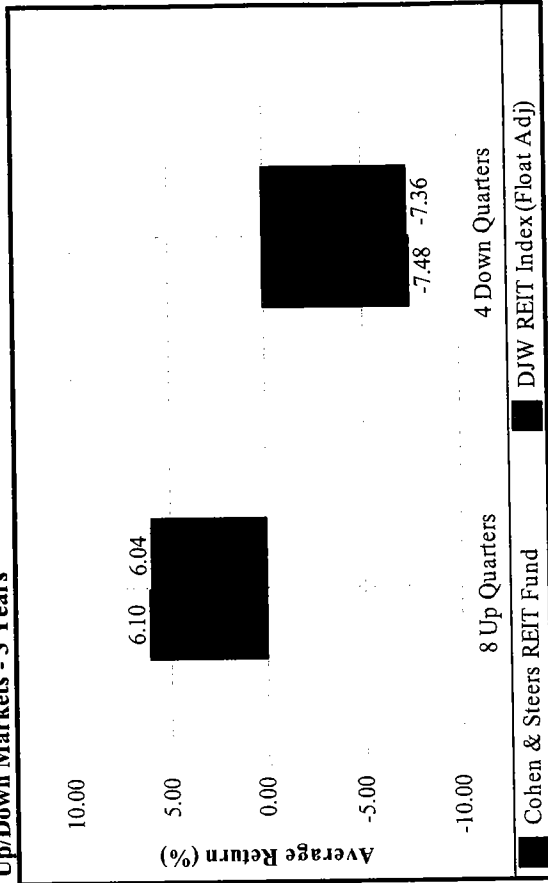
Performance shown is net of fees. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
Cohen & Steers REIT Fund vs. Real Estate Sector Funds (MF)
 As of September 30, 2008

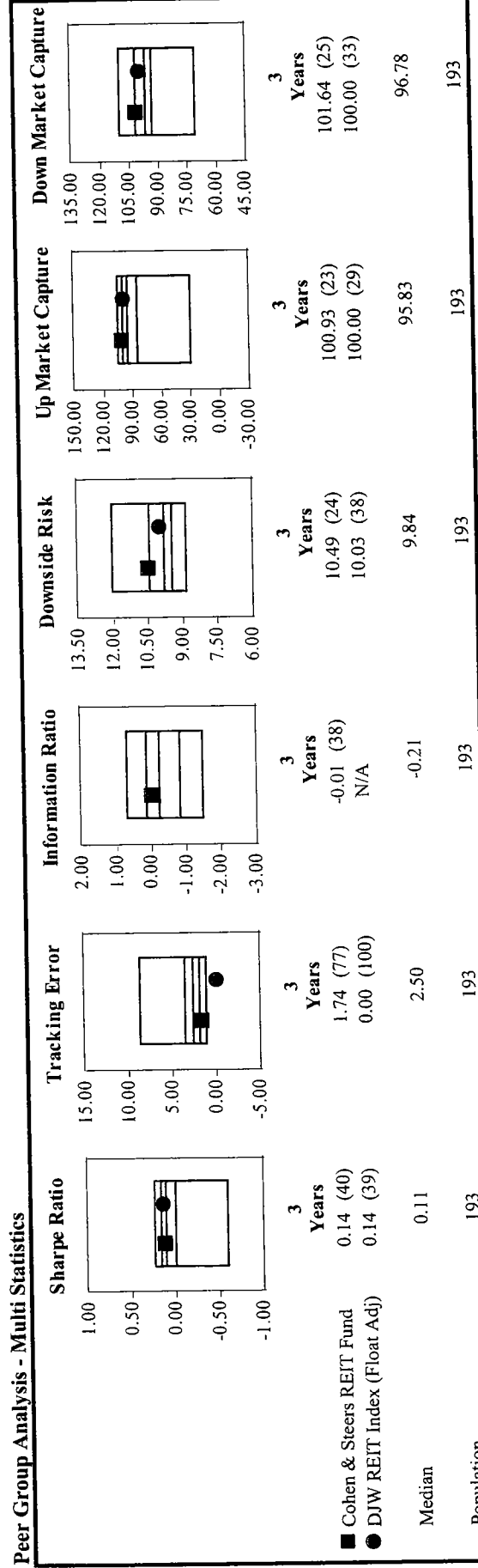
Peer Group Scattergram - 3 Years



Up/Down Markets - 3 Years



Peer Group Analysis - Multi Statistics



Performance shown is net of fees. Calculation is based on quarterly periodicity. Parentheses contain percentile ranks.

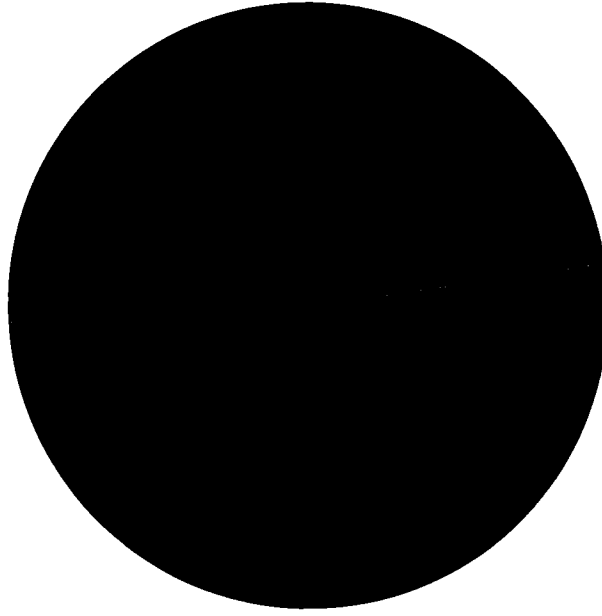
San Diego Transit Corporation Employees Retirement Plan
Schedule of Investable Assets
Brandes Global Equity
5 Years Ending September 30, 2008

Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Sep-03	-	-	-	10,368,311	N/A	100.00
Dec-03	10,368,311	-124,080	1,963,279	12,207,510	19.02	119.02
Mar-04	12,207,510	-28,218	575,771	12,755,063	4.72	124.63
Jun-04	12,755,063	-29,460	199,340	12,924,943	1.57	126.59
Sep-04	12,924,943	-	-499,736	12,425,206	-3.87	121.69
Dec-04	12,425,206	2,159,411	2,026,616	16,611,234	14.53	139.38
Mar-05	16,611,234	-5,040,015	-460,468	11,110,751	-2.77	135.51
Jun-05	11,110,751	-39,453	101,328	11,172,626	0.91	136.75
Sep-05	11,172,626	-26,187	1,052,320	12,198,760	9.42	149.63
Dec-05	12,198,760	-28,150	-72,946	12,097,663	-0.59	148.75
Mar-06	12,097,663	-	927,228	13,024,892	7.66	160.15
Jun-06	13,024,892	-259,141	222,562	12,988,313	1.69	162.86
Sep-06	12,988,313	-29,720	1,108,847	14,067,439	8.54	176.78
Dec-06	14,067,439	-31,879	1,243,924	15,279,484	8.85	192.42
Mar-07	15,279,484	-34,303	408,456	15,653,637	2.68	197.57
Jun-07	15,653,637	-3,175,052	1,184,587	13,663,172	7.58	212.56
Sep-07	13,663,172	-31,067	-137,222	13,494,883	-1.00	210.44
Dec-07	13,494,883	-24,384	-810,271	12,660,229	-6.01	197.78
Mar-08	12,660,229	-29,048	-1,694,895	10,936,286	-13.40	171.29
Jun-08	10,936,286	-25,600	-600,064	10,310,621	-5.51	161.84
Sep-08	10,310,621	-24,350	-1,772,343	8,513,928	-17.23	133.96
	10,368,311	-6,820,695	4,966,311	8,513,928	6.02	133.96

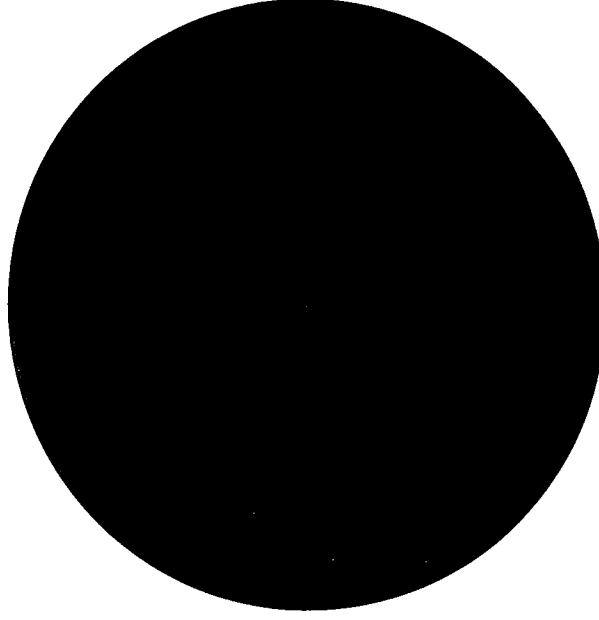
The last row shown in bold at the end of the table contains aggregate values pertaining to the period specified in the header. Performance shown is gross of fees. Calculation is based on quarterly periodicity.

San Diego Transit Corporation Employees Retirement Plan
Asset Allocation by Segment
Brandes Global Equity

June 30, 2008 : \$10,310,621



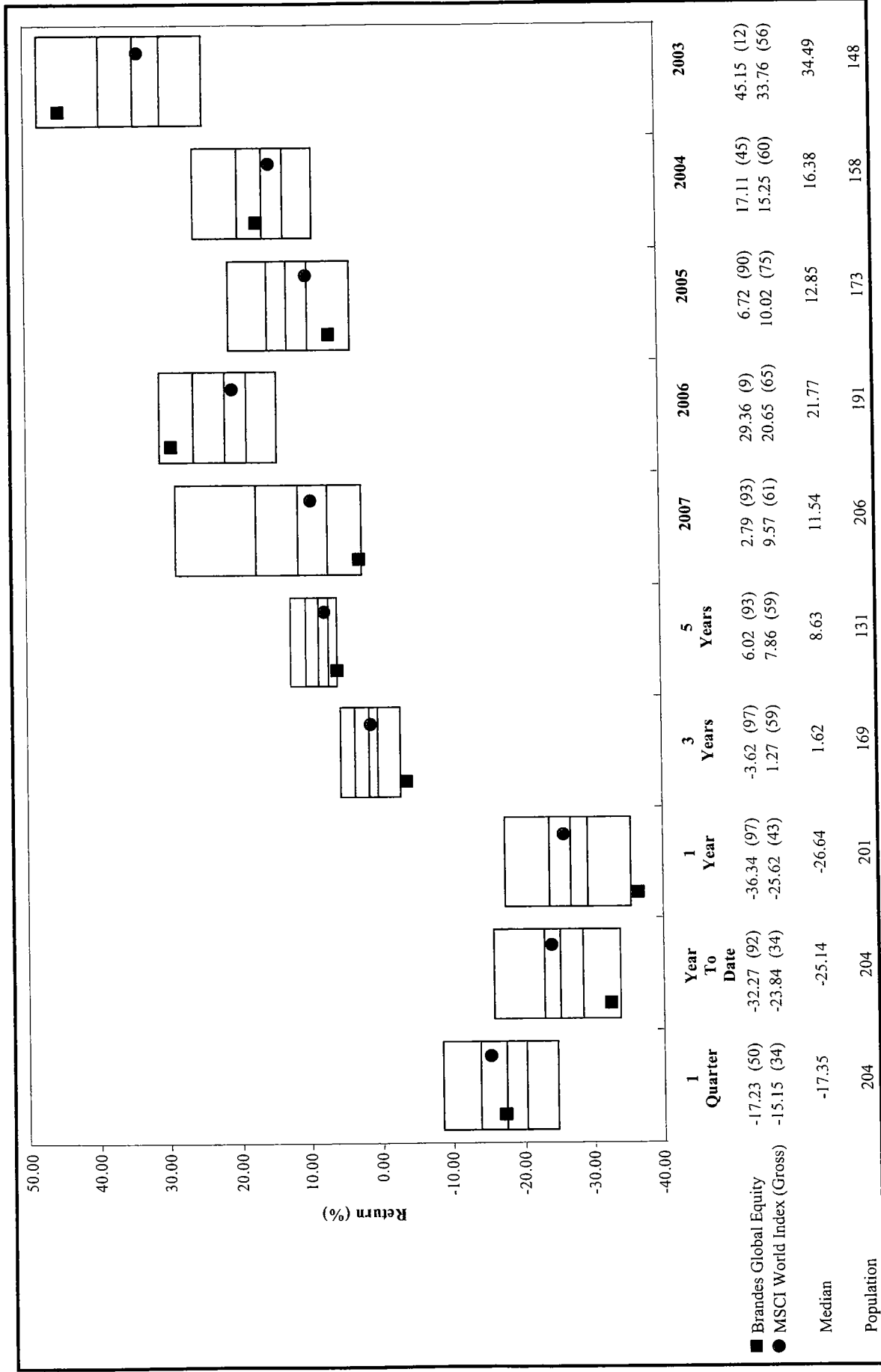
September 30, 2008 : \$8,513,928



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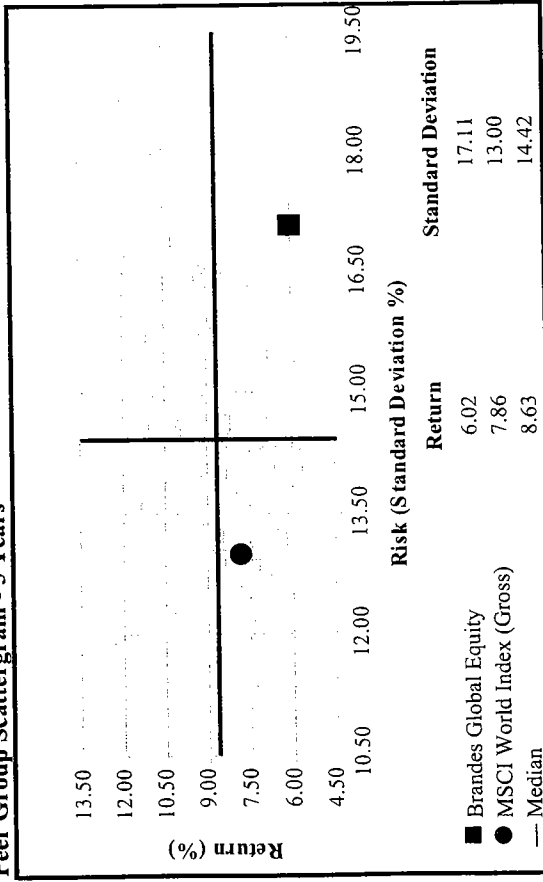
San Diego Transit Corporation Employees Retirement Plan
Peer Group Analysis
Global Equity (SA+CF)
As of September 30, 2008



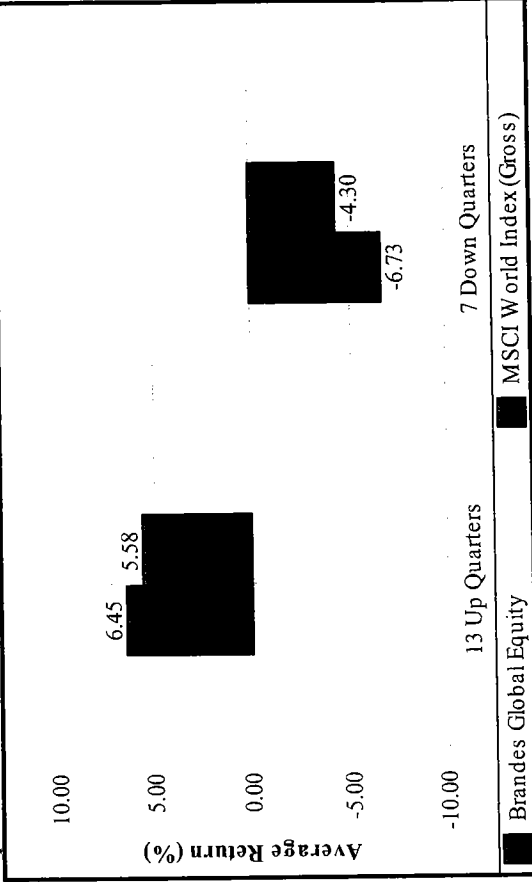
Performance shown is gross of fees. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
 Brandes Global Equity vs. Global Equity (SA+CF)
 As of September 30, 2008

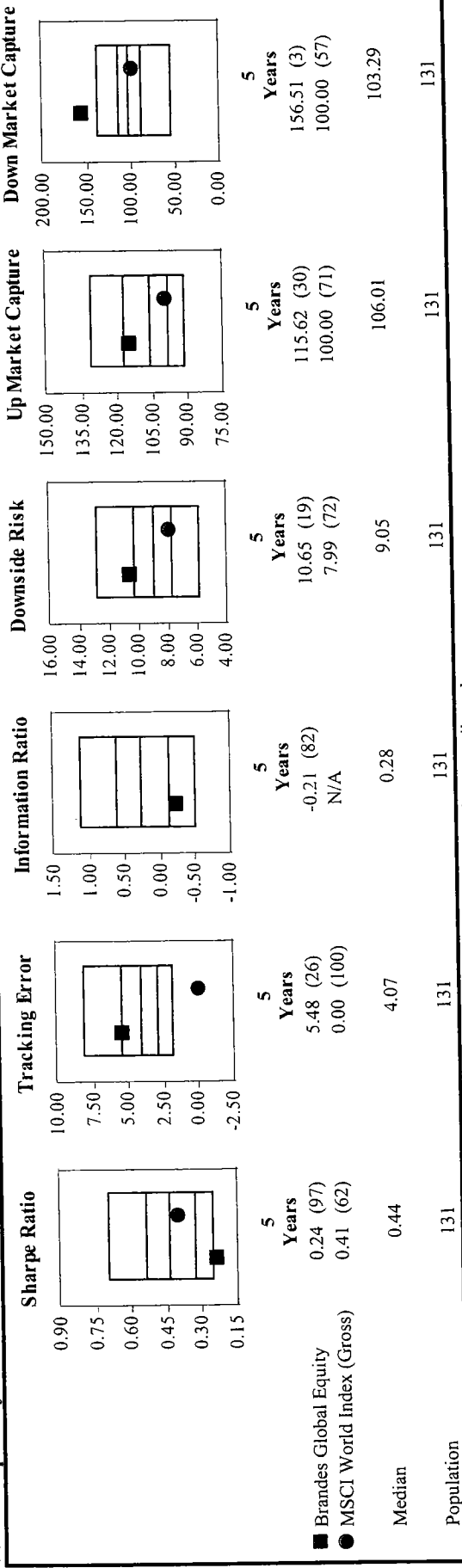
Peer Group Scattergram - 5 Years



Up/Down Markets - 5 Years

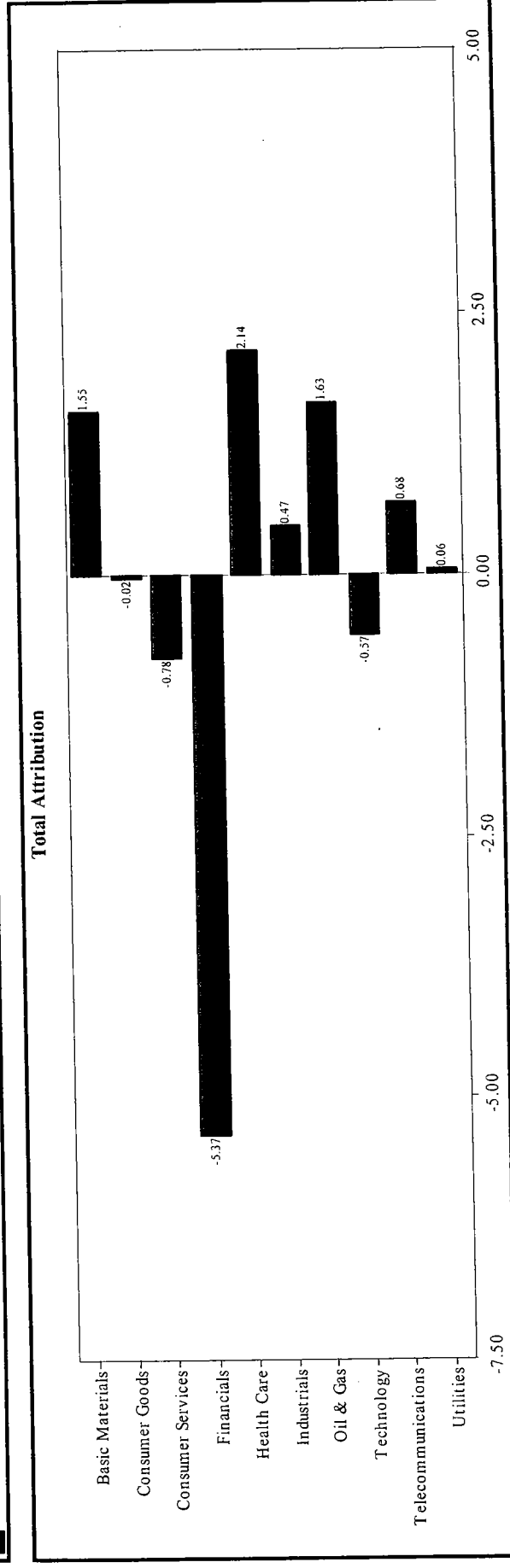
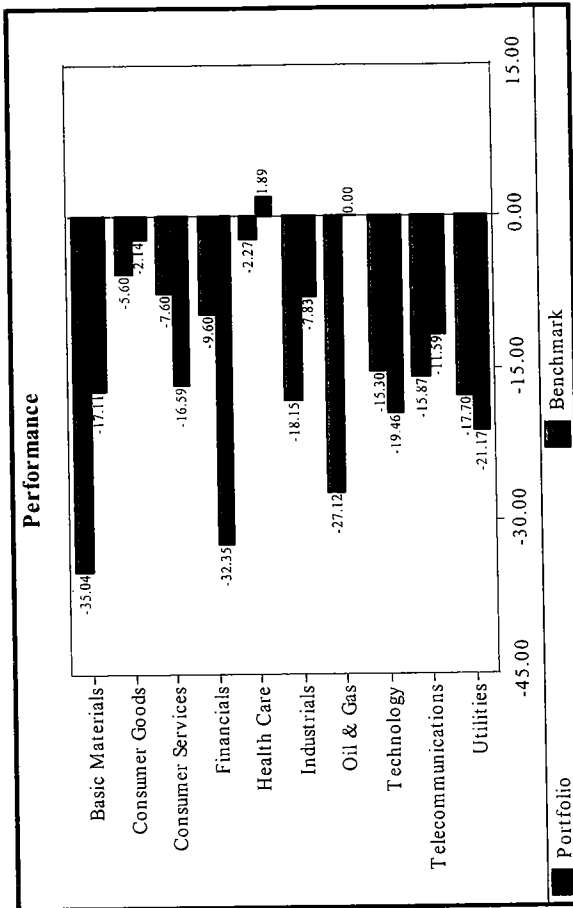
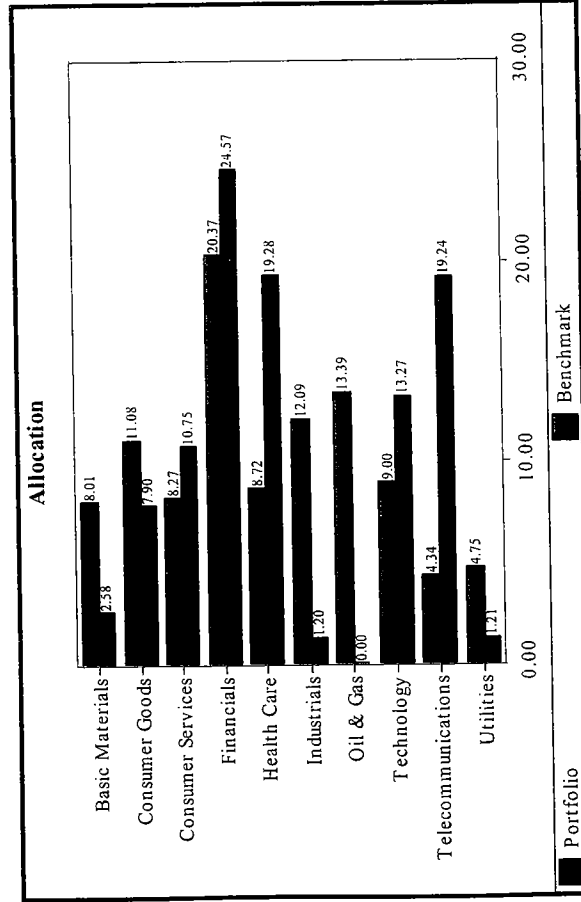


Peer Group Analysis - Multi Statistics



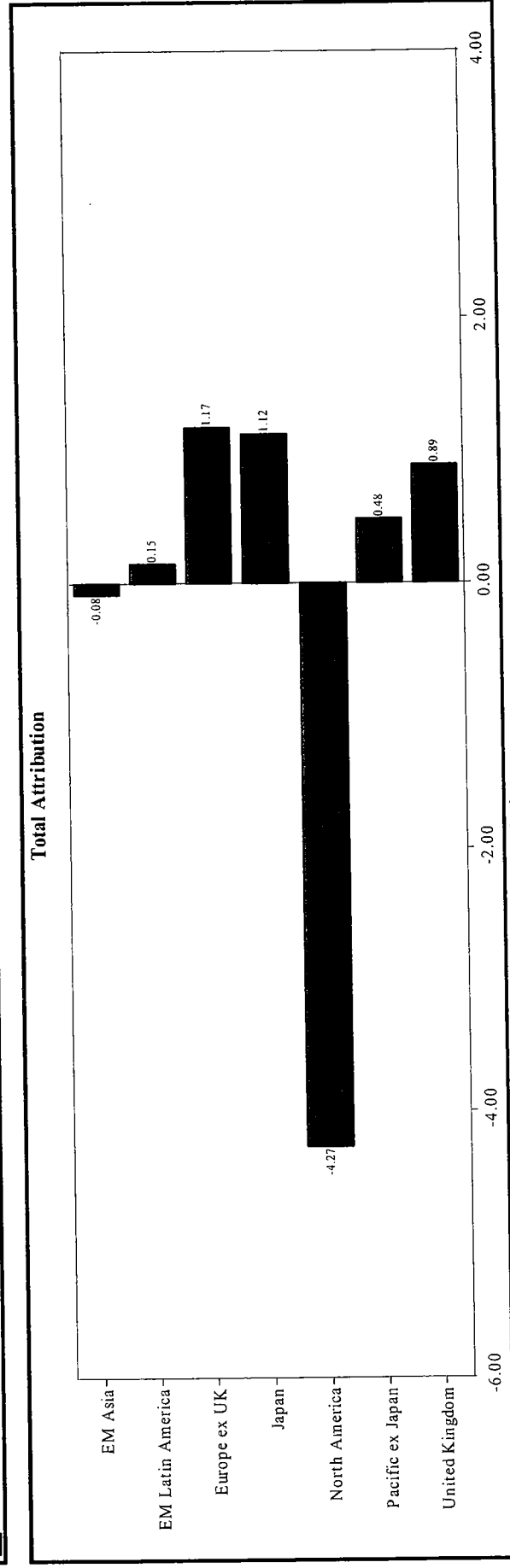
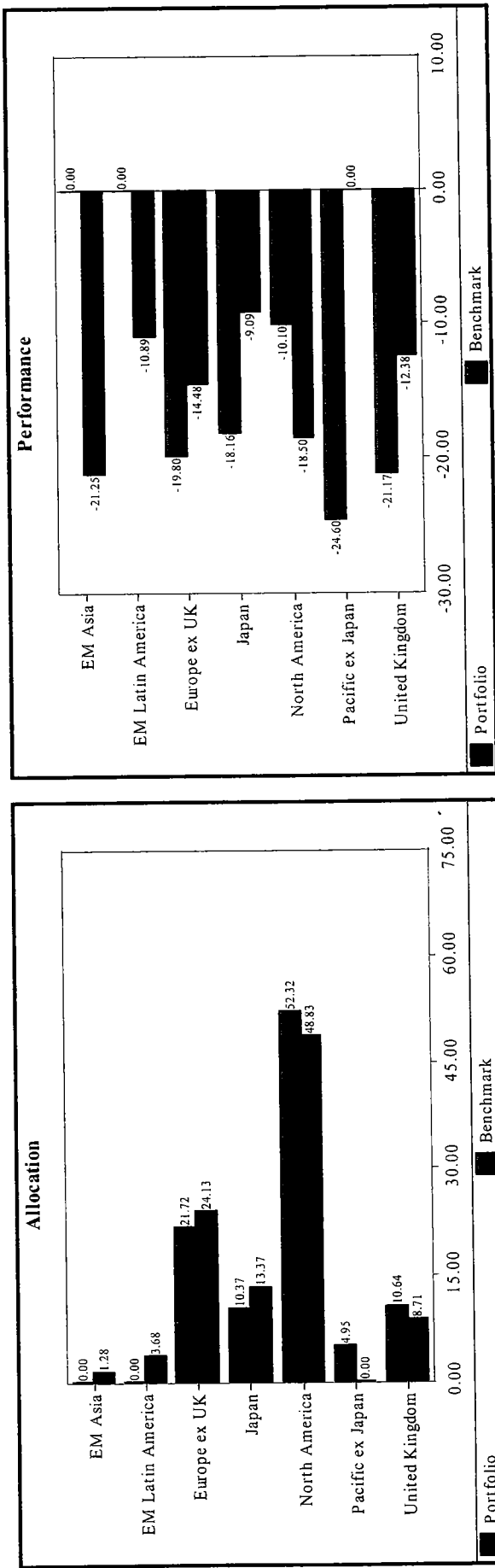
Performance shown is gross of fees. Calculation is based on quarterly periodicity. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
 Brandes Global Equity vs. MSCI World Index (Gross)
 Buy and Hold Sector Attribution Graph
 1 Quarter Ending September 30, 2008



Sector attribution is calculated using the Industry Classification Benchmark (ICB).

San Diego Transit Corporation Employees Retirement Plan
 Brandes Global Equity vs. MSCI World Index (Gross)
 Buy and Hold Region Attribution Graph
 1 Quarter Ending September 30, 2008



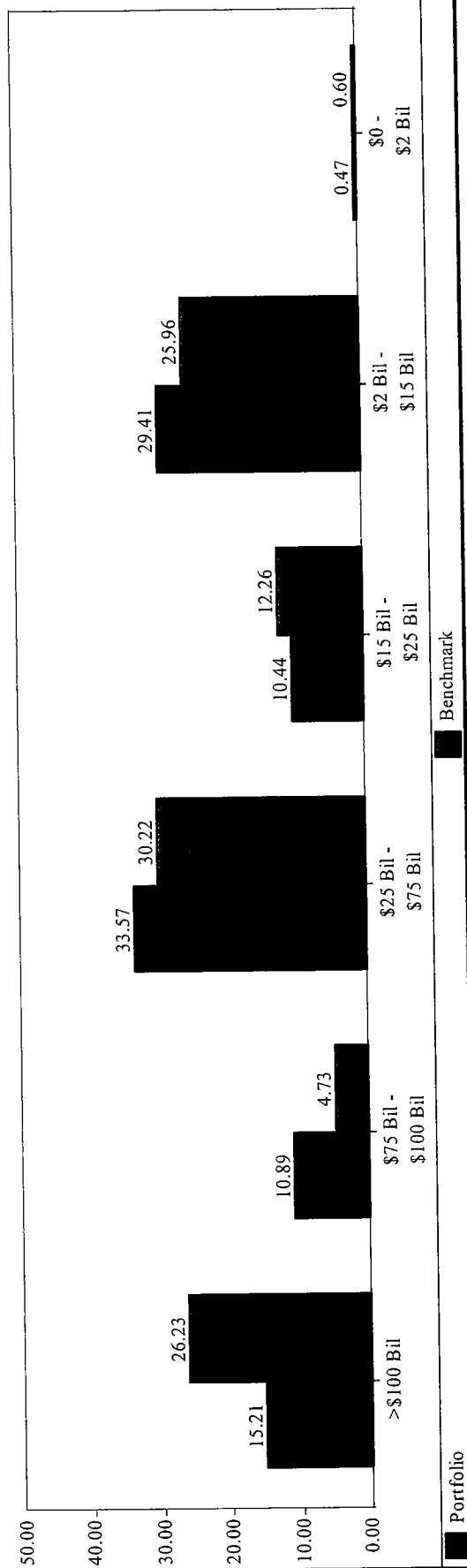
Region attribution is calculated using the Morgan Stanley Capital International (MSCI) region standards.

San Diego Transit Corporation Employees Retirement Plan
Brandes Global Equity vs. MSCI World Index (Gross)
Portfolio Characteristics
As of September 30, 2008

Top Ten Equity Holdings	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
DEUTSCHE TELEKOM	4.44	0.20	4.24	-7.65
SANOFI-AVENTIS	3.39	0.32	3.07	-2.02
CITIGROUP INC.	3.34	0.50	2.84	24.47
PFIZER INC.	2.98	0.58	2.40	7.32
NIPPON TELEG/TELEPH.	2.71	0.11	2.60	-9.81
ASTRAZENECA PLC	2.62	0.30	2.32	4.72
MITSUBISHI TOKYO	2.53	0.40	2.12	-5.10
GLAXOSMITHKLINE PLC	2.47	0.55	1.92	-1.70
FORD MOTOR COMPANY	2.28	0.04	2.23	8.11
FRANCE TELECOM	2.05	0.24	1.81	-2.62
% of Portfolio	28.81	3.24		

Portfolio Characteristics	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	51,030	69,046
Median Mkt. Cap. (\$M)	17,854	6,518
Price/Earnings ratio	13.54	12.48
Price/Book ratio	1.95	2.21
5 Yr. EPS Growth Rate (%)	2.29	22.38
Current Yield (%)	4.49	3.39
Beta (5 yrs, monthly periodicity)	1.15	1.00
Number of Stocks	91	1731

Distribution of Market Capitalization (%)



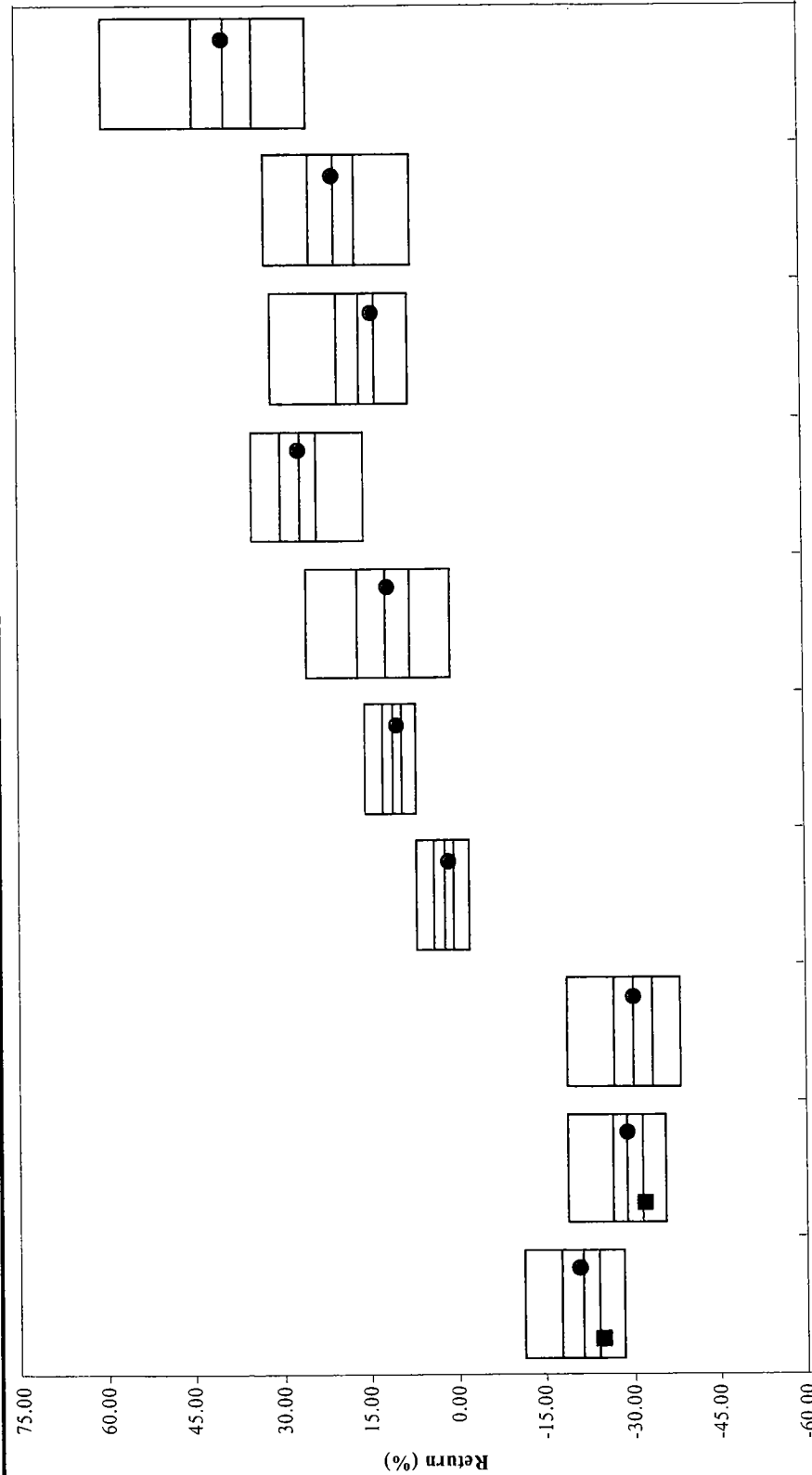
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 & ASSOCIATES, INC.

San Diego Transit Corporation Employees Retirement Plan
Schedule of Investable Assets
TT Int'l Inv Tr Active Int'l Eq
Since Inception Ending September 30, 2008

Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Dec-07	-	-	-	12,703,427	N/A	100.00
Mar-08	12,703,427	-29,908	-1,086,293	11,587,226	-8.55	91.45
Jun-08	11,587,226	-30,163	-159,294	11,397,769	-1.39	90.18
Sep-08	11,397,769	-27,443	-2,793,044	8,577,282	-24.54	68.05
	12,703,427	-87,515	-4,038,630	8,577,282	-31.95	68.05

The last row shown in bold at the end of the table contains aggregate values pertaining to the period specified in the header. Performance shown is gross of fees. Calculation is based on quarterly periodicity.

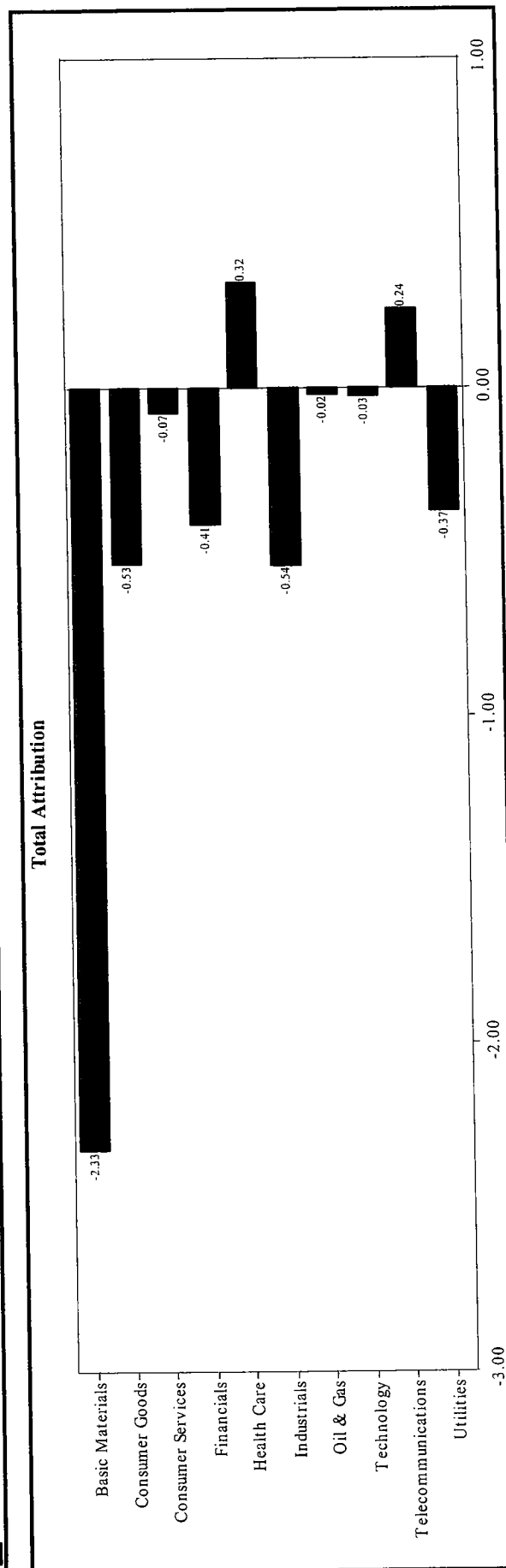
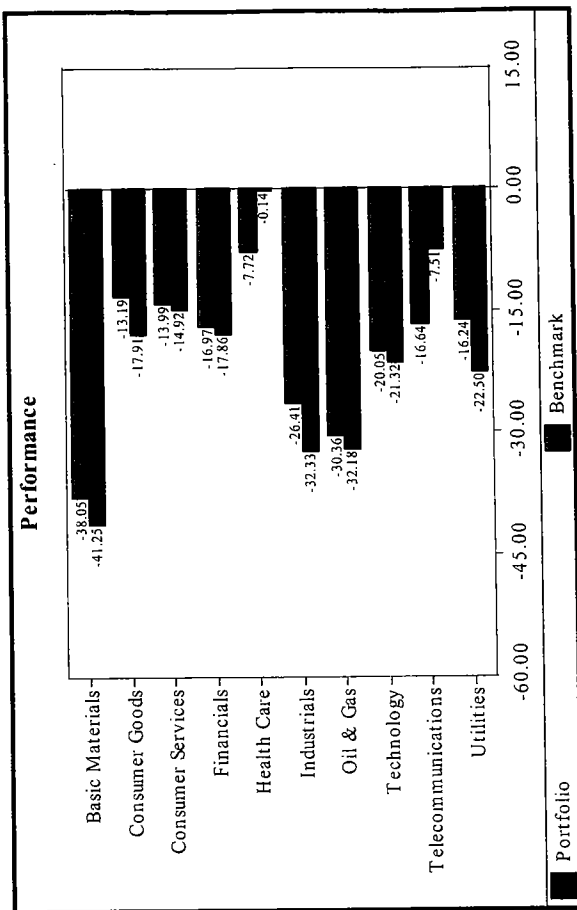
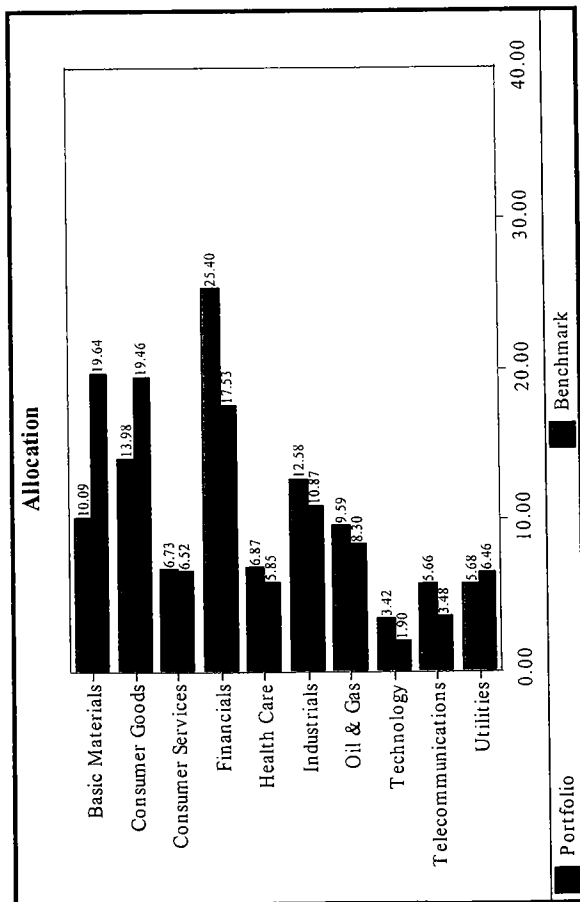
San Diego Transit Corporation Employees Retirement Plan
International Equity All (SA+CF)
Peer Group Analysis
As of September 30, 2008



	1 Quarter	1 Year	3 Years	5 Years	2003	2004	2005	2006	2007
TT Int'l Inv Tr Active Int'l Eq	-24.54 (79)	-31.95 (78)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MSCI EAFE Index (Gross)	-20.50 (44)	-28.91 (50)	-30.13 (50)	10.16 (65)	11.63 (51)	20.70 (49)	14.02 (71)	26.86 (48)	11.94
Median	-21.34	-28.93	-30.16	10.76	11.94	20.56	16.15	26.68	11.94
Population	466	464	462	350	506	471	473	490	479

Performance shown is gross of fees. Calculation is based on quarterly periodicity. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
 TT Int'l Inv Tr Active Int'l Eq vs. MSCI EAFE Index (Gross)
 Buy and Hold Sector Attribution Graph
 1 Quarter Ending September 30, 2008

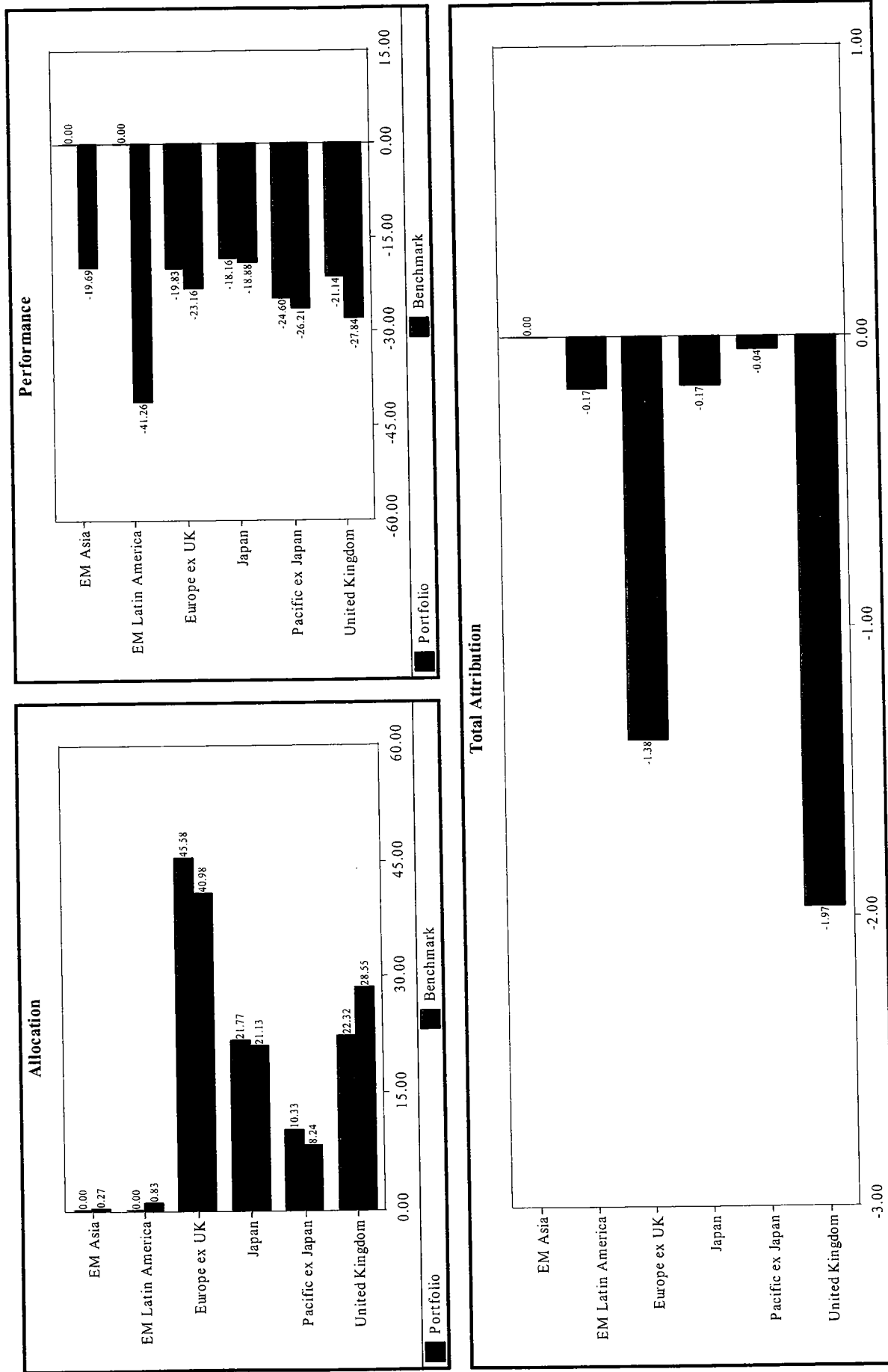


Sector attribution is calculated using the Industry Classification Benchmark (ICB).

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San Diego Transit Corporation Employees Retirement Plan
 TT Int'l Inv Tr Active Int'l Eq vs. MSCI EAFE Index (Gross)
 Buy and Hold Region Attribution Graph
 1 Quarter Ending September 30, 2008



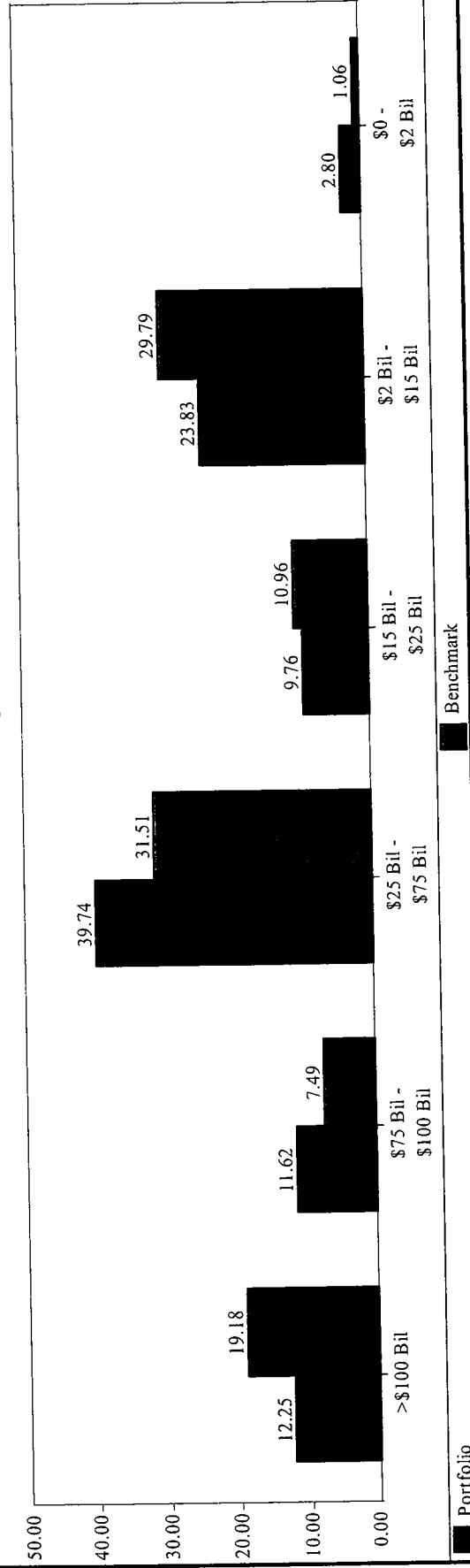
Region attribution is calculated using the Morgan Stanley Capital International (MSCI) region standards.

San Diego Transit Corporation Employees Retirement Plan
TT Int'l Inv Tr Active Int'l Eq vs. MSCI EAFE Index (Gross)
Portfolio Characteristics
As of September 30, 2008

Top Ten Equity Holdings	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
ASTRAZENECA PLC	3.87	0.66	3.21	4.72
STATOIL ASA	3.74	0.31	3.43	-36.74
BAYER AG	3.42	0.58	2.84	-13.07
XSTRATA PLC	3.27	0.20	3.07	-61.67
IMPERIAL TOBACCO GROUP PLC	2.98	0.34	2.64	-14.12
ROYAL DUTCH/SHELL GROUP	2.92	0.00	2.92	-28.93
ROYAL BANK	2.41	0.54	1.86	-21.82
CREDIT AGRICOLE SA	2.38	0.17	2.21	-7.76
TELEFONICA SA	2.37	1.05	1.32	-11.17
E.ON AG	2.35	0.99	1.36	-24.91
% of Portfolio	29.71		4.84	

Portfolio Characteristics	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	52,390	54,424
Median Mkt. Cap. (\$M)	18,032	5,620
Price/Earnings ratio	10.77	10.95
Price/Book ratio	2.01	1.90
5 Yr. EPS Growth Rate (%)	30.70	21.06
Current Yield (%)	3.68	4.04
Beta	-	1.00
Number of Stocks	116	1022

Distribution of Market Capitalization (%)



Beta is not calculated for funds with performance of less than 3 years.

RVKuhns

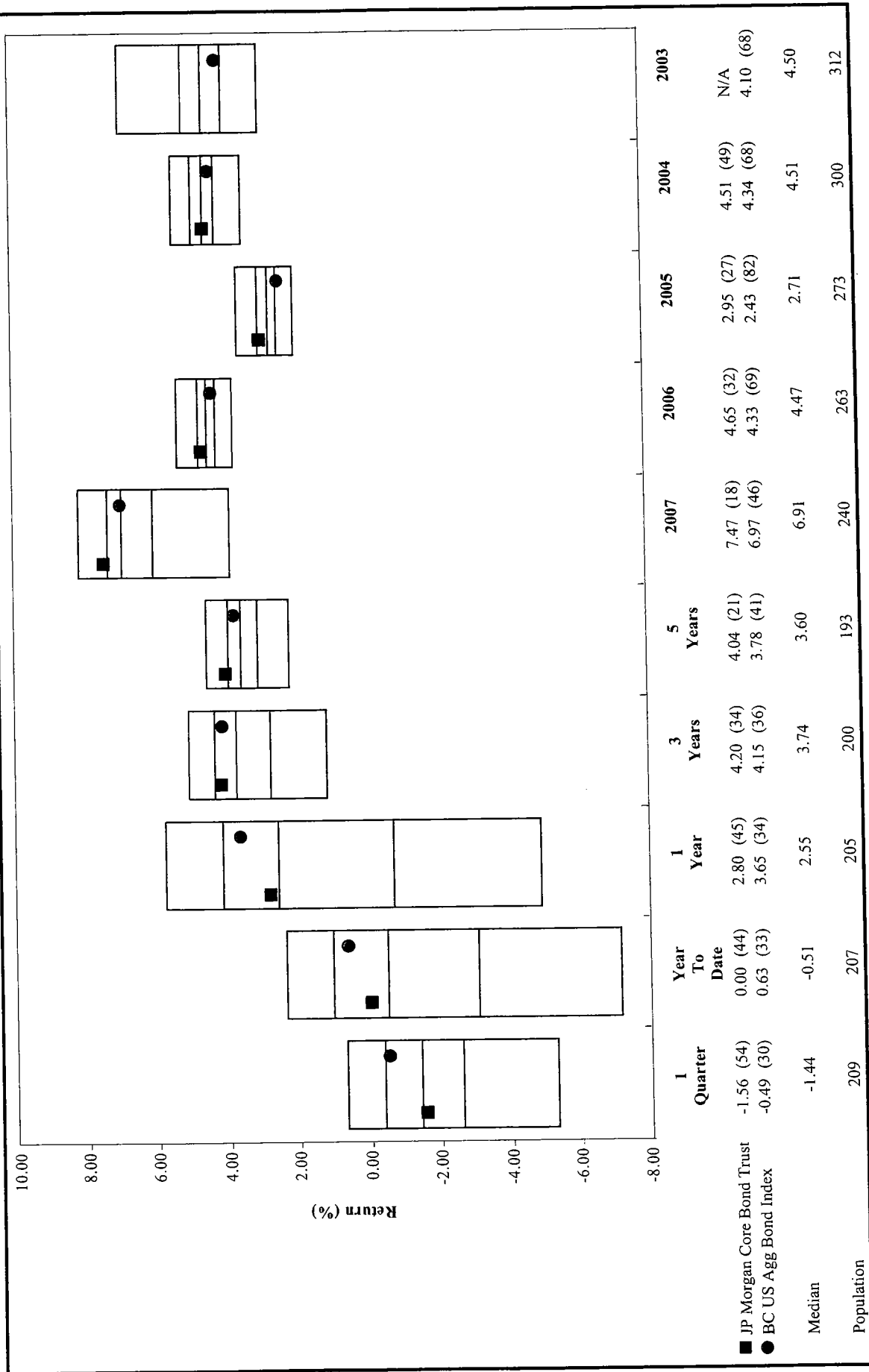
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San Diego Transit Corporation Employees Retirement Plan
Schedule of Investable Assets
JP Morgan Core Bond Trust
5 Years Ending September 30, 2008

Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Sep-03	-	-	-	9,189,460	N/A	100.00
Dec-03	9,189,460	-	67,758	9,257,218	0.74	100.74
Mar-04	9,257,218	-	254,198	9,511,416	2.75	103.50
Jun-04	9,511,416	-	-213,228	9,298,189	-2.24	101.18
Sep-04	9,298,189	-	284,699	9,582,888	3.06	104.28
Dec-04	9,582,888	13,095,000	61,521	22,739,409	0.96	105.28
Mar-05	22,739,409	2,480,105	-192,757	25,026,757	-0.35	104.91
Jun-05	25,026,757	-	998,097	26,024,854	3.26	108.33
Sep-05	26,024,854	-	-267,838	25,757,016	-0.55	107.74
Dec-05	25,757,016	-9,664	156,489	25,903,841	0.61	108.39
Mar-06	25,903,841	-19,546	-119,765	25,764,530	-0.46	107.89
Jun-06	25,764,530	-16,050	41,077	25,789,557	0.16	108.06
Sep-06	25,789,557	-29,261	968,952	26,729,248	3.76	112.12
Dec-06	26,729,248	-20,210	311,627	27,020,664	1.17	113.43
Mar-07	27,020,664	74,928	485,285	27,580,878	1.80	115.47
Jun-07	27,580,878	-4,670,812	-103,941	22,806,124	-0.39	115.02
Sep-07	22,806,124	-26,885	705,127	23,484,366	3.09	118.58
Dec-07	23,484,366	-26,563	658,009	24,115,813	2.80	121.90
Mar-08	24,115,813	-2,033,463	550,423	22,632,773	2.28	124.68
Jun-08	22,632,773	-25,961	-154,875	22,451,937	-0.68	123.83
Sep-08	22,451,937	-16,811	-350,459	22,084,667	-1.56	121.90
	9,189,460	8,754,808	4,140,399	22,084,667	4.04	121.90

The last row shown in bold at the end of the table contains aggregate values pertaining to the period specified in the header. Performance shown is gross of fees. Calculation is based on quarterly periodicity.

San Diego Transit Corporation Employees Retirement Plan
Peer Group Analysis
US Broad Market Core Fixed Income (SA+CF)
As of September 30, 2008

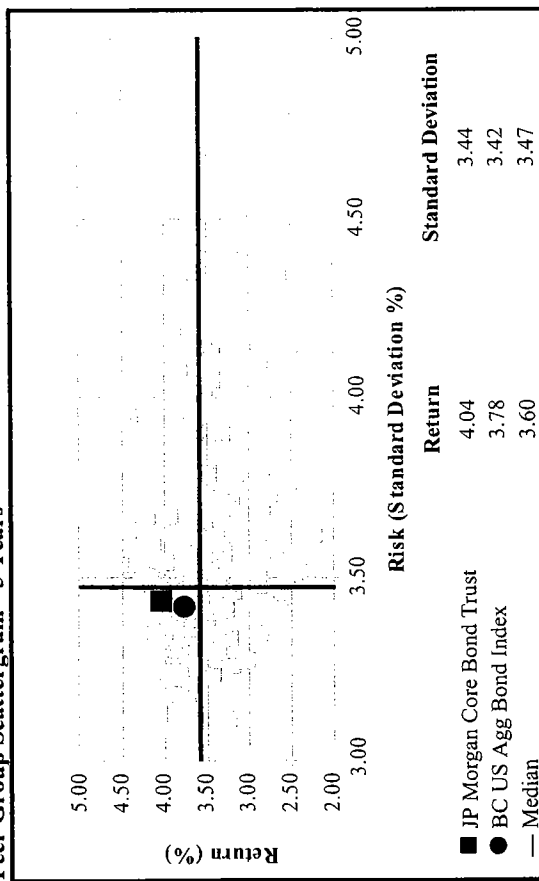


Performance shown is gross of fees. Parentheses contain percentile ranks.

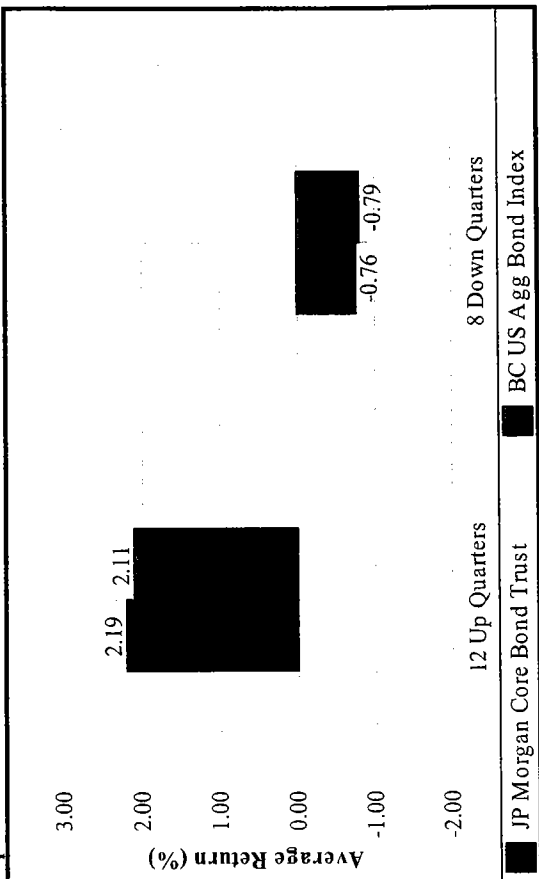
RVKuhns
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San Diego Transit Corporation Employees Retirement Plan
JP Morgan Core Bond Trust vs. US Broad Market Core Fixed Income (SA+CF)
 As of September 30, 2008

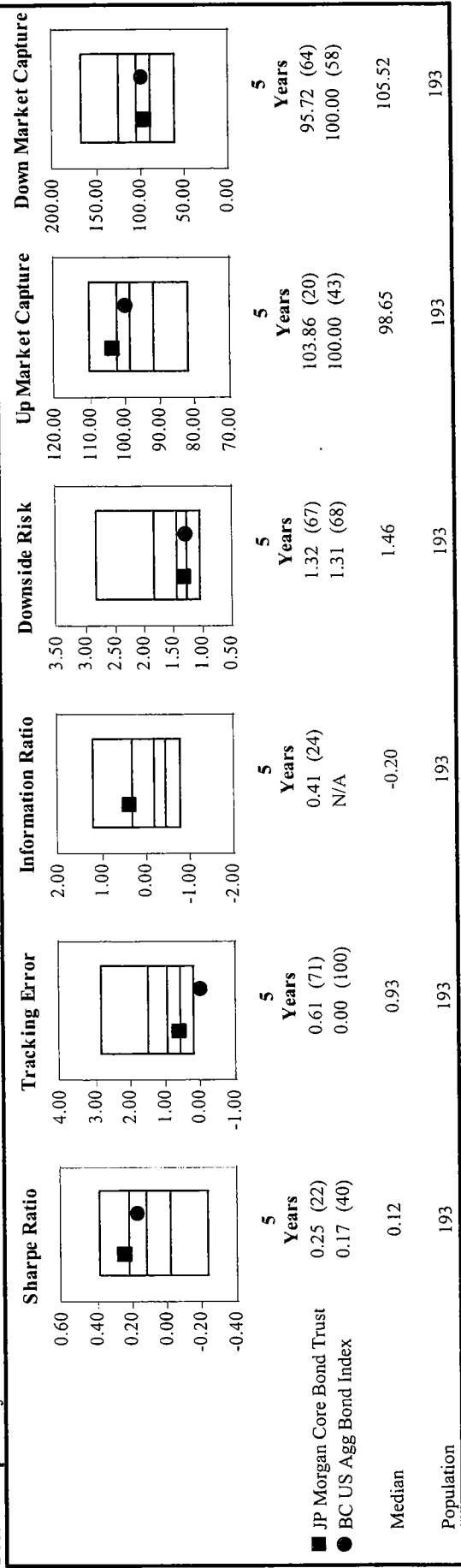
Peer Group Scattergram - 5 Years



Up/Down Markets - 5 Years



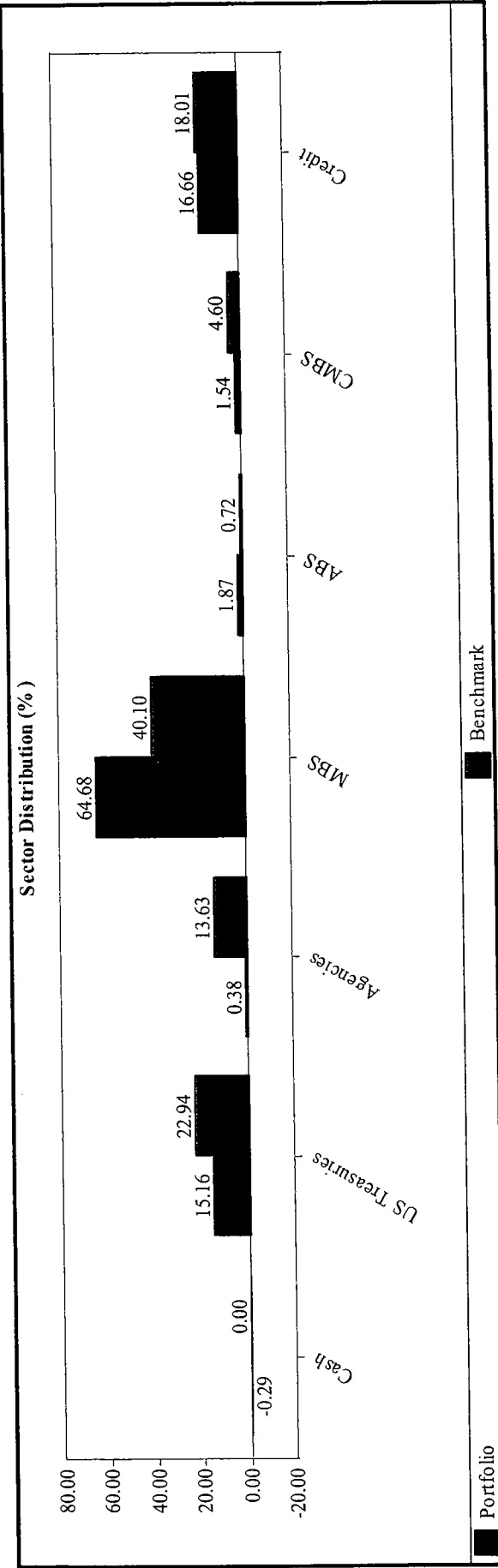
Peer Group Analysis - Multi Statistics



Performance shown is gross of fees. Calculation is based on quarterly periodicity. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
 JP Morgan Core Bond Trust vs. BC US Agg Bond Index
 Portfolio Characteristics
 As of September 30, 2008

Portfolio	Benchmark
Portfolio Characteristics	
Portfolio Duration	4.47
Spread Duration	4.50
Convexity	-0.30
Avg. Maturity	7.11
Avg. Quality	AA1/AA2
Coupon Rate	5.32%
Yield To Worst	5.27%
Current Yield	-

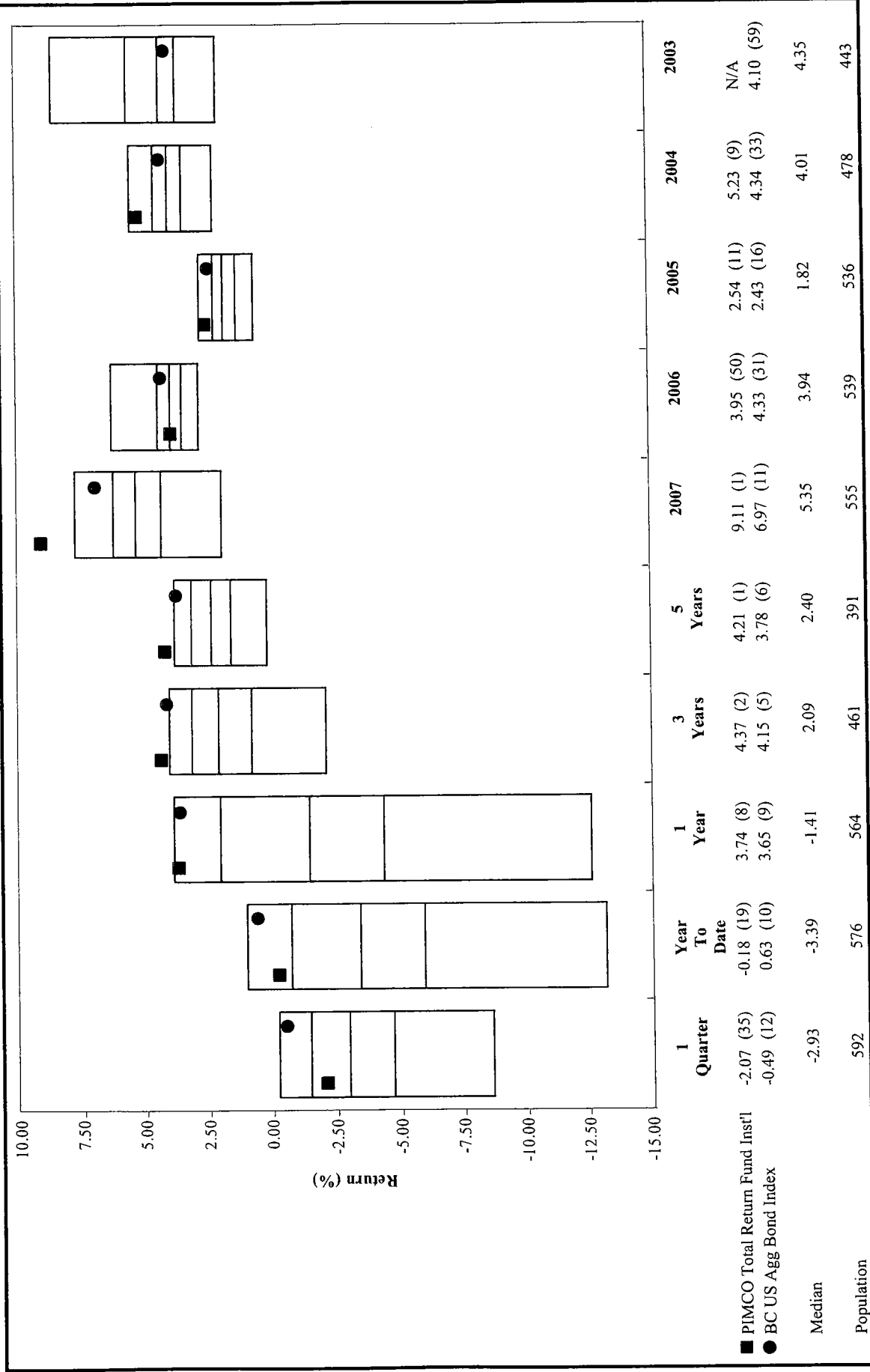


San Diego Transit Corporation Employees Retirement Plan
Schedule of Investable Assets
PIMCO Total Return Fund Inst'l
5 Years Ending September 30, 2008

Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Sep-03	-	-	-	9,233,413	N/A	100.00
Dec-03	9,233,413	-	55,591	9,289,004	0.60	100.60
Mar-04	9,289,004	-	236,193	9,525,197	2.54	103.16
Jun-04	9,525,197	-	-179,932	9,345,264	-1.89	101.21
Sep-04	9,345,264	-	296,237	9,641,501	3.17	104.42
Dec-04	9,641,501	13,095,000	-774,772	21,961,729	1.38	105.86
Mar-05	21,961,729	2,025,318	-110,482	23,876,566	-0.47	105.36
Jun-05	23,876,566	-	745,738	24,622,304	3.12	108.65
Sep-05	24,622,304	-	-128,316	24,493,988	-0.52	108.09
Dec-05	24,493,988	-	104,348	24,598,336	0.43	108.55
Mar-06	24,598,336	1,420,355	-148,770	25,869,921	-0.56	107.94
Jun-06	25,869,921	-	-76,038	25,793,883	-0.29	107.62
Sep-06	25,793,883	-	1,005,398	26,799,281	3.90	111.82
Dec-06	26,799,281	-	243,008	27,042,289	0.91	112.83
Mar-07	27,042,289	107,376	471,736	27,621,401	1.74	114.80
Jun-07	27,621,401	-4,670,800	-345,247	22,605,354	-1.33	113.27
Sep-07	22,605,354	-	1,036,531	23,641,884	4.59	118.47
Dec-07	23,641,884	-	927,028	24,568,912	3.92	123.11
Mar-08	24,568,912	-2,559,346	807,560	22,817,126	3.29	127.16
Jun-08	22,817,126	-	-298,657	22,518,469	-1.31	125.49
Sep-08	22,518,469	-	-466,753	22,051,717	-2.07	122.89
	9,233,413	9,417,903	3,400,400	22,051,717	4.21	122.89

The last row shown in bold at the end of the table contains aggregate values pertaining to the period specified in the header. Performance shown is net of fees. Calculation is based on quarterly periodicity.

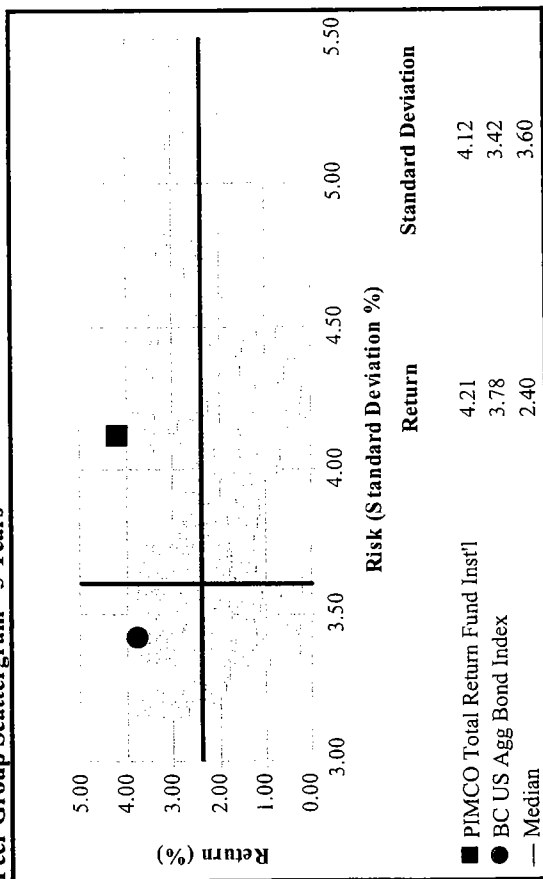
San Diego Transit Corporation Employees Retirement Plan
Peer Group Analysis
US Broad Market Core Funds (MF)
As of September 30, 2008



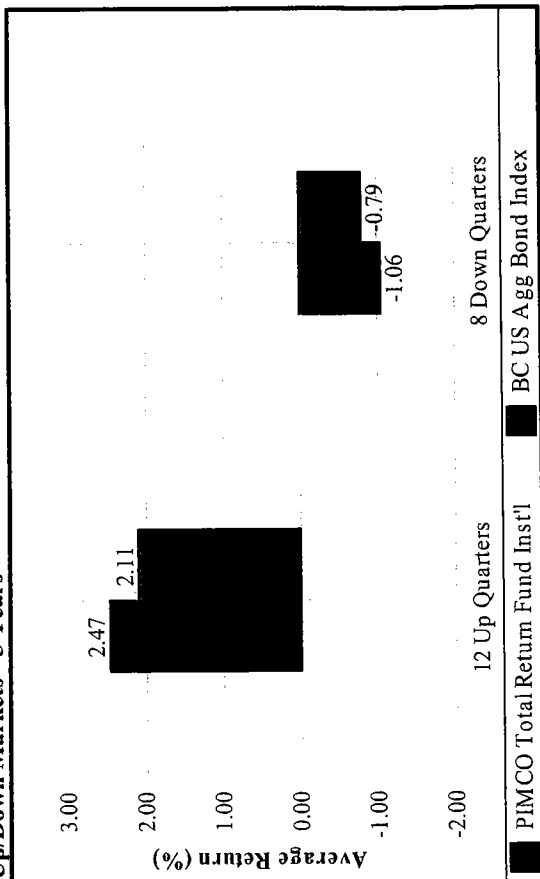
Performance shown is net of fees. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
PIMCO Total Return Fund Inst'l vs. US Broad Market Core Funds (MF)
As of September 30, 2008

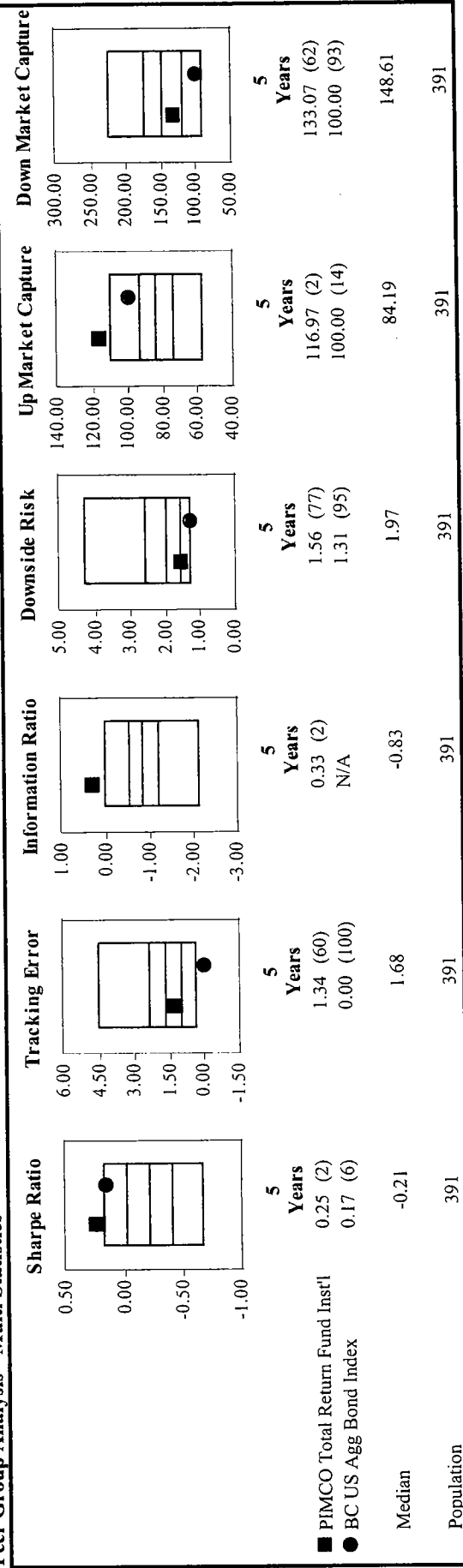
Peer Group Scattergram - 5 Years



Up/Down Markets - 5 Years



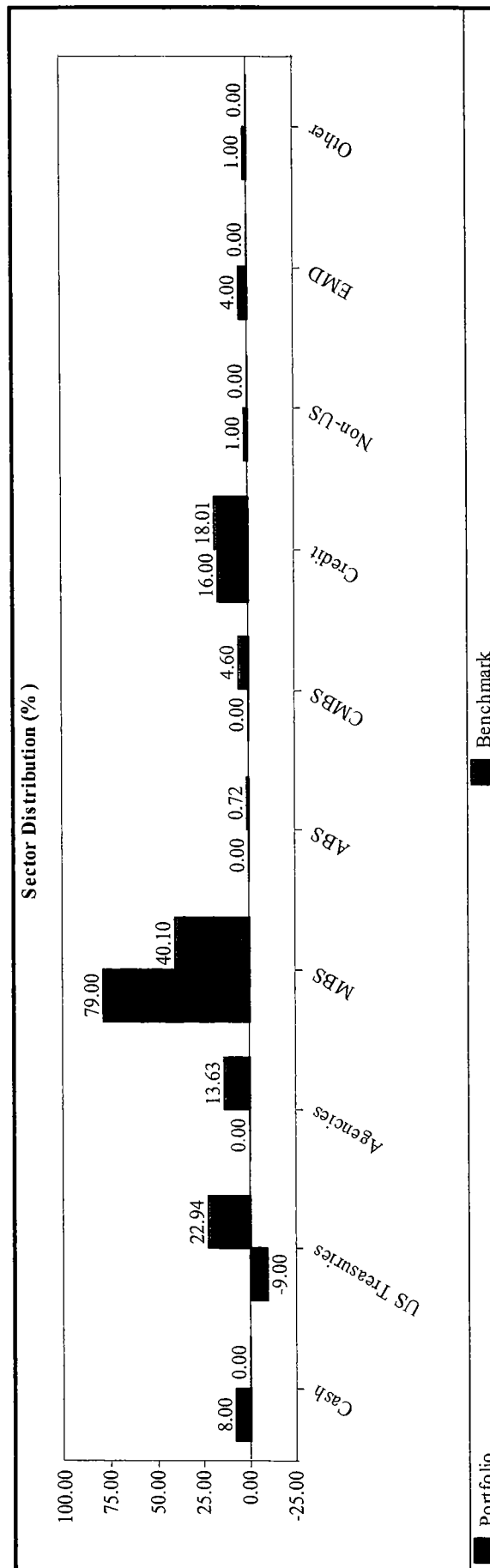
Peer Group Analysis - Multi Statistics



Performance shown is net of fees. Calculation is based on quarterly periodicity. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
PIMCO:Tot Rtn;Inst (PTTRX) vs. BC US Agg Bond Index
Portfolio Characteristics
As of September 30, 2008

Portfolio Characteristics	Portfolio	Benchmark
Portfolio Duration	5.26	4.47
Spread Duration	6.15	4.50
Avg. Maturity	6.10	7.11
Avg. Quality	AA	AA1/AA2
Coupon Rate	5.23%	5.32%
Current Yield	5.60%	-
Yield To Maturity	5.79%	5.28%



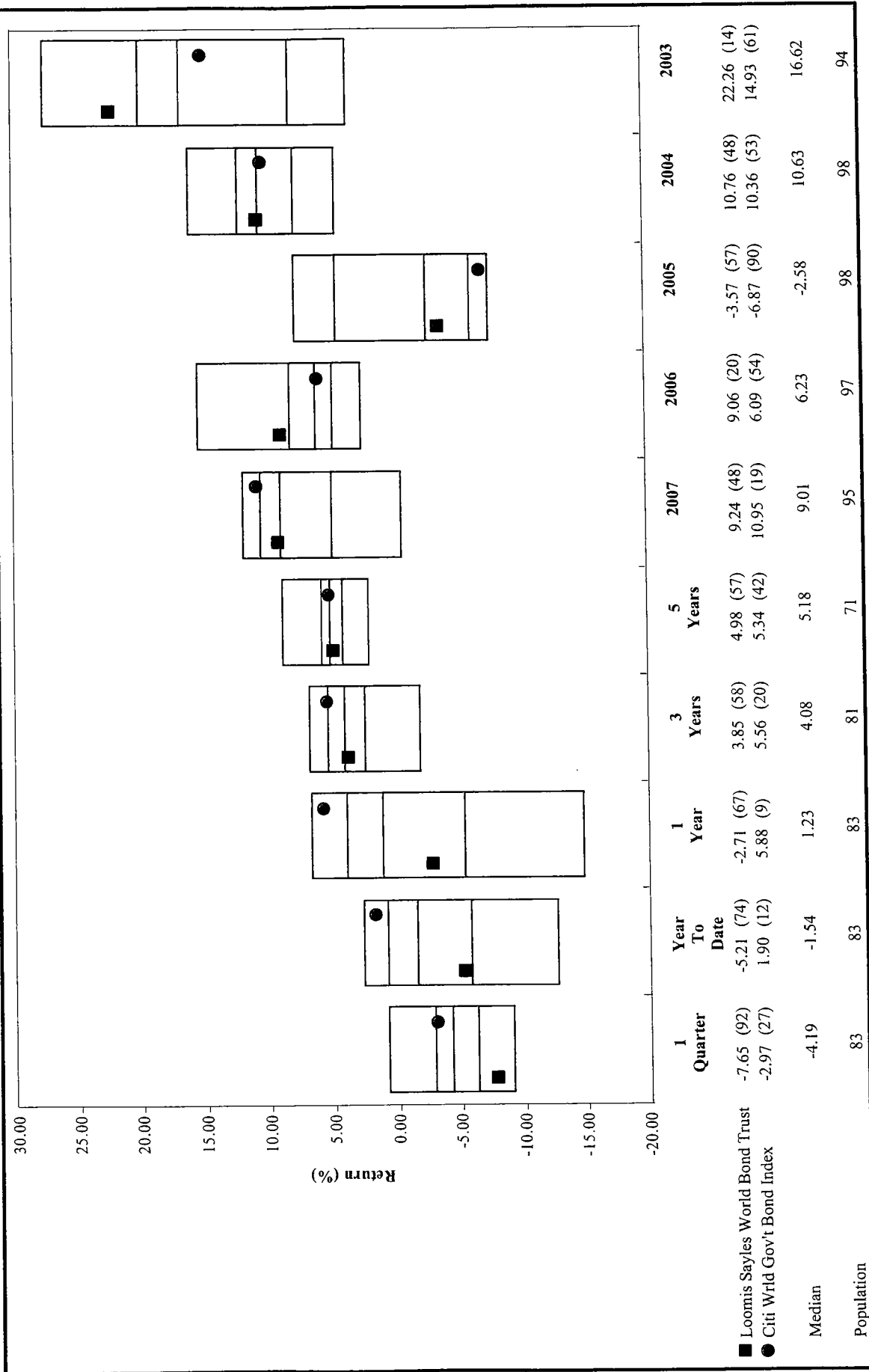
Negative sector distribution represents manager employing a short position.

San Diego Transit Corporation Employees Retirement Plan
Schedule of Investable Assets
Loomis Sayles World Bond Trust
5 Years Ending September 30, 2008

Period Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return	Unit Value
Sep-03	-	-	-	4,748,666	N/A	100.00
Dec-03	4,748,666	-9,523	270,384	5,009,527	5.70	105.70
Mar-04	5,009,527	-10,074	115,946	5,115,399	2.32	108.15
Jun-04	5,115,399	-109,925	-157,267	4,848,207	-3.07	104.83
Sep-04	4,848,207	-9,796	213,945	5,052,357	4.42	109.46
Dec-04	5,052,357	3,725,568	511,113	9,289,037	6.96	117.08
Mar-05	9,289,037	-2,018,452	-167,481	7,103,104	-2.11	114.61
Jun-05	7,103,104	-14,248	-26,341	7,062,515	-0.37	114.18
Sep-05	7,062,515	-14,161	-21,914	7,026,440	-0.31	113.83
Dec-05	7,026,440	-13,887	-57,606	6,954,946	-0.82	112.90
Mar-06	6,954,946	-14,056	75,816	7,016,707	1.09	114.13
Jun-06	7,016,707	-13,382	170,129	7,173,454	2.42	116.89
Sep-06	7,173,454	-13,605	170,355	7,330,204	2.38	119.67
Dec-06	7,330,204	-13,901	211,693	7,527,996	2.89	123.13
Mar-07	7,527,996	-13,939	121,477	7,635,534	1.62	125.11
Jun-07	7,635,534	-14,165	-34,675	7,586,694	-0.46	124.55
Sep-07	7,586,694	-14,208	395,578	7,968,063	5.22	131.04
Dec-07	7,968,063	-14,941	210,111	8,163,234	2.64	134.50
Mar-08	8,163,234	-14,943	366,125	8,514,416	4.49	140.54
Jun-08	8,514,416	-14,401	-132,244	8,367,771	-1.76	138.06
Sep-08	8,367,771	-5,981	-639,778	7,722,012	-7.65	127.50
	4,748,666	1,377,982	1,595,364	7,722,012	4.98	127.50

The last row shown in bold at the end of the table contains aggregate values pertaining to the period specified in the header. Performance shown is gross of fees. Calculation is based on quarterly periodicity.

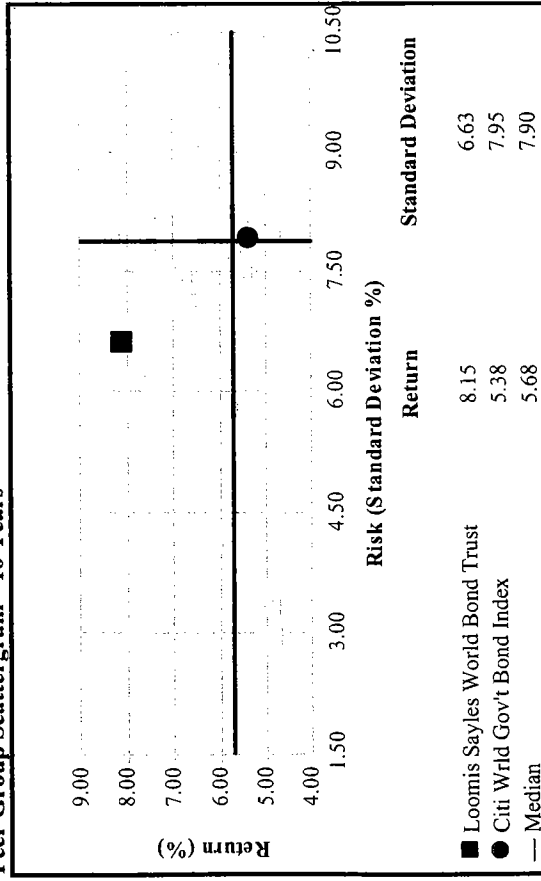
San Diego Transit Corporation Employees Retirement Plan
Peer Group Analysis
Global Fixed Income (SA+CF)
As of September 30, 2008



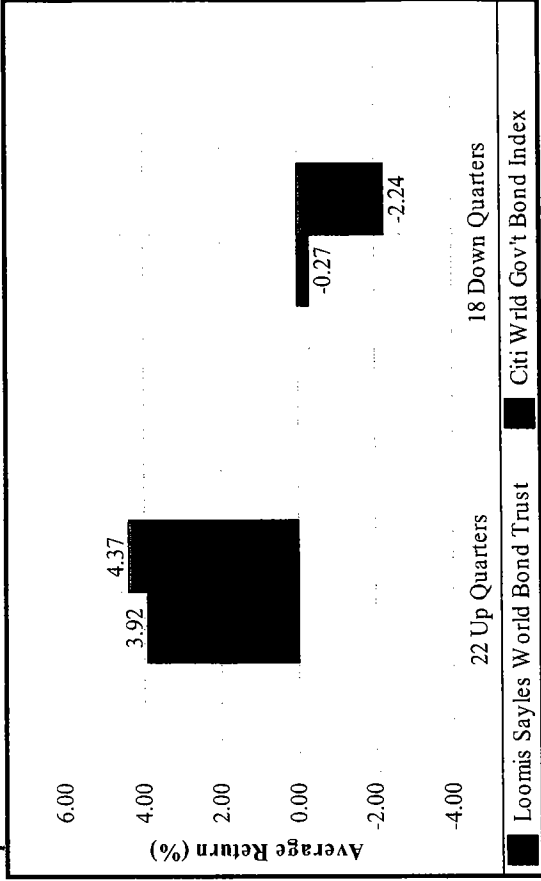
Performance shown is gross of fees. Parentheses contain percentile ranks.

San Diego Transit Corporation Employees Retirement Plan
Loomis Sayles World Bond Trust vs. Global Fixed Income (SA+CF)
 As of September 30, 2008

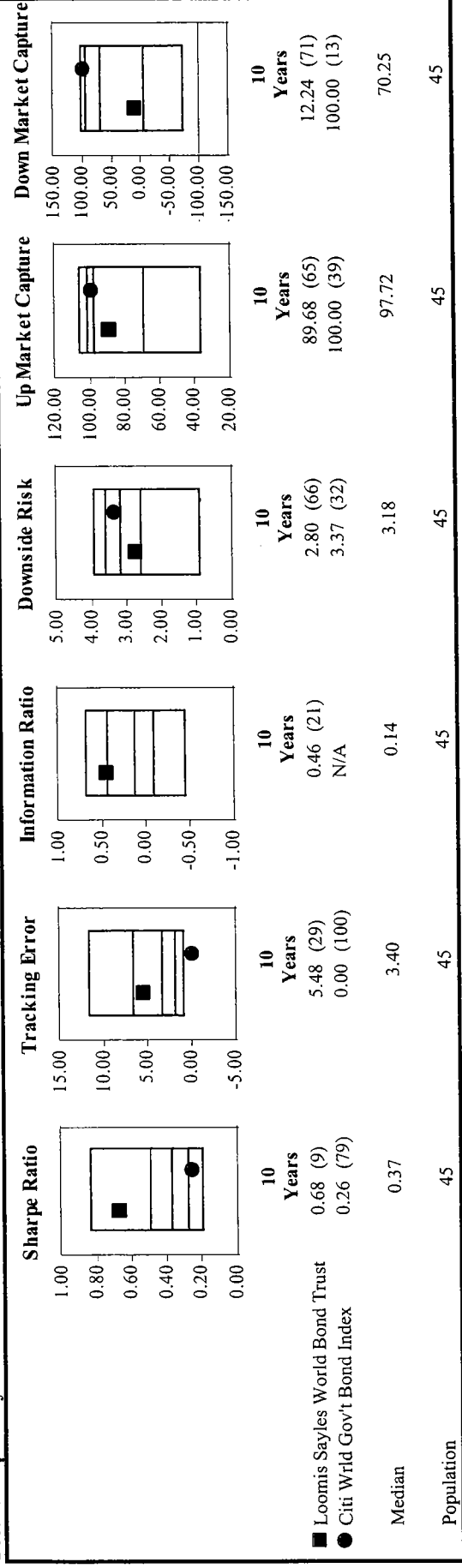
Peer Group Scattergram - 10 Years



Up/Down Markets - 10 Years



Peer Group Analysis - Multit Statistics



Performance shown is gross of fees. Calculation is based on quarterly periodicity. Parentheses contain percentile ranks.

Comparative Performance

Historical Statistics - 3 Years

	Wellington DIH Portfolio	Consumer Price Index + 5%	S&P 500 Index (Cap Wtd)	BC US Agg Bond Index
Standard Deviation	18.93	1.54	11.23	2.72
Sharpe Ratio	13.09	2.39	-0.29	-0.01
Downside Risk	7.06	0.25	9.00	1.30
Excess Return vs Risk Free	0.37	3.99	-3.26	-0.01

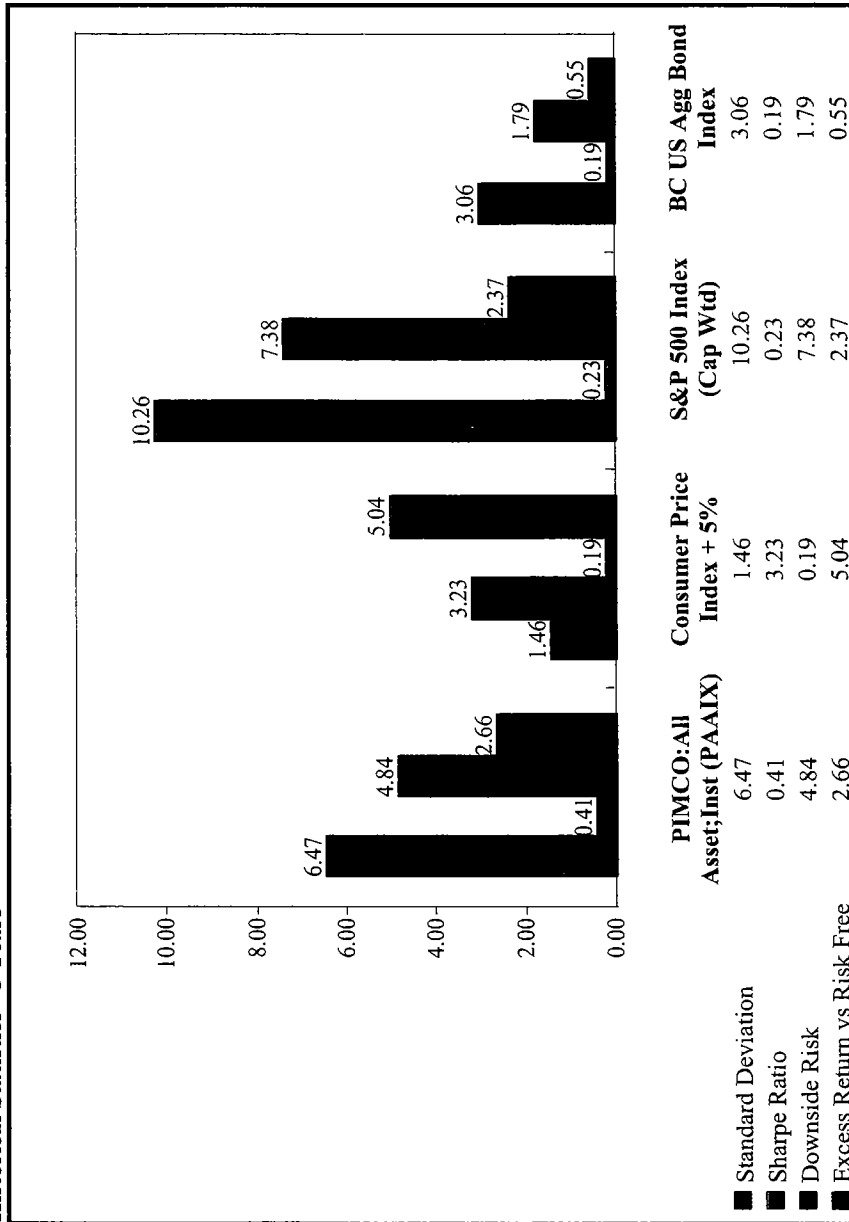
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San Diego Transit Corporation Employees Retirement Plan
Comparative Performance and Historical Statistics
PIMCO:All Asset;Inst (PAAIX)
As of September 30, 2008

Comparative Performance

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	2007	2006	2005	2004	Since Inception	Inception Date
PIMCO:All Asset;Inst (PAAIX)	-7.67	-7.87	-6.46	1.94	5.80	8.68	5.27	6.47	11.84	8.24	08/01/2002
Consumer Price Index + 5%	1.21	8.05	10.18	8.41	8.56	9.29	7.67	8.59	8.42	8.37	
Difference	-8.88	-15.92	-16.64	-6.47	-2.76	-0.61	-2.40	-2.12	3.42	-0.13	

Historical Statistics - 5 Years



Historical Statistics - 5 Years

	Actual Correlation
Consumer Price Index + 5%	-0.04
All Asset Composite Index	0.93
S&P 500 Index (Cap Wtd)	0.54
MSCI EAFE Index (Gross)	0.61
BC US Agg Bond Index	0.63
ML US Hi Yld BB-B Index	0.68
JPM Emg Mkt Bond Index	0.83
JPM Global Gov't Bond Index	0.49
BC US Trsy: US TIPS Index	0.68
BC US Trsy Infl Notes: 10+ Yr Index	0.73
DJ/AIG Cmdty Index (TR)	0.43
ML 3 Mo US T-Bill Index	-0.07

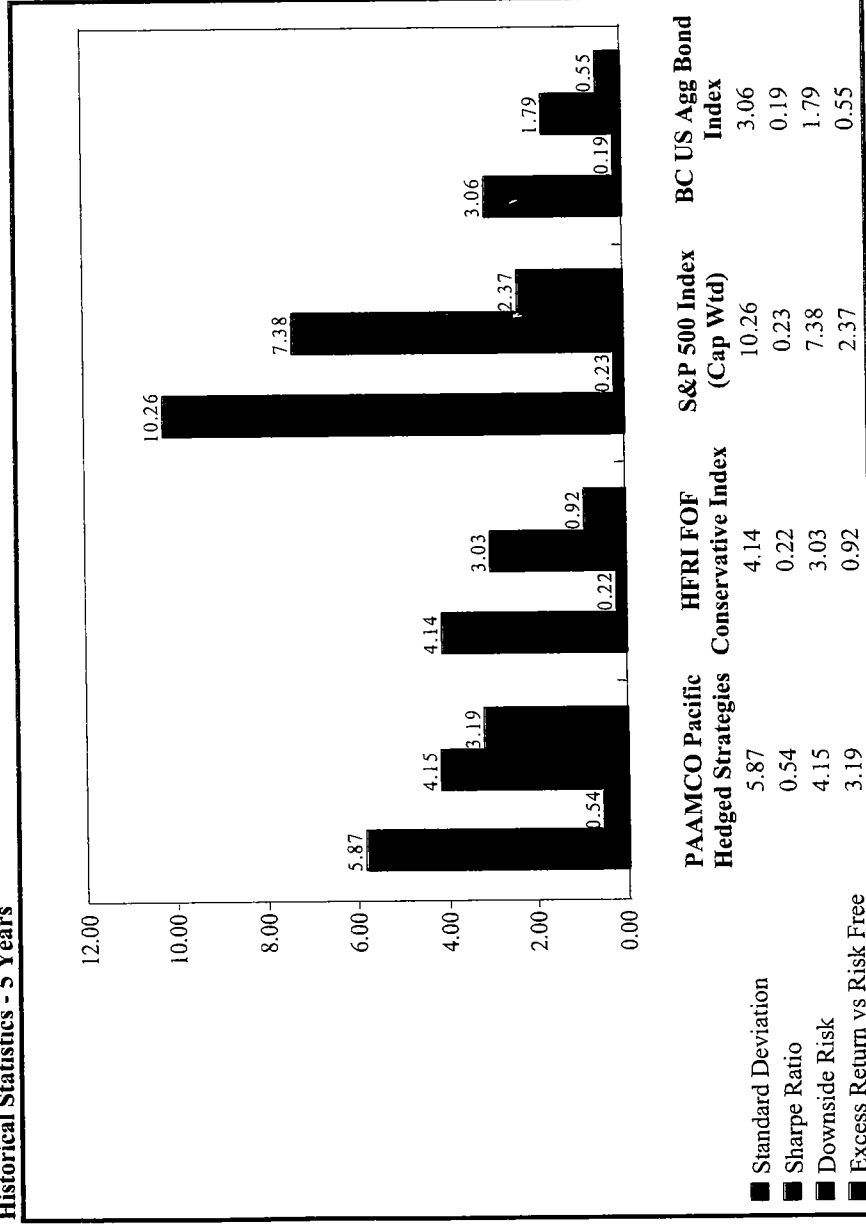
Performance shown is net of fees and is actual product performance provided by the manager.
Performance is annualized for periods greater than one year.
Calculation is based on monthly periodicity.

San Diego Transit Corporation Employees Retirement Plan
Comparative Performance and Historical Statistics
PAAMCO Pacific Hedged Strategies
As of September 30, 2008

Comparative Performance

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	2007	2006	2005	2004	Since Inception	Inception Date
PAAMCO Pacific Hedged Strategies	-11.66	-9.77	-5.73	6.15	6.41	17.50	10.91	5.06	6.22	6.47	01/01/2002
3 Month LIBOR Index + 5%	1.93	6.09	8.73	9.87	8.86	10.58	10.49	8.81	6.75	8.27	
Difference	-13.59	-15.86	-14.46	-3.72	-2.45	6.92	0.42	-3.75	-0.53	-1.80	

Historical Statistics - 5 Years



Historical Statistics - 5 Years

	Actual Correlation
HFRI FOF Conservative Index	0.93
3 Month LIBOR Index + 5%	0.17
S&P 500 Index (Cap Wtd)	0.55
R 2000 Index	0.46
MSCI EAFE Index (Gross)	0.75
MSCI Emg Mkts Index (Gross)	0.76
BC US Agg Bond Index	0.01
BC US Trisy: US TIPS Index	0.10
BC US Corp: Hi Yld Index	0.59
DJW REIT Index (Float Adj)	0.06
DJ/AIG Cmnty Index (TR)	0.54
ML 3 Mo US T-Bill Index	-0.02
Consumer Price Index	0.03

Performance shown is net of fees and is actual product performance provided by the manager.
Performance is annualized for periods greater than one year.
Calculation is based on monthly periodicity.

San Diego Transit Corporation Employees Retirement Plan
Addendum
As of September 30, 2008

Performance Related Comments

- Performance is annualized for periods greater than one year.
- Reported performance may differ from manager reported performance due to large flows.
- Since inception returns exclude the first partial month's performance. Performance calculations begin with the fund's first full month of investing.
- Performance for Loomis Sayles World Bond Trust is comprised of Loomis Sayles Global Bond Fund (LSGBX) thru June-2008 and Loomis Sayles World Bond Trust (CF) thereafter.

Manager Transition Comments

- Brandes Global Equity (SA) was sold at the end of Dec-2005 to transition into the Brandes Global Equity commingled fund (CF) equivalent. Historical data prior to Jan-2006 for Brandes Global Equity (CF) is from the separate account (SA) vehicle.
- Kayne Anderson (SA) was liquidated in Mar-2006. The proceeds were used to purchase GMO US SMid Value Fund (GMSUX).
- UBS Dynamic Alpha Fund (BNAYX) and PAAMCO Pacific Hedged Strategies Portfolio were both funded in May-2007.
- TCW Large Cap Growth (SA) was liquidated in Aug-2007. The proceeds were used to fund Rainier Large Cap Equity (SA).
- Nicholas-Applegate Global Select Fund (NACHX) was liquidated in Oct-2007. The proceeds were used to fund TT Int'l Investment Trust Active Int'l Equity (CF).
- UBS Dynamic Alpha Fund (BNAYX) was liquidated in May-2008. The proceeds were used to purchase PIMCO All Asset Fund (PAAIX) and Wellington Diversified Inflation Hedges (CF).
- Loomis Sayles Global Bond Fund (LSGBX) was sold at the end of Jun-2008 to transition into the Loomis Sayles World Bond Trust commingled fund (CF) equivalent. Historical data prior to Jul-2008 for the Loomis Sayles World Bond Trust (CF) is from the mutual fund vehicle (LSGBX).
- GMO US SMid Value Fund (GMSUX) was liquidated in Jun-2008. The proceeds were used to fund Westwood SMidCap Equity (CF).

San Diego Transit Corporation Employees Retirement Plan
Addendum
As of September 30, 2008

Investment Manager Fee Schedule

<u>Manager Name</u>	<u>Product Type</u>	<u>Ticker/CUSIP</u>	<u>Annual Expense Ratio</u>
1. Brandes Global Equity Portfolio	Commingled Fund	105BGEQ13	0.96% (a)
2. Cohen & Steers Institutional Realty Shares	Mutual Fund	CSRLX	0.75%
3. JP Morgan Core Bond Trust	Commingled Fund	62826M921	0.30%
4. Loomis Sayles World Bond Trust	Commingled Fund	5434LSWB3	0.55% (b)
5. PAAMCO Pacific Hedged Strategies	Fund of Hedge Funds	69347PHS3	1.00% (c)
6. PIMCO All Asset Fund - Institutional Class	Mutual Fund	PAAIX	0.86%
7. PIMCO Total Return Fund - Institutional Class	Mutual Fund	PTTRX	0.43%
8. Rainier Large Cap Equity Portfolio	Separate Account	N/A	0.68% (d)
9. TT Int'l Investment Trust Active Int'l Equity	Commingled Fund	707TTI995	1.00%
10. Vanguard Explorer Fund - Admiral Shares	Mutual Fund	VEXRX	0.23%
11. Wellington Diversified Inflation Hedges Portfolio	Commingled Fund	959WTC996	0.90%
12. Westwood Trust Large Cap Equity - EB Fund	Commingled Fund	9617WTLC5	0.75% (e)
13. Westwood Trust SMidCap Equity - EB Fund	Commingled Fund	999PCF994	0.85% (f)

(a) The annual expense ratio for the **Brandes Global Equity Portfolio** is based on the portfolio's assets at the end of the quarter using the following fee schedule:

- 1.00% on the first \$5 million; 0.90% on the next \$5 million; and 0.80% on the next \$10 million

(b) The annual expense ratio for the **Loomis Sayles World Bond Trust** is based on the portfolio's assets at the end of the quarter using the following fee schedule:

- 0.55% on the first \$10 million; 0.35% on the next \$65 million; and 0.25% thereafter

(c) **PAAMCO Pacific Hedged Strategies** has a fee structure of 1.00% management fee plus an incentive fee of 5.0% of appreciation, taken quarterly, and subject to a loss carry forward (high-water mark).

(d) The annual expense ratio for the **Rainier Large Cap Equity Portfolio** is based on the fund's assets at the end of the quarter using the following fee schedule:

- 0.75% on the first \$10 million; and 0.50% thereafter

(e) The annual expense ratio for the **Westwood Trust Large Cap Equity - EB Fund** is based on the fund's assets at the end of the quarter using the following fee schedule:

- 0.80% on the first \$5 million; 0.75% on the next \$5 million; 0.70% on the next \$5 million; 0.65% on the next \$5 million; and 0.60% thereafter

(f) The annual expense ratio for the **Westwood Trust SMidCap Equity - EB Fund** is based on the fund's assets at the end of the quarter using the following fee schedule:

- 0.85% on the first \$10 million; and 0.80% thereafter

San Diego Transit Corporation Employees Retirement Plan
Addendum
As of September 30, 2008

The **Policy Index** for the San Diego Transit Total Fund is calculated monthly as follows:

- From Nov-2007 through present: **20%** S&P 500, **15%** Russell 2500, **7.5%** MSCI World (Gross), **7.5%** MSCI EAFE (Gross), **27.5%** BC US Aggregate Bond, **5%** Citigroup WGBI, **5%** DJW REIT, **9%** CPI + 5%, & **3.5%** 3 Month LIBOR Index + 5%.
- From June-2007 through Oct-2007: **20%** S&P 500, **15%** Russell 2500, **15%** MSCI World (Gross), **27.5%** BC US Aggregate Bond, **5%** Citigroup WGBI, **5%** DJW REIT, **9%** CPI + 5%, & **3.5%** 3 Month LIBOR Index + 5%.
- From Apr-2006 through May-2007: **25%** S&P 500, **15%** Russell 2500, **15%** MSCI World (Gross), **35%** BC US Aggregate Bond, **5%** Citigroup WGBI, & **5%** DJW REIT.
- From Apr-2005 through Mar-2006: **25%** S&P 500, **7.5%** Russell 2500, **15%** MSCI World (Gross), **35%** BC US Aggregate Bond, **5%** Citigroup WGBI, & **5%** DJW REIT.
- From Jan-2002 through Mar-2005: **25.2%** S&P 500, **4.2%** Russell 2500, **4.2%** Russell 2000, **26.4%** MSCI World (Gross), **35%** BC US Aggregate Bond, & **5%** Citigroup WGBI.
- From Oct-1998 through Dec-2001: **35%** S&P 500, **10%** Russell 2000, **15%** MSCI EAFE (Net), **35%** BC US Aggregate Bond, & **5%** Citigroup WGBI.
- From Oct-1996 through Sep-1998: **27%** S&P 500, **10%** Russell 2000, **10%** MSCI EAFE (Net), **13%** MSCI World (Net), **36%** BC US Aggregate Bond, & **4%** Citigroup WGBI.
- From Jan-1994 through Sep-1996: **37%** S&P 500, **10%** MSCI EAFE (Net), **13%** MSCI World (Net), **36%** BC US Aggregate Bond, & **4%** Citigroup WGBI.
- From Jan-1989 through Dec-1993: **50%** S&P 500, **10%** MSCI EAFE (Net), & **40%** BC US Aggregate Bond.
- From Jul-1982 through Dec-1988: **60%** S&P 500 & **40%** BC US Aggregate Bond.

The **Policy Index (POB)** for the San Diego Transit Total Fund (POB) is calculated monthly as follows:

- From Nov-2007 through present: **20%** S&P 500, **15%** Russell 2500, **7.5%** MSCI World (Gross), **7.5%** MSCI EAFE (Gross), **27.5%** BC US Aggregate Bond, **5%** Citigroup WGBI, **5%** DJW REIT, **9%** CPI + 5%, & **3.5%** 3 Month LIBOR Index + 5%.
- From June-2007 through Oct-2007: **20%** S&P 500, **15%** Russell 2500, **15%** MSCI World (Gross), **27.5%** BC US Aggregate Bond, **5%** Citigroup WGBI, **5%** DJW REIT, **9%** CPI + 5%, & **3.5%** 3 Month LIBOR Index + 5%.
- From Apr-2006 through May-2007: **25%** S&P 500, **15%** Russell 2500, **15%** MSCI World (Gross), **35%** BC US Aggregate Bond, **5%** Citigroup WGBI, & **5%** DJW REIT.
- From Apr-2005 through Mar-2006: **25%** S&P 500, **7.5%** Russell 2500, **15%** MSCI World (Gross), **35%** BC US Aggregate Bond, **5%** Citigroup WGBI, & **5%** DJW REIT.
- From Oct-2004 through Mar-2005: **25.2%** S&P 500, **4.2%** Russell 2500, **4.2%** Russell 2000, **26.4%** MSCI World (Gross), **35%** BC US Aggregate Bond, & **5%** Citigroup WGBI.

Statistics Definitions

Alpha - A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. It is a measure of the portfolio's historical performance not explained by movements of the market or a portfolio's non-systematic return.

Alpha Ratio - A measure of a portfolio's non-systematic return per unit of downside risk. It is measured by dividing the alpha of a portfolio by the downside risk. The non-systematic return is a measure of a portfolio's historical performance not explained by movements of the market.

Average Quality - Bond quality ratings are reported using the investment managers' and the index providers' preferred rating agency. There are two primary rating agencies in the U.S. *Moody's* assigns ratings on a system that employs up to four symbols (consisting of letters and numbers) such as, Aaa, Aa2, etc., with Aaa being the highest or safest rating. *Standard & Poor's (S&P)* employs a system that uses + and - along with letters such as AAA, AA+, etc. The two rating agencies' systems are summarized below:

<u>S&P</u>	<u>Moody's</u>	<u>Explanation</u>
Higher Credit Quality - Investment Grade		
AAA	Aaa	Prime grade, highest safety
AA+	Aa1	High credit quality
AA	Aa2	
AA-	Aa3	
A+	A1	Upper-medium credit quality
A	A2	
A-	A3	
BBB+	Baa1	Lower-medium credit quality
BBB	Baa2	
BBB-	Baa3	
Lower Credit Quality - Speculative Grade		
BB+	Ba1	Speculative - low quality
BB	Ba2	
BB-	Ba3	
B	B1	Highly speculative
	B2	
	B3	

Extremely Low Credit Quality - High Speculative or in Default		
CCC+	Caa	Very high risk, poor quality
CCC		
CC	Ca	May be in default soon
C	C	Very speculative
CI		For income bonds - interest not being paid
D		Securities already in default

Beta - A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.

Glossary

As of September 30, 2008

Buy and Hold Attribution - At the beginning of the time period under analysis, the manager and benchmark portfolios are broken down into segments (i.e., styles, sectors, countries, and regions) based on the desired type of attribution. One assumes zero turn-over to the manager and benchmark portfolios throughout the period and calculates the segment returns ("buy and hold returns") to arrive at performance attribution. Country, region, sector, and style allocations are as of the date one quarter prior to the reporting date, and the returns shown are for those segments throughout the quarter reported. The following is the methodology for segment classification:

- **Country/Region** - Stocks will be classified by their domicile country/region, as defined by Worldscope data.
- **Sector** - Stocks will be classified by their primary sector, as defined by Worldscope data.
- **Style** - Stocks will be classified into the following style boxes: large/mid/small vs. growth/neutral/value. Stocks will be classified along large/mid/small categories at the time of the Frank Russell index rebalancing, using the index market cap boundaries as cutoff points. Stocks will be classified along growth/neutral/value categories at the time of the Frank Russell index rebalancing, using the price/book ratio as supplied by Worldscope. Stocks in the Russell 3000 Index portfolio will be sorted by price/book ratio; names with the highest price/book ratio that make up 1/3 of the total market capitalization will be assigned to the growth category, names that make up the subsequent 1/3 of the total market capitalization will be assigned to the neutral category, while the balance of the names will be assigned to the value category.

Consistency - The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.

Convexity - A measure of the shape of the curve that describes the relationship between bond prices and bond yields.

Coupon Rate - The percentage rate of interest paid on a bond or fixed income security; it is typically paid twice per year.

Current Yield - The annual income of a security divided by the security's current price.

Down Market Capture - Down market by definition is negative benchmark return and down market capture represents the ratio in % terms of the average portfolios return over the benchmark during the down market period. The lower the value of the down market capture the better the product's performance.

Downside Risk - A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the product.

Earnings Per Share - It is backward looking, calculated using the one year current EPS divided by the one year EPS five years ago.

Excess Return vs. Market - Average of the monthly arithmetic difference between the manager's return and the benchmark return over a specified time period, shown on an annualized basis.

Excess Return vs. Risk Free - Average of the monthly arithmetic difference between the manager's return and the risk-free return over a specified time period, shown on an annualized basis.

Excess Risk - A measure of the standard deviation of a portfolio's performance relative to the risk free return.

Gain/Loss - The net increase or decrease in the market value of a portfolio excluding its Net Cash Flow for a given period.

Glossary
As of September 30, 2008

Information Ratio - Measured by dividing the active rate of return by the tracking error. The higher the information ratio, the more value-added contribution by the manager.

Modified Duration - The approximate percentage change in a bond's price for a 100 basis point change in yield.

Net Cash Flow - The sum, in dollars, of a portfolio's contributions and withdrawals. This includes all management fees and expenses only when performance shown is gross of fees.

Peer Groups - RVK utilizes the Mellon Analytical Solutions Trust Universe and the RogersCasey Manager Universe for peer comparison and rankings. The Mellon Analytical Solutions Trust Universe, which is used for comparison of Total Fund composite results, utilizes actual client returns compiled from consultant and custodial data. The RogersCasey Manager Universe database includes performance and other quantitative data for over 1,400 investment management firms, over 17,000 investment products, including separate accounts, commingled funds, and mutual funds, and 160 standard peer groups.

Peer Group Definitions

SA = Separately Managed Fund
CF = Commingled Fund
MF = Mutual Fund

Peer Group Percentile Rankings

Percentile rank compares an individual fund's performance with those of other funds within a defined peer group of managers possessing a similar investment style. Percentile rank identifies the percentage of a fund's peer group that has a higher return (or other comparative measurement) than the fund being ranked. Conversely, 100 minus the individual fund's ranking will identify the percentage of funds within the peer group that have a lower return than the fund being ranked.

1 - Highest Statistical Value
100 - Lowest Statistical Value

Portfolio Duration - The weighted average duration of all the bonds in a given portfolio, weighted by their dollar values.

Region Attribution - Calculated using the Morgan Stanley Capital International (MSCI) region standards.

Return - Compounded rate of return for the period.

%Return - The time-weighted rate of return of a portfolio for a given period.

R-Squared - The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio's performance to the appropriate benchmark.

Sector Attribution - Calculated using the Industry Classification Benchmark (ICB).

Glossary
As of September 30, 2008

Sharpe Ratio - Represents the excess rate of return over the risk-free return, divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.

Simple Alpha - The difference between the manager's return and the benchmark's return.

Spread Duration - A measure of the price sensitivity of a bond to a 100 basis-point movement of the bond's spread relative to Treasuries.

Standard Deviation - A statistical measure of the range of a portfolio's performance. The variability of a return around its average return over a specified time period.

Tracking Error - A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate market benchmark.

Treynor Ratio - Similar to Sharpe ratio, but focuses on beta rather than excess risk (standard deviation). Treynor ratio represents the excess rate of return over the risk-free rate divided by the beta. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.

Unit Value - The dollar value of a portfolio, assuming an initial nominal investment of \$100, growing at the compounded rate of %Return for a given period.

Up Market Capture - Up market by definition is positive benchmark return and up market capture represents the ratio in % terms of the average portfolios return over the benchmark during the up market period. The higher the value of the up market capture the better the product's performance.

Yield to Maturity - The rate of return achieved on a bond or other fixed income security assuming the security is bought and held to maturity and that the coupon interest paid over the life of the bond will be reinvested at the same rate of return.

Yield to Worst - The bond yield calculated by using the worst possible yield taking into consideration all call, put, and optional sink dates.



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Agenda

Item No. **49**

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

ADM 110.12 (PC 50101)

November 13, 2008

SUBJECT:

MTS: FISCAL YEAR 2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

RECOMMENDATION:

That the Board of Directors receive the Fiscal Year 2008 Comprehensive Annual Financial Report (CAFR).

Budget Impact

None at this time.

Audit Oversight Committee Recommendation

At its meeting on November 6, 2008, the Audit Oversight Committee recommended forwarding this item to the Board of Directors.

DISCUSSION:

MTS's independent outside auditor, Caporicci and Larson, will present the proposed Fiscal Year 2008 CAFR.

Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Cliff Telfer, 619.557.4532, cliff.telfer@sdmts.com

NOV13-08.49.2008 CAFR.CTELFER.doc

Attachment: A. Comprehensive Annual Financial Report (**Board Only Due to Volume**)



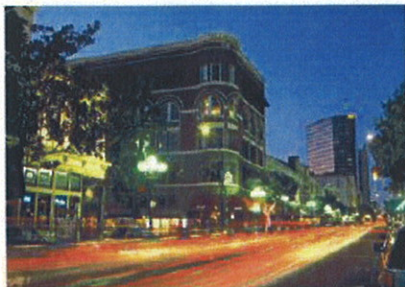
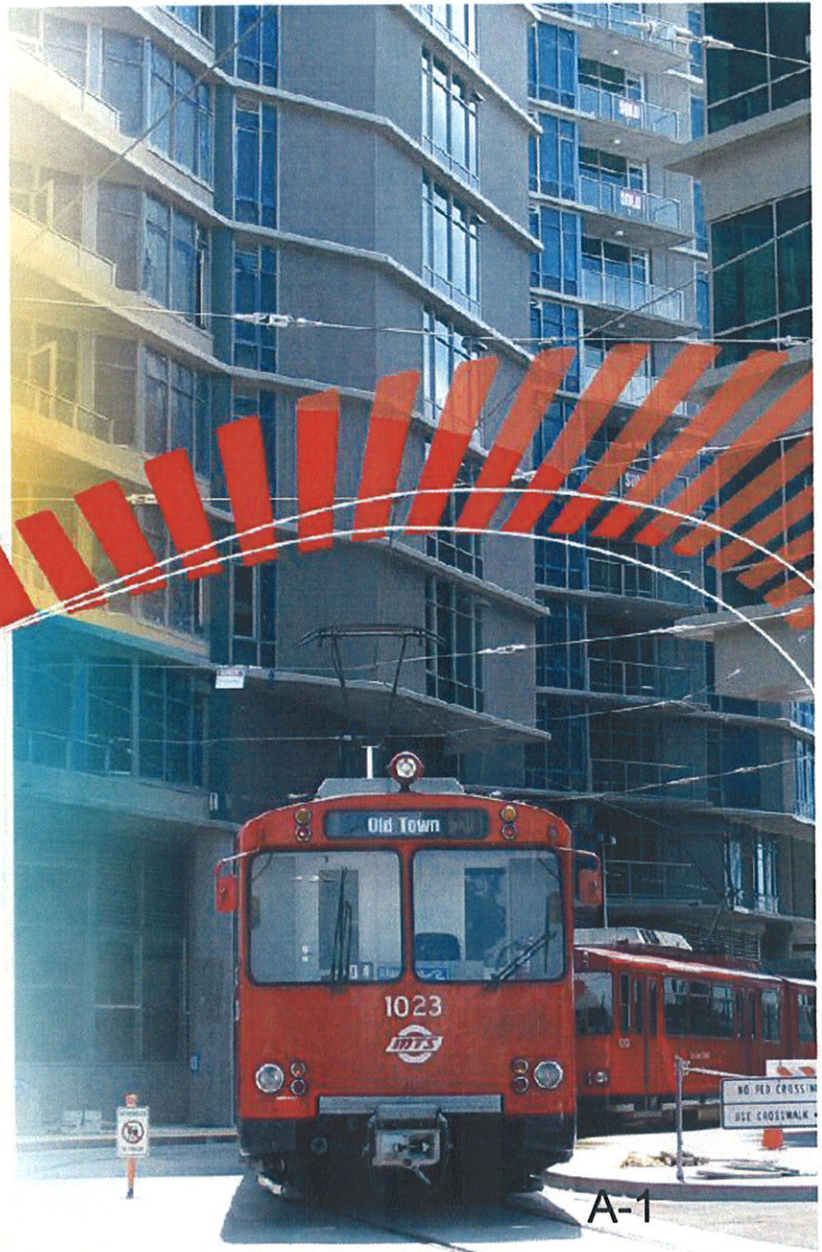
Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB is owner of the San Diego and Arizona Eastern Railway Company. MTDB Member Agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.

REVISED Att. A, AI 49, 11/13/08

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
SAN DIEGO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2007



San Diego Metropolitan Transit System

San Diego, California

DRAFT

***Comprehensive Annual Financial Report and
Independent Auditors' Report***

For the years ended June 30, 2008 and 2007

PREPARED BY SAN DIEGO METROPOLITAN TRANSIT SYSTEM
FINANCE DEPARTMENT

Introductory Section (Unaudited):

- Letter of Transmittal
- Listing of Board of Directors and Management
- Executive Level Organization Chart
- Certificate of Achievement for Excellence in Financial Reporting - GFOA

Financial Section:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements:

- Statement of Net Assets
- Schedule of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows
- Notes to Basic Financial Statements

Required Supplementary Information (Unaudited):

- Schedule of Funding Progress of Defined Pension Plans

Supplementary Information:

- Combining Schedule of Net Assets
- Combining Schedule of Revenues, Expenses, and Changes in Net Assets
- Schedules of Revenues, Expenses and Changes in Net Assets - Budget and Actual:
 - Combined Operations
 - General Operations:
 - General Fund
 - Taxicab Administration
 - San Diego & Arizona Eastern Railway
 - Contract Services
 - San Diego Transit Corporation
 - San Diego Trolley, Inc.

Statistical Section (Unaudited):

- Financial Trends
 - Changes in Net Assets
- Revenue Capacity
 - Operating Revenue by Source
 - Fare Structure
 - Farebox Recovery Percentages
- Debt Capacity

Ratio of Outstanding Debt by Type

Demographic and Economic Statistics

Regional Population and Personal Income Statistics

Full-time and Part-time Employees by Function

Ten Largest Employers

Operating Information

Operating Indicators by Function

Service Performance Data

Capital Asset Statistics by Function

Ridership

Operating Subsidy

INTRODUCTORY SECTION

DRAFT

Board of Directors and Transit Riders
San Diego Metropolitan Transit System

The comprehensive annual financial report of the San Diego Metropolitan Transit System (MTS) for the fiscal years ended June 30, 2008 and 2007 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. The MTS Board of Directors has established an Audit Oversight Committee to provide an additional level of scrutiny to the preparation of the annual financial report. Management of MTS is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of MTS are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

State statutes require an annual audit by independent certified public accountants. The firm of Caporicci & Larson, CPAs, has been retained to meet this requirement. The goal of the independent audit was to provide reasonable assurance that the financial statements of MTS for the fiscal years ended June 30, 2008 and 2007 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that MTS' financial statements for the fiscal years ended June 30, 2008 and 2007 are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit also was designed to meet the requirements of a broader, federally mandated "Single Audit" to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements required the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports related specifically to the Single Audit are issued under separate cover.

MTS maintains budgetary controls, the objective of which is to ensure compliance with the provisions embodied in the annual appropriated budget approved by the board of directors. Activities of the General Fund, which includes Capital Projects and Debt Service activities, are included in the annual appropriated budget. Comprehensive multi-year financial plans, adopted when major projects are approved for the final design and construction phase, provide project-length budgetary control for Capital Projects. The portion of costs expected to be incurred on each project during the fiscal year is included in the annual operating budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by line item within an individual fund, that is the level of detail presented in the statement of revenues, expenses and changes

in net assets. The Chief Executive Officer has the authority to transfer up to \$25,000 between line items. MTS also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances are evaluated and may be reappropriated as part of the following year's budget.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

REPORTING ENTITY

The San Diego Metropolitan Transit System was created effective January 26, 1976 to provide the policy setting and overall management coordination of the public transportation system in the San Diego metropolitan service area. This service area encompasses approximately 2.19 million people residing in a 570 square mile area of San Diego County, including the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, Santee, and San Diego and the unincorporated area of the County of San Diego. A number of fixed-route operating entities provide the service and have banded together to form a federation of transit service providers called the Metropolitan Transit System (MTS). The purpose of the MTS is to provide coordinated routes, fares, and transfers among the different operating entities.

MTS' mission statement, adopted by the board of directors, is to enhance the personal mobility of San Diego metropolitan area residents and visitors by:

- Obtaining maximum benefit for every dollar spent.
- Being the community's major public transportation advocate.
- Increasing public transportation usage per capita.
- Taking a customer-oriented approach.
- Offering high-quality public transportation services.
- Responding to the community's socioeconomic interests.

Effective January 1, 2003, Senate Bill 1703 (SB 1703) took effect which consolidated the planning, programming, project development, and construction activities of the San Diego Association of Governments (SANDAG), MTS, and North San Diego County Transit District (NCTD) within SANDAG. The legislation called for an initial transfer of the planning and programming functions from MTS to SANDAG by July 1, 2003 and a subsequent transfer of the project development and construction functions by January 30, 2004. Now that the consolidation is complete, MTS' focus has shifted to transit service operations, as SANDAG, in its newly configured role, is responsible for all other facets of transportation planning, programming, and development. MTS has one voting member on the nine-member Transportation Committee within SANDAG. The Transportation Committee assumed the responsibility and decision-making for all transportation-related planning, programming, and development activities. In accordance with the legislation, the planning and programming functions were transferred to SANDAG on July 1, 2003, and the project development and construction activities were transferred to SANDAG on October 13, 2003.

MTS is effectively an umbrella agency. MTS owns the assets of San Diego Trolley, Inc. (SDTI) and San Diego Transit Corporation (SDTC), the area's two largest transit operators. These two transit units were formed under California law as not-for-profit public corporations and function as operating subsidiaries of MTS. SDTI and SDTC are considered component units and are blended component units for financial reporting purposes. SDTI operates three Light Rail Transit (LRT) routes, the Blue Line from the Mission San Diego Station to San Ysidro at the International Border, the Orange Line from the Imperial and 12th Bayside Platform through Centre City and then east to Santee, and the Mission Valley Extension, known as the Green Line. SDTI operates on a total of 54.3 miles of track. SDTC operates 20 routes with an active fleet of 267 buses.

The relationship between MTS and the transit operating subsidiaries, SDTI and SDTC, is formally established through operating agreements and MTS-adopted corporate policies. These agreements and corporate policies specify the roles and responsibilities of each of the organizations and outline the procedures in numerous functional areas including auditing and budgeting, fare setting, marketing and public information, revenue-producing advertising, service contracts, and programming of federal, state and local subsidies. The MTS Board of Directors has the policy-setting responsibility for the operation and development of MTS' transit operating subsidiaries as well as for the planning and approval of capital expenditures by or on behalf of these entities. The day-to-day operating functions, labor matters and maintenance of facilities are managed by the individual transit operators.

Starting in July of 2004 and continuing forward, MTS began to centralize and consolidate many functions within SDTI and SDTC. These include Planning, Human Resources, Finance, and Purchasing. This transition is largely completed as of June 30, 2008.

In addition, MTS owns the San Diego and Arizona Eastern Railway Company (SD&AE), a not-for-profit railroad holding company entrusted with assets which include 108 miles of rail line and over 2,000 acres of property. MTS has a contract with the San Diego and Imperial Valley Railway Co. (SDIV) for the operation of freight rail services over the SD&AE rail line. MTS provides no subsidy to SDIV, but does receive a portion of its gross revenue. SD&AE is considered a component unit and a blended component unit for financial reporting purposes.

In addition to the bus routes operated by SDTC, MTS is financially accountable for the operation of certain other bus routes. MTS contracts with an outside party for the operation of these bus routes. The contracts require full operation and maintenance of the bus services. These contract services are accounted for in the Other Contracted Services Enterprise Fund for financial reporting purposes. Effective July 1, 2002, the responsibility for operating the County Transit System (CTS) was transferred from the County of San Diego to MTS. CTS operating services are combined with the Other Contracted Services Enterprise Fund for financial reporting purposes.

MTS also is financially accountable for the operation of Taxicab Administration services, which includes regulating the issuance of taxi and jitney service permits in the Cities of San Diego, El Cajon, Imperial Beach, Lemon Grove, National City, Poway, and Santee.

The MTS Board of Directors is comprised of 15 members with four appointed from the San Diego City Council, one appointed from the San Diego County Board of Supervisors, one appointed from each city council of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City,

Poway, and Santee, and one member of the public elected by other Board members to serve as Chairman.

ECONOMIC CONDITION AND OUTLOOK

Operations

Historically, the San Diego region has enjoyed strong economic expansion, outpacing both the state and national economies. San Diego's gross regional product (GRP), the estimated total value of the regions' economy was estimated at \$162.9 billion for FY 2007 (most recent estimate available). More recently, San Diego has begun to feel the effects of the downturn in the housing and credit market. MTS-area fixed-route ridership increased during FY 2008 partly attributable to the increase in gasoline prices.

The principal local source of operating subsidy for MTS' transit programs is Transportation Development Act (TDA) funding. One-fourth percent of the local sales tax in each California county is dedicated to transportation purposes.

On a local level, area voters approved a one-half cent transportation sales tax in 1987, called TransNet. One-third of the sales tax proceeds is allocated for transit purposes which is further divided between MTS and North County Transit District (MTS' counterpart in North San Diego County) based on the proportion of the population within the area of each jurisdiction. Prior to FY 2004, 80% of the transit TransNet funds had to be used for expansion of the light rail system. The remaining 20% could be used for operations after funding a reduced price pass program for seniors, disabled, and youth, which is capped at \$5.5 million. As a result of operating budget pressures, the ratio was changed in June 2003 so that up to 40% of the TransNet program can be used for operations (increased from 20%). The current TransNet sales tax expires in 2008. A reauthorization measure was approved by voters in November 2004 extending the TransNet sales tax for 40 additional years. This has removed a major potential funding problem that would have occurred in 2008 and beyond.

Major Initiatives

With the changes brought about by SB 1703, the MTS focus is now clearly on operations rather than development. Specifically, this is providing quality, efficient, and reliable service to customers using resources to maximum effect. Two major challenges are to align operating costs with recurring revenues and rebuild the capital program in order to be able to replace aging infrastructure. MTS has begun a 5-year bus procurement program that will replace 350 vehicles and add 20 new buses to its fleet to accommodate planned expanded service. In addition, a program to upgrade and rehab the Blue Line Trolley will begin within the next 12 to 24 months.

FINANCIAL MANAGEMENT

Pension Funds

MTS and SDTI contract with the California Public Employees Retirement System (PERS) to provide retirement plans for their employees. The employees of SDTC participate in the San Diego Transit Corporation Employee Retirement Plan, a single-employer public employee retirement plan.

Debt Administration

Capital Leases – MTS has two capitalized lease obligations with current year debt service of \$526 thousand. One lease obligation is the result of a joint venture arrangement whereby the joint venture issued certificates of participation (COPs) for the construction of the MTS Tower, and MTS services the debt through lease payments. The other is a lease purchase agreement for the acquisition of telecommunications equipment.

On the COP issue, the rating, which was based on the strength of the joint venture and the primary lessor (the County of San Diego), was Aaa by Moody's Investors Service and AAA by Standard & Poor's Corporation.

Finance Obligations – MTS has one finance obligation resulting from a Light Rail Vehicle (LRV) lease/leaseback transaction. Proceeds from this transaction have been placed into investments that mature at values sufficient to cover all remaining obligations as well as amounts necessary to exercise the repurchase option. During the year MTS retired three other finance obligations that consisted of two COP's issued for the completion of construction projects and one obligation related to a Light Rail Vehicle sale/leaseback transaction. Total debt service for FY 08 was \$27.9 million.

Pension Obligation Bonds – MTS issued Taxable Pension Obligation Bonds in 2004 to reduce the unfunded liability in the SDTC retirement plan. Total debt service was \$1.5 million for FY 2008 and \$1.4 million for FY 2007. This obligation is reported by SDTC.

Cash Management

To facilitate optimum management of MTS' resources, balances in all cash accounts within the organization, including MTS, SDTC and SDTI, are swept nightly to one concentration account. MTS cash in excess of funds required for short term needs form a pool of cash for short-term investment, except for restricted funds, which are generally held by outside custodians on behalf of capital projects and debt service requirements. MTS' funds are invested in accordance with its written policy which is consistent with the California Government Code 53600. MTS is currently evaluating contracts for the services of an outside investment management firm to handle the daily investment activities. Further details of MTS' cash and investments at June 30, 2008 and 2007 are set forth in Note 2 to the financial statements.

Risk Management

MTS (including Taxicab Administration, SD&AE, and Other Contracted Services), SDTI, and SDTC are protected against the adverse consequences of material or financial loss through a balanced program of risk retention and the purchase of commercial insurance. MTS, SDTI, and SDTC are insured for liability, property, and workers' compensation claims under a combined insurance program. Claims in excess of the various deductibles and self-insured retention amounts which range from \$50,000 to \$2,000,000 are insured with commercial carriers up to \$75,000,000 for liability and up to \$600,000,000 for property damage.

Acknowledgments

The preparation of this report was accomplished with the cooperation of MTS' management and staff. We express our appreciation to the staff members who contributed to the preparation of this report.

November 30, 2008

San Diego Metropolitan Metropolitan Transit System
Listing of Board of Directors and Management

BOARD OF DIRECTORS

Members

Harry Mathis
 Jerry Rindone
 Toni Atkins
 Thomas E. Clabby
 Robert Emery
 Ernest Ewin
 Kevin Faulconer
 Brian Maienschein
 Bob McClellan
 Fred McLean
 Phil Monroe
 Ron Roberts
 Hal Ryan
 Tony Young
 Rosalie Zarate

Board position (elected position)

Chairman, since 1/06
 Vice Chairman, since 7/91 (Deputy Mayor, City of Chula Vista)
 Board Member, since 12/02 (Councilmember, City of San Diego)
 Board Member, since 6/96 (Councilmember, City of Lemon Grove)
 Chair, Pro Tem, since 7/85 (Councilmember, City of Poway)
 Board Member, since 03/05 (Councilmember, City of La Mesa)
 Board Member, since 1/06 (Councilmember, City of San Diego)
 Board Member, since 12/00 (Councilmember, City of San Diego)
 Board Member, since 4/08 (Councilmember, City of El Cajon)
 Board Member, since 1/06, (Councilmember, City of Imperial Beach)
 Board Member, since 4/02 (Councilmember, City of Coronado)
 Board Member, since 12/89 (County Board of Supervisors)
 Board Member, since 1/04 (Vice Mayor, City of Santee)
 Board Member, since 1/05 (Councilmember, City of San Diego)
 Board Member, since 1/07 (Councilmember, National City)

MTS MANAGEMENT

Staff

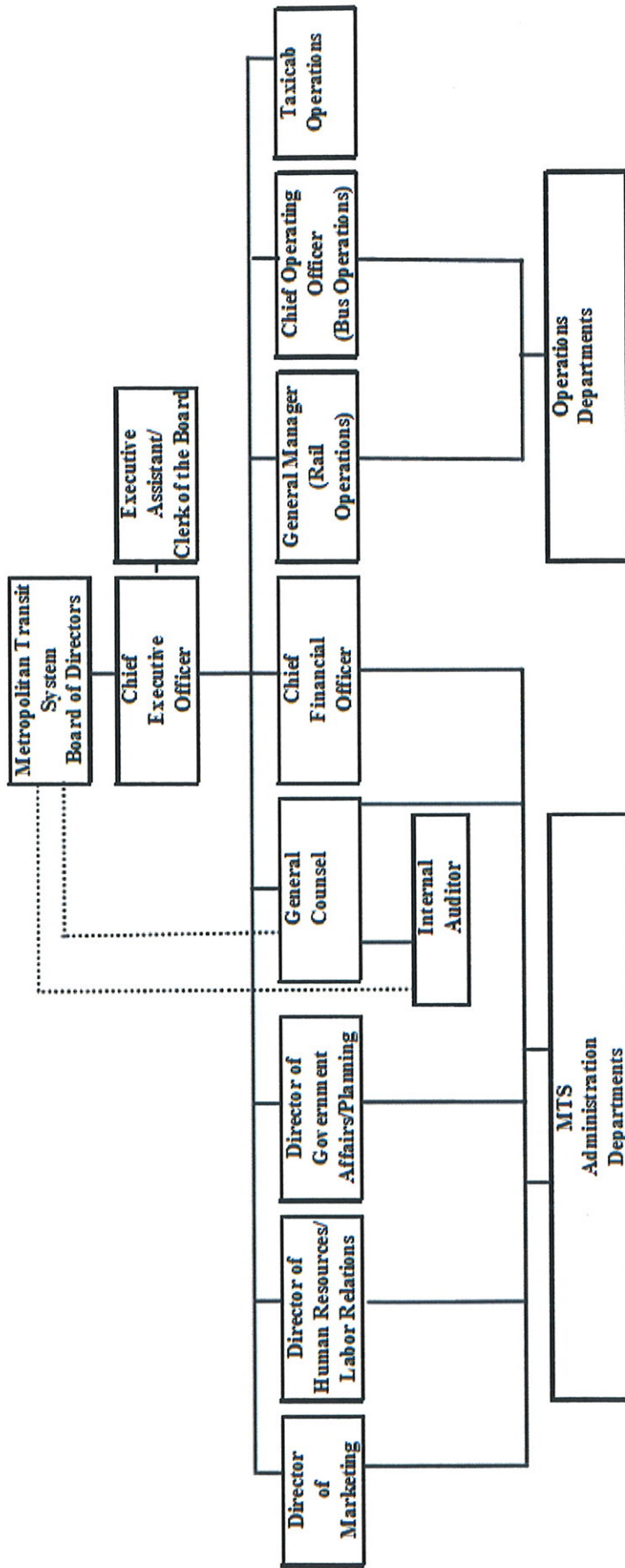
Paul Jablonski
 Tiffany Lorenzen
 Cliff Telfer
 Claire Spielberg
 Peter Tereschuck
 Sharon Cooney
 Robert Schupp
 Jeff Stumbo

Position

Chief Executive Officer
 General Counsel
 Chief Financial Officer
 Chief Operations Officer, Bus (SDTC)
 President-General Manager, Rail (SDTI)
 Director, Planning/Government Affairs and Community Relations
 Director, Marketing and Communications
 Director, Human Resources and Labor Relations

San Diego Metropolitan Transit System Executive Level Organization Chart

DRAFT



Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Diego Metropolitan
Transit System, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Charles S. Cox

President

Jeffrey R. Ennis

Executive Director

San Diego Metropolitan Transit System

Management's Discussion and Analysis

June 30, 2008 and 2007

The following discussion and analysis of the financial performance of the San Diego Metropolitan Transit System (MTS) is intended to provide an overview of MTS' financial activities for the fiscal years ended June 30, 2008 and 2007. This information should be used in conjunction with the Letter of Transmittal, which can be found on pages 1 through 6 of this report.

Financial Highlights

- Net assets, as reported in the statement of net assets, totaled \$1,266 million as of June 30, 2008, \$1,261 million as of June 30, 2007 and \$1,248 million as of June 30, 2006. Of this amount, \$186 million was unrestricted as of June 30, 2008, \$163 million was unrestricted as of June 30, 2007, and \$2 million was unrestricted as of June 30, 2006. Total net assets increased by \$5 million in the current year and \$13 million in the prior year.
- For the year ended June 30, 2008, the combined farebox recovery ratio (the measure of the ability to recover operating costs through fare revenue) for San Diego Trolley, Inc., San Diego Transit Corporation, and MTS Contracted Services was 38.2% compared to 37.1% for the year ended June 30, 2007 and 37.0% for the year ended June 30, 2006. A number of factors have brought about this increase, principally increased fare receipts and lower operating costs at San Diego Trolley, Inc. and Other Contracted Services operations within MTS.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to MTS' financial statements. MTS' financial statements comprise two components: 1) financial statements and, 2) notes to financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Financial statements. The financial statements are designed to provide readers with a broad overview of MTS' finances, in a manner similar to a private-sector business. In fiscal year 2008, MTS presents comparative statements for FY 2008 and FY 2007. This is the second year that MTS has reported all results as business activities, which has made the comparative presentation possible.

The *statement of net assets* presents information on all of MTS' assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of MTS is improving or deteriorating.

The *statement of revenues, expenses and changes in net assets* presents information showing how the net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

San Diego Metropolitan Transit System

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June 30, 2008 and 2007

Since MTS' primary function is to provide transportation services to the region's citizens and recover costs through user fees and charges, the financial statements include business-type activities. In addition, the financial statements include not only MTS itself (*known as the primary government*), but also two legally separate transit operators and one legally separate freight railway, for which MTS is financially accountable: San Diego and Arizona Eastern Railway Company (SD&AE).

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning MTS' progress in funding its obligation to provide pension benefits to its employees.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of MTS, assets exceeded liabilities by \$ 1,266 million at the close of the most recent fiscal year and \$1,261 million at the end of FY 2007.

The largest portion of MTS' net assets reflects the investment in capital assets, net of related debt. Most of the investment in capital assets is comprised of trolley system assets, buses, and construction-in-progress totaling \$71.1 million, of which the largest projects currently under construction are the Automated Fare Collection System and the Bus Rapid Transit project (currently \$40 million and \$11 million respectively). Prior year construction-in-progress totaled \$102 million, of which the largest projects were the Automated Fare Collection System and the San Ysidro Intermodal Transit Center (\$38 million and \$28 million, respectively). The capital assets that are represented by the construction-in-progress will be used to provide services to citizens; consequently, these assets are *not* available for future spending. In FY 2008 MTS transferred completed projects worth \$52.4 million to SDTC, SDTI and Other Contracted Services. In FY 2007 MTS transferred completed projects worth \$32.7 million to SDTC, SDTI and Other Contracted Services.

The balance in unrestricted assets increased by \$ 22 million during the current year and \$161 million in the prior year.

	June 30, 2008	June 30, 2007	Change	June 30, 2006	Change
Current and other assets	\$ 344,003,642	\$ 326,690,827	\$ 17,312,815	\$ 285,334,929	\$ 41,355,898
Capital assets	1,210,312,975	1,256,454,253	(46,141,278)	1,288,533,168	(32,078,915)
Total assets	1,554,316,617	1,583,145,080	(28,828,463)	1,573,868,097	9,276,983
Long-term liabilities outstanding	234,980,750	242,450,090	(7,469,340)	269,442,610	(26,992,519)
Other liabilities	53,759,357	79,775,424	(26,016,066)	56,116,038	23,659,387
Total liabilities	288,740,107	322,225,514	(33,485,407)	325,558,648	(3,333,133)
Net assets (deficit):					
Invested in capital assets net of related debt	1,079,967,043	1,097,675,395	(17,708,352)	1,246,202,145	(148,526,750)
Unrestricted	185,609,461	163,244,169	22,365,292	2,107,304	161,136,865)
Total net assets	\$ 1,265,576,504	\$ 1,260,919,564	\$ 4,656,940	\$ 1,248,309,449	\$ 12,610,116

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Increases in operating revenue are attributable to fare adjustments implemented in the current year and increased ridership. Capital and operating grants and contributions continue to be a major portion of the revenue used to fund transit operations and capital projects. Variances between FY 2008 and FY 2007 are largely attributable to receipt of Proposition 1B funding designated for the purchase of additional buses.

	June 30, 2008	June 30, 2007	Change	June 30, 2006	Change
Revenues:					
Operating revenues	\$ 80,792,307	\$ 73,384,332	\$ 7,407,975	\$ 70,183,914	\$ 3,200,418
Nonoperating revenues	214,361,251	196,421,308	17,939,942	162,712,345	33,708,963
Total revenues	295,153,558	269,805,642	25,347,916	232,896,259	36,909,381
Expenses:					
Operating expenses	297,857,331	270,338,715	27,518,616	261,619,551	8,719,164
Nonoperating expenses	11,131,184	14,585,340	(3,454,156)	11,686,502	2,898,839
Total expenses	308,988,515	284,924,055	24,064,460	273,306,053	11,618,003
Increase (decrease) in net assets before capital contributions	(13,834,957)	(15,118,416)	1,283,456	(40,409,794)	25,291,378
Capital contributions	18,491,897	27,728,531	(9,236,634)	23,013,017	4,715,514
Increase in net assets	4,656,940	12,610,116	(7,953,178)	(17,396,777)	30,006,893
Net assets-beginning of year	1,260,919,564	1,248,309,449	12,610,118	1,265,706,226	(17,396,777)
Net assets-end of year	\$ 1,265,576,504	\$ 1,260,919,565	\$ 4,656,940	\$ 1,248,309,449	\$ 12,610,116

Budgetary Highlights

Differences between the original budget and the final amended budget included a \$27,000 decrease in appropriations, summarized as follows:

- \$1,754,000 increase in personnel costs
- \$737,000 increase in outside services
- \$227,000 increase in risk management costs
- \$75,000 increase in general administrative expense
- \$100,000 increase in vehicle costs

Partially offset by:

- \$233,000 decrease in materials and supplies
- \$2,631,000 decrease in energy expense

In addition, the final amended budget included the following revenue adjustments:

- \$1,870,000 increase in passenger fares

San Diego Metropolitan Transit System

Management's Discussion and Analysis

June 30, 2008 and 2007

- \$3,500,000 increase in miscellaneous revenue
- \$27,000 decrease in subsidy revenue

Capital Asset and Debt Administration

Capital assets. MTS' investment in capital assets net of depreciation as of June 30, 2008 and 2007 amounted to \$1,210 million and \$1,256 million. This investment in capital assets includes land, buildings, vehicles, equipment, and construction-in-progress. Major capital asset events during the current fiscal year included the following:

- MTS has begun a multi-year bus acquisition program, and has expended \$3.7 million in the current year for vehicles delivered to Other Contracted Services.
- Construction continued on the Automated Fare Collection System with \$2.5 million expended in the current fiscal year, bringing the total construction-in-progress for this project to \$40 million.
- Construction on the San Ysidro Intermodal Transportation Center was completed for a total cost of \$28 million.
- Completed capital projects totaling \$18.7 million were transferred from SANDAG and other governments to MTS and its component units during FY 2008.

CAPITAL ASSETS (Net of depreciation)			
	2008	2007	2006
Land	\$ 221,853,921	\$ 221,858,391	\$ 189,011,676
Buildings	720,488,894	703,841,608	798,272,004
Vehicles	172,200,068	203,308,050	174,397,242
Equipment & other	24,659,028	25,226,977	7,377,087
Construction-in-progress	71,111,063	102,219,226	119,475,157
Total	<u>\$ 1,210,312,974</u>	<u>\$ 1,256,454,253</u>	<u>\$ 1,288,533,165</u>

Additional information on MTS' capital assets can be found in Note 3 to the financial statements.

Long-term debt. At the end of the current fiscal year, MTS has two capital lease obligations outstanding in the amounts of \$7.6 million and \$188,000. In addition, MTS has two finance obligations outstanding relating to a lease/leaseback transaction entered into in 1995 and Pension Obligation Bonds issued in fiscal year 2005, for a total obligation of \$195.7 million. In connection with the lease/leaseback transaction, MTS placed funds on deposit, which, together with the interest earned on the deposits, will be sufficient to cover the amounts due under the finance obligation. The pension obligation bonds were issued in fiscal 2005 for \$77.5 million to make a contribution to the SDTC retirement plan and reduce its unfunded liability. During the current year, MTS retired two certificates of

San Diego Metropolitan Transit System

Management's Discussion and Analysis

June 30, 2008 and 2007

participation issued to fund construction projects and one finance obligation related to the sale/leaseback of light rail vehicles in 1990.

Bond Ratings

Moody's Investor's service provided an intrinsic rating for the Pension Obligation Bonds at Aaa in 2004. Additional information on MTS' long-term debt can be found in Note 6 to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of MTS' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, MTS, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

DRAFT

DRAFT
San Diego Metropolitan Transit System
Statement of Net Assets
For the Years Ended June 30, 2008 and 2007

	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 83,713,551	\$ 46,201,913
Investments restricted for debt service payable within one year	1,247,951	4,877,796
Accounts and other receivables	9,137,277	14,970,464
Due from other governments	53,529,439	43,846,179
Materials and supplies inventory	8,114,496	6,570,863
Prepaid expenses and other current assets	1,566,377	3,694,203
Total current assets	157,309,091	120,161,418
Noncurrent assets:		
Cash and certificates of deposit restricted for capital support	5,595,161	5,582,755
Investments restricted for debt service and capital projects	115,277,738	133,302,151
Unamortized bond issuance cost	1,141,014	1,463,865
Capital assets (net of accumulated depreciation)	1,210,312,975	1,256,454,253
Net pension assets	64,680,638	66,180,638
Total noncurrent assets	1,397,007,526	1,462,983,662
Total assets	\$ 1,554,316,617	1,583,145,080

See Accompanying Notes to Basic Financial Statements

DRAFT
San Diego Metropolitan Transit System
Statement of Net Assets, Continued
For the Years Ended June 30, 2008 and 2007

	2008	2007
Liabilities		
Current liabilities:		
Accounts payable	15,502,799	10,689,581
Due to other governments	13,312,768	20,164,812
Unearned revenue	459,585	11,384,126
Accrued expenses	10,044,587	9,745,217
Retentions payable	132,999	352,965
Due within one year:		
Bond premium	25,148	57,120
Compensated absences payable	6,795,488	6,975,897
Accrued damage, injury, and employee claims	4,136,494	3,082,778
Long-term debt	2,101,539	12,445,131
Long-term debt payable from restricted assets	1,247,950	4,877,796
Total current liabilities	<u>53,759,357</u>	<u>79,775,423</u>
Noncurrent liabilities:		
Retentions payable from restricted assets	5,595,161	5,582,755
Accrued damage, injury, and employee claims payable from restricted assets	-	1,225,201
Long-term debt payable from restricted assets	115,277,738	112,794,278
Bond Premium	261,957	287,105
Compensated absences payable, due in more than one year	5,954,109	4,775,563
Accrued damage, injury, and employee claims, due in more than one year	19,142,359	14,503,536
Accrued other post employment benefits	3,910,722	-
Long-term debt, due in more than one year	84,838,704	103,281,652
Total noncurrent liabilities	<u>234,980,750</u>	<u>242,450,090</u>
Total liabilities	<u>288,740,107</u>	<u>322,225,513</u>
Net Assets		
Invested in capital assets, net of related debt	1,079,967,043	1,097,675,395
Unrestricted	185,609,461	163,244,169
Total net assets	<u>\$ 1,265,576,504</u>	<u>1,260,919,565</u>

See Accompanying Notes to Basic Financial Statements

DRAFT
San Diego Metropolitan Transit System
Schedule of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2008 and 2007

	2008	2007
Operating revenues:		
Passenger revenue	\$ 75,938,626	\$ 68,634,694
Advertising	1,118,697	1,001,597
Charter	63,435	44,999
Miscellaneous operating revenues	3,671,549	3,703,043
Total operating revenues	<u>80,792,307</u>	<u>73,384,333</u>
Operating expenses:		
Personnel costs	101,347,479	89,750,761
Outside services	64,940,409	62,629,613
Transit operations funding	3,852,449	5,438,052
Materials and supplies	7,590,216	7,266,337
Energy costs	27,210,670	22,767,220
Risk management	3,898,094	5,614,889
Miscellaneous operating expenses	1,974,588	944,296
Amortization of net pension asset	1,500,000	1,455,000
Depreciation	85,543,426	74,472,549
Total operating expenses	<u>297,857,331</u>	<u>270,338,717</u>
Operating income (loss)	<u>(217,065,024)</u>	<u>(196,954,384)</u>
Public support and nonoperating revenues:		
Federal revenue	47,889,694	48,950,712
Transportation Development Act (TDA) funds	79,271,656	84,941,254
State Transit Assistance (STA) funds	14,622,782	21,458,830
State revenue - other	41,158,739	10,929,552
TransNet funds	16,968,565	16,223,926
Other local subsidies	967,638	1,828,068
Investment earnings	13,394,279	13,349,080
Interest expense	(10,666,621)	(14,229,812)
Gain (loss) on disposal of assets	87,898	(1,260,113)
Other expenses	(141,711)	(355,528)
Amortization of bond issuance costs	(322,852)	-
Total public support and nonoperating revenues (expenses)	<u>203,230,067</u>	<u>181,835,969</u>
Income (loss) before contributed capital	<u>(13,834,957)</u>	<u>(15,118,415)</u>
Contributed capital	18,491,897	27,728,531
Change in net assets	<u>4,656,940</u>	<u>12,610,116</u>
Net assets, beginning of year	<u>1,260,919,564</u>	<u>1,248,309,449</u>
Net assets, end of year	<u>\$ 1,265,576,504</u>	<u>\$ 1,260,919,565</u>

See Accompanying Notes to Basic Financial Statements

San Diego Metropolitan Transit System
Statement of Cash Flows
For the Years Ended June 30, 2008 and 2007 - DRAFT

	2008	2007
Cash flows from operating activities:		
Receipts from customers and users	\$ 82,067,626	64,612,107
Payments to suppliers	(102,954,858)	(102,703,644)
Payments to employees	(99,483,764)	(93,839,698)
Payments for damage and injury	(77,646)	(55,568)
Net cash provided (used) by operating activities	(120,448,642)	(131,986,803)
Cash flows from noncapital financing activities:		
Public support funds received	180,121,920	206,909,446
Net cash provided (used) by noncapital financing activities	180,121,920	206,909,446
Cash flows from capital and related financing activities:		
Debt service costs	(33,203,899)	(26,597,225)
Property acquisition	(16,039,130)	(19,487,354)
Property disposal	7,876	12,004
Net cash provided (used) by capital financing activities	(49,235,152)	(46,072,575)
Cash flows from investing activities:		
Interest received on investments	2,846,681	737,649
Investments liquidated	24,226,833	17,756,235
Investments purchased		(9,325,000)
Net cash provided (used) by investing activities	27,073,514	9,168,884
Net increase (decrease) in cash and cash equivalents	37,511,639	38,018,952
Cash and cash equivalents, beginning of year	46,201,913	8,182,961
Cash and cash equivalents, end of year	83,713,551	46,201,913
Operating income (loss)	(217,065,024)	(196,954,382)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	87,043,426	75,927,549
(Increase) decrease in:		
Accounts and other receivables	(2,538,959)	(8,344,087)
Materials and supplies inventory	(1,543,633)	256,378
Prepaid and other current assets	2,119,746	(1,095,971)
Increase (decrease) in:		
Accounts payable	6,311,893	(1,089,463)
Accrued expenses	4,210,092	4,253,534
Unearned revenue	22,351	-
Compensated absences payable	998,137	(255,360)
Accrued damage, injury and employee claims	(6,970)	(3,968,000)
Total adjustments	96,616,082	64,967,580
Net cash provided (used) by operating activities	\$ (120,448,642)	\$ (131,986,803)

See Accompanying Notes to Basic Financial Statements

San Diego Metropolitan Transit System
Statement of Cash Flows
For the year ended June 30, 2008 - DRAFT

Noncash investing, capital, and financing activities:

	2008	2007
Contributions of capital assets from SANDAG	\$ 18,674,817	\$ 24,972,252
Contributions/adjustments of capital assets from other governments	(103,151)	2,756,279
Total contributions of capital assets	<u>\$ 18,461,897</u>	<u>\$ 27,728,531</u>
 Increase in fair value of investments	 \$ 3,775,720	 \$ 1,590,899

See Accompanying Notes to Basic Financial Statements

NOTES TO BASIC FINANCIAL STATEMENTS

San Diego Metropolitan Transit System

Notes to Basic Financial Statements

For the Years Ended June 30, 2008 and 2007 - DRAFT

(1) Summary of Significant Accounting Policies

The accompanying basic financial statements of the San Diego Metropolitan Transit System (MTS) have been prepared in conformity with generally accepted accounting principles in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of MTS' accounting policies are described below.

(a) *Reporting Entity*

MTS (formerly San Diego Metropolitan Transit Development Board) was formed on January 26, 1976 by passage of California Senate Bill 101 to plan, construct, and operate (or let contracts to operate) exclusive public mass transit guideways in the urbanized south coastal area of San Diego County. MTS has certain responsibilities for near-term transportation planning and administration of federal and state transportation funds within the area under its jurisdiction. The Board of Directors of MTS consists of 15 members composed of four appointees from the San Diego City Council, one appointee from each City Council of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee, and one appointee from the San Diego County Board of Supervisors and a chairman elected by the other 14 members.

On January 1, 2003, California Senate Bill 1703 (SB 1703) became effective. SB 1703 required the consolidation of the planning and programming functions of MTS and the North San Diego County Transit District (NCTD) into the San Diego Association of Governments (SANDAG) in an initial transfer to take place prior to July 1, 2003. SB 1703 also required the consolidation of the project development and construction functions of MTS and NCTD into SANDAG in a subsequent transfer to take place prior to January 30, 2004. The initial transfer occurred on July 1, 2003, and the subsequent transfer occurred on October 13, 2003. With these actions, employees were transferred from MTS and NCTD to SANDAG, and certain planning, development, and construction functions were also transferred. As a result, MTS' activities in the future will be focused on operating public transit systems in the urbanized area identified above. In addition to the consolidation required by SB 1703, MTS dissolved the independent Board of Directors of San Diego Transit Corporation (SDTC) and Board of Directors of San Diego Trolley, Inc. (SDTI). MTS now acts as the Board of Directors for all three agencies, MTS, SDTC, and SDTI. Beginning in FY 2004, SDTC and SDTI are presented as blended component units.

As required by GAAP, these basic financial statements present MTS and its legally separate component units, entities for which MTS is considered to be financially accountable. GASB Statement No. 14, *The Financial Reporting Entity*, discusses the criteria used to determine the reporting status of the primary government's component units. Because MTS appoints a majority of the component units' boards of directors, the boards are substantively the same, and MTS is able to impose its will on the component units, MTS presents blended component units.

San Diego Metropolitan Transit System

Notes to Basic Financial Statements

For the Years Ended June 30, 2008 and 2007 - DRAFT

Blended component units, although legally separate entities, are, in substance, part of MTS' operations.

Included within the reporting entity as blended component units:

San Diego Transit Corporation: On July 1, 1985, MTS purchased the assets used by and acquired sole ownership of San Diego Transit Corporation (SDTC) from the City of San Diego for \$1. SDTC has entered into an operating agreement with MTS to operate a public transportation bus system in the City of San Diego and certain regional routes within MTS' jurisdictions. The current agreement, which was approved in December, 2006, will expire June 30, 2010. SDTC continues to provide local service to a number of adjoining cities under pre-existing contracts. Purchases or construction of bus capital items are made by MTS with whom title remains, and are contributed to SDTC upon completion of a project or when individually purchased by MTS. SDTC's assets, liabilities, net assets, revenues, and expenses are included in MTS' financial statements as a blended component unit. This agency has the same governing board as MTS and provides services directly to the public.

San Diego Trolley, Inc.: San Diego Trolley, Inc. (SDTI) was organized by MTS in August 1980. SDTI was created to operate and maintain the Light Rail Transit (LRT) system pursuant to an operating agreement with MTS. The current agreement, which was approved in December, 2006, will expire June 30, 2010. Purchases or construction of LRT capital items are made by MTS with whom title remains, and are contributed to SDTI upon completion of a project or when individually purchased by MTS. SDTI's assets, liabilities, net assets, revenues, and expenses are included in MTS' financial statements as a blended component unit. This agency has the same governing board as MTS and provides services directly to the public.

San Diego and Arizona Eastern Railway Company: MTS purchased the San Diego and Arizona Eastern Railway Company (SD&AE) in 1979. SDTI operates on a portion of the line and private operators provide freight service on a portion of the line. Purchases of capital items are made by MTS with whom title remains, and are contributed to SD&AE when purchased by MTS. SD&AE's assets, liabilities, net assets, revenues, and expenses are included in MTS' financial statements as a blended component unit. This agency has a separate governing board, which is appointed by MTS. Separate financial reports are not available.

(b) *Financial Statements*

The Financial Statements (i.e., the statement of net assets, the statement of revenues, expenses and changes in net assets, and statement of cash flows) report information on all of the activities of the primary government and its component units. Interfund activity has been eliminated from these statements. The statement of revenues, expenses, and changes in net assets demonstrates the degree to which the direct expenses of a given function or segment are offset by program

San Diego Metropolitan Transit System

Notes to Basic Financial Statements

For the Years Ended June 30, 2008 and 2007 - DRAFT

revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

(c) ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The Financial Statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by MTS.

MTS receives funding primarily from the following revenue sources:

Passenger Revenue

Passenger fares make up approximately 31 percent of MTS' \$239 million operating budget.

Other Operating Revenues

MTS receives a variety of operating revenues that are not received directly from passenger fares. The sources of these revenues are advertising, interest income, rental and land management income, income related to Taxicab administration, income from the SD&AE, and other miscellaneous income.

Non Operating Revenues

MTS receives subsidies that are derived from federal, state and local tax revenues. MTS does not levy or collect any tax funds, but receives allocated portions of tax funds through federal, state and local granting agencies.

Federal Transit Administration (FTA)

FTA revenues are funded by a federal gas tax and revenues of the federal general fund. MTS receives Section 5307 and Section 5309 grants which are earmarked for capital assistance and preventive maintenance, and Congestion Management and Air Quality (CMAQ) funds intended to subsidize the first three years' operations of trolley line extensions, which expire in the current year.

Transit Security Grant Program (TSGP)

San Diego Metropolitan Transit System

Notes to Basic Financial Statements

For the Years Ended June 30, 2008 and 2007 - DRAFT

The Transit Security Grant Program (TSGP) is administered by the Department of Homeland Security (DHS). The program provides funds to owners and operators of transit systems to protect critical surface transportation infrastructure and the traveling public from acts of terrorism, major disasters, and other emergencies.

Compressed Natural Gas Rebate

Refunds on nontaxable uses of fuel are issued by the IRS.

Transportation Development Act (TDA)

TDA provides funding for public transit operators. This state fund is one quarter of a percent of the 7.75 percent sales tax assessed in the region. SANDAG is responsible for apportionment of these funds within the San Diego region.

State Transit Assistance (STA)

STA funding comes from the Public Transportation Act (PTA) which derives its revenue from the state sales tax on gasoline. These funds are designated as discretionary or formula. The former is appropriated by the legislature. The latter is a formula based upon population and fares generated.

Proposition 1B Revenue (Prop 1B)

The California Public Transportation Modernization, Improvement and Service Enhancement Act of 2006, approved by the voters as Proposition 1B (Prop 1B), in November 2006 authorizes the issuance of \$19.9 billion in general obligation bonds for the purpose of improving highway safety, traffic reduction, air quality, and port security.

Other State Revenue

CalTrans provides mitigation related funding for the Sorrento Valley area.

MediCal provides further funding support specifically tied to several ADA Paratransit routes to aid patients in their transportation to medical appointments.

TransNet

TransNet funds are derived from the Proposition A one-half cent local transportation sales tax which was approved by area voters in November 1987. The ordinance, which was scheduled to expire in 2008, has been extended to 2048. The ordinance allocated one-third of the sales tax proceeds for transit purposes, which are further divided between MTS and North

San Diego Metropolitan Transit System

Notes to Basic Financial Statements

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County Transit District (NCTD) based on the proportion of the population with the area of each jurisdiction. TransNet funds are also apportioned by SANDAG.

Other Local Subsidies

The City of San Diego provides Maintenance of Effort funds to aid ADA efforts.

The Air Pollution Control District (APCD) provides support for the Sorrento Valley Coaster Connection.

(d) Use of Restricted/Unrestricted Net Assets

When both restricted and unrestricted resources are available for use, it is MTS' policy to use restricted resources first, then unrestricted resources as they are needed.

(e) Cash, Cash Equivalents, and Investments

Investments of pooled cash consist primarily of bankers' acceptances, certificates of deposit, pooled investment funds, liquidity funds, governmental bonds, and commercial paper. Investments are stated at fair value which is based on quoted market price. Money market investments and participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value.

For purposes of the statement of cash flows, all highly liquid temporary investments purchased with a maturity of three months or less are considered cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value.

MTS participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and assets-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is the same as the fair value of the pool shares.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (an amendment of GASB Statement No. 3), certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall

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- Custodial Credit Risk
- Concentration of Credit Risk
- Foreign Currency Risk

(f) *Materials and Supplies Inventory*

Inventories are valued at the weighted average unit cost.

(g) *Prepaid Items and Other Assets*

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

(h) *Capital Assets*

Capital assets include land and right-of-way, buildings and infrastructure assets, vehicles, and equipment. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are recorded as assets. Legal title of all SDTC property and equipment was transferred from the City of San Diego to MTS effective with MTS' purchase of SDTC on July 1, 1985. SDTC has recorded these assets at net book value in order to reflect SDTC's custodial accountability for the assets. Legal title of all County Transit System (CTS) property and equipment was transferred from the County of San Diego to MTS effective with MTS' acquisition of CTS on July 1, 2002. MTS has recorded these assets at net book value.

Under the operating agreements between MTS and SDTC and SDTI, SDTC and SDTI are required to pay a license fee to MTS for the use of certain capital assets. Due to SDTC's and SDTI's continued shortage of operating funds sufficient to cover recurring expenditures, the payment of these fees is considered remote, and therefore, these amounts were not recorded in the accompanying basic financial statements. Buildings, vehicles, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and structures	20 to 30
Vehicles and buses	5 to 30

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Equipment and other capital assets	3 to 10
Capital leases	3 to 40

(i) Construction-in-Progress

Costs incurred for construction associated with the bus and LRT systems are capitalized as construction-in-progress until such time as they are complete and operational. Upon completion, they are contributed to SDTC and SDTI to reflect their custodial accountability for the assets. Depreciation commences at the time of contribution. Assets acquired through capital leases are capitalized.

(j) Net Pension Asset

A pension asset is created when an employer pays into a retirement plan amounts in excess of its annual required contribution (ARC). The ARC is an actuarially calculated amount that is sufficient to fund future costs and extinguish any existing unfunded actuarial accrued liability (UAAL). In October 2004, MTS made a payment of \$76,282,336 to SDTC Retirement Plan from the proceeds of the issuance of pension obligation bonds, of which \$69,050,638 was to reduce SDTC's UAAL as calculated at that time. The prepaid Net Pension Asset will be amortized over the life of the bonds on a straight line basis.

(k) Compensated Absences

It is MTS' policy to permit employees to accumulate earned but unused personal leave time, which includes both vacation and sick pay benefits. All personal leave time is accrued when incurred.

(l) Long-Term Obligations

Long-term obligations are reported as liabilities. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Long-term debt is reported net of the applicable bond premium or discount. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

(m) Refunding of Debt

Gains or losses occurring from advance refunding of debt of the governmental funds have been deferred and are being amortized into expense using the straight-line method over the original remaining life of the old debt or the life of the new debt, whichever is less.

(n) Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and

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assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from these estimates.

(2) Cash, Cash Equivalents, and Investments

A summary of cash and investments at June 30, 2008 and 2007:

	2008	2,007
Cash and equivalents	\$ 83,713,551	\$46,201,913
Cash and certificates of deposit restricted for capital support	5,595,161	5,582,755
Investments restricted for debt service and capital projects	116,525,689	138,179,947
Total cash and investments	\$ 205,834,401	\$ 189,964,615

Cash, cash equivalents, and investments consisted as follows on June 30, 2008 and 2007:

Investment type	Fair value 2008	Fair value 2007
Cash and equivalents:		
Demand deposits	\$ 19,929,934	\$ 16,272,307
Retention Trust Account	5,595,161	5,582,755
State of California - Local Agency Investment Fund	63,783,617	29,929,606
Total cash and cash equivalents	\$ 89,308,712	\$ 51,784,668
Investments:		
Money Market	-	11,182,873
U.S. Treasuries	30,278,476	26,502,756
U.S. Agencies	-	13,043,959
Bank Investment Contract	86,247,213	87,450,359
Total investments	\$ 116,525,689	\$ 138,179,947
Total cash, cash equivalents, and investments	\$ 205,834,401	\$ 189,964,615

At year end the carrying amount of demand deposits was \$19,929,934 and the bank balance was \$29,300 compared to \$16,272,307 and \$3,030,586 in the previous year, of which the total amount was collateralized or insured with securities held by the pledging financial institutions in MTS' name as discussed below. The variance between bank balance and carrying amount is attributable to the overnight investment described below.

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All cash accounts in MTS, including SDTC and SDTI, are pooled and swept nightly to a concentration account. The money is in turn swept to overnight investment products managed under the terms of the MTS banking services contract. In FY 07, only funds in excess of \$3 million were swept, however this minimum was eliminated in FY 08 accounting for the \$3 million decrease in the bank balance at the end of the year. Funds required to be held by fiscal agents under the provisions of bond indentures are not included in the pooled cash account.

Investments

Under the provisions of MTS' investment policy and in accordance with California Government Code, MTS is authorized to invest or deposit in the following:

- Securities of the U.S. Government, its agencies and instrumentalities
- Obligations of the State of California or any local agency within the state rated A or higher by Standard and Poor's Corporation or Moody's Investor Services, Inc.
- Repurchase agreements
- Bankers' acceptances
- Commercial paper rated A or higher by Standard and Poor's Corporation or Moody's Investor Services, Inc.
- Medium-term corporate notes rated A or higher by Standard and Poor's Corporation or Moody's Investor Services, Inc.
- Negotiable certificates of deposit
- Local Agency Investment Fund (LAIF) established by the State Treasurer
- San Diego County Pooled Money Fund
- Passbook savings or money market demand deposits with an FDIC, SIPC, or SAIF insured financial institution

Local Agency Investment Funds

MTS' investments with Local Agency Investment Fund (LAIF) include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

- Structured Notes - debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

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As of June 30, 2008, MTS had \$63,783,617 invested in LAIF which had invested 14.72% of the pool investment funds in Structured Notes and Asset-Backed Securities compared to \$29,929,606 and 3.466% at June 30, 2007.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, MTS' investment policy limits investments to a maximum of five years unless otherwise approved by the Board. The investment instruments with maturities beyond five years are held for scheduled repayment of long-term debt. Maturities are scheduled to permit MTS to meet all projected obligations.

Credit Risk

MTS' investment policy limits investments in commercial paper and negotiable certificates of deposit to instruments rated A or better by Standard and Poor's or Moody's Investor Services, Inc. MTS' investments are rated by the nationally recognized statistical rating organizations as follows:

	<u>Moody's</u>	<u>Standard and Poor's</u>
Investment Pool		
State of California Local Agency Investment Fund	Not rated	Not rated
Money Market Account		
Bank of New York	Not rated	Not rated
US Government Securities		
U.S. Treasury Bonds	AAA	AAA
Investment Contract		
Rabobank Investment Contract	Not Rated	Not Rated

Concentration of Credit Risk

The investment policy limits the amount of the percentage of the portfolio that can be invested by the type of investment for certain types of investments. MTS is in compliance with investment type percentages of the total portfolio of the investment policy.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the broker or dealer to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code requires California banks and savings and loan associations to secure the MTS' cash deposits by pledging

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securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in MTS' name.

The market value of pledged securities must equal at least 110% of the MTS' cash deposits. California law also allows institutions to secure MTS deposits by pledging first trust deed mortgage notes having a value of 150% of the MTS' total cash deposits. MTS may waive collateral requirements for cash deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. MTS, however, has not waived the collateralization requirements.

Summary of Investments to Maturity

Investments held by MTS grouped by maturity date at June 30, 2008 and 2007, are shown below:

Maturity	2008	2007
Current to one year	\$ 89,308,713	\$ 62,967,541
One to two years	-	13,043,959
Five to ten years	30,278,476	26,502,756
Ten to twenty years	86,247,213	87,450,359
Total	<u>\$205,834,402</u>	<u>\$189,964,615</u>

(3) Accounts Receivable

(a) *Accounts and other receivables*

As of June 30, 2008 and 2007, accounts and other receivables consisted of the following:

	2008	2007
Pass sales/farebox revenue receivables	\$ -	\$ 7,735,091
Pension plan receivable	3,863,127	2,652,092
Interest receivable	3,720,355	3,702,664
Miscellaneous trade receivables	1,093,821	408,079
Advertising receivable	459,975	472,535
Total accounts and other receivables	<u>\$ 9,137,277</u>	<u>\$ 14,970,464</u>

(b) *Due from other governments*

As of June 30, 2008 and 2007, amounts due from other governments consisted of the following:

	2008	2007
FTA grant funds	<u>\$ 31,358,187</u>	<u>\$ 30,862,509</u>

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SANDAG - Pass Sales	9,380,020	-
STA funds	4,874,261	7,417,404
City of Chula Vista	2,797,471	671,353
US Treasury Dept. - CNG tax rebate	2,098,290	870,965
County of San Diego	2,036,508	2,373,233
State of California	246,500	468,568
SANDAG	500,917	410,596
City of San Diego	220,418	292,862
North County Transit District	16,865	16,374
TDA Funds	-	386,580
National City	-	75,735
Total due from other governments	<u>\$ 53,529,439</u>	<u>\$ 43,846,179</u>

(4) Inventory

At June 30, 2008 and 2007, inventory consists of the following repair and maintenance parts for revenue vehicles:

	2008	2007
San Diego Transit Corp.	\$ 2,061,482	\$ 1,988,928
San Diego Trolley, Inc.	6,053,014	4,581,935
	<u>\$ 8,114,496</u>	<u>\$ 6,570,863</u>

(5) Capital Assets

MTS converted \$52.9 million in capital assets from CIP to assets in service compared to \$32.7 million in FY 2007. Capital asset additions totaling \$18.7 million were contributed by SANDAG and other governments, including \$9 million to Other Contracted Services, \$2.3 million to SDTC, and \$7.3 million to SDTL. In FY 2007, the contributions from SANDAG and other governments totaled \$28 million.

A summary of changes in capital assets is as follows:

	Balance, July 1, 2007	Additions	Deletions	Reclassifications and Transfers	Balance, June 30, 2008
Capital assets, not depreciated					
Land and right-of-way	\$ 221,858,391	\$ 17,856,064	\$ (17,860,534)	-	\$ 221,853,921
Construction-in-progress	102,219,226	21,834,956	(52,943,119)	-	71,111,063

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Total capital assets, not depreciated	324,077,617	39,691,020	(70,803,653)	-	292,964,984
Capital assets, depreciated:					
Buildings and structures	1,107,414,896	64,018,983	(2,321,278)		1,169,112,601
Buses and Vehicles	387,842,589	4,114,596	(2,735,558)	24,436	389,246,063
Equipment and other	43,543,348	4,492,902	(1,530,144)	(24,436)	46,827,528
Capital lease property	12,437,839	-	-	-	12,437,839
Total capital assets, depreciated	1,551,238,672	72,626,481	(6,586,980)	-	1,617,278,173
Less accumulated depreciation for:					
Buildings and structures	(408,928,223)	(46,473,558)	2,054,731		(453,347,049)
Buses and vehicles	(184,534,539)	(32,872,150)	1,502,487	(24,436)	(215,928,637)
Equipment and other	(18,316,371)	(5,750,672)	918,059	24,436	(23,124,547)
Capital lease property	(7,082,904)	(447,046)	-		(7,529,950)
Total accumulated depreciation	(618,862,036)	(85,543,426)	4,475,279	-	(699,930,183)
Total capital assets, depreciated, net	932,376,636	(13,038,120)	(1,990,526)	-	917,347,990
Total capital assets	\$ 1,256,454,253	\$ 26,774,075	\$ (72,915,355)	\$ -	\$ 1,210,312,974

Depreciation expense for capital assets for the years ended June 30, 2008 and 2007 was comprised of the following:

	2008	2007
General operations	\$ 2,114,203	\$ 1,902,698
Other contracted services	13,718,776	5,349,729
San Diego Transit Corporation	14,495,763	9,526,805
San Diego Trolley, Inc.	55,214,684	57,693,317
Total	\$ 85,543,426	\$ 74,472,549

(6) Construction Commitments

Construction-in-progress was comprised of the following at June 30, 2008 and 2007:

	Expended through June 30, 2008	Contractually Committed	Expended through June 30, 2007	Contractually Committed
SYITC	\$ -	\$ -	\$ 27,810,035	\$ 1,829,914
12th & Market Station Retrofit			8,842,395	694,928
Orange-Blue Line Connection			850,824	-
12th Avenue Corridor Impr			706,982	282,907
LRV Body Rehab	1,624,913	26,005	998,102	2,504
Rehab traction motors	1,194,957	1,048,497		
LRV Tires	1,032,818	123,260		
Mills Building Procurement	648,900	264,500		
SDTC yard fence/security	634,771	188,413		
Blue Line TTE	468,075	7,232		
IAD/KMD vacuum replace	420,716	46,798		
Other projects	6,695,232	12,841,152	282,750	11,380,866
Total MTS managed projects	12,720,382	14,545,858	39,491,088	14,191,120
Automated Fare Collection	40,449,135	24,017,455	37,890,069	-
I-15 Bus Rapid Transit	11,315,478	56,487	11,315,478	-

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IAD Land Expansion	3,465,985	-	3,465,985	-
Nobel Dr Coaster Station Impr	1,078,709	-	1,078,709	-
Gaslamp Station Impr	537,775	-	537,775	-
Fiber Optic Communications	474,829	15,000	-	-
SBMF Expansion	-	-	3,553,137	-
East County Bus Maint Facility	-	-	3,267,411	-
Other projects	1,068,769	178,038	1,619,573	-
Total SANDAG managed projects	58,390,681	24,266,980	62,728,138	-
Total construction-in-progress	\$71,111,063	38,812,838	102,219,226	14,191,120

(7) Net Pension Asset

In August 2004, MTS issued the 2004 Taxable Pension Obligation Bonds to fund 85% of the SDTC's unfunded accrued actuarial liability (UAAL) and the normal cost reimbursement for the fiscal year 2008. As a result, the Pension Obligation Bonds of \$77,490,000 were sold and \$76,282,336 was deposited into the pension plan in October 2004. Of this amount \$7,231,698 was funded for the FY 2005 contribution and \$69,050,638 was funded for prior year unfunded accrued actuarial liability.

As of June 30, 2008, the Net Pension Asset amounted to \$64,680,638, and current year amortization was \$1,500,000 compared to \$66,180,638 and \$1,455,000 in FY07.

(8) Due to other governments

At June 30, 2008 and 2007, amounts due to other governments consisted of the following:

	2008	2007
SANDAG - STA funds for construction projects in process	\$ 7,506,240	\$ 10,523,040
SANDAG - Day Pass Sales	4,132,302	
SANDAG - Subsidy Revenue	1,252,519	
SANDAG - CIP Reimbursement	152,470	
City of Lemon Grove - TDA Funds	121,170	
City of El Cajon - TDA Funds	90,783	
City of San Diego - Shared Revenue	57,283	
SANDAG - in repayment of advance construction projects		8,554,772
SANDAG - TransNet funds		1,087,000
Total due to other governments	\$ 13,312,768	\$ 20,164,812

(9) Unearned revenue

At June 30, 2008 and 2007 unearned revenue consisted of the following:

	2008	2007
Lease payments received in advance	\$ 414,717	\$ 94,159
Land management deposits	44,868	123,078
STIP funds for retirement of project bonds	-	11,166,889

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\$ 459,585 \$ 11,384,126

(10) Long-Term Debt

a) Summary

The following is a summary of changes in long-term obligations for the year ended June 30, 2008:

	Balance at July 1, 2007	Additions and net increases	Reductions and net decreases	Balance at June 30, 2008	Amounts due within one year	Amounts due in more than one year
MTS:						
Capital lease obligations	\$ 8,331,038	\$ -	\$ (525,703)	\$ 7,805,335	\$ 546,539	\$ 7,258,796
Finance obligation	150,447,820		(27,907,225)	122,540,595	1,247,951	121,292,644
Deferred amounts for issuance premium	344,225	-	(57,120)	287,105	25,148	261,957
Compensated absences payable	732,228	259,765	(225,871)	766,122	360,077	406,045
Accrued damage, injury, and employee claims	3,967,515	6,431,539	(1,225,201)	9,173,853	1,603,539	7,570,314
Accrued other post employment benefits	-	917,550	(24,446)	893,104	-	893,104
Total MTS	163,822,826	7,608,854	(29,965,566)	141,466,114	3,783,254	137,682,860
San Diego Transit Corporation:						
Pension Obligation Bonds	74,620,000	-	(1,500,000)	73,120,000	1,555,000	71,565,000
Compensated absences payable	8,454,915	4,305,120	(3,520,897)	9,239,138	3,885,122	5,354,016
Accrued damage, injury, and employee claims	10,869,000	1,661,959	(2,153,959)	10,377,000	1,588,488	8,788,512
Accrued other post employment benefits	-	1,525,800	(598,874)	926,926	-	926,926
Total SDTC	93,943,915	7,492,879	(7,773,730)	93,663,064	7,028,610	86,634,454
San Diego Trolley, Inc.:						
Compensated absences payable	2,564,318	3,055,799	(2,875,781)	2,744,336	2,550,289	194,047
Accrued damage, injury, and employee claims	3,975,000	759,679	(1,006,679)	3,728,000	944,467	2,783,533
Accrued other post employment benefits	-	2,140,950	(50,258)	2,090,692	-	2,090,692
Total SDTI	6,539,318	5,956,428	(3,932,718)	8,563,028	3,494,756	5,068,272
Total	\$264,306,059	\$ 21,058,162	\$ (41,672,015)	\$ 243,692,206	\$ 14,306,620	\$ 229,385,586
Reconciliation to Statement of Net Assets:						
Due within one year						
Bond premium					25,148	
Compensated absences payable					6,795,489	
Accrued damage, injury, and employee claims					4,136,494	
Long-term debt					2,101,539	
Long-term debt payable from restricted assets					1,247,950	
					<u>\$ 14,306,619</u>	
Noncurrent liabilities:						
Long-term debt payable from restricted assets						115,277,738
Bond premium						261,957
Compensated absences payable						5,954,108

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Accrued damage, injury and employee claims	17,142,359
Accrued other post employment benefits	3,910,722
Long-term debt	84,838,702
	<u>\$ 229,385,588</u>

During FY 2008 MTS retired the 1990 LRV sale/leaseback obligation and bonds related to the 2002 Regional Transportation Management System project and the 2003 Automated Fare Collection project.

(b) Capital Leases

The County of San Diego (the County) has a master lease agreement with the MTS Joint Powers Agency (Agency) for the lease of the MTS Tower building. MTS entered into a sublease agreement with the County for a portion (27.61%) of the MTS Tower building. The sublease is classified as a capital lease because 27.61% of the title transfers to MTS at the end of the County's master lease. The master lease terminates on November 1, 2086; however, the County has the option to terminate the agreement on November 1, 2041 and each tenth anniversary thereafter

In February 2006, MTS entered into a lease agreement with Toshiba America Information Systems for the acquisition of telecommunications equipment. The lease is classified as a capital lease because title to the equipment will transfer to MTS when the lease terminates in January 2011.

The assets acquired through capital leases are as follows:

	2008	2007
Building – MTS Tower	\$ 12,091,981	\$ 12,091,981
Toshiba telecommunications equipment	345,858	345,858
Less accumulated depreciation	(7,529,950)	(7,082,904)
Total	<u>\$ 4,907,889</u>	<u>\$ 5,354,935</u>

The following is a summary of future minimum payments under capital leases as of June 30, 2008:

	Tower lease payments	Toshiba equipment lease payments	Total lease payments
Year ending June 30:			
2009	\$ 847,004	\$ 76,820	\$ 923,824
2010	843,070	76,820	919,890
2011	864,123	44,812	908,934
2012	833,027	-	833,027
2013	851,210	-	851,210
2014-2018	4,214,150	-	4,214,150
2019-2020	1,691,241	-	1,691,241
Total minimum lease payments	10,143,826	198,451	10,342,277
Less amount representing interest	(2,526,228)	(10,715)	(2,536,942)
Present value of minimum lease payments	<u>\$ 7,617,599</u>	<u>\$ 187,737</u>	<u>\$ 7,805,335</u>

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At June 30, 2008, the future minimum payments were \$7,805,335.

(c) Finance Obligations

The following is a summary of changes in finance obligations for the year ended June 30, 2008:

	Balance at July 1, 2007	Additions and net increases	Reductions and net decreases	Balance at June 30, 2008	Amounts due within one year	Amounts due in more than one year
1995 LRV Lease/Leaseback	\$123,699,432	-	\$ (1,158,836)	\$ 122,540,596	\$ 1,247,951	\$121,292,645
Pension Obligation Bonds	74,620,000	-	(1,500,000)	73,120,000	1,555,000	71,565,000
1990 LRV Sale/Leaseback	3,823,388	-	(3,823,388)	-	-	-
2002 San Diego Regional Transit Management System Project	3,770,000	-	(3,770,000)	-	-	-
2003 Regional Fare Collection Project	19,155,000	-	(19,155,000)	-	-	-
Total Finance Obligations	225,067,820	\$ -	\$ (29,407,225)	\$ 195,660,596	\$ 2,802,951	\$192,857,645

(d) Pension Obligation Bonds

In October 2004, MTS issued \$77,490,000 of Taxable Pension Obligation Bonds (POBs) for the benefit of SDTC. The purpose of the bonds was to make contributions to the San Diego Transit Corporation Retirement Plan and reduce its unfunded liability. This is in essence a hedge versus the assumed investment rate of 8% used by the actuary to determine the Actuarial Accrued Liability. The proceeds less fees were invested into the retirement plan. The bonds consist of the following:

Series A Bonds of \$38,690,000 are fixed rate bonds that mature in annual installments between 2006 and 2014 and bear an interest rate from 2.58% to 5.15% increasing progressively over the maturities. Interest is due and payable semi-annually on June 1 and December 1. Principal is due and payable on December 1.

Series B Bonds of \$38,800,000 are variable rate bonds that mature in annual installments between 2024 to 2034. Interest is adjusted on a weekly basis indexed to London Interbank Borrowing Rate (Libor) and payable on a monthly basis. In August 2005, MTS entered into a seven year agreement with UBS investment bank to fix the interest at 4.424%. Under this agreement SDTC pays the variable Libor rate and UBS pays or bills for the difference from the fixed 4.424% rate.

At June 30, 2008, the outstanding balance of the Pension Obligation Bonds is \$73,120,000.

Year ending June 30:	Principal	Interest	Total
2009	1,555,000	3,313,432	4,868,432
2010	1,615,000	3,254,351	4,869,351
2011	1,685,000	3,188,891	4,873,891
2012	1,755,000	3,117,132	4,872,132
2013	1,830,000	3,016,614	4,846,614
2014-2018	10,540,000	13,657,671	24,197,671
2019-2023	13,495,000	10,711,627	24,206,627

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2024-2028	17,245,000	7,035,877	24,280,877
2029-2033	21,800,000	2,798,824	24,598,824
2034	1,600,000	34,768	1,634,768
	<u>\$ 73,120,000</u>	<u>\$ 50,129,187</u>	<u>\$ 123,249,187</u>

(e) 1995LRV Lease/Leaseback – In fiscal year 1996, MTS entered into a master lease to lease 52 light rail vehicles to an investor and then simultaneously entered into a sublease agreement to lease them back. MTS received prepayments of the master lease from the investor of approximately \$102.7 million, of which it used approximately \$90.7 million to place two investments which will be used to make the interest and principal payments on the finance obligation. MTS placed \$78.8 million in a fixed rate deposit and invested \$11.9 million in government zero-coupon bonds. The interest earned on the deposit, together with the principal amount of the deposit and the maturities of the zero-coupon bonds are sufficient to cover the amounts due under the finance obligation. As of June 30, 2008, the remaining future obligations total \$122,540,596.

	Principal	Interest	Total
Year ending June 30:			
2009	1,247,951	6,340,434	7,588,385
2010	1,343,918	6,240,797	7,584,715
2011	1,447,266	6,133,498	7,580,764
2012	1,558,561	6,017,948	7,576,509
2013	1,678,414	5,893,512	7,571,926
2014-2018	54,230,400	27,123,183	81,353,583
2019-2023	37,342,982	17,303,046	54,646,028
2024-2026	23,691,103	2,015,568	25,706,672
	<u>\$ 122,540,596</u>	<u>\$ 7,067,985</u>	<u>\$ 199,608,582</u>

For the above lease transactions, MTS is obligated to insure and maintain the equipment. The lease agreements also provide for MTS' right to continued use and control of the equipment. The LRVs acquired under the various finance obligations have been transferred to and are recorded by SDTI.

For the 1995 LRV lease/leaseback, as well as the 1990 sale/leaseback that was retired in 2008, MTS has also agreed to indemnify the lessors for any taxes imposed by United States taxing authorities.

(11) Risk Management

MTS (including SDTI, SDTC, and Other Contracted Services) are self-insured for liability claims under a combined insurance program to a maximum of \$2,000,000 per occurrence. Amounts in excess of the self-insurance retention limits for public liability are covered by excess insurance by MTS through commercial insurance carriers up to \$75,000,000. MTS, SDTI, and SDTC purchase all-risk (excluding earthquake) insurance coverage for property damage up to \$600,000,000 per occurrence with deductibles ranging from \$25,000 to \$100,000, depending on the peril involved. In addition, MTS, SDTC, and SDTI are self-insured for costs arising from employee workers' compensation act benefit claims including

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employer's liability to a retained limit of \$1,000,000 per occurrence. Amounts in excess of \$1,000,000 are insured up to \$2,000,000 per occurrence. SDTC and MTS are self-insured for unemployment claims. SDTC and SDTI have policies for crime coverage through commercial insurance.

Claims expenditures and liabilities in connection with these self-insurance programs are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported based upon past experience, modified for current trends and information. Claim payments up to \$2,000,000 per incident were recorded as general and administrative expenses in the statements of revenues, expenses, and changes in net assets. Claim payments did not exceed insurance coverage in any of the past three years.

	Beginning of fiscal year	Current year claims and changes in estimates	Claims payments	End of fiscal year liability
MTS:				
2005 – 2006	\$ 23,271,150	\$ 6,692,772	\$ (2,823,419)	\$ 27,140,503
2006 – 2007	27,140,503	(4,766,193)	(3,562,795)	18,811,515
2007 – 2008	18,811,515	6,739,625	(2,272,287)	23,278,853

Following is summary of accrued damage injury, and employee claims for fiscal years 2008 and 2007:

	2008	2007
Accrued damage, injury and employee claims		
Current portion	\$ 4,136,494	\$ 3,082,778
Non-current portion	19,142,359	15,728,737
Total	\$ 23,278,853	\$ 18,811,515

MTS has established a policy to consolidate the minimum balances required in the liability claims reserve accounts of SDTC and SDTI to be held by MTS. The policy also established eligible uses for the MTS reserve account, which included the reimbursement to SDTC and SDTI of awards/settlements of individual liability claims for personal injury and/or property damage in excess of \$300,000, but within the self-insurance retention at SDTC and SDTI. In connection with these self-insurance programs, liabilities for SDTC, SDTI and MTS were \$23,278,853 at June 30, 2008 and \$18,811,515 at June 30, 2007.

The Board has designated \$2,000,000 for the purposes of funding the future claims liabilities of MTS, SDTI, and SDTC.

(12) Contingencies

MTS, SDTC, and SDTI have been named in certain legal actions pending at June 30, 2008. While the outcome of these lawsuits is not presently determinable, in the opinion of management of MTS, SDTC,

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and SDTI, based in part on the advice of counsel, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of MTS, SDTC, or SDTI or is adequately covered by insurance. In addition, MTS has been named in a number of claims related to various construction projects. While the outcome of these claims is not presently determinable, MTS has recorded an estimated liability to reserve for a potential loss of \$8,000,000.

Grant funds received by MTS are subject to audit and adjustment by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under the terms of the grant. The management of MTS believes that such disallowances, if any, will not be significant.

Federal arbitrage regulations require analysis of tax-exempt bonds, which was completed this year for the two bonds that were retired in FY08. No further analysis is required.

SDTC has pledged future farebox revenues pursuant to the provisions of the Pension Obligation Bonds issued by SDTC in FY 2004.

During 1990 and 1995, MTS entered into sale/leaseback and lease/leaseback arrangements related to the acquisition of 52 trolley cars. These agreements provided tax benefits for the purchaser/lessor. Certain terms of the agreements call for repayment to the purchaser/lessor if the tax consequences of the agreement are lost or changed due to changes in the Internal Revenue Code. Subsequent changes in the Internal Revenue Code may cause an amount to be repaid to the purchaser/lessor, which is essentially the portion of the proceeds relating to the tax benefits lost by the purchaser/lessor. No repayment has been requested to date, and the amount of any future request is not estimable at this time.

MTS learned in FY 2007 that the freight operator who has managed SD&AE operations in the past filed federal and state corporate tax returns through calendar year 2005, which were not required for this not for profit corporation. Under the direction of tax consultants, MTS directed that the freight operator prepare a final return for calendar year 2007. Because SD&AE has never reported taxable income, and because the federal and state statutes provide exemption from income tax for not for profit corporations management does not anticipate any future tax liability in the event the Internal Revenue selects these or previous returns for examination.

(13) Post-Employment Health Care Benefits

Pursuant to new reporting requirements established in Statement 45 issued by Government Accounting Standards Board (GASB) effective this year, MTS provides information below about its Other Post-Employment Benefits (OPEB), which consist primarily of health care benefits.

Plan Description: MTS participates in three different plans for three distinct groups of employees within its reporting entities: MTS and SDTI retirees participate in a plan provided by CalPers; SDTC

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management retirees participate in a self-funded plan provided by SDTC; and SDTC provides payments to operator and maintenance employee unions for provision of post-employment benefits as determined by each union. Total MTS payments for the year ended June 30, 2008 were \$24,446 for 9 retirees currently receiving post-employment health care benefits. Total SDTI payments for the year ended June 30, 2008 were \$50,258 for 21 retirees currently receiving benefits. Total SDTC payments for the year ended June 30, 2008 were \$295,074 for 48 management retirees currently receiving benefits. In the current year 140 union retirees received benefit payments of \$303,800.

As of June 30, 2008, the net liability consists of the following:

Net OPEB Obligation (NOO)

	MTS	SDTI	SDTC	Total
NOO at June 30, 2007	\$ -	\$ -	\$ -	\$ -
Benefit payments paid outside of a trust	(24,446)	(50,258)	(598,874)	(673,578)
Estimated contributions to a trust	-	-	-	-
Annual OPEB cost	917,550	2,140,950	1,525,800	4,584,300
				-
NOO at June 30, 2008	\$ 893,104	\$ 2,090,692	\$ 926,926	\$ 3,910,722

Data for SDTI and MTS, which is not presented separately in the actuarial study described below, has been allocated to each entity based on participation rates within each entity.

Eligibility. All employees are eligible after the fifth year of service and attaining age 50 for MTS and Trolley, 53 for SDTC management employees and 55 for SDTC union employees.

Participants as of June 30, 2008	Total
Current retirees and surviving spouses	218
Other participants fully eligible for benefits	291
Other participants not yet fully eligible for benefits	1,010
Total	1,519

Funding policy. The contribution requirements of plan members and MTS are established by management and may be amended. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2008 MTS contributed \$673,578 to the plan. Plan members in MTS, SDTI and SDTC management plans receiving benefits contributed \$262,231 or approximately 41.5 percent of the total premiums. Information about the amounts contributed by SDTC union members is not currently available.

Annual OPEB Cost and Net OPEB Obligation. MTS' annual OPEB cost (expense) is calculated based on the Annual Required Contribution of the Employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded

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actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The following table show the components of MTS' annual OPEB cost for the year, the amount actually contributed to the plans, and the changes in MTS' net OPEB Obligation to the Plan:

	Total
Annual required contribution	\$ 2,560,100
Interest on net OPEB obligation	-
Adjustment to annual required contribution	2,024,200
Annual OPEB cost (expense)	4,584,300
Contributions made	(673,578)
Increase in net OPEB obligation	3,910,722
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	\$ 3,910,722

MTS' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2008 were as follows:

Fiscal year ended	Annual OPEB Cost	% of Annual OPEB cost Contributed	Net OPEB Obligation
6/30/2008	\$ 4,584,600	14.69%	\$ 3,910,722

Information for the prior two years was not available because this was the first year of implementing GASB Statement 45.

Funded Status and Funding Progress. As of June 30, 2007, the most recent actuarial valuation date, the plan was not funded in its initial year of implementation.. The actuarial accrued liability for benefits was \$60,162,800, and the actuarial value of assets was \$0. The covered payroll (annual payroll of active employees covered by the plan) as of June 30, 2007, was \$63,257,100, and the ratio of UALL to covered payroll was 79 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the

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types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the June 30, 2007, actuarial valuation the entry age actuarial cost method was used. The actuary assumed 4.5% investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate which varies depending on the plan and type of health care service involved. Beginning in plan year 2009/2010, medical/drug trends generally grade down from between 7% and 10% to an ultimate of 5% by 2018/2019, while dental/vision/expense trends are generally a flat 5% per year. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007, was 30 years.

(14) Employee Retirement Systems

(a) MTS and SDTI

Plan Description and Provisions

MTS' and SDTI's defined benefit pension plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plans are part of the Public Agency portion of the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. MTS and SDTI select optional benefit provisions from the benefit menu by contract with PERS and adopt those benefits through local ordinance. Copies of the PERS annual financial report may be obtained from the PERS Executive Office – 400 P Street, Sacramento, CA 95814.

Funding Policy

All employees working the equivalent of 1,000 hours per year are eligible to participate as members of PERS. MTS and SDTI employees are eligible to retire at age 50 with at least five years of service. Annual retirement benefits are determined based on age at retirement, the length of membership service, and the amount of earnings based on the highest 12 consecutive months average. PERS also provides death and disability benefits. PERS issues a separate comprehensive annual financial report.

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS. MTS and SDTI employees are required to make contributions equal to 7% of gross pay for employees who are not covered by Social Security

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and 7% of gross pay after the first \$133.33 per month for employees who pay Social Security tax. MTS and SDTI are required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. In 2008, MTS paid the entire employee contribution for all employees, and SDTI paid the entire employee contribution for management and supervisory employees who were hired before June 30, 1988. For management and supervisory employees hired after June 30, 1988, SDTI paid half the employee contribution until their third anniversary, after which SDTI pays their full contribution. Prior to January 1, 1992, SDTI paid half the employee contribution for non-managerial employees. As of January 1, 1992, the non-managerial employees pay the entire contribution.

The most recent funding progress schedule available for SDTI is presented below:

Valuation date	Actuarial value of assets	Entry age normal accrued liability	Unfunded liability	Funded status	Annual covered payroll	UAAL as a % of payroll
06/30/07	54,017	59,846	(5,829)	90.3%	21,679	26.9%

Because MTS is a member of the CalPers risk pool for groups under 100, individual funding progress is not available.

Annual Pension Cost

For fiscal year 2008, MTS' and SDTI's annual required employer contributions were \$1,791,776 and \$2,349,620, respectively. The required contribution for fiscal year 2008 was determined as part of the June 30, 2006, actuarial valuation using the Entry Age Actuarial Cost Method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases from 3.25% to 14.45% depending on age, service, and type of employment; (c) 3.25% payroll growth adjustment; (d) 3.0% inflation adjustment; and (e) a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%. The actuarial value of the assets of both plans was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a fifteen-year period depending on the size of investment gains and/or losses. MTS' and SDTI's initial unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis depending on the plan's date of entry. Subsequent gains and losses are amortized over variable periods depending on the events precipitating the gain or loss. The average remaining amortization period at June 30, 2007, the most recent valuation date, was 17 years for MTS and 25 years for SDTI.

Trend information for MTS (in 000s):

	Annual Required Contribution (ARC)	Actual Contribution	Percentage of APC Contributed
Fiscal year ended June 30:			

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2006	\$	1,267	\$	1,267	100%
2007		1,546		1,546	100%
2008		1,792		1,792	100%

Trend information for SDTI(in 000s):

		Annual Required Contribution (ARC)		Actual Contribution	Percentage of APC Contributed
Fiscal year ended June 30:					
2006	\$	2,314	\$	2,314	100%
2007		2,231		2,231	100%
2008		2,350		2,350	100%

(b) SDTC

Plan Description

The SDTC defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. All of SDTC's full-time employees and certain part-time noncontract employees who have completed one year of service in which they have worked at least 1,000 hours of service, and certain part-time contract employees participate in the San Diego Transit Corporation Employee Retirement Plan (the Plan), a single-employer public employee retirement plan. SDTC issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The financial report may be obtained by writing to San Diego Transit Corporation, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101

Funding Status and Progress

SDTC makes annual contributions equal to an actuarially computed amount that includes normal cost and an amount for the amortization of unfunded accrued liabilities. Participants of the Plan are not allowed to contribute to the Plan. The valuation method used to calculate the contribution for the Plan is the Entry Age Normal Actuarial Cost Method which is a projected benefit cost method.

According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of eligibility until retirement. The significant actuarial assumptions used to compute the actuarially determined contribution requirements included (a) 8.00% investment rate of return, (b) projected salary increase of 4% to 11% depending on age, service, and type of employment; (c) 3.5% inflation adjustment; and (d) cost of living adjustments up to 2% annually for certain Non-Contract members only. The actuarial value of the assets of the plan was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a five-year period depending on the size of investment gains and/or losses. SDTC's initial unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll

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on an open basis. Subsequent gains and losses are amortized over variable periods depending on the events precipitating the gain or loss. The average remaining amortization period at January 1, 2006, the most recent valuation date, was 30 years.

The most recent schedule of funding progress for SDTC is presented below:

Valuation date	Actuarial value of assets	Entry age normal accrued liability	Unfunded liability	Funded status	Annual covered payroll	UAAL as a % of payroll
07/01/07	160,697	186,612	(25,915)	86.1%	33,027	78.5%

Annual Pension Cost

For fiscal year ended June 30, 2008, the annual pension cost of \$4,655,668 for the pension plan was equal to SDTC's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the entry age normal cost method. Following is the most recent data available.

Trend information for SDTC (in 000s):

		Annual Required Contribution (ARC)	Actual Contribution	Percentage of APC Contributed
Fiscal year ended June 30:				
	2006	\$ 3,826	\$ 3,826	100%
	2007	4,576	4,576	100%
	2008	4,656	4,656	100%

(15) Other Required Individual Fund Disclosures

SDTC and SDTI had unrestricted net deficits of \$(33,232,453) and \$(8,121,369) respectively, at June 30, 2008 compared to \$(23,419,342) and \$(6,876,265) at June 30, 2007. The deficits are primarily a result of the timing difference between recognition of expenses on an accrual basis and when those expenses are funded by subsidy transfers. MTS expects that these deficits will be funded with future subsidies.

(16) Subsequent Events

During September and October, 2008, the United States has experienced a financial credit crisis which has had a significant negative effect on all sectors of the national and international economy. Although the federal government has taken actions which are intended to relieve and correct the current downturn, MTS has felt the effects of this crisis in three major ways:

1) In August 2008 MTS repurchased \$34,469,532 of its variable rate Pension Obligation Bonds. Due to the deepening crisis in the credit market, UBS, which had insured our bonds, has lost its AAA rating. This has decreased the marketability of MTS' bonds and caused a dramatic increase in interest payments. Management has determined that the cost of repurchasing the bonds is less than the increased interest costs. MTS will hold the bonds and continue aggressive remarketing efforts in anticipation of recovery

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in the credit market. In the interim, \$34 million will not be available to fund operations or capital acquisitions.

2) As a result of declining sales tax receipts in California, MTS expects a reduction of its TDA funding for FY 2009. It is currently estimated that MTS will receive \$5.1 million less than anticipated, part of which will be offset by lower fuel prices and increased fare revenue.

3) It is expected that the State of California will reopen its budget for revisions. Due to considerable uncertainty about the nature and extent of budget revisions that may be adopted, it is not possible to estimate the effect such revisions may have on state funding for FY 2009.

To date, the values of MTS' invested funds have not been adversely affected by the credit crisis.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

DRAFT

DEFINED PENSION PLAN SCHEDULE OF FUNDING PROGRESS

The following Schedule of Funding Progress shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. (Amounts in thousands of dollars).

MTS

Beginning with the 6/30/2003 valuation, CalPERS established a risk pool for cities and other government entities that have less than 100 active members. Actuarial valuation was performed with other participants within the same risk pool. Therefore, standalone information of the Schedule of the Funding Progress for MTS is not available. It is expected that enrollment of active members will exceed 100 within the next few years.

SDTI (in 000s)

Valuation date	Actuarial value of assets	Entry age normal accrued liability	Unfunded liability	Funded status	Annual covered payroll	UAAL as a % of payroll
06/30/05	\$ 41,415	\$ 48,698	\$ (7,283)	85.0%	\$ 19,917	36.6%
06/30/06	47,412	53,490	(6,078)	88.6%	21,024	28.9%
06/30/07	54,017	59,846	(5,829)	90.3%	21,679	26.9%

SDTC (in 000s)

Valuation date	Actuarial value of assets	Entry age normal accrued liability	Unfunded liability	Funded status	Annual covered payroll	UAAL as a % of payroll
01/01/05	\$ 152,877	\$ 162,879	\$ (10,002)	93.9%	\$ 34,859	28.7%
01/01/06	153,083	168,877	(15,794)	90.6%	34,959	45.2%
07/01/07	160,697	186,612	(25,915)	86.1%	33,027	78.5%

In the valuation as of July 1, 1999, the entire Actuarial Accrued Liability had been funded. A new Unfunded Actuarial Accrued Liability was created as of April 1, 2000, primarily as a result of improvements in Plan benefits. Therefore, beginning with the April 1, 2000 actuarial valuation, all sources of the Unfunded Actuarial Accrued Liability are combined and amortized as a level dollar payment over a rolling 30-year period.

POSTEMPLOYMENT HEALTHCARE PLAN SCHEDULE OF FUNDING PROGRESS

The following Schedule of Funding Progress shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. (Amounts in thousands of dollars).

MTS (in 000s)

Actuarial Valuation date	Actuarial value of assets	Entry age normal accrued liability	Unfunded liability	Funded status	Annual covered payroll	UAAL as a % of payroll
06/30/07	\$ -	\$ 8,292	\$ (8,292)	0.0%	\$ 9,573	86.6%

SDTC (in 000s)

Actuarial Valuation date	Actuarial value of assets	Entry age normal accrued liability	Unfunded liability	Funded status	Annual covered payroll	UAAL as a % of payroll
06/30/07	\$ -	\$ 26,473	\$ (26,473)	0.0%	\$ 35,935	73.7%

SDTI (in 000s)

Actuarial Valuation date	Actuarial value of assets	Entry age normal accrued liability	Unfunded liability	Funded status	Annual covered payroll	UAAL as a % of payroll
06/30/07	\$ -	\$ 15,399	\$ (15,399)	0.0%	\$ 17,749	86.8%

Information for the prior two years is not available because this is the first year of implementation for GASB 45.

SUPPLEMENTARY INFORMATION

Combining Schedule of Net Assets

Combining Schedule of Revenues, Expenses, and Changes in Net Assets

Combining Statement of Cash Flows

Schedule of Revenues, Expenses, and Changes in Net Assets – Budget and Actual:

Combined Operations

General Fund

Taxicab Administration

San Diego & Arizona Eastern Railway

Contract Services

San Diego Transit Corporation

San Diego Trolley, Inc.

DRAFT

Description of Funds:

The General Fund is MTS' primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from FTA and local TDA funds. Expenditures are primarily expended for functions of the general government, transit planning, transit support activities including marketing, as well as acquisition of capital assets and debt service transactions. Activities related to SD&AE and the Taxicab administration are included within the General Fund. Principal operating revenues for SD&AE are lease income and right of way entry permit fees. Operating revenues for the Taxicab administration are charges for the issuance of taxi and jitney service permits.

The Other Contracted Services Fund is an enterprise fund used to account for the operation of certain bus routes that have been competitively bid and are operated by MTS through contracts with outside parties. Revenues are primarily derived from passenger fare revenue and federal, state, and local operating grants. Expenses are primarily payments to contracted bus operators for the operation of certain bus routes. Effective July 1, 2002, the responsibility for operating the County Transit System (CTS) was transferred from the County of San Diego to MTS.

SDTI and SDTC are not-for-profit corporations that provide bus and LRT services. These agencies share governing boards with MTS and are, therefore, presented as blended component units in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds are accounted for on the flow of "economic resources" measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include enterprise funds, which are used to account for those operations that are financed and operated in a manner similar to private business or where MTS has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of SDTI, SDTC and Other Contracted Services Enterprise Fund are charges to customers for public transportation services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Information:

Annual appropriated budgets are adopted for all fund types. All annual appropriations lapse at year-end. Budgets are prepared on the modified accrual basis of accounting consistent with GAAP. Encumbrances

represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and may be re-appropriated in the following year.

San Diego Metropolitan Transit System
Combining Schedule of Net Assets
For the Years Ended June 30, 2008 and 2007

	General Operations	Contracted Services	SDTC	SDTI	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 84,062,341	\$ -	\$ (411,051)	\$ 62,261	\$ 83,713,551
Investments restricted for debt service payable within one year	1,247,951	-	-	-	1,247,951
Accounts and other receivables	4,321,844	191,062	4,448,613	175,758	9,137,277
Due from other governments	44,079,918	2,653,960	3,005,136	3,790,425	53,529,439
Internal balances	4,910,990	7,450,047	(7,447,212)	(4,913,825)	-
Materials and supplies inventory	-	-	2,061,482	6,053,014	8,114,496
Prepaid expenses and other current assets	1,548,039	10,751	-	7,587	1,566,377
Total current assets	140,171,083	10,305,820	1,656,968	5,175,220	157,309,091
Noncurrent assets:					
Cash and certificates of deposit restricted for capital support	5,595,161	-	-	-	5,595,161
Investments restricted for debt service and capital projects	115,277,738	-	-	-	115,277,738
Unamortized bond issuance cost	125,739	-	1,015,275	-	1,141,014
Capital assets (net of accumulated depreciation)	121,744,363	40,361,709	71,622,146	976,584,757	1,210,312,975
Net pension assets	-	-	64,680,638	-	64,680,638
Total noncurrent assets	242,743,001	40,361,709	137,318,059	976,584,757	1,397,007,526
Total assets	382,914,084	50,667,529	138,975,027	981,759,977	1,554,316,617

San Diego Metropolitan Transit System
Combining Schedule of Net Assets, Continued
For the Years Ended June 30, 2008 and 2007

	General Operations	Contracted Services	SDTC	SDTI	Total
Liabilities					
Current liabilities:					
Accounts payable	3,493,470	9,104,674	2,241,288	663,367	15,502,799
Due to other governments	10,336,839	763,256	1,151,325	1,061,348	13,312,768
Unearned revenue	413,971	23,263	22,351	-	459,585
Accrued expenses	3,528,440	-	3,507,305	3,008,842	10,044,587
Retentions payable	132,999	-	-	-	132,999
Due within one year:					
Bond premium	25,148	-	-	-	25,148
Compensated absences payable	360,077	-	3,885,121	2,550,290	6,795,488
Accrued damage, injury, and employee claims	1,603,539	-	1,588,488	944,467	4,136,494
Long-term debt, due within one year	546,539	-	1,555,000	-	2,101,539
Long-term debt payable from restricted assets	1,247,950	-	-	-	1,247,950
Total current liabilities	21,688,972	9,891,193	13,950,878	8,228,314	53,759,357
Noncurrent liabilities:					
Retentions payable from restricted assets	5,595,161	-	-	-	5,595,161
Long-term debt payable from restricted assets	115,277,738	-	-	-	115,277,738
Bond Premium	261,957	-	-	-	261,957
Compensated absences payable, due in more than one year	406,045	-	5,354,017	194,047	5,954,109
Accrued damage, injury, and employee claims, due in more than one year	7,570,314	-	8,788,512	2,783,533	19,142,359
Accrued other post employment benefits	893,104	-	926,926	2,090,692	3,910,722
Long-term debt, due in more than one year	13,273,704	-	71,565,000	-	84,838,704
Total noncurrent liabilities	143,278,023	-	86,634,455	5,068,272	234,980,750
Total liabilities	164,966,995	9,891,193	100,585,333	13,296,586	288,740,107
Net Assets					
Invested in capital assets, net of related debt	(8,601,569)	40,361,709	71,622,146	976,584,757	1,079,967,043
Unrestricted	226,548,658	414,625	(33,232,453)	(8,121,369)	185,609,461
Total net assets	\$ 217,947,089	\$ 40,776,334	\$ 38,389,693	\$ 968,463,388	\$ 1,265,576,504

San Diego Metropolitan Transit System
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2008 and 2007

	General Operations	Contracted Services	SDTC	SDTI	Eliminations	Total
Operating revenues:						
Passenger revenue	\$ -	\$ 21,138,278	\$ 23,680,179	\$ 31,120,169	\$ -	\$ 75,938,626
Advertising	75,225	-	1,011,482	31,990	-	1,118,697
Charter	-	-	63,435	-	-	63,435
Miscellaneous operating revenues	2,953,117	67,024	79,172	572,236	-	3,671,549
Total operating revenues	3,028,342	21,205,302	24,834,268	31,724,395	-	80,792,307
Operating expenses:						
Personnel costs	12,661,994	536,363	54,528,583	33,620,539	-	101,347,479
Outside services	3,028,322	50,259,723	2,549,590	9,102,774	-	64,940,409
Transit operations funding	75,784,252	-	-	-	(71,931,803)	3,852,449
Materials and supplies	17,848	-	4,783,939	2,788,429	-	7,590,216
Energy costs	64,640	9,613,508	8,933,558	8,598,964	-	27,210,670
Risk management	528,787	-	2,091,676	1,277,631	-	3,898,094
Miscellaneous operating expenses	(4,542,236)	1,041,140	2,824,101	2,651,583	-	1,974,588
Amortization of net pension asset	-	-	1,500,000	-	-	1,500,000
Depreciation	2,114,203	13,718,776	14,495,763	55,214,684	-	85,543,426
Total operating expenses	89,657,810	75,169,510	91,707,210	113,254,604	(71,931,803)	297,857,331
Operating income (loss)	(86,629,468)	(53,964,208)	(66,872,942)	(81,530,209)	71,931,803	(217,065,024)

San Diego Metropolitan Transit System

Combining Schedule of Revenues, Expenses and Changes in Net Assets, Continued

For the Years Ended June 30, 2008 and 2007

	General Operations	Contracted Services	SDTC	SDTI	Eliminations	Total
Public support and nonoperating revenues:						
Federal revenue	49,159,388	920,611	13,933,568	13,880,506	(30,004,379)	47,889,694
Transportation Development Act (TDA) funds	79,271,656	35,440,903	12,394,835	4,437,594	(52,273,332)	79,271,656
State Transit Assistance (STA) funds	14,622,782	-	9,467,667	41,140	(9,508,807)	14,622,782
State revenue - other	41,158,739	2,579,281	-	-	(2,579,281)	41,158,739
TransNet funds	16,968,565	594,963	10,228,800	6,000,000	(16,823,763)	16,968,565
Other local subsidies	967,638	689,918	278,000	-	(967,918)	967,638
Investment earnings	13,394,017	-	262	-	-	13,394,279
Interest expense	(7,113,754)	-	(3,552,867)	-	-	(10,666,621)
Gain (loss) on disposal of assets	306,365	8,242	(286,066)	59,357	-	87,898
Other expenses	-	-	(141,711)	-	-	(141,711)
Amortization of bond issuance costs	(270,487)	-	(52,365)	-	-	(322,852)
Total public support and nonoperating revenues	208,464,909	40,233,918	42,270,123	24,418,597	(112,157,480)	203,230,067
Income (loss) before contributed capital	121,835,441	(13,730,290)	(24,602,819)	(57,111,612)	(40,225,677)	(13,834,957)
Transfers	(40,225,677)	-	-	-	40,225,677	-
Contributions	(34,332,485)	18,900,960	4,607,531	29,315,891	-	18,491,897
Change in net assets	47,277,279	5,170,670	(19,995,288)	(27,795,721)	-	4,656,940
Net assets, beginning of year	170,669,811	35,605,664	58,384,981	996,259,108	-	1,260,919,564
Net assets, end of year	\$ 217,947,090	\$ 40,776,334	\$ 38,389,693	\$ 968,463,387	\$ -	\$ 1,265,576,504

San Diego Metropolitan Transit System

Combining Statement of Cash Flows

For the Year Ended June 30, 2008

	MTS	Other Contracted Services	SDTC	SDTI	Total
Cash flows from operating activities:					
Received from customers and users	\$ 2,644,776	\$ 21,056,630	\$ 27,139,886	\$ 31,226,334	\$ 82,067,626
Payments to suppliers	(4,930,983)	(60,799,988)	(13,005,550)	(24,218,338)	(102,954,859)
Payments to employees	(11,626,875)	(536,363)	(56,096,728)	(31,223,798)	(99,483,764)
Payments for damage and injury	(9,728)		(184,589)	116,671	(77,646)
Net cash provided (used) by operating activities	(13,922,810)	(40,279,721)	(42,146,981)	(24,099,131)	(120,448,641)
Cash flows from noncapital financing activities:					
Public support funds received	67,890,288	40,279,721	47,572,269	24,379,642	180,121,920
Net cash provided (used) by noncapital financing activities	67,890,288	40,279,721	47,572,269	24,379,642	180,121,920
Cash flows from capital and related financing activities:					
Debt service costs	(28,009,321)		(5,194,578)		(33,203,899)
Property acquisition	(15,991,962)			(47,168)	(16,039,130)
Property disposal			7,876		7,876
Net cash provided (used) by capital and related financing activities	(44,001,282)		(5,186,702)	(47,168)	(49,235,152)
Cash flows from investing activities:					
Interest received from investments	2,846,419		262		2,846,681
Investments liquidated	24,226,833				24,226,833
Investments purchased					
Net cash provided (used) by investing activities	27,073,252		262		27,073,514
Net increase (decrease) in cash and cash equivalents	37,039,447		238,848	233,343	37,511,638
Cash and cash equivalents, beginning of year	47,022,894	-	(649,899)	(171,082)	46,201,913
Cash and cash equivalents, end of year	\$ 84,062,341	\$ -	\$ (411,051)	\$ 62,261	\$ 83,713,551

San Diego Metropolitan Transit System

Combining Statement of Cash Flows

For the Year Ended June 30, 2008

	MTS	Other Contracted Services	SDTC	SDTI	Total
Operating income (loss):					
Adjustments to reconcile operating income (loss) to net cash provided					
(used) by operating activities					
Depreciation and amortization					
(Increase) decrease in:					
Accounts and other receivables					
Materials and supplies inventory					
Prepaid and other current assets					
Increase (decrease) in:					
Accounts payable					
Accrued expenses					
Unearned revenue					
Compensated absences payable					
Accrued damage, injury and employee claims					
Total adjustments	774,885	13,684,487	24,725,661	57,431,078	96,616,082
Net cash provided (used) by operating activities	\$ (13,922,810)	\$ (40,279,721)	\$ (42,146,981)	\$ (24,099,131)	\$ (120,448,642)

Supplemental noncash disclosures:

During the year other governments contributed \$18,491,896 in capital assets

During the year the fair value of investments increased by \$3,775,720

San Diego Metropolitan Transit System

Combined Operations

Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual

For the fiscal year ended June 30, 2008

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actuals per Statement of Revenues, Expenditures, and Changes in Net Assets Amounts		Actuals on a Budget Basis	Variance with Final Budget Positive (Negative)
Operating revenues:						
Passenger revenue	\$ 70,725,290	\$ 72,557,430	\$ 75,938,626	\$ -	\$ 75,938,626	\$ 3,381,196
Advertising	955,000	1,466,000	1,118,697	-	1,118,697	(347,303)
Charter	30,000	30,000	63,435	-	63,435	33,435
Miscellaneous operating revenues	2,902,179	3,180,215	3,671,549	-	3,671,549	491,334
Total operating revenues	74,612,469	77,233,645	80,792,307	-	80,792,307	3,558,662
Operating expenses:						
Personnel costs	100,746,647	98,998,482	101,347,479	(2,538,858)	98,788,621	209,861
Outside services	66,644,736	66,212,052	64,940,409	-	64,940,409	1,271,643
Transit operations funding	6,119,017	4,692,943	3,852,449	-	3,852,449	840,494
Materials and supplies	7,342,792	7,635,383	7,590,216	(49,573)	7,540,643	94,740
Energy costs	23,881,279	26,892,034	27,210,670	-	27,210,670	(318,636)
Risk management	4,608,942	4,382,412	3,898,094	(17,728)	3,880,366	502,046
Miscellaneous operating expenses	1,928,295	1,771,392	1,974,588	-	1,974,588	(203,196)
Amortization of net pension asset	-	-	1,500,000	(1,500,000)	-	-
Depreciation	-	-	85,543,426	(85,543,426)	-	-
Total operating expenses	211,271,708	210,584,698	297,857,331	(89,669,585)	208,187,746	2,396,952
Operating income (loss)	(136,659,239)	(133,351,053)	(217,065,024)	89,669,585	(127,395,439)	5,955,614

San Diego Metropolitan Transit System

Combined Operations

Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual, Continued

For the fiscal year ended June 30, 2008

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actuals per Statement of Revenues, Expenditures, and Changes in Net Assets Amounts	Budget Basis Adjustments	Actuals on a Budget Basis	Variance with Final Budget Positive (Negative)
Public support and nonoperating revenues:						
Federal revenue	35,828,178	35,918,251	47,889,694	(9,658,072)	38,231,622	2,313,371
Transportation Development Act	77,289,604	72,766,649	79,271,656	(6,495,556)	72,776,100	9,451
State Transit Assistance	9,393,706	9,428,706	14,622,782	(4,766,369)	9,856,413	427,707
State revenue - other	3,562,842	3,467,035	41,158,739	(27,412,569)	13,746,170	10,279,135
TransNet funds	18,544,299	16,794,800	16,968,565	-	16,968,565	173,765
Other local subsidies	1,367,918	967,918	967,638	280	967,918	-
Investment earnings	-	2,088,750	13,394,279	(10,269,456)	3,124,823	1,036,073
Other non-operating income	11,415,186	11,415,186	-	11,415,180	11,415,180	(6)
Interest expense	-	-	(10,666,621)	10,666,621	-	-
Gain (loss) on disposal of assets	-	-	87,898	(87,898)	-	-
Other expenses	(25,116,648)	(25,116,648)	(141,711)	(38,898,013)	(39,039,724)	(13,923,076)
Amortization of bond issuance costs	-	-	(322,852)	322,852	-	-
Total public support and nonoperating revenues	132,285,085	127,730,647	203,230,067	(75,183,000)	128,047,067	316,420
Income (loss) before contributed capital	(4,374,154)	(5,620,406)	(13,834,957)	14,486,585	651,628	6,272,034
Reserve revenue	4,374,152	5,620,405	-	5,620,405	5,620,405	-
Contribution of capital assets	-	-	18,491,897	(18,491,897)	-	-
Change in net assets	\$ (2)	\$ (1)	4,656,940	\$ 1,615,093	\$ 6,272,033	\$ 6,272,034
Net assets, beginning of year			1,260,919,564			
Net assets, end of year			1,265,576,504			

San Diego Metropolitan Transit System General Fund

Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual For the fiscal year ended June 30, 2008

	Budgeted Amounts		Actual Amounts		
	Original	Final	Actual Amounts	Budget Basis Adjustments	Actuals on a Budget Basis
Operating revenues:					
Advertising	\$ 30,000	\$ 9,000	\$ 75,225	\$ -	\$ 75,225
Miscellaneous operating revenues	1,581,679	1,738,715	1,895,499	-	1,895,499
Total operating revenues	1,611,679	1,747,715	1,970,724	-	1,970,724
Operating expenses:					
Personnel costs	11,638,582	10,651,382	12,080,886	(926,998)	11,153,888
Outside services	3,207,620	3,129,498	2,878,604	-	2,878,604
Transit operations funding	6,119,017	4,692,943	75,784,252	(71,931,803)	3,852,449
Materials and supplies	49,500	34,500	15,544	-	15,544
Energy costs	47,200	49,850	55,886	-	55,886
Risk management	443,796	460,721	488,811	(23,728)	465,083
Miscellaneous operating expenses	(8,082,069)	(4,796,536)	(4,646,749)	-	(4,646,749)
Depreciation	-	-	2,069,757	(2,069,757)	-
Total operating expenses	13,423,646	14,222,358	88,726,991	(74,932,286)	13,774,705
Operating income (loss)	(11,811,967)	(12,474,643)	(86,756,267)	74,952,286	(11,803,981)
					670,662
					447,653
					(502,506)
					250,894
					840,494
					18,956
					(6,036)
					(4,362)
					(149,787)
					-
					223,009
					156,784
					66,225
					447,653
					670,662

San Diego Metropolitan Transit System

General Fund

Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual, Continued

For the fiscal year ended June 30, 2008

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	Budget Basis Adjustments	Actuals on a Budget Basis	
Public support and nonoperating revenues:						
Federal revenue	6,338,220	6,435,425	49,159,388	(40,932,145)	8,227,243	1,791,818
Transportation Development Act (TDA) funds	14,299,197	12,740,918	79,271,656	(58,768,888)	20,502,768	7,761,850
State Transit Assistance (STA) funds	-	35,000	14,622,782	(14,275,176)	347,606	312,606
State revenue - other	1,369,984	1,369,984	41,158,739	(29,991,850)	11,166,889	9,796,905
TransNet funds	-	-	16,968,565	(16,823,763)	144,802	144,802
Other local subsidies	-	-	967,638	(967,638)	-	-
Investment earnings	-	2,088,750	13,394,017	(10,269,456)	3,124,561	1,035,811
Other non-operating income	11,415,186	11,415,186	-	11,415,180	11,415,180	(6)
Interest expense	-	-	(7,113,754)	7,113,754	-	-
Gain (loss) on disposal of assets	-	-	17,672	(17,672)	-	-
Other expenses	(21,610,620)	(21,610,620)	-	(35,345,146)	(35,345,146)	(13,734,526)
Amortization of bond issuance costs	-	-	(270,487)	270,487	-	-
Total public support and nonoperating revenues	11,811,967	12,474,643	208,176,216	(188,592,313)	19,583,903	7,109,260
Income (loss) before contributed capital	-	-	121,419,949	(113,640,027)	7,779,922	7,779,922
Transfers	-	-	(40,225,677)	40,225,677	-	-
Contribution of capital assets	-	-	(52,188,549)	52,188,549	-	-
Change in net assets	\$ -	\$ -	29,005,723	\$ (21,225,801)	\$ 7,779,922	\$ 7,779,922
Net assets, beginning of year			169,969,954			
Net assets, end of year			\$ 198,975,677			

San Diego Metropolitan Transit System

Taxicab Administration

Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual

For the fiscal year ended June 30, 2008

	Budgeted Amounts		Actual Amounts		
	Original	Final	Actual Amounts	Budget Basis Adjustments	Actuals on a Budget Basis
Operating revenues:					Variance with Final Budget Positive (Negative)
Miscellaneous operating revenues	\$ 685,000	\$ 685,000	\$ 734,553	\$ -	\$ 734,553 \$ 49,553
Total operating revenues	685,000	685,000	734,553	-	734,553 49,553
Operating expenses:					
Personnel costs	541,310	534,810	506,158	-	506,158 28,652
Outside services	99,314	59,814	63,442	-	63,442 (3,628)
Materials and supplies	5,000	12,700	2,304	-	2,304 10,396
Energy costs	14,775	14,775	8,736	-	8,736 6,039
Miscellaneous operating expenses	155,820	118,659	103,800	-	103,800 14,859
Depreciation	-	-	24,950	(24,950)	- -
Total operating expenses	816,219	740,758	709,390	(24,950)	684,440 56,318
Operating income (loss)	(131,219)	(55,758)	25,163	24,950	50,113 105,871
Reserve revenue	131,219	55,758	-	55,758	55,758 -
Change in net assets	\$ -	\$ -	25,163	\$ 80,708	\$ 105,871 \$ 105,871
Net assets, beginning of year			501,447		
Net assets, end of year			\$ 526,610		

San Diego Metropolitan Transit System

San Diego Arizona and Eastern Railway

Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual

For the fiscal year ended June 30, 2008

	Budgeted Amounts		Actual Amounts		
	Original	Final	Actual Amounts	Budget Basis Adjustments	Actuals on a Budget Basis
					Variance with Final Budget Positive (Negative)
Operating revenues:					
Miscellaneous operating revenues	\$ 100,000	\$ 100,000	\$ 323,065	\$ -	\$ 323,065
Total operating revenues	100,000	100,000	323,065	-	323,065
Operating expenses:					
Personnel costs	102,193	102,193	74,950	-	74,950
Outside services	51,100	51,100	86,276	-	86,276
Energy costs	-	-	18	-	18
Risk management	43,605	43,605	39,976	-	39,976
Miscellaneous operating expenses	8,600	8,600	713	-	713
Depreciation	-	-	19,496	(19,496)	-
Total operating expenses	205,498	205,498	221,429	(19,496)	201,933
Operating income (loss)	(105,498)	(105,498)	101,636	19,496	121,132
Public support and nonoperating revenues:					
Gain (loss) on disposal of assets	-	-	288,693	(288,693)	-
Total public support and nonoperating revenues	-	-	288,693	(288,693)	-
Reserve revenue	105,498	105,498	-	105,498	105,498
Contribution of capital assets	-	-	17,856,064	(17,856,064)	-
Change in net assets	\$ -	\$ -	18,246,393	\$ (18,019,763)	\$ 226,630
Net assets, beginning of year			198,410		
Net assets, end of year			\$ 18,444,803		

San Diego Metropolitan Transit System

Contract Services

Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual

For the fiscal year ended June 30, 2008

	Budgeted Amounts		Actual Amounts		
	Original	Final	Actual Amounts	Budget Basis Adjustments	Actuals on a Budget Basis
Operating revenues:					
Passenger revenue	\$ 19,464,350	\$ 20,065,540	\$ 21,138,278	\$ -	\$ 21,138,278
Advertising	-	375,000	-	-	-
Miscellaneous operating revenues	-	-	67,024	-	67,024
Total operating revenues	19,464,350	20,440,540	21,205,302	-	21,205,302
Operating expenses:					
Personnel costs	642,035	523,038	536,363	-	536,363
Outside services	52,530,006	51,614,159	50,259,723	-	50,259,723
Energy costs	8,774,995	8,830,790	9,613,508	-	9,613,508
Miscellaneous operating expenses	1,237,747	1,027,974	1,041,140	-	1,041,140
Depreciation	-	-	13,718,776	(13,718,776)	-
Total operating expenses	63,184,783	61,995,961	75,169,510	(13,718,776)	61,450,734
Operating income (loss)	(43,720,433)	(41,555,421)	(53,964,208)	13,718,776	(40,245,432)
					1,309,989
					545,227
					(13,325)
					1,354,436
					(782,718)
					(13,166)
					-
					764,762

San Diego Metropolitan Transit System

Contract Services

Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual, Continued

For the fiscal year ended June 30, 2008

	Budgeted Amounts		Actual Amounts		
	Original	Final	Actual Amounts	Budget Basis	Variance with Final Budget Positive (Negative)
Public support and nonoperating revenues:					
Federal revenue	835,663	874,509	920,611	-	920,611
Transportation Development Act (TDA) funds	38,937,694	37,327,942	35,440,903	-	35,440,903
State revenue - other	2,192,858	2,097,051	2,579,281	-	2,579,281
TransNet funds	644,299	566,000	594,963	-	594,963
Other local subsidies	1,089,918	689,918	689,918	-	689,918
Gain (loss) on disposal of assets	-	-	8,242	(8,242)	-
Total public support and nonoperating revenues	43,720,432	41,555,420	40,233,918	(8,242)	40,225,676
Income (loss) before contributed capital	(1)	(1)	(13,730,290)	13,710,534	(19,756)
Contribution of capital assets	-	-	18,900,960	(18,900,960)	-
Change in net assets	\$ (1)	\$ (1)	5,170,670	\$ (5,190,426)	\$ (19,755)
Net assets, beginning of year			35,605,664		
Net assets, end of year			\$ 40,776,334		

San Diego Metropolitan Transit System

San Diego Transit Corporation

Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual

For the fiscal year ended June 30, 2008

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	Actuals on a Budget Basis	
Operating revenues:					
Passenger revenue	\$ 22,644,928	\$ 23,514,897	\$ 23,680,179	\$ 23,680,179	\$ 165,282
Advertising	925,000	925,000	1,011,482	1,011,482	86,482
Charter	30,000	30,000	63,435	63,435	33,435
Miscellaneous operating revenues	10,000	10,000	79,172	79,172	69,172
Total operating revenues	23,609,928	24,479,897	24,834,268	24,834,268	354,371
Operating expenses:					
Personnel costs	57,097,657	56,406,651	54,528,583	55,293,434	1,113,217
Outside services	2,209,260	2,705,069	2,549,590	2,549,590	155,479
Materials and supplies	4,323,856	4,546,254	4,783,939	4,783,939	(237,685)
Energy costs	5,725,239	8,563,073	8,933,558	8,933,558	(370,485)
Risk management	1,956,235	1,606,235	2,091,676	1,607,676	(1,441)
Miscellaneous operating expenses	4,702,098	2,763,988	2,824,101	2,824,101	(60,115)
Amortization of net pension asset	-	-	1,500,000	(1,500,000)	-
Depreciation	-	-	14,495,763	(14,495,763)	-
Total operating expenses	76,014,345	76,591,270	91,707,210	75,992,298	598,972
Operating income (loss)	(52,404,417)	(52,111,373)	(66,872,942)	(51,158,030)	953,343

San Diego Metropolitan Transit System

San Diego Transit Corporation

Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual, Continued

For the fiscal year ended June 30, 2008

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	Budget Basis Adjustments	Actuals on a Budget Basis
Public support and nonoperating revenues:					
Federal revenue	15,305,003	15,259,025	13,933,568	1,269,694	15,203,262
Transportation Development Act (TDA) funds	14,896,301	14,998,721	12,394,835	-	12,394,835
State Transit Assistance (STA) funds	9,393,706	9,393,706	9,467,667	-	9,467,667
TransNet funds	11,900,000	10,228,800	10,228,800	-	10,228,800
Other local subsidies	278,000	278,000	278,000	-	278,000
Investment earnings	-	-	262	-	262
Interest expense	-	-	(3,552,867)	3,552,867	-
Gain (loss) on disposal of assets	-	-	(286,066)	286,066	-
Other expenses	(3,506,028)	(3,506,028)	(141,711)	(3,552,867)	(3,694,578)
Amortization of bond issuance costs	-	-	(52,365)	52,365	-
Total public support and nonoperating revenues	48,266,982	46,652,224	42,270,123	1,608,125	43,878,248
Income (loss) before contributed capital	(4,137,435)	(5,459,149)	(24,602,819)	17,323,037	(7,279,782)
Reserve revenue	4,137,435	5,459,149	-	5,459,149	5,459,149
Contribution of capital assets	-	-	4,607,531	(4,607,531)	-
Change in net assets	\$ -	\$ -	(19,995,288)	\$ 18,174,635	\$ (1,820,633)
Net assets, beginning of year			58,384,981		
Net assets, end of year			\$ 38,389,693		

San Diego Metropolitan Transit System

San Diego Trolley Incorporated

Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual

For the fiscal year ended June 30, 2008

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	Budget Basis Adjustments	Actuals on a Budget Basis	
Operating revenues:						
Passenger revenue	\$ 28,616,012	\$ 28,976,993	\$ 31,120,169	\$ -	\$ 31,120,169	\$ 2,143,176
Advertising	-	157,000	31,990	-	31,990	(125,010)
Miscellaneous operating revenues	525,500	646,500	572,236	-	572,236	(74,264)
Total operating revenues	29,141,512	29,780,493	31,724,395	-	31,724,395	1,943,902
Operating expenses:						
Personnel costs	30,724,870	30,780,408	33,620,539	(2,396,711)	31,223,828	(443,420)
Outside services	8,547,436	8,652,412	9,102,774	-	9,102,774	(450,362)
Materials and supplies	2,964,436	3,041,929	2,788,429	(49,573)	2,738,856	303,073
Energy costs	9,319,070	9,433,546	8,598,964	-	8,598,964	834,582
Risk management	2,165,306	2,271,851	1,277,631	490,000	1,767,631	504,220
Miscellaneous operating expenses	3,906,099	2,648,707	2,651,583	-	2,651,583	(2,876)
Depreciation	-	-	55,214,684	(55,214,684)	-	-
Total operating expenses	57,627,217	56,828,853	113,254,604	(57,170,968)	56,083,636	745,217
Operating income (loss)	(28,485,705)	(27,048,360)	(81,530,209)	57,170,968	(24,359,241)	2,689,119

San Diego Metropolitan Transit System

San Diego Trolley Incorporated

Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual, Continued

For the fiscal year ended June 30, 2008

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	Budget Basis Adjustments	Actuals on a Budget Basis	
Public support and nonoperating revenues:						
Federal revenue	13,349,292	13,349,292	13,880,506	-	13,880,506	531,214
Transportation Development Act (TDA) funds	9,136,412	7,699,068	4,437,594	-	4,437,594	(3,261,474)
State Transit Assistance (STA) funds	-	-	41,140	-	41,140	41,140
TransNet funds	6,000,000	6,000,000	6,000,000	-	6,000,000	-
Gain (loss) on disposal of assets	-	-	59,357	(59,357)	-	-
Total public support and nonoperating revenues	28,485,704	27,048,360	24,418,597	(59,357)	24,359,240	(2,689,120)
Income (loss) before contributed capital	(1)	-	(57,111,612)	57,111,611	(1)	(1)
Contribution of capital assets	-	-	29,315,891	(29,315,891)	-	-
Change in net assets	<u>\$ (1)</u>	<u>\$ -</u>	<u>(27,795,721)</u>	<u>\$ 27,795,720</u>	<u>\$ (1)</u>	<u>\$ (1)</u>
Net assets, beginning of year			996,259,108			
Net assets, end of year			<u>\$ 968,463,387</u>			

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Statistical Section

(Unaudited)

Included in this section of the Metropolitan Transit System comprehensive annual financial report is detailed information to assist in analysis and understanding of the information presented in the financial statements, notes and required supplementary information.

Contents

Financial trends

This schedule contains trend information to help the reader understand how MTS's financial position has changed over time.

Revenue Capacity

These schedules contain detailed information about the fare structures and revenue generated from transit operations provided by MTS.

Debt Capacity

This schedule presents information to help the reader assess the affordability of MTS's current levels of outstanding debt and MTS's ability to issue debt in the future.

Demographic and Economic Information

These schedules provide service and infrastructure data to help the reader understand how the information in MTS's financial report relates to the services MTS provides.

Operating Information

These schedules provide service and infrastructure data to help the reader understand how the information in MTS's financial report relates to the services MTS provides.

FINANCIAL TRENDS

San Diego Metropolitan Transit System

Changes in Net Assets

Last Four Fiscal Years - DRAFT

	(accrual basis of accounting)			
	Fiscal Year			
	2008	2007	2006	2005
Operating revenues:				
Passenger revenue	\$ 75,938,626	\$ 68,634,694	67,579,729	63,802,747
Advertising	1,118,697	1,001,597	838,663	1,339,470
Charter	63,435	44,999	30,940	895,092
Miscellaneous operating revenue	3,671,549	3,703,043	1,734,582	18,240
Total operating revenue	80,792,307	73,384,332	70,183,914	66,052,549
Operating expenses:				
Personnel costs	\$ 101,347,479	\$ 89,750,761	\$ 89,075,021	\$ 91,485,718
Outside services	64,940,409	62,629,613	57,709,213	70,259,897
Transportation operations funding	3,852,449	5,438,052	6,758,525	6,244,510
Materials and supplies	7,590,216	7,266,337	8,157,794	8,756,096
Energy costs	27,210,670	22,767,220	24,304,787	14,140,307
Risk management	3,898,094	5,416,889	5,078,068	5,212,337
Miscellaneous operating expenses	1,974,588	944,296	2,335,990	2,563,968
Amortization of net pension asset	1,500,000	1,455,000	1,415,000	-
Depreciation	85,543,426	74,472,549	66,798,819	49,138,639
Total operating expenses	297,857,331	270,338,715	261,633,217	247,801,472
Operating income (loss)	(217,065,024)	(196,954,385)	(191,449,303)	(181,745,923)
Public support and nonoperating revenue:				
Grants and contributions	200,879,074	184,332,341	155,746,015	209,482,693
Investment earnings	13,394,279	13,349,080	7,095,384	11,706,567
Indirect cost recovery	-	-	1,685,026	2,827,481
Interest expense	(10,666,621)	(14,229,812)	(11,499,050)	(10,312,657)
Gain(loss) on disposal of assets	87,898	(1,260,113)	(1,800,414)	291,047
Other expenses	(141,711)	(355,528)	(187,452)	(184,767)
Total public support and nonoperating revenue	203,230,067	181,835,968	151,039,509	213,810,364
Income (loss) before contributed capital	(16,185,950)	(15,118,417)	(40,409,794)	32,064,441
Capital contribution	18,491,897	27,728,531	23,013,017	30,007,339
Changes in net assets:	\$ 4,979,792	\$ 12,610,114	\$ (17,396,777)	\$ 62,071,780

Source: Audited financial statements

REVENUE CAPACITY

San Diego Metropolitan Transit System

Operating Revenue by Source (in 000s)

Last Four Fiscal Years - DRAFT

Fiscal Year Ended	Passenger Fares	Federal Operatin g Funds	State Operatin g Funds	Local Operatin g Funds	Interest	Other
San Diego Transit Corporation						
2005	21,383	14,200	25,862	7,278	68	850
2006	22,264	15,000	23,415	13,105	129	1,532
2007	22,298	15,000	29,360	9,901	63	1,153
2008	23,680	13,934	21,863	10,507	-	1,154
San Diego Trolley, Inc.						
2005	25,855	10,651	498	9,522	-	539
2006	27,934	12,788	7,415	6,000	-	742
2007	27,402	15,325	6,279	6,000	-	652
2008	31,120	13,881	4,479	6,000	-	604
General Services						
2005	-	-	-	-	312	863
2006	-	-	-	-	678	979
2007	-	-	-	-	646	1,680
2008	-	-	-	-	2,602	1,895
MTS - Contract Services						
2005	16,564	711	367	33,651	-	-
2006	17,382	-	137	455	-	(344)
2007	18,935	200	36,300	1,778	-	66
2008	21,138	921	38,020	1,285	-	67

Source: Audited Financial Statements

San Diego Metropolitan Transit System

Fare Structure

	<u>2008</u>	<u>2007</u>
Bus Cash Fares		
Local	\$ 2.00	\$ 1.75
Urban	2.25	2.25
Express	2.50	2.50-4.00
Premium express	5.00	-
Rural bus	5.00-10.00	-
Senior/disabled	1.00	1.00
Airport shuttle	2.25	2.25
Shuttles	1.00	1.00
Trolley Cash Fares		
Downtown	1.25	1.25
1 station	1.50	1.50
2 stations	1.75	1.75
3 stations	2.00	2.00
4-10 stations	2.25	2.25
11-19 stations	2.50	2.50
20+ stations	3.00	3.00
Senior/disabled	1.00	1.00
Bus and Trolley Monthly Passes		
Regional monthly pass	64.00	-
Premium monthly pass	90.00	-
Senior/disabled bus and trolley	16.00	14.50
Youth bus and trolley	32.00	29.00
Local/Urban Bus/Express/Trolley	-	58.00
Express Bus (multi-zones)	-	64.00-84.00

SOURCE:

Codified Ordinance No. 4, an ordinance establishing a Metropolitan Transit System fare pricing schedule, last amended November, 2007. Additional changes to the fare structure were effective as of July 1, 2008.

San Diego Metropolitan Transit System

Farebox Recovery Percentages

Last Four Fiscal Years - DRAFT

<u>Fiscal Year Ended</u>	<u>San Diego Transit Corporation</u>	<u>San Diego Trolley, Inc.</u>	<u>MTS Contract Services</u>
2005	27.34	54.25	31.97
2006	30.40	50.78	31.96
2007	31.08	48.97	33.05
2008	29.80	53.62	34.40

SOURCE: Audited financial statements; calculated as passenger revenue divided by operating expenses.

DEBT CAPACITY

San Diego Metropolitan Transit System

Ratio of Outstanding Debt by Type

Last Four Fiscal Years - DRAFT

Year ended June 30	Capital Lease-Tower	Capital Lease - Equipment	1990 LRV Sale/Leaseback	1995 LRV Lease/Leaseback	Certificates of Participation 2002	Certificates of Participation 2003	Pension Obligation Bonds	Total	Percentage of Personal Income	Debt per Capita
2005	\$ 8,910,118	-	\$ 15,878,727	\$ 125,774,762	\$ 10,985,000	\$ 32,850,000	\$ 7,490,000	\$271,918,607	0.54%	126
2006	8,516,304	319,719	13,174,798	124,775,518	7,430,000	26,065,000	76,075,000	256,356,339	0.52%	117
2007	8,075,925	255,113	3,823,388	123,699,432	3,770,000	19,155,000	74,620,000	233,398,858	0.47%	105
2008	7,617,599	187,737	-	122,540,596	-	-	73,120,000	203,465,931	0.38%	91

Details regarding MTS' outstanding debt can be found in the notes to the financial statements.
MTS retired three financial obligations in FY 2008

San Diego Metropolitan Transit System
Regional Population and Personal Income Statistics
Last Four Fiscal Years - DRAFT

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	MTS Service Area Population	MTS Service Area Personal Income (thousands)	Per Capital Personal Income	San Diego County Average Unemployment Rate
	(1)	(2)		(3)
2005	2,154,170	\$ 50,408,033	\$ 23,400	4.7%
2006	2,188,817	49,149,338	22,455	4.1%
2007	2,197,243	50,827,435	23,132	4.8%
2008	2,227,386	53,006,520	23,798	6.4%

(1) SOURCE: San Diego Association of Governments, January 2008 Estimate

(2) SOURCE: FY 2008 data is not currently available

Estimate based on the statewide increase of personal income of 4.287% between June 30, 2007 and June 30, 2008
Percentage was obtained through the U.S. Department of Commerce website

(3) SOURCE: California Employment Development Department, October 2008

San Diego Metropolitan Transit System
Full-Time and Part-Time Employees by Function
Last Four Fiscal Years - DRAFT

Full-time and Part-time Employees at June 30

<u>Function</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
MTS	129	121	90	73
San Diego Transit Corporation	899	866	880	927
San Diego Trolley, Inc.	<u>619</u>	<u>527</u>	<u>539</u>	<u>528</u>
Total	<u>1,647</u>	<u>1,514</u>	<u>1,509</u>	<u>1,528</u>

Source: MTS payroll records

San Diego Metropolitan Transit System

Ten Largest Employers in San Diego County

<u>Company Name</u>	<u>Number of Employees (1)</u>	<u>Percent of 1,473,200 million County Total (2)</u>
United States Navy	42,000	2.851%
United States Government	39,100	2.654%
State of California	37,100	2.518%
University of California San Diego	24,790	1.683%
Scripps Mercy Hospital/Scripps Health	21,313	1.447%
San Diego Unified School District	21,073	1.430%
City of San Diego	20,700	1.405%
County of San Diego	18,900	1.283%
Sharp Health Care	13,872	0.942%
United States Postal Service	11,611	0.788%

Source:

(1) San Diego Source, The Daily Transcript

(2) Employment Development Department, State of California

Note: County of San Diego employment information is presented. Employer information is not currently available for the area served by the Metropolitan Transit System within San Diego County.

OPERATING INFORMATION

San Diego Metropolitan Transit System

Operating Indicators by Function

Last Four Fiscal Years - DRAFT

	2008	2007	2006	2005
Operating Cost:				
San Diego Transit	\$ 75,711,447	\$ 68,253,960	\$ 68,296,800	\$ 78,216,331
San Diego Trolley	58,039,920	55,951,561	55,014,599	47,661,707
MTS Contract Services	61,450,734	57,286,732	54,387,095	51,815,445
Farebox Revenue:				
San Diego Transit	\$ 23,743,614	\$ 22,341,718	\$ 22,294,679	\$ 21,401,339
San Diego Trolley	31,120,169	27,401,733	27,933,766	25,855,241
MTS Contract Services	21,138,278	18,935,332	17,382,224	16,564,407
Total Passengers:				
San Diego Transit	28,094,257	26,075,859	24,889,685	24,426,571
San Diego Trolley	37,620,944	35,114,385	33,829,833	29,334,362
MTS Contract Services	21,460,283	20,283,498	18,907,112	18,448,621
Revenue Miles:				
San Diego Transit	9,522,460	9,622,029	9,958,013	10,089,671
San Diego Trolley	8,002,889	7,940,011	8,180,189	7,060,498
MTS Contract Services	12,513,495	12,453,692	12,241,939	12,702,324
Subsidy / Total Passenger				
San Diego Transit	\$ 1.85	\$ 1.76	\$ 1.85	\$ 2.33
San Diego Trolley	0.72	0.81	0.80	0.74
MTS Contract Services	1.88	1.89	1.96	1.91

Current Year Source: FY 2008 NTD Report, and audited financial statements

San Diego Metropolitan Transit System

Service Performance Data

Last Four Fiscal Years - DRAFT

Service Provided	2008	2007	2006	2005
Bus				
Vehicle Revenue Miles	9,522,460	9,622,029	9,958,013	10,089,671
Vehicle Revenue Hours	870,432	853,044	840,408	829,742
Passengers	28,094,257	26,075,859	24,889,685	24,425,116
Passenger Miles	100,255,833	98,202,798	93,579,662	93,745,993
Number of Vehicles	267	267	274	280
Rail				
Vehicle Revenue Miles	8,002,889	7,940,011	8,180,189	7,060,498
Vehicle Revenue Hours	439,377	432,440	468,829	368,184
Train Hours	445,277	438,555	480,396	379,050
Passengers	37,620,944	35,114,185	33,829,833	29,334,362
Passenger Miles	206,923,846	207,726,689	208,875,499	187,987,995
Number of Vehicles	134	134	134	123
MTS-Contract Services				
Vehicle Revenue Miles	12,513,495	12,453,692	12,241,939	12,7002,324
Vehicle Revenue Hours	1,018,879	995,636	927,652	946,314
Passengers	21,460,283	21,142,942	18,907,112	18,448,621
Passenger Miles	77,173,278	78,303,615	73,343,433	69,957,802
Number of Vehicles	358	348	337	357
Total				
Passengers	87,175,484	82,332,986	77,626,630	72,208,099
Passenger Miles	384,352,957	384,233,102	375,798,594	351,691,790

Source: NTD Report and MTS internal capital asset system

San Diego Metropolitan Transit System

Capital Assets Statistics by Function

Last Four Fiscal Years - DRAFT

	Fiscal Year			
	2008	2007	2006	2005
General Operations				
Buildings and structures	1	1	1	1
Nonrevenue vehicles	7	10	10	12
San Diego Transit Corporation				
Land (parcels)	2	2	2	2
Buildings and structures	2	2	2	2
Buses	267	267	274	280
Nonrevenue vehicles	53	47	45	49
San Diego Trolley, Inc.				
Trolley stations	54	54	54	50
Track miles	54.3	54.3	54.3	48.5
Light rail vehicles (total inventory)	134	134	134	123
Nonrevenue vehicles	72	69	58	78
Other Contracted Services				
Land (parcel)	1	1	1	1
Buildings and structures	3	1	1	1
Buses	358	348	337	357
Nonrevenue vehicles	9	4	2	2
Taxicab Administration				
Buildings and structures	1	1	1	1
Nonrevenue vehicles	3	2	1	1

MTS internal capital asset system

San Diego Metropolitan Transit System

Ridership

Last Four Fiscal Years - DRAFT

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Ridership (in 000's)				
Bus	28,094	26,076	24,890	24,427
% Change	7.74%	4.77%	1.90%	
Trolley	37,621	35,114	33,830	29,334
% Change	7.14%	3.80%	15.32%	
MTS Contract				
Services	21,460	21,142	18,907	18,449
% Change	1.50%	11.82%	2.49%	

Source: NTD Report

San Diego Metropolitan Transit System

Operating Subsidy

Last Four Fiscal Years - DRAFT

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Average Fare per Rider				
San Diego Transit	0.85	0.86	0.90	0.88
San Diego Trolley	0.83	0.78	0.83	0.88
MTS Contract Services	0.98	0.93	0.92	0.90
Operating Expense per Rider				
San Diego Transit	2.69	2.62	2.74	3.20
San Diego Trolley	1.54	1.59	1.63	1.62
MTS Contract Services	2.86	2.82	2.88	2.81
Subsidy per Rider				
San Diego Transit	1.85	1.76	1.85	2.33
San Diego Trolley	0.72	0.81	0.80	0.74
MTS Contract Services	1.88	1.89	1.96	1.91

Previous Years Source: Audited financial statements and Annual Operations Statistical Report



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Agenda

Item No. 62

Chief Executive Officer's Report

ADM 121.7 (PC 50101)

November 13, 2008

In accordance with Board Policy No. 52, Procurement of Goods and Services, attached are listings of contracts, purchase orders, and work orders that have been approved within the CEO's authority (up to and including \$100,000) for the period October 21, 2008, through November 3, 2008.

[gail.williams/agenda item 62](#)



Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB is owner of the San Diego and Arizona Eastern Railway Company. MTDB Member Agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway,

CONTRACTS - Expense

Doc #	Organization	Subject	Amount	Day
G1067.2-07	MCDUGAL LOVE ECKIS SMITH BOEH	LEGAL SERVICES GENERAL & TORT LIABILITY	\$40,000.00	10/23/2008
G1214.0-09	RDI, LLC	SHORT TERM LEASE AGREEMENT TO RELOCATE	\$25,000.00	10/23/2008
G1216.0-09	CITY OF SAN DIEGO	LEASE FOR COMMUNICATIONS EQUIP AT CATALI	\$30,000.00	10/23/2008
L0849.1-08	ELECTRO SPECIALTY SYSTEMS, INC	CONTRACT AMEND 1 ADD TWO HIGH MEGA PIXEL	\$32,520.56	10/23/2008
G1101.4-07	NEW FLYER OF AMERICA, INC	INCORPORATE EARLY PAYMENT DISCOUNT TERMS	\$0.00	10/27/2008
G1108.3-07	LAW OFFICES OF DAVID C SKYER	LEGAL SERVICES GENERAL & TORT LIABILITY	\$55,000.00	10/27/2008
G1217.0-09	NEIL, DYMOTT, FRANK, MCFALL & TRE	LEGAL SERVICES-GENERAL & TORT LIABILITY	\$15,000.00	10/27/2008
L4585.0-09	REDEVELOPMENT AGENCY OF SAN DI	EASEMENT TO MTS FOR FRONT STREET SUBSTIT	\$0.00	10/27/2008
B0469.1-07	THE ARC OF SAN DIEGO	MONTH TO MONTH EXTENSION TO CLEAN BUSES	\$48,000.00	10/30/2008
G1080.2-07	LAW OFFICES OF MICHAEL E. RIPL	LEGAL SERVICES GENERAL & TORT LIABILITY	\$40,000.00	10/30/2008
G1111.3-07	WHEATLEY BINGHAM & BAKER	LEGAL SERVICES GENERAL & TORT LIABILITY	\$80,000.00	10/30/2008
G1162.2-08	LAW OFFICES OF MARK H BARBER A	LEGAL SERVICES WORKERS COMPENSATION	\$60,000.00	10/30/2008
G1173.3-08	LAW OFFICE OF JULIE MORRIS SOD	LEGAL SERVICES GENERAL & TORT LIABILITY	\$60,000.00	10/30/2008
G1072.2-08	R. MARTIN BOHL	LEGAL SERVICES FOR JOINT DEVELOPMENT AND	\$100,000.00	11/3/2008

PURCHASE ORDERS

DATE	Organization	Subject	AMOUNT
10/27/2008	ELECTRO SPECIALTY SYSTEMS	NORTEL ETHERNET ROUTING SWITCH	\$4,256.13
10/27/2008	VISIBLE INK	HIGH PERFORMANCE BUS VINYL LAMINATE	\$1,185.25
10/27/2008	LLC C & H DISTRIBUTORS	8'X6' ASSEMBLED GUARD HOUSE	\$12,627.75
10/27/2008	GOVPLACE	LIEBERT UPS GXT2 300 VA RM 2U 120V	\$2,715.29
10/27/2008	BAY SYSTEMS	PRODUCT DISTRIBUTION SYSTEM KMD	\$36,806.36
10/27/2008	ELECTRO SPECIALTY SYSTEMS	AVIGILON DAY/NIGHT COLOR CAMERA	\$11,014.21
11/3/2008	COMMUNICATIONS USA	MOBILE RADIOS PER QUOTE DATED 10/17	\$16,227.15
11/3/2008	ASSOCIATED POSTERS INC	BUS SHELTER	\$1,858.57
11/3/2008	AZTEC JANITORIAL SERVICES	WEED ABATEMENT	\$4,236.95
11/3/2008	COR O VAN	MOVING SERVICES FOR MTS 10TH FLOOR	\$11,597.12

WORK ORDERS

Doc #	Organization	Subject	Amount	Day
G1127.0-08.03.03	BUREAU VERITAS	AMEND TO GES MTS BUS WASHER KMD	\$2,292.00	10/27/2008
G1127.0-08.05.01	BUREAU VERITAS	EL CAJON TRANSIT CENTER	\$7,634.00	10/27/2008

CONTRACTS - Revenue

Doc #	Organization	Subject	Amount	Day
L5232.0-09	SDG&E	ROE PERMIT UNDERGROUND UTILITY CUYAMACA/	(\$1,500.00)	10/27/2008
S200-09-384	GOOD & ROBERTS INC	ROE PERMIT DRIVEWAY ALLEY IMPROVEMENTS	(\$1,200.00)	10/30/2008