



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

**\*\*REVISED\*\***

## Agenda

Joint Meeting of the Board of Directors for  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

September 23, 2004

9:00 a.m.

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

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

### ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes - September 9, 2004 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 furnish a copy to the Clerk of the Board.
4. Presentation of Employee Awards Receive



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.



5. Closed Session Items

Possible Action

- a. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED  
LITIGATION Significant Exposure to Litigation Pursuant to  
Subdivision (b) of Section 54956: One Potential Case

Oral Report of Final Actions Taken in Closed Session

CONSENT ITEMS - RECOMMENDED BY THE CHIEF EXECUTIVE OFFICER (indicated by \*)

- \* 6. SDTI: Financial Report for June 2004 Receive  
Action would receive the following attachments: Summary of Cash in Treasury, Status of Revenue, Summary of FY 04 Appropriations and Expenditures, and San Diego Association of Governments (SANDAG) Ridership Summaries.
- \* 7. MTDB: Mission Valley East Light Rail Transit Project Budget Transfers, Construction Management Amendments, and Contract Change Orders Approve  
Action would transfer funds from the Mission Valley East Light Rail Transit Project Reserve, SDSU Mitigation, and Fare Collection line items into construction management line items; transfer funds from the SDSU Construction line item into the SDSU Construction Contingency line item; execute amendments with Washington Infrastructure Services, Inc., for construction management services; and execute contract changes orders with Clark Construction Group.
- \* 8. MTDB: Proposed Amendment to Conflict of Interest Code Approve  
Action would approve the Proposed Amendment to the Conflict of Interest Code for distribution and direct staff to publish the Notice of Intent to Amend MTDB's Conflict of Interest Code to commence the public comment period.
- \* 9. MTDB: Disadvantaged Business Enterprise Report (DBE) Approval of FY 05 Goals for Publication Approve  
Action would approve the proposed DBE goals for FY 04 and authorize staff to publish a notice of these proposed goals for public information and comments.
- \* 10. MTDB: East Village Transit Improvements Project Approve  
Action would authorize the CEO to approve a contract change order with West Coast General not to exceed \$1,500,000 and a work order with PGH Wong Engineering not to exceed \$150,000 for construction management services for the relocation of traction power substations at City College Station.



- \* 11. MTDB: San Ysidro Intermodal Transportation Center Project: Construction Management Contract Amendment Approve  
Action would authorize the CEO to execute Contract Amendment No. 6 with Parsons Brinckerhoff Construction Services for additional construction management services and to ratify Amendment Nos. 4 and 5.

#### NOTICED PUBLIC HEARINGS

25. None.

**NOTE: A FIVE-MINUTE RECESS WILL BE TAKEN AT APPROXIMATELY 10:30 A.M.**

#### DISCUSSION ITEMS

30. SDTI: Light Rail Vehicle Appearance Improvement Project Receive  
Action would receive this report for information.
31. SDTI: Semiannual MTS Security Report (January through June 2004) Receive  
Action would receive this report for information.
32. MTDB: Regional Fare Policy and Comprehensive Fare Ordinance Receive  
Action would receive this report for information.
33. MTDB: Metropolitan Transit System (MTS) Appearance and Identity Approve  
Action would clarify MTS logo and text usage on trolleys.
34. MTDB: Extension of Terms of Office for Ex Officio Board Members Approve  
Action would extend the terms for the two ex officio Board members, Harry Mathis and Shirley Kaltenborn to October 15, 2005.
35. SDTC: Pension Obligation Bonds Approve  
Action would receive this report, approve an authorizing resolution for the issuance and sale of pension obligation bonds, and authorize the Chief Executive Officer (CEO) to proceed with the issuance of pension obligation bonds.
36. MTDB: Color Scheme for New Low-Floor Light Rail Vehicles Receive  
Action would receive this report for information.
37. MTDB: Procurement of Up to 47 Heavy-Duty Compressed Natural Gas-Powered Transit Buses Approve  
Action would authorize the Chief Executive Officer (CEO) to exercise an option to purchase up to 47 heavy-duty compressed natural gas (CNG) buses through Pierce Transit in Tacoma, Washington.
44. Chairman's Report Possible Action



- |     |  |                 |
|-----|--|-----------------|
| 45. | Chief Executive Officer's Report   | Information     |
| 46. | Board Member Communications  |                 |
| 47. | <u>Additional Public Comments Not on the Agenda</u><br>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. | Possible Action |
| 50. | <u>Next Meeting Date:</u> October 7, 2004  |                 |
| 60. | <u>Adjournment</u>   |                 |

JGarde

AGENDAS EC 9-16-04 BD 9-23-04

09/23/04





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5.	<u>Closed Session Items</u>	Possible Action
	None.	
	<u>Oral Report of Final Actions Taken in Closed Session</u>	

CONSENT ITEMS - RECOMMENDED BY THE CHIEF EXECUTIVE OFFICER (indicated by \*)

- |       |  |         |
|-------|--|---------|
| * 6.  | <u>SDTI: Financial Report for June 2004</u><br>Action would receive the following attachments: Summary of Cash in Treasury, Status of Revenue, Summary of FY 04 Appropriations and Expenditures, and San Diego Association of Governments (SANDAG) Ridership Summaries.  | Receive |
| * 7.  | <u>MTDB: Mission Valley East Light Rail Transit Project Budget Transfers, Construction Management Amendments, and Contract Change Orders</u><br>Action would transfer funds from the Mission Valley East Light Rail Transit Project Reserve, SDSU Mitigation, and Fare Collection line Items into construction management line items; transfer funds from the SDSU Construction line item into the SDSU Construction Contingency line item; execute amendments with Washington Infrastructure Services, Inc., for construction management services; and execute contract changes orders with Clark Construction Group. | Approve |
| * 8.  | <u>MTDB: Proposed Amendment to Conflict of Interest Code</u><br>Action would approve the Proposed Amendment to the Conflict of Interest Code for distribution and direct staff to publish the Notice of Intent to Amend MTDB's Conflict of Interest Code to commence the public comment period.  | Approve |
| * 9.  | <u>MTDB: Disadvantaged Business Enterprise Report (DBE) Approval of FY 05 Goals for Publication</u><br>Action would approve the proposed DBE goals for FY 04 and authorize staff to publish a notice of these proposed goals for public information and comments.  | Approve |
| * 10. | <u>MTDB: East Village Transit Improvements Project</u><br>Action would authorize the CEO to approve a contract change order with West Coast General not to exceed \$1,500,000 and a work order with PGH Wong Engineering not to exceed \$150,000 for construction management services for the relocation of traction power substations at City College Station.  | Approve |



- |       |  |         |
|-------|--|---------|
| * 11. | <u>MTDB: San Ysidro Intermodal Transportation Center Project:<br/>Construction Management Contract Amendment</u><br>Action would authorize the CEO to execute Contract Amendment No. 6 with Parsons Brinckerhoff Construction Services for additional construction management services and to ratify Amendment Nos. 4 and 5. | Approve |
|-------|--|---------|

NOTICED PUBLIC HEARINGS

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

**NOTE: A FIVE-MINUTE RECESS WILL BE TAKEN AT APPROXIMATELY 10:30 A.M.**

DISCUSSION ITEMS

- |     |   |                 |
|-----|---|-----------------|
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| 31. | <u>SDTI: Semiannual MTS Security Report (January through June 2004)</u><br>Action would receive this report for information.  | Receive         |
| 32. | <u>MTDB: Regional Fare Policy and Comprehensive Fare Ordinance</u><br>Action would receive this report for information.   | Receive         |
| 33. | <u>MTDB: Metropolitan Transit System (MTS) Appearance and Identity</u><br>Action would clarify MTS logo and text usage on trolleys.   | Approve         |
| 34. | <u>MTDB: Extension of Terms of Office for Ex Officio Board Members</u><br>Action would extend the terms for the two ex officio Board members, Harry Mathis and Shirley Kaltenborn to October 15, 2005.  | Approve         |
| 35. | <u>SDTC: Pension Obligation Bonds</u><br>Action would receive this report, approve an authorizing resolution for the issuance and sale of pension obligation bonds, and authorize the Chief Executive Officer (CEO) to proceed with the issuance of pension obligation bonds. | Approve         |
| 36. | <u>MTDB: Color Scheme for New Low-Floor Light Rail Vehicles</u><br>Action would receive this report for information.  | Receive         |
| 44. | Chairman's Report   | Possible Action |
| 45. | Chief Executive Officer's Report  | Information     |
| 46. | Board Member Communications   |                 |



### Possible Action

50. Next Meeting Date: October 7, 2004

09/17/04



JOINT MEETING OF THE BOARD OF DIRECTORS FOR THE METROPOLITAN TRANSIT  
DEVELOPMENT BOARD, SAN DIEGO TRANSIT CORPORATION, AND SAN DIEGO  
TROLLEY, INC.

September 9, 2004

BOARD OF DIRECTORS MEETING ROOM, 10<sup>TH</sup> FLOOR  
1255 IMPERIAL AVENUE, SAN DIEGO

MINUTES

1. Roll Call

Chairman Williams called the meeting to order at 9:09 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Rindone moved to approve the minutes of the August 12, 2004, Board of Directors meeting. Mr. Roberts seconded the motion and the vote was 8 to 0 in favor.

3. Public Comment

*Geoffrey Hueter and Eva Pacheco* – Mr. Heuter, representative for The Alliance, an advocacy group that addresses issues of social justice, expressed objections to racial profiling of riders by the INS. He stated that public transit patrons, specifically Latino customers, are being intimidated and harassed. He stated that The Alliance would like to work with the Board to develop a transit safety agreement that would respect the rights and dignity of the system's customers. He stated that he hoped Board members would respond when someone from The Alliance calls. He stated that they are having a meeting October 3 at the Town and Country to raise awareness of this issue. He stated that it will be attended by 2,000 transit customers and constituents.

*Adrian Acosta* – Mr. Acosta, representative of Acorn, an organization with over 2,000 members in San Diego, stated that the INS is creating fear in the community. He stated that customers that are paying fares are also paying for security and the ability to ride the bus without being intimidated, accused, or stereotyped. He added that the Border Patrol should do their work at the border not on public transit.

*Clive Richard* – Mr. Richard reported that there was recent testimony before the San Diego Redevelopment Agency that a fence has been erected by MTDB on Hardee that prevents transit patrons from accessing the new trolley stations and bus bays. Mr. Jim Linthicum, SANDAG, reported that there are many construction fences that have been erected in construction areas for the Mission Valley East project, some of which have been erected by developers and some by private concerns. He stated that he would



investigate this matter, and any fences in the wrong location will be moved. Mr. Zucchet requested that staff report the results of their findings. He stated that he wanted to ensure that MTDB is not becoming part of a ongoing dispute between property owners and developers in this area.

Mr. Monroe stated that he will carry the public comments regarding the Border Patrol to a meeting the SANDAG Borders Committee is sponsoring. He stated that the Hoover Commission will be giving a report on related issues during the meeting. Mr. Tereschuck, in response to a comment by Chairman Williams, stated that he stands by the content of the memo that was faxed to the Board regarding a September 7 Border Patrol inspection at the H Street Station in Chula Vista – that there were no reports of mistreatment of transit patrons as a result of this inspection. Mr. Williams stated that the Border Patrol has the authority to conduct these inspections on public transit conveyances. He stated that MTDB has asked the Border Patrol not to offend transit patrons. Ms. Sterling suggested that individuals who have an issue with these inspections contact the new chief of Homeland Security in San Diego.

4. Presentation of Employee Awards

Susan Hafner, Director of Multimodal Operations presented a 15-year service award to Pat Smith, Administrative Assistant III.

Award pins were presented to San Diego Transit Corporation (SDTC) employees with a combined years of service of 115 years as follows: For 25 years of service: Adrian Flores, Operator. For 30 years of service: Victor Aguilar (Bus Operator), Gary Slojkowski (Communications Supervisor), Dan Dougall (Director of Maintenance), and Steve St. Pierre (Manager of Human Resources).

Ms. Sterling presented Leon Williams with a proclamation from the City of La Mesa honoring him for being named 2004 Outstanding Transit Board Member by the American Public Transportation Association.

5. Closed Session Items (ADM 122)

There were no Closed Session Items.

CONSENT ITEMS

6. MTDB: Operators Budget Status Report for June 2004 (FIN 310, PC 30100)

That the Board of Directors receive the MTS Operators Budget Status Report for the month of June 2004.

7. MTDB: Finalized Audit Report on San Diego Transit Corporation's Procurement Process (LEG 492, PC 30100)

That the Board of Directors receive the San Diego Transit Corporation Procurement Audit Report.



8. MTDB: Finalized Audit Report on San Diego Transit Corporation's Farebox Revenue Collection Process (LEG 492, PC 30100)

That the Board of Directors receive the San Diego Transit Corporation Farebox Revenue Collection Audit Report for information.

9. SDTI: Light Rail Vehicle Batteries Procurement: Contract Award (OPS 950.6, PC 30102)

That the Board of Directors authorize the President-General Manager of San Diego Trolley, Inc. to execute a Standard Procurement Agreement, in substantially the same form as shown in Attachment A of this agenda item, with Saft American, Inc., to supply 16 nickel cadmium batteries for light Rail vehicles, in an amount not to exceed \$85,855.20.

10. MTDB: Mission Valley East Light Rail Transit Project: General Engineering Consultant Work Orders and Amendments (ADM 130, PC 10426)

That the Board of Directors authorize the Chief Executive Officer to execute work orders and work order amendments with our General Engineering Consultant, Berryman and Henigar, in substantially the same form as show in Attachment A of this agenda item, for a total amount not to exceed \$200,000 for project management assistance for the Mission Valley East Light Rail Transit Project.

11. MTDB: Increased Authorization for Legal Services (LEG 491, PC 30100)

That the Board of Directors authorize the Chief Executive Officer (CEO) to enter into contract amendments with James B. James of the law firm Gray and Prouty, APC (MTDB Doc. No. G0736.4-02, Attachment A of the agenda item) for workers' compensation services, and Michael Ripley of the Law Office of Michael Ripley (MTDB Doc. No. G0720.3-02, Attachment B of the agenda item) for general liability services, in substantially the same form as attached to the agenda item, and ratify prior amendments entered into under the CEO's and/or previous General Manager's authority(ies).

12. MTS: Adoption of Uniform Claims Procedure (ADM 122.2, PC 30100)

That the Board of Directors adopt the Uniform Claims Procedure for MTDB, San Diego Trolley, Inc., and San Diego Transit Corporation, consistent with the California Tort Claims Act, in substantially the same format as shown in Attachment A of this agenda item.

Motion on Recommended Consent Items

Mr. Rindone moved to approve Consent Agenda Item Nos. 8, 10, 11, and 12. Mr. Emery seconded the motion and the vote was 12 to 0 in favor. Mr. Monroe requested that Consent Item Nos. 6, 7, and 9 be pulled for discussion.

*Consent Agenda Item No. 6:* Mr. Monroe stated that agenda items should be structured to present a more complete picture of MTDB's financial position. He stated that this is necessary if the MTD Board is going to become an operational board. Mr. Jablonski stated that restructured



financial reports will be presented shortly, will have a different focus, and Board members will get a bottom-line picture every month. He added that in terms of MTDB's financial situation, the operating entities under the MTS umbrella are under budget for FY 04. He added that MTDB's current financial position won't sustain the organization for the long-term, and added that nonrecurring revenues are a fairly substantial part of the budget. He added that the Comprehensive Operations Analysis, which is on the agenda today, is part of MTDB's effort to address this issue.

Mr. Jablonski also reported that while ADA service may be in a good position relative to budget, this service is 11.9 percent over budget in terms of cost per revenue hour. He added that this is the general trend with ADA services because of federal regulations that pertain to this type of service. He stated that this area is generally the largest expanding portion of anyone's budget. Mr. Monroe stated that knowing what the subsidy per rider is would be helpful. Mr. Jablonski stated that those types of performance ratios will be included in the new report format. He added that the FY 04 year-end report will be presented to the Board in early October and will contain more detail.

#### Motion on Recommended Consent Item

Mr. Monroe moved to approve Consent Agenda Item No. 6. Mr. Rindone seconded that motion and the vote was 12 to 0 in favor.

Mr. Rindone applauded Mr. Monroe for his tenacity in creating an awareness of the shift in the Board's focus to operations. He added that the COA is the single most important thing the Board will do this year, and this analysis of operations is extremely critical and essential for the system's future success. He stated that staff may want to consider moving very critical operational items from the consent to the discussion portion of the agenda as the Board is dealing with these budget issues. He stated that taking this approach should facilitate the level of understanding on the part of board members that is necessary to ensure that the fiscal stability of the system is maintained.

Mr. Williams stated that part of the COA process will require the Board to deal with some difficult issues such as reducing service, especially where subsidies are high. He stated that some transit patrons will be negatively affected and expressed an interest in discussing other ways to meet the transit needs of these patrons. Mr. Monroe stated that he staff should take advantage of any opportunities that arise to make service changes prior to the completion of the COA.

Mr. Rindone stated that he did not mean to pull Consent Agenda Item No. 9. He reserved the right to make comments on Consent Agenda Item Nos. 8 and 10.

*Consent Agenda Item No. 7:* Mr. Monroe registered surprised regarding some of the statements made in the audit of procurement processes; in particular, that there is no standard operating procedure for dealing with discrepancies and that invoices have been approved that exceed manager's dollar-limit authorities.

#### Motion on Recommended Consent Items

Mr. Monroe moved to approve Consent Agenda Item Nos. 7 and 9. Mr. Zucchet seconded the motion and the vote was 12 to 0 in favor.



*Consent Agenda Item No. 8:* Mr. Monroe expressed surprise that reports documenting the resolution of all farebox security alarms generated by the GFI system are not being forwarded to Finance Department management. He also expressed surprise that a single person is responsible for the proper handling of over \$10 million in fares. Mr. Mark Abbey, MTDB Internal Auditor, agreed that there are some areas of concern regarding the area of farebox collection. He added that management has agreed with his recommendations and has an action plan to correct the identified deficiencies. He added that it is his intention to follow up in six months to ensure completion of the action plan. Mr. Monroe expressed appreciation for the candidness of audit.

*Consent Agenda Item No. 10:* Mr. Monroe expressed surprise regarding the additional \$200,000 expenditure on the Mission Valley East project.

#### NOTICED PUBLIC HEARINGS

There were no Noticed Public Hearings.

#### DISCUSSION ITEMS

30. MTDB: Recommendation to Amend City of San Diego Council Policy No. 500-02 to Temporarily Limit Single Taxicab Permits (TAXI 590.10, PC 30116)

Ms. Susan Hafner, Director of Multimodal Operations, reminded the Board that this item was originally discussed at a previous Board meeting and is being revisited as requested at that time. Mr. John Scott, Administrative Supervisor, reported that a workshop was held on July 9 to discuss this issue. He advised the Board that, after considering the varied perspectives of workshop participants, the group decided to forward the recommendations outlined in the agenda item to the Board for approval.

In response to a question from Mr. Rindone, Mr. Scott stated that individual owners and taxicab companies provide different benefits from a customer service perspective, so a balance is being sought between the number of permits held by individuals and companies. Ms. Hafner added that this balance is currently shifting, and the recommended actions being presented to the Board establish temporary limits until new permit issuance guidelines are established by the City of San Diego, the policy-maker body for taxicab regulation. Ms. Hafner added that she didn't believe the adoption of the recommended actions would affect anyone's ability to do what they wish with their business. She stated that the recommended limits exceed existing limits, so the operators still have flexibility to buy and sell permits. Ms. Lorenzen stated that this approach will simply control the rate of permit transfers to prevent flooding the market.

Ms. Atkins stated that she appreciated staff's hard work in this area. She added that the balance between individual and company owners is very delicate and controversial. She stated that it is important to recognize the importance of independent small business owners and, at the same time, try to maintain the balance between the number of individual and company owners. She thanked Mr. Scott personally for working with her office on this issue. She added that he has been diligent in working with individual



cab owners, who sometimes bring their cabs home and work on them in their neighborhoods, to minimize the impact to the neighborhoods in which they live.

Mr. Roberts expressed his support of the recommendations. He stated that the first and foremost goal is to ensure that the service provided to the public is good. He added that the recommendations allow for a smooth transition. He added his thanks to staff and all the people with differing views for working this out. He stated that it results in something better for the industry and with better service for the public. He added that regulations should exist, not to make it convenient for the regulators and staff, but to provide quality service to the public.

*Margo Tanguay:* Ms. Tanguay expressed her opinion on this issue. She stated that she preferred the status quo. She also invited dialog with National City for all cab companies and operators.

#### Action Taken

Mr. Roberts moved to endorse amending City of San Diego Policy No. 500-02, as shown in Attachment A of the agenda item, and refer the policy to the City of San Diego Public Safety and Neighborhood Services Committee for consideration. Mr. Monroe seconded the motion and the vote was 12 to 0 in favor.

#### 31. MTS: FY 05 Proposed Budget Position Tables (ADM 150.5, PC 30100)

Mr. Paul Jablonski, Chief Executive Officer, advised the Executive Committee that the position tables are typically presented as part of the budget process; however, because of the consolidation, more time was needed to prepare a more complete representation. He stated that there are currently six fewer positions among the three organizations compared to FY 04; however, SANDAG has recently agreed to fund three planning positions, which brings the net reduction to three positions. He added that details still need to be worked out regarding the split of funding, which will be driven by the level of planning done at each agency.

Mr. Monroe stated that some individuals at SANDAG are expecting reductions in staff and improved efficiencies as a result of the consolidation. Mr. Monroe stated that if MTDB can say that it is serving the public better even though employee counts have increased, he could support that. Mr. Jablonski stated that the position tables will provide the basis for providing the information for the post-consolidation evaluation. He stated that the position tables also set the baseline for future comparisons. Mr. Jablonski advised the Board that the position tables do not include Mission Valley East. He added that including Mission Valley East would invalidate any comparisons that are made between pre- and post-consolidation staffing levels. Mr. Emery reminded the Board that the consolidation legislation guaranteed there would be no reduction in positions.

#### Action Taken

Mr. Zucchet moved to approve the FY 05 Proposed Budget Position Tables (Attachment A of the agenda item) for the Metropolitan Transit Development Board, San Diego.



Transit Corporation, and San Diego Trolley, Inc. Ms. Atkins seconded the motion and the vote was 12 to 0 in favor.

32. SDTC: Pension Obligation Bonds (OPS 960.6, PC 30101)

Mr. Cliff Telfer, Vice President of Finance & Administration for San Diego Transit (SDTC), advised the Board that this is a follow-up presentation to the previous Board discussion in July. He added that the Executive Committee discussed this matter again on August 5 and provided staff with direction regarding options for the financing plan for the bond issue. Mr. Telfer introduced Keith Curry, Public Financial Management, who reviewed the financing plan for the pension obligation bond (POB) issue. Mr. Curry introduced Tom Yang from UBS Financial Services, who is the underwriter, and Barney Allison from Nossaman & Guthner, who is the bond counsel for this transaction.

Mr. Curry stated that the financing is based on an unfunded actuarial liability of approximately \$86.4 million based on SDTC's most recent actuarial study. He added that the POB is intended to fund that liability and reduce ongoing costs associated with the liability. He added that the proposal will fund up to 85 percent of SDTC's pension liability, and he projected present value savings of \$22.4 million over cash funding over time. He added that this transaction will also provide funding of the FY 2005 normal contribution, which will be approximately \$2.3 million. Mr. Curry then provided details of the financing structure, which consists of 50 percent fixed rate bonds, 50 percent variable rate bonds, blended yield estimated at 5.06 percent, and average annual debt service of approximately \$5 million. He anticipated closing this transaction in October.

In response to concerns expressed by Ms. Sterling about the inclusion of variable rate bonds, Mr. Curry stated these bonds can be paid off without penalty or premium at any time and converted to fixed rate bonds. He stated that an interest-rate cap could also be imposed for a fixed period of time. He stated that there is full flexibility with variable rate bonds once a 45-day notice is given. In response to a question from Mr. Zucchet, Mr. Telfer stated that SDTC's pension plan has been up to 100 percent funded within the last five years. Mr. Telfer explained that the change in the plan's interest-rate assumption to match market, changes in actuarial assumptions to account for changes in employee mortality and income, and benefit improvements have all contributed to a decline in the funding level for this plan. Mr. Telfer reported that SDTC's pension plan historically returned 11 percent. In response to another question from Mr. Zucchet, Mr. Telfer stated that the most recent benefit improvements have not been factored in because they will not be implemented for 1½ years.

Staff explained, in response to a question from Mr. Zucchet, how the financing team was developed by the California Transit Association. Mr. Zucchet stated that this transaction just transfers the liability with some savings. Mr. Curry confirmed that statement and added that it reduces the cost of the obligation to the agency. Mr. Zucchet expressed his discomfort with approving the preliminary official statement, for which the agency is responsible to the Securities Exchange Committee for its accuracy. He stated that he is uncomfortable with an offer statement that uses numbers from unaudited FY 04 financial statements, particularly farebox revenue figures that are committed to cover the debt from this transaction. Mr. Telfer stated that the financial audit will not be completed until November or December, but the audit would not change any numbers in a material way.



Mr. Zucchet stated that the SEC and Attorney General's office or any other third party would also have to view any changes in the numbers as nonmaterial. Mr. Curry stated that it is not uncommon for the preliminary official statement to be based on unaudited numbers. Mr. Zucchet again stated his discomfort with being responsible for this transaction although he did express support for the policy direction on this matter. He stated that he could not approve this transaction with the information he has today.

In response to a question from Mr. Roberts, Mr. Curry reported that the price for this transaction could be determined in October, and the transaction could be closed before the end of October. Mr. Curry, in response to another question from Mr. Roberts, stated that there is no reason to believe there was any lack of good faith effort in the development of the numbers included in the preliminary official statement. Mr. Roberts stated that it behooves the Board to run the agency in a beneficial way, and the Board should be willing to take a modicum of risk. He added that he was very comfortable with the transaction.

Mr. Williams asked if it was reasonable for the Board to rely on the technical expertise of the consultants involved in the transaction as a defense if problems should occur in the future. Mr. Allison, bond counsel, responded that the SEC has stated that it is reasonable to rely on technical expertise but that does not absolve the parties from reviewing the offering statement in a responsible manner. Mr. Curry stated that PFM has handled over 900 of these types of transactions, and they ensure that the transactions meet the highest professional standards.

Ms. Rose stated that the Board should take it very seriously when one of its members raises an issue. She suggested tabling this agenda item to the September 23 Board meeting, which would give Mr. Zucchet an opportunity to submit questions in the interim with answers being provided by staff and the transaction consultants at that meeting. The Board was advised that this would delay the closing by two weeks and was cautioned that interest rates can change very quickly. Mr. Monroe suggested that individual Board members have the transaction reviewed by their city attorney. He stated that he did not have the technical expertise and would support a two-week delay. He also stated that the agency should, at some time, consider changing benefit levels in the plan to ensure that funding shortfalls do not occur in the future. Mr. Emery stated that he didn't have the expertise either and depended on staff to filter information to the extent that he could understand the material presented. He expressed his appreciation of Mr. Zucchet's comments, but added that he is comfortable with the information presented and trusts the people who presented it. Mr. Roberts stated that delaying this transaction will cost about \$25,000 per week based on the projected first-year savings. He stated that he thought staff had done their job and that the Board's questions should be answered as quickly as possible so this transaction can move forward. Mr. Rindone also recognized Mr. Zucchet's statements and suggested that all Board members submit any questions they have. Ms. Sterling stated that she would also be more comfortable if the transaction were reviewed by her city attorney and if she had a better understanding of the issue. Mr. Zucchet also asked that staff be prepared to advise the Board of its responsibilities and risk, both civilly and criminally, as it relates to approving these types of disclosures.



In response to a question from Mr. Mathis, Mr. Curry stated that this should only delay the closing by about a week. He stated that they should be able to price the offer in early October as originally planned and move the closing one to two weeks. He stated that once the bonds are priced, the price does not change.

Mr. Rindone requested that staff give a progress report to the Executive Committee.

Action Taken

Mr. Roberts moved to table this item for two weeks with direction to Board members to submit their questions to staff as soon as possible. Mr. Monroe seconded the motion and the vote was 12 to 0 in favor.

33. MTDB: Smart Corner Joint Development Project Agreements (CIP 10493, 10494)

Ms. Tiffany Lorenzen, General Counsel, provided the Board with an overview of the details of the Smart Corner Joint Development Project Agreements. She presented conceptual drawings of the project, a drawing of the easement, and funding details. She advised the Board that the agreement includes provisions to protect State Traffic Congestion Relief Program (TCRP) funds, which must be used by December 31, 2006, in the event that the developer does not complete its portion of the project on time. Ms. Lorenzen reviewed the elements of the agreement.

Mr. Rindone expressed appreciation to staff and Ms. Lorenzen for negotiating such an excellent agreement. Mr. Emery and Mr. Williams are expressed pleasure at an agreement so favorable to MTDB and thanked Ms. Lorenzen for her efforts. Ms. Lorenzen stated that Mr. Eric Adams, SANDAG, helped by establishing an excellent rapport with the developer.

In response to a question from Mr. Lewis, Ms. Lorenzen stated that the agreement gives MTDB the right to operate, maintain, and do ordinary repair work as needed through the Smart Corner development. She added, if repair work is out of the ordinary, MTDB is obligated to provide a five-day notice before starting the work. In response to another question from Mr. Lewis, Ms. Lorenzen stated that, if a structure collapses on the track, MTDB has the right to remove the resulting debris. She added that MTDB also holds an air-space easement.

In response to a question from the Board, Ms. Lorenzen stated that this development is located on a parcel owned by MTDB as opposed SANDAG and that is why MTDB is involved in the development phase. She added that all of the work that is going to be performed with respect to the engineering and construction will be performed by SANDAG on MTDB's behalf and is therefore consistent with the provisions of SB 1703. Mr. Morrison asked if the developer's obligation with regard to the TCRP funds is included in a performance bond. Ms. Lorenzen reported that the developer's performance bond only covers CCDC since they actually own the property on which the building is being constructed.



Action Taken

Mr. Rindone moved to authorize the Chief Executive Officer to execute the Transit Development Agreement and the Transit Easement Agreement, in substantially the same format as attached to the agenda item. Mr. Emery seconded the motion and the vote was 10 to 0 in favor.

34. MTS: Operations Status Reports (OPS 920.1, 960.5, 970.5, PC 30103, 30101, 30102)

Ms. Susan Hafner, Ms. Claire Spielberg, and Mr. Wayne Terry each provided the Board with an overview of their section of the Operations Status Reports. The Board requested that these reports be projected onto the screen for easier viewing at future meetings. In response to a remark by the Board that ridership on the trolley to Padres games has decreased slightly, Mr. Wayne Terry responded that the Padres are not doing as well and there may have been a fair number of people riding the trolley at the beginning of the season only who were interested in seeing the ballpark for the first time. He stated that SDTI continues to refine its operation relative to ballpark service. Mr. Lewis recommended that staff hold a meeting to share this information with staff.

Action Taken

Mr. Emery moved to receive the June 2004 operation status reports for San Diego Transit Corporation, San Diego Trolley, Inc., and Metropolitan Transit System Contract Services. Mr. Monroe seconded the motion and the vote was 10 to 0 in favor.

35. MTDB: Comprehensive Operations Analysis Update (ADM 121.10, PC 20484)

Mr. Conan Cheung provided the Board with an overview of the Comprehensive Operations Analysis (COA). He reviewed the COA's objectives, scope of work, how it relates to Transit First, service improvements that can be realistically expected, and the schedule for the project. Mr. Cheung advised the Board that existing data is already being reviewed, and he is attempting to use existing planning contracts to begin the data-collection process. Mr. Cheung stated that 80 percent of the riders on the MTS system use 20 percent of the system routes. He added that, as a result of the COA, there will be service adjustments that negatively impact some riders. Mr. Mathis stressed the importance of connectivity. Mr. Cheung also stated that a Request for Qualifications rather than a Request for Proposal was used as this approach provides the flexibility to make adjustments to the scope and budget.

Ms. Rose stated that the COA should also provide opportunities for increased revenues. Mr. Cheung cited the University Avenue Mobility Plan (higher speed service on a portion of the route) as an example of how service adjustments can provide better service and attract ridership at the same time as reducing cost. In response to a question from Mr. Emery, Mr. Cheung stated that employee input will be sought. Mr. Monroe expressed strong support for this project and stated that the Board will have to make policy decisions such as whether or not to continue life-line service levels. He stated that there needs to be a clear definition on how that will happen. He added that MTDB should conduct one public hearing that simply presents what the "revised" system will be. He also suggested that he, Bob Emery, and one other Board member, be part of a



committee that meets with the individuals who are executing this project. He felt that Board members could serve as advocates and also check on the project as it proceeds. Mr. Jablonski stated that he plans on having an oversight committee. He added that during the next budget process, he will identify nonrecurring revenue sources in the current budget and hopefully have a plan to cover those nonrecurring revenues with savings from service adjustments made as a result of this study. In response to a comment from Mr. Clabby, Mr. Jablonski stated that funding sources for the cost of carrying out this study have pretty much already been identified. He reported that \$185,000 will come from MTDB's budget, \$160,000 will come from planning grants through SANDAG, and \$250,000 will come from residuals from existing grants. SANDAG is also trying to obtain grant money from Caltrans.

Ms. Sterling reported that La Mesa has seniors who have no transportation options since Dial-a-Ride services were discontinued in La Mesa. Mr. Cheung stated that SANDAG is aware of this problem and is working on other programs for such situations. He added that there is a specific SANDAG committee, the Senior Access Task Force, that is dealing with this issue.

#### Action Taken

Mr. Emery moved to approve the Scope of Services (Attachment A of the agenda item) and schedule for conducting a Comprehensive Operations Analysis of MTS services. Mr. Monroe seconded the motion and the vote was 8 to 0 in favor.

44. Chairman's Report (ADM 121.7, PC 30100)

There were no comments from the Chairman.

45. Chief Executive Officer's Report (ADM 121.7, PC 30100)

*AdWheel Award Competition:* Mr. Jablonski advised the Board that APTA has awarded MTDB with first place in the AdWheel Award competition for its Travel Dance promotion campaign and for its new timetables.

46. Board Member Communications

*San Diego Historical Resource Board Decision:* Ms. Lorenzen explained that Writ of Administrative Mandamus would be the avenue to pursue an appeal of the city council's decision and stated that the writ has a difficult burden of proof. Ms. Lorenzen also stated that the right of way belongs to MTDB.

47. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.


50. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, September 23, 2004, at 9:00 a.m. in the same location.




60. Adjournment

Chairman Williams adjourned the meeting at 12:31 a.m.



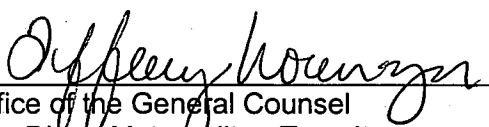
Chairman  
San Diego Metropolitan Transit  
Development Board

Filed by:



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

Approved as to form:



Office of the General Counsel  
San Diego Metropolitan Transit  
Development Board

Attachments: A. Roll Call Sheet

gail.williams/minutes



METROPOLITAN TRANSIT DEVELOPMENT BOARD  
ROLL CALL

MEETING OF (DATE): 9/9/04

CALL TO ORDER (TIME): 9:09 a.m.

RECESS: 11:08 a.m.

RECONVENE: 11:17 a.m.

CLOSED SESSION: \_\_\_\_\_

RECONVENE: \_\_\_\_\_

ORDINANCES ADOPTED: \_\_\_\_\_

ADJOURN: 12:31 p.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		9:33 a.m. after AI 35
CLABBY	<input checked="" type="checkbox"/> (Jones) <input type="checkbox"/>		
EMERY	<input checked="" type="checkbox"/> (Cafagna) <input type="checkbox"/>		
KALTENBORN	<input checked="" type="checkbox"/> (N/A) <input type="checkbox"/>		11:08 a.m. during recess
LEWIS, Mark	<input checked="" type="checkbox"/> (Santos) <input type="checkbox"/>		
MAIENSCHIN	<input type="checkbox"/> (Vacant) <input type="checkbox"/>		<input checked="" type="checkbox"/>
MATHIS	<input checked="" type="checkbox"/> (N/A) <input type="checkbox"/>		
MONROE	<input checked="" type="checkbox"/> (Tierney) <input type="checkbox"/>		
MORRISON	<input checked="" type="checkbox"/> (Ungab) <input type="checkbox"/>	9:19 a.m. during AI 4	
RINDONE	<input checked="" type="checkbox"/> (Davis) <input type="checkbox"/>		11:59 a.m. during AI 35
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		11:08 a.m. during recess
ROSE	<input checked="" type="checkbox"/> (Janney) <input type="checkbox"/>	9:22 a.m. during AI 4	12:16 p.m. after AI 34
RYAN	<input type="checkbox"/> (Dale) <input type="checkbox"/>		<input checked="" type="checkbox"/>
STERLING	<input checked="" type="checkbox"/> (Ewin) <input type="checkbox"/>		
WILLIAMS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		
ZUCCHET	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>	9:13 a.m. during AI 4	11:08 a.m. during recess

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

*Gail Williams*

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

*Deeey Hounson*



## SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

REQUEST TO SPEAK FORM

AGENDA ITEM NO.

3

ORDER REQUEST RECEIVED

1

**\*\*PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM\*\*** @8:23

## 1. INSTRUCTIONS

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Date 9/23/04  
Name (PLEASE PRINT) Rev. W. James Kilinsky  
Address 635 E 7th Street  
National City, Ca 91950  
Telephone 619-477-4147  
Organization Represented (if any) First Baptist Church / Job  
Subject of your remarks: TRANSIT SAFETY Agreement

Agenda Item Number on which you request to speak \_\_\_\_\_

Your comments are presenting a position of: SUPPORT

☐

OPPOSITION

☐

## 2. TESTIMONY AT NOTICED PUBLIC HEARINGS

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

## 3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

## 4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

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## SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

REQUEST TO SPEAK FORM

AGENDA ITEM NO.

3

ORDER REQUEST RECEIVED

2

**\*\*PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM\*\***

@ 8:39

## 1. INSTRUCTIONS

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Date 9-23-04  
Name (PLEASE PRINT) Tommy Ramirez  
Address 1385 3<sup>rd</sup> Chula Vista  
S-  
Telephone 203-3714  
Organization Represented (if any) Mare Community Charter School  
Subject of your remarks: Student safety on transportation  
Agenda Item Number on which you request to speak N/A  
Your comments are presenting a position of: SUPPORT ☐ OPPOSITION ☐

## 2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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## SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

REQUEST TO SPEAK FORM

AGENDA ITEM NO.

3

ORDER REQUEST RECEIVED

3

**\*\*PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM\*\***

@ 8:40

## 1. INSTRUCTIONS

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Date 9-23-04  
Name (PLEASE PRINT) Benoveva Aguilar *TIME GIVEN TO SPEAKERS UNID REP*  
Address 2001 Newtons Ave  
San Diego CA

Telephone \_\_\_\_\_  
Organization Represented (if any) DURO-Developing Unity  
Through Resident Organizing  
Subject of your remarks: Sherman Heights - residents

Agenda Item Number on which you request to speak WLR

Your comments are presenting a position of: SUPPORT

☐

OPPOSITION

☐

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## SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

REQUEST TO SPEAK FORM

AGENDA ITEM NO.

3

ORDER REQUEST RECEIVED

4

**\*\*PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM\*\***

@ 8:40

## 1. INSTRUCTIONS

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Date 9-23-04  
Name (PLEASE PRINT) Eva Pacheco  
Address 253 Magnolia Ave.  
El Cajon City  
Telephone \_\_\_\_\_  
Organization Represented (if any) EJE

Subject of your remarks: School Parents & bus

Agenda Item Number on which you request to speak N/A

Your comments are presenting a position of: SUPPORT

☐

OPPOSITION

☐

## 2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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## SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

REQUEST TO SPEAK FORM

AGENDA ITEM NO.

3

NS for

ORDER REQUEST RECEIVED

5

**\*\*PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM\*\***

@ 8:41

## 1. INSTRUCTIONS

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Date 9/23/04Name (PLEASE PRINT) ~~Tommy Bowers~~ Geoff Hueter

Address \_\_\_\_\_

Telephone \_\_\_\_\_

Organization Represented (if any) St. Alban's Episcopal Church  
El CaponSubject of your remarks: Transit Safety Agreement

Agenda Item Number on which you request to speak \_\_\_\_\_

Your comments are presenting a position of: SUPPORT

☐

OPPOSITION

☐

## 2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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## 3. DISCUSSION OF AGENDA ITEMS

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## SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

REQUEST TO SPEAK FORM

AGENDA ITEM NO.

3

ORDER REQUEST RECEIVED

6

10-15 minutes late

**\*\*PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM\*\***

@ 8:57

## 1. INSTRUCTIONS

This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Board (please attach your written statement to this form). Communications on hearings and agenda items are generally limited to three (3) minutes per person unless the Board authorizes additional time. However, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three (3) minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.

Date 09-24-04.Name (PLEASE PRINT) Linda CalhounAddress 2510 Howard Ave. Apt. 4.S.D. CA- 92104Telephone Message only - 619-299-2799Organization Represented (if any) Joe PublicSubject of your remarks: New Time Line - Started on9-05-04. For Bus Lines - Routes

Agenda Item Number on which you request to speak \_\_\_\_\_

Your comments are presenting a position of: SUPPORT ☐OPPOSITION ☐

## 2. TESTIMONY AT NOTICED PUBLIC HEARINGS

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

## 3. DISCUSSION OF AGENDA ITEMS

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## 4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

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09-23-04 A09:31

To M.T.S. Board 09-24-04.

Cutting Bus Route ~ By 10 min's per Run -  
Is not Working - Drivers have to drive More  
than one Route in the Same 8 hour work pay  
sometimes Driving 3 Routes in the Same day.  
Which Makes it Harder for the Bus Drivers  
To stay on Time.

Why Cut Each Route 10 min's  
To save Money - ?

Drivers can't help But Run 10 to  
15 to 20 min's late - The Drivers Are Always  
Pushing themselves not Taking Time  
For Restroom Breaks & Lunch Breaks -

This Cause ~ the Riders & Drivers  
To be - on Edge - not A enjoyable Ride -

I can't take B's on the Bus Lines  
to Their Appointments & Everyday Business.

You Talk About Ridership -

Change Your Timelines So Drivers  
have it to a change to keeping on  
Time - You can't make A transfer  
from one Bus to Another with out  
out, Missing the Bus You Are Trying to  
catch - Do something Please -

619-23-04  
A09:31  
By  
Gina  
Calhoun



## SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

REQUEST TO SPEAK FORM

AGENDA ITEM NO.

3

ORDER REQUEST RECEIVED

7

**\*\*PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM\*\***

@ 8:52

## 1. INSTRUCTIONS

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Date

9/23/04

Name (PLEASE PRINT)

Diana L. Lozano

Address

235 35th St. S.D. CA 92102

Telephone

Organization Represented (if any)

ACORN

Subject of your remarks:

Inseguridad publica en el transporte  
Insecurity on Public Transportation.

Agenda Item Number on which you request to speak

Your comments are presenting a position of: SUPPORT

☐

OPPOSITION

☐

## 2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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## 3. DISCUSSION OF AGENDA ITEMS

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SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

REQUEST TO SPEAK FORM

AGENDA ITEM NO.

3

ORDER REQUEST RECEIVED

8

**\*\*PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM\*\***

1. INSTRUCTIONS

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Date \_\_\_\_\_

Name (PLEASE PRINT) Chuck Lungehausen

Address \_\_\_\_\_

Telephone \_\_\_\_\_

Organization Represented (if any) \_\_\_\_\_

Subject of your remarks: \_\_\_\_\_

Agenda Item Number on which you request to speak \_\_\_\_\_

Your comments are presenting a position of: SUPPORT

☐

OPPOSITION

☐

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Public comment on matters not on the agenda will be limited to five (5) speakers with three (3) minutes each, under the Public Comment Agenda Item. Additional speakers will be heard at the end of the Board's Agenda.

**\*\*REMEMBER: Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.\*\***



1.  
Sept. 23, 2004  
MTS mtg.  
**AGENDA ITEM #3 ( Public Comment)**

**Good morning Chair Williams, Board members, Staff, and other fellow citizens. Chuck Lungerhausen of 5308 Monroe Avenue which is in the SDSU neighborhood of San Diego 92115. Ph [619] 546-5610**

**Have been very satisfied with the frequent, every fifteen minutes service on the route 955 bus, but this past Tuesday Sept. 21st something went wrong. After a hair cut at my barbers shop at Monroe Ave. and Park Blvd. took the route 11 bus to 55th St. and Montezuma stop at the University Towers. And as I proceeded to cross Montezuma observed the 2:57 pm route 955 bus turn the corner at 55th Str. and go down Montezuma towards my home at Collwood and Monroe Ave. Thought there would be another bus in 15 minutes at 3:12 pm but when that time came, no bus, so I continued to wait for the 3:27 bus and when that time past and no bus became very upset. By that time another person had joined me to wait for the 3:42 pm bus, but when it did come around the corner at 3:45 pm it ignored us at the stop even though we held up our bus passes. Finally at 3:55 pm we were picked up by route 955 bus no. 2125 and realized that I had waited an hour for a bus that is supposed to come by every 15 minutes. Wondered how many other people were frustrated by this poor service? Someone at ATC-Vancom dropped the ball. Trust the powers that be will find out what happened and correct things so there is not a repeat performance.**

**Thank you for listening and the opportunity to speak.**



## SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

REQUEST TO SPEAK FORM

AGENDA ITEM NO.

3

ORDER REQUEST RECEIVED

9

**\*\*PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM\*\***

① 9:03

## 1. INSTRUCTIONS

This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Board (please attach your written statement to this form). Communications on hearings and agenda items are generally limited to three (3) minutes per person unless the Board authorizes additional time. However, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three (3) minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.

Date 2004 - 09 - 23Name (PLEASE PRINT) Clive RichardAddress 5153 La Dorna St  
San Diego, CA 92115-1530Telephone 619-582-4036Organization Represented (if any) NONESubject of your remarks: TRANSNET

Agenda Item Number on which you request to speak \_\_\_\_\_

Your comments are presenting a position of: SUPPORT

☐

OPPOSITION

☐

## 2. TESTIMONY AT NOTICED PUBLIC HEARINGS

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

## 3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

## 4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Public comment on matters not on the agenda will be limited to five (5) speakers with three (3) minutes each, under the Public Comment Agenda Item. Additional speakers will be heard at the end of the Board's Agenda.

**\*\*REMEMBER: Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.\*\***





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  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

OPS 970.5 (PC 30102)

September 23, 2004

### Subject:

SDTI: FINANCIAL REPORT FOR JUNE 2004

### RECOMMENDATION:

That the Board of Directors receive the following attachments: Summary of Cash in Treasury, Status of Revenue, Summary of FY 04 Appropriations and Expenditures, and San Diego Association of Governments (SANDAG) Ridership Summaries (Attachment A).

#### Budget Impact

None (with the indicated recommendation).

### DISCUSSION:

The financial report reflects cumulative operating revenues and expenditures made by San Diego Trolley, Inc. (SDTI), through June 30, 2004. Both fare revenue and operating expenditures reflect unaudited, fiscal year-end figures as of September 8, 2004.

#### Fare Recovery

Based on the attached reports, fare revenue for June is \$2,223,932.00 divided by operating expenses of \$4,366,735.00, equating to a farebox recovery rate of 50.9 percent.




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.



Farebox Recovery Comparisons

	<u>June 04</u>	<u>June 03</u>	<u>June 02</u>
Month	50.9%	55.3%	62.6%
Fiscal Year Average	58.6%	56.6%	59.3%

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

Key Staff Contact: Sandra Mann, 619.595.4903, [sandra.mann@sdti.sdmtns.com](mailto:sandra.mann@sdti.sdmtns.com)

KET – Als  
SEPT23-4.6.SMANN  
9/07/04

Attachment: A. Financial and Ridership Summaries **(Board Only)**



SAN DIEGO TROLLEY, INC.

SUMMARY OF CASH IN TREASURY BY DEPOSITORY AND ACCOUNT

June 30, 2004

DEPOSITORY

CHECKING ACCOUNT

Bank of America (General Account)

\$225,429.43

TOTAL:

\$225,429.43



SAN DIEGO TROLLEY, INC.

FY 04 STATUS OF REVENUE

as of June 30, 2004

<u>REVENUE SOURCE</u>	<u>Twelve Month BUDGETED REVENUE</u>	<u>Year-to-Date STATUS OF REVENUE</u>
Passenger Revenue	\$ 23,300,000.00 (100.0%)	\$ 24,201,917.00 (103.9%)
Operating Subsidy	\$ 18,033,225.00	\$ 16,762,290.00
Miscellaneous Income	\$ <u>359,750.00</u>	\$ <u>362,212.00</u>
GRAND TOTAL	\$ <u>41,692,975.00</u>	\$ <u>41,326,419.00</u>

Both the projected and current status of passenger revenue figures are shown as a percentage of total FY 04 budgeted revenue of \$23,300,000.00. For comparative purposes, the month of June represents 100.0% of the FY 04 budgeted fare revenue vs. total actual fare revenue collected to date of 103.9%, as shown above.



SAN DIEGO TROLLEY, INC.  
APPROPRIATIONS AND EXPENDITURES  
as of June 30, 2004

<u>Budget Category</u>	<u>FY 04 Budget Appropriation</u>	<u>Cumulative Expenditures* Actual Dollars/Percent</u>	<u>Remaining Balance</u>
Personnel <sup>(1)</sup>	\$ 22,300,775.00	\$ 22,188,022.00    99.5%	\$ 112,753.00
Outside Services	7,298,275.00	7,602,042.00    104.2%	<303,767.00>
Maintenance Parts & Supplies <sup>(2)</sup>	3,113,675.00	3,018,724.00    97.0%	94,951.00
Energy	6,365,500.00	5,966,504.00    93.7%	398,996.00
Risk Management	2,320,225.00	2,356,202.00    101.6%	<35,977.00>
General & Office Expense	<u>294,525.00</u>	<u>194,925.00</u> <u>66.2%</u>	<u>99,600.00</u>
TOTAL	<u>\$ 41,692,975.00</u>	<u>\$ 41,326,419.00</u> 99.1%	<u>\$ 366,556.00</u>

\*CUMULATIVE EXPENDITURES are shown as a percentage of total budget for each category. For comparative purposes, the month of June represents 100.0% of the fiscal year vs. actual expenditures of 99.1%, as shown above.

<sup>(1)</sup> Cumulative expenditures have been offset by \$600,587.03 to reflect claim/expense recovery to date.

<sup>(2)</sup> Cumulative expenditures have been offset by \$363,589.08 to reflect claim/expense recovery to date.



# SAN DIEGO TROLLEY, INC.

## SANDAG MONTHLY RIDERSHIP STATISTICS

	<u>Jun 97</u> FY 97	<u>Jun 98</u> FY 98	<u>Jun 99</u> FY 99	<u>Jun 00</u> FY 00	<u>Jun 01</u> FY 01	<u>Jun 02</u> FY 02	<u>Jun 03</u> FY 03	<u>Jun 04</u> FY 04
<b><u>BOARDINGS</u></b>								
Vended Tickets (1) (2)	623,096	814,537	833,309	774,713	754,005	677,430	609,168	681,921
Non-Vended Tickets	104,308	134,512	157,590	213,838	99,394	44,565	52,195	33,396
Regular Pass	321,271	420,471	369,889	474,113	527,575	506,700	388,503	546,837
Senior/Disabled Pass	239,262	420,471	313,354	368,532	366,454	371,900	352,986	470,319
Youth Pass	72,048	99,005	92,735	117,416	105,417	111,196	93,766	133,719
Day Tripper Tickets	10,435	46,143	58,923	44,202	102,907	148,207	139,519	243,503
Bus Transfer	198,778	225,207	237,413	265,638	230,036	204,590	209,811	198,038
Valid Free	58,596	91,761	66,207	98,317	87,189	83,322	69,493	73,688
No Fare	<u>26,937</u>	<u>56,147</u>	<u>28,513</u>	<u>122,849</u>	<u>92,095</u>	<u>84,676</u>	<u>91,457</u>	<u>96,098</u>
<b>TOTAL</b>	1,654,731	2,207,728	2,157,933	2,479,618	2,365,072	2,232,586	2,006,898	2,477,519
<b><u>LINE BOARDINGS</u></b>								
Blue Line	1,181,204	1,539,605	1,493,662	1,706,397	1,576,991	1,521,768	1,312,940	1,644,200
Orange Line	<u>473,527</u>	<u>668,123</u>	<u>664,271</u>	<u>773,221</u>	<u>778,081</u>	<u>710,818</u>	<u>693,958</u>	<u>833,319</u>
<b>TOTAL</b>	1,654,731	2,207,728	2,157,933	2,479,618	2,479,618	2,232,586	2,006,898	2,477,519
Average Daily	55,158	73,591	71,931	82,654	76,836	74,420	66,897	82,584

(1) Includes trolley-to-trolley transfers, in each month:

Jun 97	46,120	Jun 01	34,349
Jun 98	41,725	Jun 02	39,112
Jun 99	34,630	Jun 03	36,089
Jun 00	21,382	Jun 04	27,772

(2) Includes insufficient fare vended tickets:

Jun 01	37,743
Jun 02	28,362
Jun 03	24,927
Jun 04	33,294



# SAN DIEGO TROLLEY, INC.

## RIDERSHIP PERCENT/AVERAGE FARE COMPARISONS\*

	<u>FY 97</u>		<u>FY 98</u>		<u>FY 99</u>		<u>FY 00</u>		<u>FY 01</u>		<u>FY 02</u>		<u>FY 03</u>		<u>FY 04**</u>	
Vended Tickets <sup>(1) (2)</sup>	41.60%	\$1.2834	36.14%	\$1.3081	36.50%	\$1.1895	31.25%	\$1.2634	32.96%	\$1.3505	31.18%	\$1.6114	30.97%	\$1.6479	27.77%	\$1.7997
Non-Vended Tickets	<u>4.69%</u>	<u>\$1.1350</u>	<u>8.18%</u>	<u>\$0.9131</u>	<u>8.64%</u>	<u>\$0.9810</u>	<u>9.67%</u>	<u>\$0.8559</u>	<u>5.04%</u>	<u>\$0.9455</u>	<u>2.14%</u>	<u>\$0.7163</u>	<u>1.84%</u>	<u>\$0.8392</u>	<u>1.97%</u>	<u>\$0.8378</u>
Subtotal	46.29%	\$1.2684	44.32%	\$1.2352	45.14%	\$1.1496	40.92%	\$1.1671	38.00%	\$1.2969	33.94%	\$1.5550	32.81%	\$1.6025	29.74%	\$1.7359
Regular Pass	18.62%	\$0.7522	18.63%	\$0.7341	18.07%	\$0.7526	18.34%	\$0.7146	19.88%	\$0.7380	21.40%	\$0.8472	21.02%	\$0.8655	21.78%	\$0.9464
Senior & Disabled Pass	14.56%	\$0.4416	14.19%	\$0.4223	14.14%	\$0.4150	14.68%	\$0.3979	15.46%	\$0.4098	16.72%	\$0.4235	17.49%	\$0.4189	18.32%	\$0.4173
Youth Pass	4.38%	\$1.0238	4.57%	\$0.9402	4.52%	\$0.9459	4.85%	\$0.9069	4.84%	\$0.9535	5.15%	\$1.0091	4.93%	\$0.9364	4.98%	\$1.1236
Day Tripper Tickets	<u>0.58%</u>	<u>\$1.0092</u>	<u>1.54%</u>	<u>\$0.5379</u>	<u>2.29%</u>	<u>\$0.3940</u>	<u>2.03%</u>	<u>\$0.4516</u>	<u>2.56%</u>	<u>\$0.5432</u>	<u>5.53%</u>	<u>\$0.5196</u>	<u>6.90%</u>	<u>\$0.5122</u>	<u>9.09%</u>	<u>\$0.5633</u>
Subtotal	38.14%	\$0.6706	38.93%	\$0.6375	39.04%	\$0.6320	39.90%	\$0.6088	42.74%	\$0.6320	48.80%	\$0.6820	50.34%	\$0.6817	54.17%	\$0.7195
Transfer	11.49%	\$0.0837	10.81%	\$0.0857	11.06%	\$0.0772	11.28%	\$0.0712	10.62%	\$0.0672	9.59%	\$0.1110	9.24%	\$0.0850	8.58%	\$0.0702
Valid Free	3.01%	\$0.0000	3.63%	\$0.0000	3.48%	\$0.0000	4.33%	\$0.0000	3.93%	\$0.0000	3.52%	\$0.0000	3.44%	\$0.0000	3.14%	\$0.0000
Invalid Free	<u>1.08%</u>	<u>\$0.0000</u>	<u>2.32%</u>	<u>\$0.0000</u>	<u>1.31%</u>	<u>\$0.0000</u>	<u>3.57%</u>	<u>\$0.0000</u>	<u>4.71%</u>	<u>\$0.0000</u>	<u>4.15%</u>	<u>\$0.0000</u>	<u>4.17%</u>	<u>\$0.0000</u>	<u>4.37%</u>	<u>\$0.0000</u>
	4.09%	\$0.0000	5.95%	\$0.0000	4.79%	\$0.0000	7.90%	\$0.0000	8.64%	\$0.0000	7.67%	\$0.0000	7.61%	\$0.0000	7.51%	\$0.0000
Average Fare	<b>\$0.8553</b>		<b>\$0.8093</b>		<b>\$0.8195</b>		<b>\$0.7264</b>		<b>\$0.7700</b>		<b>\$0.8712</b>		<b>\$0.8767</b>		<b>100.00%</b>	<b>\$0.9120</b>

\* Excerpt from SANDAG monthly ridership reports

\*\* Reflects twelve months in FY 04

<sup>(1)</sup> Includes trolley-to-trolley transfers; percentage of total ridership in each year

<sup>(2)</sup> Includes insufficient fare tickets vended beginning November 2000

FY 97	2.29%
FY 98	1.42%
FY 99	1.50%
FY 00	0.86%
FY 01	1.04%
FY 02	1.35%
FY 03	1.79%
FY 04	1.36%

FY 01	1.12%
FY 02	1.22%
FY 03	1.26%
FY 04	1.49%



SAN DIEGO TROLLEY, INC.

AVERAGE DAILY RIDERSHIP BY QUARTER  
FY 97, FY 98, FY 99, FY 00, FY 01, FY 02, FY 03, AND FY 04  
 (from SANDAG Reports)

	<u>FY 97*</u>	<u>FY 98*</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04**</u>
1 <sup>st</sup> Quarter	51,708 <sup>(1)</sup>	55,823	70,579	74,758	89,082	74,588	70,104	72,352
2 <sup>nd</sup> Quarter	45,874	56,964 <sup>(2)</sup>	68,773	77,777	77,531	68,987	66,955	66,929
3 <sup>rd</sup> Quarter	49,574	66,520	60,121	79,225	73,062	64,583	70,130	67,472
4 <sup>th</sup> Quarter	53,269	72,593	69,679	82,397	76,772	70,458	68,722	83,346

ANNUAL AVERAGE DAILY	50,100	69,929	67,308	78,534	79,138	69,679	68,972	72,708
ANNUAL TOTAL	18,286,616	22,969,209	24,567,479	28,743,326	28,885,554	25,432,952	25,174,788	26,538,239

\* Segment Openings:

<sup>(1)</sup> Old Town

<sup>(2)</sup> Mission Valley West

\*\* Reflects twelve months in FY 04





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

## Agenda

Item No. 7

Joint Meeting of the Board of Directors for  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

CIP 10426

September 23, 2004

### Subject:

**MTDB: MISSION VALLEY EAST LIGHT RAIL TRANSIT PROJECT BUDGET  
TRANSFERS, CONSTRUCTION MANAGEMENT AMENDMENTS, AND CONTRACT  
CHANGE ORDERS**

### RECOMMENDATION:

That the MTD Board of Directors authorize the Chief Executive Officer to:

1. transfer \$2,100,000 from the Mission Valley East (MVE) Light Rail Transit (LRT) Project, Project Reserve line item (WBS #10426-3900); \$1,000,000 from the MVE Project, San Diego State University (SDSU) Mitigation line item (WBS #10426-109922SD); and \$200,000 from the MVE Project, Fare Collection line item (WBS #10426-1400), into two different MVE line items: (1) \$1,800,000 into the MVE LRT Project Construction Management line item (WBS #10426-0700); and (2) \$1,500,000 into the SDSU Construction line item (WBS #10426-1010), as shown in Attachment A, Budget Transfer History;
2. transfer \$1,300,000 from the balance in the SDSU Construction line Item (WBS #10426-1010) into the SDSU Construction Contingency, as shown in Attachment B, Construction Contingency Changes;
3. execute contract amendment Nos. 28, 29, 30, 31, 32, 33, 34, and 35 (MTDB Doc. No. L6343.0-01) with Washington Infrastructure Services, Inc. (WIS), in substantially the form as shown in Attachments C through J, in an amount not to exceed \$1,398,786, for construction management (CM) services on the MVE Project, including extension of CM services through July 2005, additional safety compliance, and safety certification work;



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.



4. execute Contract Change Order (CCO) No. 98, Supplement No. 1 (Attachment K), with the Clark Construction Group (CCG), in substantially the same form as shown in Attachment K, for the installation of pavers adjacent to the Open Air Theater for the SDSU Tunnel and Underground Station (LRT-10426.1), in an amount not to exceed \$208,000, including \$94,016 previously approved by the Chief Executive Officer with the original CCO No. 98; and
5. execute CCO No. 305, Supplement No. 2 (Attachment L), with CCG in substantially the same form as shown in Attachment L, for adjusting contract time, providing partial compensation for extended and unabsorbed overhead, and revisions to the final contract milestone as a result of the Fire Alarm, Linear Heat Detection, and computer programming changes for the fire/life safety changes at the SDSU Tunnel and Underground Station specified by CCO No. 305, Supplement No. 0, and CCO No. 305, Supplement No. 1, in an amount not to exceed \$1,144,000. The total for CCO No. 305 through Supplement No. 2 (including previously approved amounts) will be \$2,438,916.

#### Budget Impacts

1. \$1,800,000 would be used to increase the CM line item (WBS #10426-0700) from \$43,300,000 to \$45,100,000. \$1,500,000 would be used to increase the SDSU Construction line item (WBS #10426-1010) from \$109,373,875 to \$110,873,875. The \$3,300,000 would decrease the SDSU Mitigation (WBS #10426-109922SD) by \$1,000,000 from \$13,189,000 to \$12,189,000; the Fare Collection line item (WBS #10426-1400) by \$200,000 from \$400,000 to \$200,000; and the Project Reserve line item (WBS #10426-3900) by \$2,100,000 from \$3,452,250 to \$1,352,250, as shown on Attachment A. The total project budget would increase by \$2,100,000 to \$491,107,852.
2. \$1,300,000 would be transferred from the balance in the SDSU Construction line item (WBS #10426-1010) into the construction contingency, leaving a line item balance of \$7,716.
3. \$1,398,786 for contract Amendment Nos. 28 through 35 would come from the Construction Management line item (WBS #10426-0700), leaving a balance of \$117,906.
4. A total of \$208,000 for CCO No. 98 and CCO No. 98, Supplement No.1, would come from transferring \$130,000 of the remaining balance in the MVE SDSU Advanced Utilities Contract (LRT-10426.2) construction contingency into the MVE SDSU Tunnel and Underground Station Contract (LRT-10426.1) construction contingency, as shown on Attachment B; and an additional \$78,000 from the SDSU Tunnel and Underground Station construction contingency, leaving a balance of \$7,402 in the Advance Utilities and \$1,927,041 in the SDSU Tunnel and Underground Station construction contingencies.
5. Not to exceed \$1,144,000 for CCO No. 305, Supplement No. 2, with CCG would come from the SDSU Tunnel and Underground Station Contract, (LRT-10426.1) construction contingency, leaving a balance of \$783,041.



## DISCUSSION:

### Budget Transfers

We are recommending transferring \$1,800,000 into the CM line item and \$1,500,000 into the SDSU Construction line item to fund continuing CM activities needed to complete the project and change orders to the SDSU Station construction contract. To fund these actions and preserve the Project Reserve, we looked at the remaining balances in the various project line items. Currently the SDSU Mitigation line item has a balance of \$1,441,814, and the Fare Collection line item has a balance of \$400,000. Both line items could be reduced based on projected costs to complete. The \$440,000 remaining in the SDSU Mitigation line item would provide for remaining additional SDSU expenses for site mitigation and SDSU and SDSU Foundation mitigation costs. We recommend leaving the Project Contingency line item at \$810,650. The Project Contingency would then be available for smaller adjustments to other line items as the project completes. Attachment A summarizes these budget actions.

### Construction Management Contract Amendments

The original professional services contract for CM services with WIS was approved by the Board on February 24, 2000. Phase 1 was completed in March 2001, for a total of \$993,430. Phase 2 of the CM contract with WIS was then executed by the former General Manager on March 16, 2001, in the initial amount of \$14,174,767.59. Due to the complexity of the project and additions and delays by the contractors, the contract has been amended 35 times. While many of the smaller contract amendments did not require Board approval, the cumulative amount of proposed contract Amendment Nos. 28, 29, 30, 31, 32, 33, and 34 is approximately \$320,165.66 which exceeds the CEO's authority. Therefore, Board authorization is being requested. In addition, Amendment No. 35, which provides additional funding for CM services through July 2005, independently requires Board authorization. The amounts of these amendments bring the total contract value to \$43,201,137.87. A detailed description of each change order is set forth below.

Contract Amendment No. 28 (\$59,771.44) is to compensate WIS for moving expenses, initial and continuing, from the upper floor of the La Mesa Segment office to new facilities in the Grantville area. Initially, both the La Mesa line segment and the Grantville line segment CM offices of WIS were located in a building at 7199 Alvarado Road, La Mesa, which is owned by MTDB. However, this building is scheduled to be demolished soon, and the available parking lot required to be shared with Bob Bowen Automotive has already been graded and is not available for use. Therefore, WIS has acquired new leased office space on Rancho San Diego Mission Road for the Grantville segment CM personnel to remain close to the project construction. Upon the demolition of the La Mesa office in November 2004, all remaining line segment CM functions will relocate to the Grantville office. The funds requested in this amendment will cover the moving expenses, rent, and utilities until June 2005.

Amendment No. 29 (\$55,789.22) is to reimburse WIS for personnel time spent in the inspection and administration of the repair of the steam line chase on the campus of SDSU. The contractor's costs for repairs were funded by an insurance settlement.



However, to ensure that the repairs were done properly, additional staff time for WIS personnel above and beyond the hours agreed to in the original CM contract and previous amendments was required. The terms of the settlement addressed reimbursement for this work.

Amendment No. 30 (\$50,580.00) is for the inclusion of a subconsultant to WIS to review design criteria and to provide safety certification for new elements of design and construction added by CCOs to the various construction contracts. A safety review was required of the MTDB/San Diego Association of Governments (SANDAG) design criteria, and the design documents needed to be certified to ensure that the criteria had been incorporated into the design for new elements added to the project. Similarly, new safety certification had to be written and certifications made for the new construction added within the project through CCOs on all the MVE construction contracts. The approval of this amendment is contingent upon Caltrans' audit and approval of the subconsultant's (Linda J. Meadows and Associates) labor and overhead rates.

Amendment No. 31 (\$89,235.00) is for a WIS subconsultant, DeC Consultants, to perform rail-to-earth resistance testing, soil resistivity testing, and stray current testing/assessment throughout the new construction alignment. This testing is to assure that adjacent facilities will not be affected by any stray current from train operations and that the rails are properly electrically isolated.

Amendment No. 32 (\$40,000.00) is for additional funds for WIS to administer the Employee Safety Awareness Program (ESAP). In May 2001, in cooperation with our insurance carriers, John Burnham Insurance, our insurance broker, MTDB and WIS initiated an ESAP for the workers on the project. This program rewards the contractors' employees on all of MVE construction contracts for achieving personal and company safety goals. This amendment is for funds to continue that program until June 2005.

Amendment No. 33 is for no cost to revise CM contract language. This language change indemnifies WIS for the use of SANDAG staff on the project, which we have initiated to reduce the CM contract costs.

Amendment No. 34 (\$24,790.00) is for a subconsultant to WIS to review and write safety certification for the Interim Trolley Control Center (ITCC). The ITCC will be initiated with the completion of the MVE project, and new safety certifications have to be written and safety elements certified for the new design and construction prior to safe operation of the system. This subconsultant is already working on similar elements for the MVE Project, and this additional work is a natural progression of their scope of work. The approval of this amendment is contingent upon Caltrans' audit and approval of the subconsultant's (Linda J. Meadows and Associates) labor and overhead rates.

Amendment No. 35 (\$1,078,620.00) will provide additional funding to WIS, the construction manager, to extend the time for its personnel working on the Grantville and La Mesa line segments to remain on the project until completion in July 2005. SANDAG has already placed our own staff members on the project, replacing many of the CM personnel on the two line segments. Delays by the two contractors on the Grantville and La Mesa line segments have required that CM personnel remain on the project beyond the original anticipated completion date of February 2004 and April 2004, respectively. This proposed amendment would keep a minimum of WIS staff, working along with SANDAG staff in the field, on the two line segments until completion and acceptance by



MTDB. The costs for WIS to extend its personnel on the project are offset by augmenting SANDAG staff in the field as follows:

• Grantville Segment – WIS personnel extended	\$1,522,320.56
• La Mesa Segment – WIS personnel extended	\$1,700,324.17
• Cost savings utilizing SANDAG staff	<\$2,144,024.73>
Net Increase:	\$1,078,620.00

Amendment No. 35 is the net cost after the savings gained by having SANDAG staff augment the WIS staff on the two line segments. Therefore, staff recommends approval of this Amendment No. 35 in the amount of \$1,078,620.00.

The WIS Workforce Report is attached for information (Attachment M).

Construction CCO No. 98, Supplement No. 1

Contract LRT-10426.1 (SDSU Tunnel and Underground Station) is the construction of a tunnel and underground station on the SDSU campus. The contractor for this project, CCG, began working on the site on June 4, 2001. MTDB has since directed CCG to make various changes and additions to the project, including installation of concrete pavers adjacent to the Open Air Theater and Aztec Green on the SDSU campus. Changes and additions such as this were not included in the original contract plans and special provisions for the tunnel and underground station.

Originally the installation of the concrete pavers in question were to be by the contractor for the SDSU Advance Utilities Contract (LRT-10426.2), as part of the restoration of the walkway disturbed by the installation of underground utilities. However, staff deleted that portion of the work due to the fact that SDSU had so many events scheduled at the Open Air Theater; the contractor was essentially left with insufficient windows in which to construct the pavers. That contractor is no longer on the project site, so the work involved is being assigned to CCG (the contractor presently on the site). We were able to coordinate construction of the pavers in conjunction with CCG work in Aztec Green, which ties into the Open Air Theater mall. As a result of this change, CCG will encounter costs above and beyond the original plans and specification.

The Board is requested to approve CCO No. 98 and CCO No. 98, Supplement No. 1, to have CCG install the pavers in a timely manner.

The CCG Workforce Report is attached for information as Attachment N.

Construction CCO No. 305, Supplement No. 2

Contract LRT-10426.1 (SDSU Tunnel and Underground Station) is the construction of a tunnel and underground station on the SDSU campus. The contractor for this project, CCG, began working on the site on June 4, 2001. MTDB has since directed CCG to make various changes and additions to the project, including the installation of a Voice-Annunciated Fire Alarm System and Linear Heat Detection System, and changes to the computer software for fire/life safety systems for the SDSU Tunnel and Underground Station. Changes and additions such as this were not included in the original contract plans and special provisions for the tunnel and underground station. As a result of this change, CCG will encounter costs above and beyond the original plans and specifications upon which it bid.



CCO No. 305, Supplement No. 0, and CCO No. 305, Supplement No. 1, provided for the direct costs associated with the procurement and installation of the Voice-Annunciated Fire Alarm System and Linear Heat Detection System for the SDSU Tunnel and Underground station. CCO No. 305, Supplement No. 2, provides for adjusting contract time, partial compensation for extended and unabsorbed overhead, and revisions to the final contract milestone as a result of this added work. Through detailed analysis, staff has agreed that CCG could have completed the contract work (except for the fire alarm system and linear heat detection system) in June 2004 were it not for the large volume of change orders. Staff and CCG also agree that the fire alarm and linear heat-detection system will not be completed until February 15, 2005 (an extension of four months). This supplement reimburses CCG for its unabsorbed overhead from June to September 2004 due to the large volume of CCOs and provides for extended and unabsorbed overhead from September 2004 to mid-February 2005 to manage the remaining work associated with the Fire Alarm and Linear Heat Detection System, and changes to the computer software for the fire/life safety systems. Supplement No. 2 also includes revisions to contract milestones, effectively changing the final milestone slated for September 2004 into an interim milestone, and creates a new final milestone of February 15, 2005. Given that CCG has demonstrated the new final milestone is an aggressive schedule, staff has included in this supplement \$60,000 in Force Account to cover possible costs should there be interface problems with the equipment installed by the Track and System contractor (LRT-10426.5). Staff has briefed Ed Grochowiak, the Architectural/Construction consultant, on our analysis and the need for this change order, and received his concurrence for the methodology staff used to arrive at the CCO costs. Staff is requesting the Board authorize the CEO to execute CCO No. 305, Supplement No. 2, and previous supplements in the amount of \$1,144,000. The CCG Workforce Report is attached for information as Attachment N.



Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Dennis L. Wahl, 619.235.2635, [dwa@sandag.org](mailto:dwa@sandag.org)

LTorio/SEPT23-4.7.WPREY  
9/8/04

- Attachments:
- A. Budget Transfer History
  - B. Construction Contingency Changes
  - C. WIS Contract Amendment No. 28
  - D. WIS Contract Amendment No. 29
  - E. WIS Contract Amendment No. 30
  - F. WIS Contract Amendment No. 31
  - G. WIS Contract Amendment No. 32
  - H. WIS Contract Amendment No. 33
  - I. WIS Contract Amendment No. 34
  - J. WIS Contract Amendment No. 35
  - K. Clark CCO No. 98, Supplement No. 1
  - L. Clark CCO No. 305, Supplement No. 2
  - M. WIS Workforce Report
  - N. CCG Workforce Report

**Board Only**



# MISSION VALLEY EAST BUDGET TRANSFER HISTORY

			Budget Transfers					Cumulative Changes	Current Approved Budget
			30	32	33	34	35		
Board Approval Date> Board Item Number>			12/11/2003 # 5	06/10/2004 #10	06/24/2004 #15	07/08/2004 #6	09/23/2004 #		
WBS	Budget Line Item	@ FFGA							
0100	Admin	14,900,000						-	14,900,000
0599SDSU	SDSU Utility Betterments							1,500,000	1,500,000
0610	Design Tunnel	6,800,000			(400,000)			8,400,350	15,200,350
0618	Design Line Segment	14,500,000			700,000			12,950,000	27,450,000
0700	Construction Management	21,300,000		100,000			1,800,000	23,800,000	45,100,000
0800	Prof. Services	2,400,000						1,000,000	3,400,000
0900	Right of Way	31,200,000						1,700,000	32,900,000
1010	SDSU Construction*	86,500,000	1,000,000			1,300,000	1,500,000	24,373,875	110,873,875
1099	SDSU Mitigation	-				(300,000)	(1,000,000)	12,189,000	12,189,000
1018	Const. Line Segment	179,400,000						(179,400,000)	-
109918GR	Const. Grantville		500,000			300,000		72,323,875	72,323,875
109918LM	Const. La Mesa					(800,000)		63,750,000	63,750,000
109918TS	Const. Track & Sys.					(500,000)		46,500,000	46,500,000
109910SR	SDSU Steam Line Repair							1,960,102	1,960,102
1300	Vehicles	30,000,000						7,850,000	37,850,000
1400	Fare Collection	1,100,000			(300,000)		(200,000)	(900,000)	200,000
1500	Communications	1,100,000						(600,000)	500,000
1900	Start up	2,400,000						-	2,400,000
3800	Contingency	31,400,000	(1,500,000)	(400,000)				(29,689,350)	810,650
4000	Contaminated soils	1,000,000		300,000				300,000	1,300,000
Totals**		424,000,000						68,007,852	491,107,852
									Approved Budget
									487,847,750 MTDB Funded Budget
									3,460,102 SDSU & Insurance Claim
3900	Project Reserve	0				(2,100,000)	(22,547,750)	1,352,250	Available Reserves

\* - Includes \$4,000,000 in SDSU Utility Relocations

\*\* - excludes 7,000,000 in planning budget

Att. A, AI 7, 9/23/04, CIP 10426



**Mission Valley East LRT Project  
Approved Construction Contingency Changes**

	Segment/Contract No.				
	109918GR	1010	1010	109918LM	109918TR
	Grantville LRT 426.3	SDSU Utility LRT 426.2	SDSU LRT 426.1	La Mesa LRT 426.4	Track & Systems LRT 426.5
5% Original Construction Contingency	\$ 2,871,502	\$ 451,731	\$ 4,135,020	\$ 2,981,094	\$ 2,192,878
4/19/01 AI #6		\$ 150,000			
8/09/01 AI #24		\$ 100,000			
8/22/02 AI #9			\$ 500,000		
9/12/02 AI #30			\$ 1,500,000		
11/14/02 AI #18			\$ 450,000		
12/12/2002 AI #33	\$ 500,000		\$ 2,000,000		
1/16/2003 AI #37			\$ 4,200,000		
2/27/2003 AI #18	\$ 750,000				
4/24/2003 AI #5	\$ 500,000				
5/8/2003 AI #10				\$ 500,000	
DW to provide backup		\$ 247,546	\$ (247,546)		
8/7/2003 AI #9	\$ 600,000		\$ 800,000		
10/30/2003 AI #9			\$ 1,000,000		
12/11/2003 AI # 5	\$ 500,000		\$ 1,000,000		
3/25/2004 AI#18	\$ 100,000			\$ 500,000	
4/29/04 AI#12		250,000			
07/08/2004 AI#6			\$ 1,300,000		
09/23/2004 AI#			\$ 1,300,000		
09/23/2004 AI#		\$ (130,000)	\$ 130,000		
Approved Construction Contingency	\$ 5,821,502	\$ 1,069,277	\$ 18,067,474	\$ 3,981,094	\$ 2,192,878

Att. B, AI 7, 9/23/04, CIP 10426



1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
(619) 231-1466  
FAX (619) 234-3407  
April 19, 2004

Att. C, AI 7, 9/23/04, CIP 10426

**DRAFT**

MTDB Doc. No. L6343.28-01  
CIP 10426.12

Mr. Robert J. Close, P.E.  
Vice President  
Washington Infrastructure Services, Inc.  
17300 Redhill Avenue, Suite 150  
Irvine, CA 92614

Dear Mr. Close:

Subject: AMENDMENT NO. 28 TO MTDB DOCUMENT NO. L6343.0-01: CONSTRUCTION  
MANAGEMENT SERVICES FOR THE MISSION VALLEY EAST LRT PROJECT

This letter will serve as Amendment No. 28 to MTDB Document No. L6343.0-01 for professional services as further described below.

#### SCOPE OF SERVICES

Reimbursement to Washington Infrastructure Services, Inc. (WIS), for construction management services (CM) due to the relocation of CM staff's office space provided by MTDB at San Diego State University, and the relocation of CM staff's office space provided by MTDB at the La Mesa office, both office spaces were provided by WIS in the vicinity of the Grantville Segment. Costs shall not exceed those as shown on WIS proposal dated December 31, 2003. All non-fixed assets shall become the property of MTDB upon completion of the CM contract.

#### SCHEDULE

This amendment will provide for these expenses from August 1, 2003, until June 30, 2005.

#### PAYMENT

Payment shall be based on actual cost, not to exceed \$59,771.44, including any fees or markups, in accordance with the attached pricing proposal dated December 31, 2003 (\$59,771.44 from WBS #10426-0700). Additional authorization is contingent upon written approval from MTDB. The total value of MTDB Document No. L6343.0-01, including this amendment, is \$41,522,462.79, not including unissued Amendment No. 17. All other conditions of the original contract shall remain the same.

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

Sincerely,

Accepted:

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





\_\_\_\_\_  
Robert J. Close  
Washington Infrastructure Services, Inc.

CCasti  
CL-WIS.NO.28.DWAHL

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

#### Attachment

cc: **Jim Enthicum, William A. Prey, Dennis Wahl - SANDAG**  
Member Agencies: 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 San Marcos, County of San Diego, State of California

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Subsidiary Corporations:  San Diego Transit Corporation,  San Diego Trolley, Inc., and  San Diego & Arizona Eastern Railway Company

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March 3, 2004

**DRAFT**MTDB Doc. No. L6343.29-01  
CIP 10426.12

Mr. Robert J. Close, P.E.  
Vice President  
Washington Infrastructure Services, Inc.  
17300 Redhill Avenue, Suite 150  
Irvine, CA 92614

Dear Mr. Close:

Subject: AMENDMENT NO. 29 TO MTDB DOCUMENT NO. L6343.0-01: CONSTRUCTION  
MANAGEMENT SERVICES FOR THE MISSION VALLEY EAST LRT PROJECT

This letter will serve as Amendment No. 29 to MTDB Document No. L6343.0-01 for professional services as further described below.

**SCOPE OF SERVICES**

Reimbursement to Washington Infrastructure Services, Inc. (WIS), for construction management services due to additional construction management time and personnel utilized to inspect the repair and replacement of insulation on the underground steam lines recently installed on the campus of San Diego State University under contract change order (CCO) No. 106 to Contract LRT-426.2.

**SCHEDULE**

There will be no changes in the contract schedule because of this amendment.

**PAYMENT**

Payment shall be based on actual costs, not to exceed \$55,789.22, including any fees or markups, in accordance with the attached pricing proposal dated December 31, 2003, (\$55,789.22 from WBS#10426-109910SR). Additional authorization is contingent upon written approval from MTDB. The total value of MTDB Document No. L6343.0-01, including this amendment, is \$41,578,252.01, not including unissued Amendment No. 17. All other conditions of the original contract shall remain the same.

If you agree with the above, please sign below and return the document marked "original" to Jeanne Yamamoto at MTDB. The second copy is for your records.

Sincerely,

Accepted:

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

\_\_\_\_\_  
Robert J. Close  
Washington Infrastructure Services, Inc.





CCasti  
CL-WIS.NO29.DWAHL

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

cc: Jim Linthicum, William A. Prey, Dennis Wahl - SANDAG  
Steve Paré - WIS

## Member Agencies:

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, County of San Diego, State of California

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1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
(619) 231-1466  
FAX (619) 234-3407

Att. E, AI 7, 9/23/04, CIP 10426

August 26, 2004

**DRAFT**

MTDB Doc. No. L6343.30-01  
CIP 10426.12

Mr. Roger L. Eisenbarth  
Deputy Operations Officer  
Washington Infrastructure Services, Inc.  
17300 Redhill Avenue, Suite 150  
Irvine, CA 92614

Dear Mr. Eisenbarth

Subject: AMENDMENT NO. 30 TO MTDB DOCUMENT NO. L6343.0-01; CONSTRUCTION  
MANAGEMENT SERVICES FOR THE MISSION VALLEY EAST LRT PROJECT

This letter will serve as Amendment No. 30 to MTDB Document No. L6343.0-01 for professional services, as further described below.

#### SCOPE OF SERVICES

Washington Infrastructure Services, Inc (WIS) to provide the services of Linda J. Meadows & Associates to review MTDB/San Diego Association of Governments (SANDAG) design and safety criteria, and provide safety certification for design and safety elements of the system. Costs shall not exceed those as shown on WIS proposal dated November 11, 2003.

#### SCHEDULE

This amendment will provide for these services from May 1, 2003 until June 30, 2005.

#### PAYMENT

Payment shall be based on actual cost, not to exceed \$50,580, including any fees or markups, in accordance with the attached pricing proposal from WIS, dated November 11, 2003, (\$50,580 from WBS10426-0700). Additional authorization is contingent upon written approval from MTDB/SANDAG. The total value of MTDB Document No. L6343.0-01, including this amendment, is \$41,628,832.01, not including unissued Amendment No. 17. All other conditions of the original contract shall remain the same.

If you agree with the above, please sign in the space below and return the document marked "original" to the Contracts Administrator at MTDB/SANDAG. The second copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Roger L. Eisenbarth  
Washington Infrastructure Service, Inc.

Aisla/CL-L6343.30-01.DWAHL




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

cc: Jim Linthicum, William A. Prey, Dennis Wahl - SANDAG  
Steve Paré - WIS

Member Agencies:

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, County of San Diego, State of California

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San Diego, CA 92101-7490  
(619) 231-1466  
FAX (619) 234-3407

Att. F, AI 7, 9/23/04, CIP 10426

June 21, 2004

**DRAFT**

MTDB Doc. No. L6343.31-01  
CIP 10426.12

Mr. Roger L. Eisenbarth  
Deputy Operations Director  
Washington Infrastructure Services, Inc.  
17300 Redhill Avenue, Suite 150  
Irvine, CA 92614

Dear Mr. Eisenbarth:

Subject: AMENDMENT NO. 31 TO MTDB DOCUMENT NO. L6343.0-01: CONSTRUCTION  
MANAGEMENT SERVICES FOR THE MISSION VALLEY EAST LRT PROJECT

This letter will serve as Amendment No. 31 to MTDB Document No. L6343.0-01 for professional services as further described below.

#### SCOPE OF SERVICES

Send payment to Washington Infrastructure Services, Inc. (WIS), for construction management services to provide the services of DeC Consultants, Inc., to conduct track-to-earth resistance testing, soil resistivity testing, and stray current assessment. Costs shall not exceed those as shown on DeC Consultants, Inc., proposal dated March 1, 2004.

#### SCHEDULE

This amendment will provide services from May 1, 2003, until June 30, 2005.

#### PAYMENT

Payment shall be based on actual cost, not to exceed \$89,325, including any fees or markups, in accordance with the attached pricing proposal dated March 1, 2004 (\$89,325 from WBS #10426-0700). Additional authorization is contingent upon written approval from MTDB. The total value of MTDB Document No. L6343.0-01, including this amendment, is \$41,718,067.01, not including unissued Amendment No. 17. All other conditions of the original contract shall remain the same.

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

Sincerely,

Accepted:

Paul C. Jablonski  
Chief Executive Officer

Roger L. Eisenbarth  
Washington Infrastructure Services, Inc.

Aisla  
CL-L6343.31-01.DWAHL





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

#### Attachment

cc: Jim Linthicum, William A. Prey, Dennis Wahl – SANDAG; Steve Paré – WIS

#### Member Agencies:

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, County of San Diego, State of California

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San Diego, CA 92101-7490  
(619) 231-1466  
FAX (619) 234-3407

Att. G, AI 7, 9/23/04, CIP 10426

June 21, 2004

**DRAFT**

MTDB Doc. No. L6343.32-01  
CIP 10426.12

Mr. Roger L. Eisenbarth  
Deputy Operations Director  
Washington Infrastructure Services, Inc.  
17300 Redhill Avenue, Suite 150  
Irvine, CA 92614

Dear Mr. Eisenbarth:

Subject: AMENDMENT NO. 32 TO MTDB DOCUMENT NO. L6343.0-01: CONSTRUCTION  
MANAGEMENT SERVICES FOR THE MISSION VALLEY EAST LRT PROJECT

This letter will serve as Amendment No. 32 to MTDB Document No. L6343.0-01 for professional services as further described below.

#### SCOPE OF SERVICES

Provide additional funding of \$40,000, to the Washington Infrastructure Services, Inc. (WIS), construction management team to continue to administer and award safety incentives for the Employee Safety Awareness Plan on the Mission Valley East Light Rail Transit Project.

#### SCHEDULE

The services shall be completed by June 30, 2005.

#### PAYMENT

Payment shall be based on actual costs, not to exceed \$40,000 (from WBS #10426-0700). Additional authorization is contingent upon written approval from MTDB. The total value of MTDB Document No. L6343.0-01, including this amendment, is \$41,758,067.01. All other conditions of the original contract shall remain the same.

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

Sincerely,

Accepted:

Paul C. Jablonski  
Chief Executive Officer





Roger L. Eisenbarth  
Washington Infrastructure Services, Inc.

Aisla  
CL-L6343.32-01.DWAHL

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

cc: Jim Linthicum, William A. Prey, Dennis Wahl - SANDAG  
Steve Paré - WIS

Member Agencies:  
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, County of San Diego, State of California

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San Diego, CA 92101-7490  
(619) 231-1466  
FAX (619) 234-3407

Att. H, AI 7, 9/23/04, CIP 10426

June 21, 2004

**DRAFT**

MTDB Doc. No. L6343.33-01  
CIP 10426.12

Mr. Roger L. Eisenbarth  
Deputy Operations Director  
Washington Infrastructure Services, Inc.  
17300 Redhill Avenue, Suite 150  
Irvine, CA 92614

Dear Mr. Eisenbarth:

Subject: AMENDMENT NO. 33 TO MTDB DOCUMENT NO. L6343.0-01; CONSTRUCTION  
MANAGEMENT SERVICES FOR THE MISSION VALLEY EAST LIGHT RAIL TRANSIT  
PROJECT

This letter will serve as Amendment No. 33 to MTDB Document No. L6343.0-01 for professional  
services, as further described below.

#### SCOPE OF SERVICES

Add the following paragraph to Section 4 of MTDB Document No. L6343.0-01:

"As between the Board and Contractor, the Board is deemed to assume responsibility and liability for, and the Board shall indemnify, defend, and hold harmless, Contractor and any of its officers, agents, servants, employees, or subcontractors from and against any and all claims, loss, damage, charge, or expense, whether direct or indirect, to which Contractor or such officers, agents, servants, employees, or subcontractors may suffer as a result of any negligent act or action, or any neglect, omission, or failure to act when under a duty to act, on the part of any San Diego Association of Governments (SANDAG) employee as appointed in any capacity by the Board to the Construction Management team for the MVE LRT Project construction management organization furnished to Contractor by the Board or their performance hereunder. This indemnity takes precedence over any other provision of this agreement as amended."

#### SCHEDULE

There will be no changes in the contract schedule.

#### Member Agencies:

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, County of San Diego, State of California

Metropolitan Transit Development Board is Coordinator of the Metropolitan Transit System and the  Taxicab Administration  
Subsidiary Corporations:  San Diego Transit Corporation,  San Diego Trolley, Inc., and  San Diego & Arizona Eastern Railway Company

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Mr. Roger L. Eisenbarth  
June 21, 2004  
Page 2

## PAYMENT

There shall be no change in the contract amount up to and including this Amendment No. 33, other than those amendments approved previously. Future changes in any payments shall be based on actual costs to be negotiated and agreed to on a case-by-case basis, and increased or decreased with future amendments to this contract.

All other conditions of the original contract shall remain the same. If you agree with the above, please sign below and return the document marked "original" to the Contracts Administrator at MTDB. The second copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Roger L. Eisenbarth  
Washington Infrastructure Services, Inc.

Alsla  
CL-L6343.33-01.DWAHL

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

cc: Jim Linthicum, William A. Prey, Dennis Wahl - SANDAG  
Steve Paré - WIS



1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
(619) 231-1466  
FAX (619) 234-3407

**Att. I, AI 7, 9/23/04, CIP 10426**

July 13, 2004

**DRAFT**

MTDB Doc. No. L6343.34-01  
CIP 10426.12

Mr. Roger L. Eisenbarth  
Deputy Operations Director  
Washington Infrastructure Services, Inc.  
17300 Redhill Avenue, Suite 150  
Irvine, CA 92614

Dear Mr. Eisenbarth:

**Subject: AMENDMENT NO. 34 TO MTDB DOCUMENT NO. L6343.0-01; CONSTRUCTION  
MANAGEMENT SERVICES FOR THE MISSION VALLEY EAST LIGHT RAIL TRANSIT  
PROJECT**

This letter will serve as Amendment No. 34 to MTDB Document No. L6343.0-01 for professional services, as further described below.

#### SCOPE OF SERVICES

This amendment provides reimbursement to Washington Infrastructure Services, Inc (WIS), for Construction Management (CM) services to provide the services of Linda J. Meadows & Associates (LJMA) for Safety Certification Support specifically for the Interim Trolley Control Center (ITCC). This amendment does not cover costs addressed in previous amendments addressing Safety Certification for other aspects of the Mission Valley East (MVE) Light Rail Transit (LRT) Project. Costs shall not exceed those as shown on WIS/LJMA proposal dated June 29, 2004, with no WIS markup. All non-fixed assets shall become the property of MTDB upon completion of the CM contract

#### SCHEDULE

The services shall be completed by June 30, 2005.




#### PAYMENT

Payment shall be based on actual cost, not to exceed \$24,790, in accordance with the attached Pricing Proposal dated June 29, 2004 (\$24,790 from WBS 10426-0700). Additional authorization is contingent upon written approval from MTDB. The total value of MTDB Document No. L6343.0-01, including this amendment, is \$41,782,857.01, including unsigned Amendments 28 through 33, inclusive.

#### Member Agencies:

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, County of San Diego, State of California

Metropolitan Transit Development Board is Coordinator of the Metropolitan Transit System and the  Taxicab Administration

Subsidiary Corporations:  San Diego Transit Corporation,  San Diego Trolley, Inc., and  San Diego & Arizona Eastern Railway Company

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Mr. Roger L. Eisenbarth  
July 13, 2004  
Page 2

All other conditions of the original contract shall remain the same. If you agree with the above, please sign below and return the document marked "original" to the Contracts Administrator at MTDB. The second copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Roger L. Eisenbarth  
Washington Infrastructure Services, Inc.

Asla  
CL-L6343.34-01.DWAHL

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

cc: Jim Linthicum, William A. Prey, Dennis Wahl - MTDB  
Steve Paré - WIS



1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
(619) 231-1466  
FAX (619) 234-3407

Att. J, AI 7, 9/23/04, CIP 10426

September 24, 2004

**DRAFT**

MTDB Doc. No. L6343.35-01  
CIP 10426.12

Mr. Roger L. Eisenbarth  
Deputy Operations Director  
Washington Infrastructure Services, Inc.  
17300 Redhill Avenue, Suite 150  
Irvine, CA 92614

Dear Mr. Eisenbarth:

Subject: AMENDMENT NO. 35 TO MTDB DOCUMENT NO. L6343.0-01; CONSTRUCTION  
MANAGEMENT SERVICES FOR THE MISSION VALLEY EAST LIGHT RAIL TRANSIT  
PROJECT

This letter will serve as Amendment No. 35 to MTDB Document No. L6343.0-01 for professional  
services, as further described below.

#### SCOPE OF SERVICES

This amendment provides reimbursement to Washington Infrastructure Services, Inc (WIS), for  
Construction Management (CM) services to extend the services of CM personnel on the Grantville and  
La Mesa line segments from February 2004 until approximately the first of October 2004 because of  
delays by the contractors in completing their contract work. Costs shall not exceed those as shown on  
WIS proposal dated August 17, 2004.

#### SCHEDULE


The services shall be completed by September 30, 2004.




#### PAYMENT

Payment shall be based on actual cost, not to exceed \$1,078,620, in accordance with the attached  
pricing proposal dated August 17, 2004 (\$1,078,620 from WBS 10426-0700). Additional authorization  
is contingent upon written approval from MTDB. The total value of MTDB Document No. L6343.0-01,  
including this amendment, is \$42,861,477.01, not including unissued Amendments No. 17. All other  
conditions of the original contract shall remain the same.

#### Member Agencies:

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, County of San Diego, State of California

Metropolitan Transit Development Board is Coordinator of the Metropolitan Transit System and the  Taxicab Administration

Subsidiary Corporations:  San Diego Transit Corporation,  San Diego Trolley, Inc., and  San Diego & Arizona Eastern Railway Company

For personal trip planning or route information, call 1-800-COMMUTE or visit our web site at [sdcommute.com](http://sdcommute.com)!



Mr. Roger L. Eisenbarth  
September 24, 2004  
Page 2

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

Sincerely,

Accepted:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Roger L. Eisenbarth  
Deputy Operations Director

Alsla  
CL-L6343.35-01.DWAHL

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

Attachment: WIS Pricing Proposal of August 17, 2004

cc: Jim Linthicum, William A. Prey, Dennis Wahl – SANDAG  
Steve Paré - WIS



Contract No. 426.1

SDSU Tunnel and Underground Station

File: 426

CCO NO. 98  
SUPPLEMENT NO 1  
REVISION NO. 0  
TO: Clark Construction Group, Inc.

Att. K, AI 7, 9/23/04, CIP 10426

You are hereby directed to make the herein described changes from the plans and specifications or do the following described work not included in the plans and specifications on this contract.

NOTE: This change order is not effective until approved by The General Manager

Description of work to be done, estimate of quantities, and prices to be paid. Segregate between additional work at contract price, agreed price and force account. Unless otherwise stated, rates for rental of equipment cover only such time as equipment is actually used and no allowance will be made for idle time.  
Change requested by Engineer

Estimate of Extra Work at Force Account

In accordance with Sections 4-1.03D "Extra Work" and 9-1.03 "Force Account Payment" of the Standard Specifications, and as directed by the Engineer, provide labor, equipment and material necessary to install paving at the Open Air Theater (OAT) as detailed in drawings submitted 5/24/04 under W/C-2499.  
The work to be paid under force account includes the following:

- Sawcut & remove existing concrete as necessary.
- Additional funds for demolition, excavation and grading
- Surveying layout required for construction of the facility.
- Removal and Replacement of concrete panels located at the West Entrance.
- Quality Control material testing and inspection required for construction of the facility.
- Compensation for authorized work performed at premium time.
- Relocation of temporary fence to accommodate the work.

The method of payment for the work described above shall be Extra Work at Force Account, in a dollar amount not to exceed \$44,000.00 for this change.

Contract time is not affected by this change.

Force Account Estimate \$44,000.00

(continued next page)      Total Change This Supplement:      \$114,039.68 (Increase)

By reason of this order the time of completion will be adjusted as follows:      No Adjustment

Submitted by: \_\_\_\_\_ Date \_\_\_\_\_  
Resident Engineer      Mark Benson

Recommended by: \_\_\_\_\_ Date \_\_\_\_\_  
Construction Project Manager      Stephen Paré

Recommended by: \_\_\_\_\_ Date \_\_\_\_\_  
Construction Engineer      William A. Prey

Recommended by: \_\_\_\_\_ Date \_\_\_\_\_  
Director of Engineering & Construction      Jim D. Linthicum

Approved by: \_\_\_\_\_ Date \_\_\_\_\_  
General Manager      Paul Jablonski, CEO

We, the undersigned contractor, have given careful consideration to the change proposed and hereby agree, if this proposal is approved, that we will provide all equipment, furnish all materials, except as may otherwise be noted above, and perform all services necessary for the work above specified, and will accept as full payment therefor the prices shown above.

Accepted, Date \_\_\_\_\_ Contractor: Clark Construction Group, Inc.

By \_\_\_\_\_ Title \_\_\_\_\_

If the contractor does not sign acceptance of this order, his attention is directed to the requirements of the specifications as to proceeding with the ordered work and filing a written protest within the time therein specified.



Contract No. 426.1

SDSU Tunnel and Underground Station

File: 426

CCO NO. 98  
SUPPLEMENT NO 1  
REVISION NO. 0  
TO: Clark Construction Group, Inc

**Extra Work at Agreed Price**

In accordance with Section 4-1.03D of the Standard Specifications, and as directed by the Engineer, provide labor, equipment and material necessary for reconstruction of facilities in the area between Adams Humanities and the Open Air Theater (OAT) as detailed in drawings submitted to the Contractor on 5/24/04 under W/C-2499.

The Contractor shall be paid the unit price of \$27.00 for each tonne of Class 2 Base constructed. It is estimated that 166 tonnes of Class 2 Base will be installed as part of this change.  
Estimate: 166 tonne X \$27.00/tonne = \$4,482.00

The Contractor shall be paid the unit price of \$107.75 for each square meter of 6" Thick Concrete with Reinforcing Bar constructed. It is estimated that 456 square meters of 6" Thick Concrete with Reinforcing Bar will be installed as part of this change.  
Estimate: 456 square meters X \$107.75/square meter = \$49,134.00

The Contractor shall be paid the unit price of \$58.24 for each square meter of unit pavers installed. This contract change order provides for the installation of the remaining 282 square meters of unit pavers estimated to complete the scope of work detailed in the drawings submitted under W/C-2499.  
Estimate: 282 square meters X \$58.24/square meter = \$16,423.68

The unit prices listed above for tonne of Class 2 Base, square meters of 6" Thick Concrete with Reinforcing Bar, and square meters of unit pavers constitute full compensation for actual quantity of work performed, including all markups for this change. Payments will be based on actual quantity of work performed based on field measurements.

Agreed Price \$70,039.68

Total Change This Supplement:

\$114,039.68 (Increase)



Contract No. 426.1

SDSU Tunnel and Underground Station

File: 426

CONTRACTOR Clark Construction Group, Inc. CCO NO. 98  
 TO: William A. Prey SUPPLEMENT NO. 1  
 FROM: Mark Benson REVISION NO. 0  
 Amount of Change: \$114,039.68 (INCREASE)

Description: OAT Pavers

### THIS CHANGE ORDER PROVIDES FOR

Reconstruction of facilities in the area between Adams Humanities and the Open Air Theater (OAT) as detailed in drawings submitted to the Contractor on 5/24/04 under W/C-2499.

The Advanced Utility contract LRT 426.2 provided for the relocation of utilities in the area between Adams Humanities and the OAT in preparation for the SDSU Tunnel contract LRT 426.1. As part of the utility relocation, the LRT 426.2 contract included reconstruction of the existing facilities impacted by the relocation work which includes the reconstruction of unit pavers. Prior to the reconstruction of the existing facilities by the LRT 426.2 contract, it was determined that the scheduled reconstruction by the LRT 426.2 contract would potentially impact the construction of the Aztec Green by the LRT 426.1 contract. These potential impacts would have been in the form of site access issues. In addition, coordination required to schedule the reconstruction work with the University was better suited to the LRT 426.1 contract. For these reasons, it was decided to eliminate reconstruction of the facilities from the Advanced Utility contract add the work to the SDSU Tunnel contract. A credit change order was issued to the LRT 426.2 contract for elimination of the Bid Items associated with this work.

This contract change order supplements the original contract change order to complete compensation for the entire scope of reconstruction work outlined in the plans submitted to Contractor under W/C-2499. The work was initiated under the original contract change order since a construction window to reconstruct the facilities has only recently been negotiated with the University. This supplement, which will require Board approval, is needed to complete compensation for the work. However, it is anticipated that the Board will approve the change since the work was contemplated in the Advanced Utility contract and was shifted to the SDSU Tunnel contract to mitigate costly delays.

The method of payment for the following work in the area between Adams Humanities and the Open Air Theater (OAT) shall be Extra Work, Force Account, in a dollar amount not to exceed \$44,000.00 for this change.

(continued next page)

WBS TOTALS:  
 WBS Change WBS Balance  
 104261010 \$114,039.68 \$566,174.60

REASONS FOR CHANGE ORDER:  
 Other: 100.00% Schedule Impact Mitigation

MTD BOARD				ESTIMATE OF COST		
					THIS SUPPLEMENT	TOTAL TO DATE THIS CCO
1) AI#	0	/	/	\$0.00		
2) AI#	0	/	/	\$0.00		
3) AI#	0	/	/	\$0.00		
TOTAL				\$0.00		
Approved by				Items	\$0.00	\$0.00
				Force Account	\$44,000.00	\$69,000.00
				Agreed Price	\$70,039.68	\$139,055.96
				Adjustment Comp	\$0.00	\$0.00
				Total	\$114,039.68	\$208,055.96

Name \_\_\_\_\_ Date \_\_\_\_\_

Name \_\_\_\_\_ Date \_\_\_\_\_  
 Project Manager

Name \_\_\_\_\_ Date \_\_\_\_\_  
 Construction Engineer

Name \_\_\_\_\_ Date \_\_\_\_\_  
 Dir of Eng and Const

PENDING CONTRACT CONTINGENCY BALANCE  
 (including this change)  
 \$566,174.60

Mark Benson \_\_\_\_\_ Date \_\_\_\_\_  
 Resident Engineer

Stephen Pare \_\_\_\_\_ Date \_\_\_\_\_  
 CM Project Manager



Sawcut & remove existing concrete as necessary.  
Additional funds for demolition, excavation and grading  
Surveying layout required for construction of the facility.  
Removal and Replacement of concrete panels located at the West Entrance.  
Quality Control material testing and inspection required for construction of the facility.  
Compensation for authorized work performed at premium time.  
Relocation of temporary fence to accommodate the work.

The method of payment for the placement of approximately 166 tonne of Class 2 Base shall be at the agreed unit price of \$27.00 per tonne, including all markups, for an estimated total of \$4,482.00. Payment will be based on actual quantity of work performed based on field measurements.

The method of payment for the placement of approximately 456 square meters of 6" Thick Concrete with Reinforcing Bar shall be at the agreed unit price of \$107.75 per square meter, including all markups, for an estimated total of \$49,134.00. Payment will be based on actual quantity of work performed based on field measurements.

The method of payment for the installation of approximately 282 square meters of unit pavers shall be at the agreed unit price of \$58.24 per square meter, including all markups, for an estimated total of \$16,423.68. Payment will be based on actual quantity of work performed based on field measurements.

Total Cost of this Change Order is \$114,039.68. A complete cost analysis for this change is on file in the project records. Contract time is not affected by this change.

**Approval History**

S/0 General Manager	\$94,016.28 TTD	\$94,016.28	(not approved)
S/1 General Manager	\$114,039.68 TTD	\$208,055.96	(not approved)



Contract No. 426.1

SDSU Tunnel and Underground Station

File: 426

CCO NO. 305  
SUPPLEMENT NO. 2  
REVISION NO. 0  
TO: Clark Construction Group, Inc

Att. L, AI 7, 9/23/04, CIP 10426

You are hereby directed to make the herein described changes from the plans and specifications or do the following described work not included in the plans and specifications on this contract.

NOTE: This change order is not effective until approved by The General Manager

Description of work to be done, estimate of quantities, and prices to be paid. Segregate between additional work at contract price, agreed price and force account. Unless otherwise stated, rates for rental of equipment cover only such time as equipment is actually used and no allowance will be made for idle time.  
Change requested by Engineer

---Adjustment in Contract Time---

A determination of the delay in completion of the contract due to the work specified by contract change orders 305 Supplement 0 and 305 Supplement No. 1 has been made in accordance with the provisions of Section 8-1.07, "Liquidated Damages", of the Standard Specifications. Contract change orders 305 Supplement 0 and 305 Supplement No. 1 will be the controlling item of work from September 21, 2004 through April 1, 2005. The Contractor shall be granted 133 working days as a result of this change.

---Revisions to Special Provisions---

Revise Section 8-1.05 "Milestones" of the Special Provisions as follows:

Description	Completion Date Calendar Days after NTP
Intermediate Milestone A	83
Intermediate Milestone B	90
Intermediate Milestone E	900
Intermediate Milestone F	1,200 (Sept 15, 2004)
Final Milestone G	1,353 (Feb. 15, 2005)

F. Intermediate Milestone F

(continued next page) Total Change This Supplement: \$1,143,765.00 (Increase)

By reason of this order the time of completion will be adjusted as follows: Increase 133 working day(s)

Submitted by: \_\_\_\_\_ Date: \_\_\_\_\_  
Resident Engineer Mark Benson

Recommended by: \_\_\_\_\_ Date: \_\_\_\_\_  
Construction Project Manager Stephen Paré

Recommended by: \_\_\_\_\_ Date: \_\_\_\_\_  
Construction Engineer William A. Prey

Recommended by: \_\_\_\_\_ Date: \_\_\_\_\_  
Director of Engineering & Construction Jim D. Linthicum

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
General Manager Paul Jablonski, CEO

We, the undersigned contractor, have given careful consideration to the change proposed and hereby agree, if this proposal is approved, that we will provide all equipment, furnish all materials, except as may otherwise be noted above, and perform all services necessary for the work above specified, and will accept as full payment therefor the prices shown above.

Accepted, Date \_\_\_\_\_ Contractor: Clark Construction Group, Inc.

By \_\_\_\_\_ Title \_\_\_\_\_

If the contractor does not sign acceptance of this order, his attention is directed to the requirements of the specifications as to proceeding with the ordered work and filing a written protest within the time therein specified.



Contract No. 426.1

SDSU Tunnel and Underground Station

File: 426

CCO NO. 305  
SUPPLEMENT NO. 2  
REVISION NO. 0  
TO: Clark Construction Group, Inc

This Contractor (426.1) shall complete all work as described by these contract documents excluding landscape maintenance, warranty work, punch list items, work associated with the Tunnel/Station Fire Alarm/Linear Heat Detection System, Lonworks System or controls, East and West Indoor Service Switchgear, changed work associated with Aztec Green, Elevator Cladding, Station Platform Sealer, Aztec Terrace, Transit-Way Shelters and Kiosks, Parking Lot G Restoration, Station Control System, East and West Power Service, Security Building Window Frames, Escalator Platform Closure Plates, and Construction of Battery Rooms in the East and West Auxiliary Power Rooms no later than the number of calendar days shown in the table above.

**G. Final Milestone G - Completion of Contract**

This Contractor (426.1) shall complete all work as described by these contract documents including completion of punch list items and all added contract change order work but excluding additional Lonworks changes or additional testing required by MTDB or the State Fire Marshal beyond those immediately resulting from the Factory Acceptance Testing of the Lon Works system performed during the week of June 3, 2004; any electronic problems caused by magnetic, radiant, or conductive interference; compatibility of various system's components or equipment to the Lonworks system; landscape maintenance; and warranty work no later than the number of calendar days shown in the table above.

Revise Section 8-1.06 "Liquidated Damages and Incentive Bonuses" of the Special Provisions as follows:

**A. Liquidated Damages**

The Contractor shall pay to MTDB \$7,500 for each and every calendar day's delay in finishing the work in excess of the number of working days prescribed in Section 8-1.04 "Beginning of Work and Time of Completion", as adjusted by contract change orders.

**B. Incentive Bonuses**

MTDB will pay the Contractor a "No Excuse Bonus" if the Milestone work as described above is completed, as determined by the Engineer, on or before the number of calendar days from the Notice to Proceed ("No Excuse Bonus" Milestone Completion Date) and subject to the conditions precedent set forth below.

The term "calendar day" as used in this section shall mean every day shown on the calendar. Calendar days will be consecutively counted from the date of Notice to Proceed regardless of weather, weekends, holidays, suspensions of contractor's operations, delays or other events as described herein. For purposes of the calculation and the determination of entitlement to the "No Excuse Bonus" completion date will not be adjusted for any reason, cause or circumstance whatsoever, regardless of fault, save and except in the instance of a catastrophic event.

Milestones as described in the revisions to Section 8-1.05 included in this change and the amounts of "No Excuse Bonus" are

Description	Bonus
Intermediate Milestone A	\$300,000
Intermediate Milestone B	\$100,000
Intermediate Milestone E	\$1,800,000
Intermediate Milestone F	\$300,000
Final Milestone G	\$300,000
Maximum bonus - all milestones	\$2,800,000

MTDB and the Contractor anticipate that delays may be caused by or arise from any number of events during the course of the Contract, including but not limited to, work performed, work deleted, change orders, supplemental agreements, delays, disruptions, differing site conditions, utility conflicts, design changes or defects, time extensions, extra work, right of way issues, permitting issues, actions of suppliers, subcontractors, or other contractors, actions by third parties, shop drawing approval process delays, expansion of the physical limits of the project to make it functional, weather, weekends, holidays, suspensions of Contractor's operations, or other such events, forces or factions, sometimes experienced in construction work. Such delays or events and their potential impacts on performance by the Contractor are specifically contemplated and acknowledged by the parties entering into this contract and shall not extend the "No Excuse Bonus" Completion Dates set forth above. Further, any and all costs or impacts whatsoever incurred by the Contractor in accelerating the Contractor's work to overcome or absorb such delays or events in an effort to complete the milestones by the "No Excuse Bonus" Completion Dates, regardless of whether the Contractor successfully does so or not, shall be the sole responsibility of the Contractor in every instance.

In the event of a catastrophic event (i.e., earthquake or declared state of emergency) directly and



Contract No. 426.1

SDSU Tunnel and Underground Station

File: 426

CCO NO. 305  
SUPPLEMENT NO. 2  
REVISION NO. 0  
TO: Clark Construction Group, Inc

substantially affecting the Contractor's operations on the contract, the Contractor and MTDB shall agree as to the number of calendar days to extend the "No Excuse Bonus" Completion Dates. In the event the Contractor and MTDB are unable to agree to the number of calendar days to extend the "No Excuse Bonus" Completion Date, MTDB shall unilaterally determine the number of calendar days to extend the "No Excuse Bonus" Completion Dates reasonable necessary and solely to such catastrophic event, and the Contractor shall have no right whatsoever to contest such determination.

The Contractor shall have no rights under the contract to make any claim arising out of this "No Excuse Bonus" provision except as is expressly set forth in this Article.

As conditions precedent to the Contractor's entitlement to and "No Excuse Bonus" the Contractor must:

1. Actually complete the milestones and obtain interim (in case of intermediate milestones) or final acceptance by MTDB, as determined by the Engineer, on or before the "No Excuse Bonus" Completion Date.
2. The Contractor shall notify the Department in writing, within 30 days of the interim or final acceptance of the work in the contract by MTDB, that the Contractor elects to be paid the "No Excuse Bonuses" which the Contractor is eligible to be paid based on the actual acceptance date, and such written notice shall constitute a full and complete waiver, release and acknowledgement of a satisfaction by the Contractor of any and all claims, causes of action, issues, demands, disputes, matters of controversies, of any nature or kind whatsoever, known or unknown, against MTDB, its employees, officers, agents, representatives, consultants, and their respective employees, officers and representatives, the Contractor has or may have as to work performed, work deleted, change orders, supplemental agreements, delays, disruptions, differing site conditions, utility conflicts, design changes or defects, time extensions, extra work, right-of-way issues, permitting issues, actions of suppliers or subcontractors or other contractors, actions by third parties, shop drawing approval process delays, expansion of the physical limits of the project to make it functional, weather, weekends, holidays, suspensions of Contractor's operations, extended or unabsorbed home office or job site overhead, lump costs, maintenance of traffic adjustments, lost profits, prime mark-up on subcontractor work, acceleration costs, any and all direct and indirect costs, any other adverse impacts, events, conditions, circumstances or potential damages, on or pertaining to, as to or arising out of the contract. This waiver, release or acknowledgement of satisfaction shall be all-inclusive and absolute, save and except any routine MTDB final estimating quantity adjustments.

Should the Contractor fail to complete one or more of the milestones, he will receive the "No Excuse Bonus", less an amount per day of lateness, as shown on the following table. The maximum number of charged days late is 15 calendar days.

Description	Amount
Intermediate Milestone A	\$10,000 per calendar day
Intermediate Milestone B	\$10,000 per calendar day
Intermediate Milestone E	\$15,000 per calendar day
Intermediate Milestone F	\$10,000 per calendar day
Final Milestone G	\$10,000 per calendar day

Should the Contractor fail to actually complete the milestones and obtain interim or final acceptance by MTDB as determined by the Engineer on or before the "No Excuse Bonus" Completion Dates as described in this change order, or including by not limited to the Contractor choosing not to fully waive, release, and acknowledge satisfaction as set forth in (2) above, the Contractor shall have no right to any payment whatsoever under this Article, and liquidated damages will be charged as outlined in this change order.

In the event the Contractor elects to exercise the "No Excuse Bonus Payment" provision, should this provision conflict with any other provision of the contract, the contract shall be interpreted in accordance with this provision.

#### Estimate of Extra Work at Force Account

In accordance with Section 4-1.03D "Extra Work" of the Standard Specifications and as directed by the Engineer, compensate the Contractor for extended and unabsorbed overhead costs associated with the time period from February 16, 2005 to the date of contract acceptance or April 1, 2005, whichever comes first, as provided for in this Change Order. This work shall be performed in an amount not to exceed \$60,000.00.

The signing of the Change Order indicates that the Change Order constitutes full and complete compensation for the changed work, and that the time and cost under the Change Order constitutes the total equitable adjustment owed the Contractor as a result of the change.



Contract No. 426.1

SDSU Tunnel and Underground Station

File: 426

CCO NO. 305  
SUPPLEMENT NO. 2  
REVISION NO. 0  
TO: Clark Construction Group, Inc

Force Account Estimate \$60,000.00

Estimate of Adjustment Compensation

The Contractor agrees to accept the lump sum of \$1,083,765.00 for unabsorbed overhead costs associated with changed work performed between June 22, 2004 and September 20, 2004 and extended and unabsorbed overhead costs associated with the time period from September 21, 2004 to February 15, 2005 as provided for in this Change Order.

Adjustment Comp. Estimate \$1,083,765.00

Total Change This Supplement: \$1,143,765.00 (Increase)



Contract No. 426.1

SDSU Tunnel and Underground Station

File: 426

CONTRACTOR	Clark Construction Group, Inc.	CCO NO.	305
TO:	William A. Prey	SUPPLEMENT NO.	2
FROM:	Mark Benson	REVISION NO.	0
		Amount of Change	\$1,143,765.00 (INCREASE)
Description	Fire Alarm System Installation		

### THIS CHANGE ORDER PROVIDES FOR

This change order provides for the following:

- Adjusting contract time due to work specified by contract change orders 305 Supplement 0 and 305 Supplement No. 1.
- Compensation for extended and unabsorbed overhead costs associated with the time extension provided for in this Change Order.
- Revising Sections 8-1.05 "Milestones", and 8-1.06 "Liquidated Damages and Incentive Bonuses" of the Special Provisions.

After a review of the Fire Alarm System included in the LRT-10426.1 contract for the Mission Valley East project, the State Fire Marshall has determined that additional features are required to complete the system. These additional features include the installation of a voice annunciated warning system and a linear heat detection system for the SDSU tunnel and tunnel station which will be compatible with the Fire Alarm System included in the contract. These features are required in order to gain an occupancy permit for the tunnel and station from the State Fire Marshall. A redesign of the Fire Alarm System to include these features is now complete and has been approved by the Fire Marshall.

CCO 305 S0 and CCO 305 S1 provided for the direct costs of the procurement, installation, programming and testing of the voice annunciated fire alarm and linear heat Detection System. Contract time was deferred on these change orders to allow for an analysis of the time required for the added work since the added work was determined to be the controlling operation. A determination of the delay in completion of the contract due to the work specified by contract change orders 305 Supplement 0 and 305 Supplement 1 has been made in accordance with the provisions of Section 8-1.07, "Liquidated Damages", of the Standard Specifications. Contract change orders 305 Supplement 0 and 305 Supplement No. 1 will be the controlling item of work from September 21, 2004 through April 1, 2005. The Contractor shall be granted 133 working days as a result of this change. An analysis of this adjustment of contract time is on file with the project records.

(continued next page.)

WBS TOTALS		
WBS	Change	WBS Balance
104261010	\$1,143,765.00	(\$589,588.04)

REASONS FOR CHANGE ORDER:  
 Design Omission: 50.00%  
 Agency Requirement: 50.00%

MTD BOARD		ESTIMATE OF COST	
1) AI#	0	\$0.00	
2) AI#	0	\$0.00	
3) AI#	0	\$0.00	
TOTAL		\$0.00	
Approved by		Force Account	\$60,000.00
		Agreed Price	\$0.00
		Adjustment Comp	\$1,083,765.00
		Total	\$1,143,765.00
			\$2,438,681.00

Name \_\_\_\_\_ Date \_\_\_\_\_

PENDING CONTRACT CONTINGENCY BALANCE  
 (including this change)  
 (\$589,588.04)

Name \_\_\_\_\_ Date \_\_\_\_\_  
 Project Manager

Name \_\_\_\_\_ Date \_\_\_\_\_  
 Construction Engineer

Name \_\_\_\_\_ Date \_\_\_\_\_  
 Dir of Eng. and Const.

Mark Benson \_\_\_\_\_ Date \_\_\_\_\_  
 Resident Engineer

Stephen Paré \_\_\_\_\_ Date \_\_\_\_\_  
 CM Project Manager



This supplement also revises Sections 8-1.05 "Milestones", and 8-1.06 "Liquidated Damages and Incentive Bonuses" of the Special Provisions. The work of CCO 305, which was added towards the end of the contract, was so large in nature that it impacted the Contractor's ability to complete the project within the original specified number of contract days. This, along with other changes, resulted in eliminating the Contractor's ability to achieve the Final Milestone even though the Contractor had expended the expected effort required to earn the Final Milestone No-Excuse Bonus. In addition, the anticipated completion date of April 1, 2005 for the work of CCO 305 would impact the Startup schedule affecting the beginning of revenue operations. In an effort to provide the Contractor incentive for an earlier finish for the large magnitude of added work and avoid delays to Startup, the original final Milestone has been split with the revised Final Milestone adjusted to February 15, 2005. Liquidated damages on the contract have also been revised to occur after the last working day of April 1, 2005 independent of the Final Milestone. This was revised due to the risk associated with potential changes resulting from the Fire Marshal's review of the completed work.

The method of payment for unabsorbed overhead costs associated with changed work performed between June 22, 2004 and September 20, 2004 and extended and unabsorbed overhead costs associated with the time period from September 21, 2004 to February 15, 2005 shall be an adjustment of compensation at lump sum. The Contractor shall be compensated the lump sum of \$1,083,765.00, including all markups, for this change. An analysis of the Contractor's field office overhead in support of this change is on file with the project records.

The method of payment for extended and unabsorbed overhead costs that may be associated with the time period from February 16, 2005 to the date of contract acceptance or April 1, 2005, which ever comes first, shall be extra work at force account in an amount not to exceed \$60,000.00. This provision was added due to the risk associated with potential changes resulting from the Fire Marshal's review of the completed work.

The total cost of this change will be \$1,143,765.00. As discussed above, a complete cost analysis for this work is on file with the project records. Dan Martin with SANDAG concurs with this change.

**Approval History**

S/0 General Manager	\$500,000.00 TTD	\$500,000.00	06/29/04
S/1 General Manager	\$794,916.00 TTD	\$1,294,916.00	08/18/04
S/2 General Manager	\$1,143,765.00 TTD	\$2,438,681.00	(not approved)





# EQUAL OPPORTUNITY PROGRAM WORKFORCE REPORT

Att. M, AI 7, 9/23/04, CIP 10426

The Metropolitan Transit Development Board (MTDB) enforces an Equal Employment Opportunity (EEO) program established under policies and procedures No. 26. This program prohibits discrimination in employment and requires MTDB contractors to be equal opportunity employers. You may submit a copy of the Employer Information Report, EEO-1, in lieu of this form.

**PLEASE COMPLETE ALL SECTIONS OF THIS FORM.**

**A. NAME OF COMPANY:**

Washington Group International, Inc.

**B. AKA/DBA:**

**C. ADDRESS OF ESTABLISHMENT LOCATED IN SAN DIEGO COUNTY (if different from above):**

7199 Alvarado Road, La Mesa CA 91941-3302

Phone: 619-668-4970 Fax: 619-668-4976

**D. If there is no office in San Diego County, or if there are less than 15 employees in that office, include an address for your regional office that will oversee the work under MTDB's contract.**

City \_\_\_\_\_ County \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_



# E. EMPLOYMENT DATA

Include the employees located in San Diego County only, unless your firm employs fewer than 15 people locally. In that event, you should list the workforce of the regional office that will oversee the work under MTDB's contract. Report all permanent full-time and part-time employees including apprentices and on-the-job trainees. Blank spaces will be considered as zeros.

Occupational Category	African American		Hispanic		Asian or Pacific Islander		Native American		Other		Overall Total
	M	F	M	F	M	F	M	F	M	F	
Executive/Managerial									1		1
Engineers/Architects/Surveyors			3		5	1			12	2	23
Professionals (N.E.C.)											
Technicians	1				1	1			14	1	18
Sales											
Administrative Support										1	1
Protective Services											
Services (N.E.C.)											
Craft Workers (Skilled)											
Machine Operators, Assemblers and Inspectors											
Transportation and Material Moving											
Laborers (Unskilled)											
<b>Totals For Each Column</b>	1		3		6	2			27	4	43

Indicate by gender and ethnic code the number of the above workforce which are persons with disabilities.

Disabled											
----------	--	--	--	--	--	--	--	--	--	--	--

F. THE UNDERSIGNED HEREBY CERTIFIES THAT THE FOREGOING DATA CONTAINED HEREIN IS TRUE AND CORRECT.

AUTHORIZED SIGNATURE

STEPHEN J. PARE

PROJECT MANAGER

8/26/04

NAME OF SIGNEE

TITLE

DATE

G. NAME, ADDRESS AND PHONE NUMBER OF PERSON TO CONTACT REGARDING THIS REPORT.

STEPHEN J. PARE 7199 ALVARADO ROAD LAMPSA, CA. 91941

LTorio/WORKFORCE/5-02

Metropolitan Transit Development Board

1255 Imperial Avenue, Suite 1000

San Diego, CA 92101-7490

M-2





# EQUAL OPPORTUNITY PROGRAM WORKFORCE REPORT

Att. N, AI 7, 9/23/04, CIP 10426

The Metropolitan Transit Development Board (MTDB) enforces an Equal Employment Opportunity (EEO) program established under policies and procedures No. 26. This program prohibits discrimination in employment and requires MTDB contractors to be equal opportunity employers. You may submit a copy of the Employer Information Report, EEO-1, in lieu of this form.

PLEASE COMPLETE ALL SECTIONS OF THIS FORM.

A. NAME OF COMPANY:

Clark CONSTRUCTION GROUP, Inc

B. AKA/DBA:

C. ADDRESS OF ESTABLISHMENT LOCATED IN SAN DIEGO COUNTY (if different from above):

5157 COLLEGE AVE

SAN DIEGO CA 92115

D. If there is no office in San Diego County, or if there are less than 15 employees in that office, include an address for your regional office that will oversee the work under MTDB's contract.

3100 BRISTOL STREET Suite 100

Costa Mesa CA 92626

City Costa Mesa County ORANGE State CA Zip 92626



# E. EMPLOYMENT DATA

Include the employees located in San Diego County only, unless your firm employs fewer than 15 people locally. In that event, you should list the workforce of the regional office that will oversee the work under MTDB's contract. Report all permanent full-time and part-time employees including apprentices and on-the-job trainees. Blank spaces will be considered as zeros.

Occupational Category	African American		Hispanic		Asian or Pacific Islander		Native American		Other		Overall Total
	M	F	M	F	M	F	M	F	M	F	
Executive/Managerial			1						10	1	12
Engineers/Architects/Surveyors											
Professionals (N.E.C.)											
Technicians											
Sales											
Administrative Support											
Protective Services											
Services (N.E.C.)											
Craft Workers (Skilled)									2		2
Machine Operators, Assemblers and Inspectors											
Transportation and Material Moving											
Laborers (Unskilled)											
<b>Totals</b> For Each Column			1						12	1	14

Indicate by gender and ethnic code the number of the above workforce which are persons with disabilities.

Disabled											
----------	--	--	--	--	--	--	--	--	--	--	--

F. THE UNDERSIGNED HEREBY CERTIFIES THAT THE FOREGOING DATA CONTAINED HEREIN IS TRUE AND CORRECT.

AUTHORIZED SIGNATURE

James M. Day

JAMES M. DAY  
NAME OF SIGNEE

PROD EXEC.  
TITLE

4/15/04  
DATE

G. NAME, ADDRESS AND PHONE NUMBER OF PERSON TO CONTACT REGARDING THIS REPORT.

Todd McQuinn, 5157 College Ave S.D. 92115 - 619 - 286-5014

LTorio/WORKFORCE/5-02

Metropolitan Transit Development Board  
1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490





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 Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

ADM 122.2  
(PC 30100)

September 23, 2004

Subject:

MTDB: PROPOSED AMENDMENT TO CONFLICT OF INTEREST CODE

### RECOMMENDATION:

That the Board of Directors approve the Proposed Amendment to Conflict of Interest Code for distribution and direct staff to publish the Notice of Intent to Amend MTDB's Conflict of Interest Code to commence the public comment period.

### Budget Impact

None.

### DISCUSSION:

This report recommends the approval of the attached Notice and Proposed Amendment to Conflict of Interest Code for distribution. Approval for distribution will commence the 45-day public comment period required by the Political Reform Act (Government Code Sections 81000 et. Seq.). The Proposed Amendment reflects changes to MTDB's existing Conflict of Interest Code, necessary updates to the list of designated positions subject to filing annual economic disclosure statements, and the financial disclosure categories applicable to such designated positions.

The Political Reform Act, Government Code Sections 91000, et seq., requires MTDB to adopt and promulgate a conflict of interest code. The Fair Political Practices Commission (FPPC) has adopted Title 2 of the California Code of Regulations, Section 18730, which contains a model conflict of interest code. The model conflict of



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.



interest code can be incorporated by reference into a public agency's conflict of interest code. Staff recommends amending our existing code (Attachment A) by incorporating the provisions of the standard model conflict of interest code set forth in Section 18730 (Attachment B). This will keep MTDB's Conflict of Interest Code current when changes are made by the FPPC.

In addition, Government Code Section 87302 requires MTDB to specifically enumerate the positions within our organization that involve the making, or participation in the making, of decisions which may foreseeably have a material effect on any financial interest. Identified positions require the employee to specify reportable investments, business positions, interests in real property, and sources of income. MTDB's existing Conflict of Interest Code specifies the designated positions subject to the reporting requirements and the categories of reportable economic interests. Changes in MTDB's organization and classification of divisions and staff positions, including changes of title and additional staff positions, have occurred since the adoption of the existing Conflict of Interest Code in September 2002 and MTDB is therefore required to update its list of identified positions. The Proposed Amended Conflict of Interest Code (Attachment B) includes newly designated positions and reclassifications.

Finally, prior to adopting the proposed changes, MTDB must provide the public with a 45-day period to make comments or request a public hearing on the proposed changes to the Conflict of Interest Code. Attachment C is the Notice of Intention to Amend MTDB's Existing Conflict of Interest Code. If authorized by the Board, staff will publish the notice during the first part of October, and the public comment period will close on November 15, 2004. Following the close of the public comment period, the Board must transmit the Amended Conflict of Interest Code to the County Board of Supervisors for final approval on or before December 31, 2004. Staff will return this item to the Board for final adoption of the Amended Conflict of Interest Code once the public comment period is closed.



Paul C. Jablonski  
Chief Executive Officer

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

JGarde  
SEPT23-04.8.TLOREN  
9/9/04

Attachments:	A. Existing Conflict of Interest Code	}	Board Only
	B. Proposed Amended Conflict of Interest Code		
	C. Notice of Intention to Amend MTDB's Existing Conflict of Interest Code		
	D. Exhibit A		
	E. Exhibit B		
	F. Exhibit C		



CONFLICT OF INTEREST CODE  
OF THE  
SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD

SECTION 100. PURPOSE

Pursuant to the provisions of Government Code Sections 87300, et seq., the San Diego Metropolitan Transit Development Board (Agency) in the County of San Diego hereby adopts the following Conflict of Interest Code. Nothing contained herein is intended to modify or abridge the provisions of the Political Reform Act of 1974 (Government Code Section 81000). The provisions of this Code are additional to Government Code Section 87100 and other laws pertaining to conflicts of interest (including, but not limited to, Government Code Section 1090, et seq.). Except as otherwise indicated, the definitions of said Act and regulations adopted pursuant thereto are incorporated herein and this Code shall be interpreted in a manner consistent therewith.

SECTION 200. DESIGNATED POSITIONS

The positions listed on Exhibit A are designated positions. Officers and employees holding those positions are designated employees and are deemed to make, or participate in the making of, decisions that may foreseeably have a material effect on a financial interest.

SECTION 300. DISCLOSURE STATEMENTS

Designated positions shall be assigned to one or more of the disclosure categories set forth in Exhibit B. Each designated employee shall file an annual statement disclosing the employee's interest in investments, real property, and income, designated as reportable under the category to which the employee's position is assigned on Exhibit A.

SECTION 400. PLACE AND TIME OF FILING STATEMENTS

- A. Members of governing boards shall file the original with the agency that shall make and retain a copy and forward the original to the Clerk of the Board of Supervisors.
- B. All other designated employees required to submit a statement of financial interest shall file the original with the Agency.
- C. A designated employee shall submit an initial statement of financial interest within 30 days after the effective date of this Code.
- D. A person who, after the effective date of this Code, is elected, appointed, promoted, or transferred to a designated position of the Agency shall file the statement within 30 days after such election, appointment, promotion, or transfer.



- E. Any other person who, after the effective date of this Code is appointed, promoted, or transferred to a designated position shall file the statement not less than 10 days before the person assumes the designated position to which he is elected, appointed, promoted, or transferred, unless an earlier assumption of the position is required by emergency circumstances certified to by the Agency, in which case the Statement shall be filed within 30 days after assumption of the designated position.
- F. Annual statements shall be filed during the month of March by all designated employees. Such statements shall cover the period of the preceding year or from date of filing initial statement.
- G. Closing statements shall be filed within 30 days of leaving a designated position. Such statements shall cover the period from the closing date of the last statement filed to the date of leaving the position.

## SECTION 500. CONTENTS OF DISCLOSURE STATEMENTS

Disclosure statements shall be made on forms prepared or approved by the Code Reviewing Body and supplied by the Agency and shall contain the following information:

### A. Contents of Investment and Real Property Reports

When an investment, or an interest in real property, is required to be reported, the statement shall contain:

1. A statement of the nature of the investment or interest.
2. The name of the business entity in which each investment is held and a general description of the business activity in which the business entity is engaged.
3. The address or other precise location of the real property.
4. A statement of whether the fair market value of the investment, or interest in real property, exceeds two thousand dollars (\$2,000), exceeds ten thousand dollars (\$10,000), exceeds one hundred thousand dollars (\$100,000), or exceeds one million dollars (\$1,000,000).

Disclosure of location or value of principal residence is not required.

### B. Contents of Personal Income Reports

When personal income is required to be reported, the statement shall contain:

1. The name and address of each source of income aggregating five hundred dollars (\$500) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source.



2. A statement of whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars (\$1,000) or less, greater than one thousand dollars (\$1,000), greater than ten thousand dollars (\$10,000), or greater than one hundred thousand dollars (\$100,000).
3. A description of the consideration, if any, for which the income was received.
4. In the case of a gift, the name, address, and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received.
5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

C. Contents of Business Entity Reports

When income of a business entity, including income of a sole proprietorship, is required to be reported under this article, the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity.
2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).

D. Contents of Initial Statement

The first report filed by an employee following adoption of this Code or upon appointment to a designated position or by a candidate for election to an agency office shall disclose any reportable investments and interests in real property. Income shall not be reported.

E. Contents of Annual Statements

The annual statement filed by a designated employee shall disclose any reportable investments, interests in real property, and income during the period since the previous statement was filed.

F. Contents of Leaving Office Statements

The leaving of office statement filed by designated employees shall disclose reportable investments, interests in real property, and income during the period since the closing date of the previous statement filed pursuant to this Code. The statement shall include any investments in business entities, interests in real property, and income held or received at any time during the period covered by the statement, whether or not they are still held at the time of filing.



G. Acquisition or Disposal During Reporting Period

If any otherwise reportable investment or interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the date of acquisition or disposal shall be reported.

SECTION 600. DISQUALIFICATIONS

Designated employees shall disqualify themselves from making or participating in the making or in any way attempting to use their official position to influence a governmental decision when it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on:

- A. Any business entity in which the designated employee has a direct or indirect investment worth two thousand dollars (\$2,000) or more.
- B. Any real property in which the designated employee has a direct or indirect interest worth two thousand dollars (\$2,000) or more.
- C. Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.
- D. Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management.
- E. Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating three hundred and twenty dollars (\$320) or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

SECTION 601. MATERIAL FINANCIAL EFFECT

- A. A public official has a financial interest in a decision within the meaning of Section 87100 if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the official, a member of his or her immediate family, or on any of the following:
  - 1. Any business entity in which the public official has a direct or indirect investment worth two thousand dollars (\$2,000) or more.
  - 2. Any real property in which the public official has a direct or indirect interest worth two thousand dollars (\$2,000) or more.
  - 3. Any source of income, except gifts or loans by a commercial lending institution made in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided or promised



to, received by, the public official within 12 months prior to the time when the decision is made.

4. Any business entity in which the public official is a director, officer, partner, trustee, employee, or holds any position of management.

B. In determining the existence of a material effect upon a financial interest, consideration should be given, but not be limited to, an analysis of the following factors:

1. In the case of a business entity in which the designated employee has a direct or indirect investment worth more than two thousand dollars (\$2,000), or in the case of a designated employee who is a director, officer, partner, trustee, employee, or holds any position of management in a business entity.

2. In the case of any real property in which the designated employee has a direct or indirect interest worth more than two thousand dollars (\$2,000).

3. In the case of a source of income of a designated employee as defined in Government Code Section 87103(c).

C. The making or participation in the making of any governmental decision by a contract consultant or by a person retained to provide information, advice, recommendation, or counsel has no material financial effect on a business entity or source of income in which such consultant or person retained is an officer, employee, sole proprietor, or partner, if the only financial effects of the decision are the modification, perpetuation, or renewal of the contractual or retainer agreement and/or the opportunity to bid competitively on a project or contract.

D. As used in this section, "indirect investment or interest" has the meaning given that term in Government Code Section 87103.

## SECTION 602. EXCEPTION TO DISQUALIFICATION REQUIREMENT

Section 600 does not require a designated employee to disqualify himself, herself, or itself from making or participating in the making of any MTDB decision to the extent his, her, or its participation is legally required for the action or decision to be made. The fact that a designated employee's vote is needed to break a tie does not make his, her, or its participation "legally required" for purposes of this section.

## SECTION 700. MANNER OF DISQUALIFICATION

A designated employee required to disqualify himself or herself shall notify his or her supervisor in writing. This notice shall be forwarded to the Appointing Authority, who shall record the employee's disqualification. Upon receipt of such statement, the supervisor shall immediately reassign the matter to another employee.



In the case of a designated employee who is a member of the governing board of the Agency, notice of disqualification shall be given at the meeting during which consideration of the decision takes place and shall be made part of the official record of the Board. The member shall then refrain from participating and shall attempt in no way to use his or her official position to influence any other person with respect to the matter.

#### SECTION 800. DEFINITION OF TERMS

Except as otherwise provided, the definitions contained in the Political Reform Act of 1974 (Government Code Section 81000 et seq.), the regulations of the Fair Political Practices Commission, and any amendments to the Act or Regulations, shall be incorporated into this Conflict of Interest Code.

#### SECTION 900. EFFECTIVE DATE OF CODE

This Conflict of Interest Code shall become effective 30 days after approval by the Code Reviewing Body, the Board of Supervisors of San Diego County.

DGunn/SSStroh / COI  
MTDBCOIC  
8/23/02

Attachments: A. Exhibit A — Designated Positions  
B. Exhibit B — Categories of Reportable Economic Interests



EXHIBIT A  
DESIGNATED POSITIONS

1. Board Members and Alternates
2. General Manager
3. Deputy General Manager/General Counsel
4. Directors of Finance and Administration, Engineering and Construction, Planning and Development, Marketing and Community Relations, and Multimodal Operations
5. All Professional Staff, including professional loan staff from other agencies under contract to MTDB, except such loan staff on rotational training assignments of less than 12 months' duration
6. Clerk of the Board
7. Assistant Clerk of the Board
8. Copy Center Coordinator
9. Consultants retained by MTDB, including key management personnel, as designated in writing by the General Manager as a person(s) who may reasonably be expected to make, participate in making, or in any way attempt to use his, her, or its positions as a "consultant" to influence an MTDB decision in which the person might reasonably be expected to have a financial interest

Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The General Manager may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and, thus, is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties, and based upon that description, a statement of the extent of disclosure requirements. The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

DGunn/SStroh / COI  
EXHACOIC  
8/23/02



## EXHIBIT B

### CATEGORIES OF REPORTABLE ECONOMIC INTERESTS

#### CATEGORY 1. ALL-INCLUSIVE REPORTABLE INVESTMENTS

Category 1 reportable investments are all investments in which the designated employee, his/her spouse, or dependent children had a direct, indirect, or beneficial interest totaling \$2,000 or more at any time during the reporting period. Examples include investments such as:

- a. stocks, bonds, warrants, and options, including those held in margin or brokerage accounts
- b. any business entity controlled by the designated employee (i.e., any business entity in which the designated employee, his or her agents, spouse, and dependent children hold more than a 50 percent ownership interest)
- d. a trust in which the designated employee has a 10 percent or greater ownership interest (i.e., a trust in which the designated employee, his or her spouse and dependent children have a present or future interest worth more than \$2,000)
- e. a pro rata share (worth more than \$2,000) of the designated employee, his or her spouse and dependent children, of investments of any business entity or trust in which the designated employee, his or her spouse and dependent children own, directly, indirectly, or beneficially, a 10 percent interest or greater.

"Investment" means any financial interest in or security issued by an MTDB-related business entity, including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments, and any partnership or other ownership interest.

A business entity is "MTDB-related" if and only if the business entity or any parent, subsidiary, or otherwise related business entity:

- a. supplies or proposes to supply any goods or services directly or indirectly to MTDB.
- b. is an adverse party to MTDB in a legal proceeding
- c. has been granted, or proposes to be granted, authority to use any of the facilities of MTDB
- d. has an interest in real property that is located within one mile of any proposed or adopted fixed guideway transit route or station
- e. is subject to the regulatory, permit, or licensing authority of MTDB

(The term "parent, subsidiary, or otherwise related business entity" shall be construed as specifically defined by the Commission.)

No asset is deemed an "investment" unless its fair market value exceeds \$2,000.



The term "investment" does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, or any bond or other debt instrument issued by any government or government agency.

## CATEGORY 2. ALL-INCLUSIVE REPORTABLE INTERESTS IN REAL PROPERTY

Category 2 reportable interests in real property are all interests (worth more than \$2,000) in real property (excluding a principal residence) which is located within the MTDB area of jurisdiction; and

If such interests are:

- a. held or owned by the designated employee, his or her spouse and dependent child; or
- b. the pro rata share (worth more than \$2,000) of interests in which the designated employee or spouse owns, directly, indirectly, or beneficially, a 10 percent interest or greater.

"Interest in real property" includes any leasehold, beneficial or ownership interest, or an option to acquire such an interest, in real property.

## CATEGORY 3. ALL-INCLUSIVE REPORTABLE INCOME

Category 3 reportable income comprises all income of the designated employee from any MTDB-related source aggregating \$350 or more (or \$320 or more in the case of gifts) during the reporting period.

- a. "Income" means, except as provided in subsection 2., income of any nature from any MTDB-related source, including but not limited to any salary, wage, advance, payment, dividend, interest, rent, capital gain, return of capital, gift, including any gift of food or beverage, loan, forgiveness or payment of indebtedness, discount in the price of anything of value unless the discount is available to members of the public without regard to official status, rebate, reimbursement for expenses, per diem, or contribution to an insurance or pension program paid by any person other than an employer, and including any community property interest in income of a spouse from an MTDB-related source. Income also includes a pro rata share of any income of any MTDB-related business entity or trust in which the designated employee or spouse owns, directly, indirectly, or beneficially, a 10 percent interest or greater.

A source, business entity, or trust is "MTDB-related" if and only if he, she, or it:

- 1. Supplies or proposes to supply any goods or services directly or indirectly to MTDB
- 2. Is an adverse party to MTDB in a legal proceeding
- 3. Has been granted, or proposes to be granted, authority to use any of the facilities of MTDB
- 4. Has an interest in real property that is located within one mile of any proposed or adopted fixed guideway transit route or station
- 5. Is subject to the regulatory, permit, or licensing authority of MTDB



b. Examples of "income" that are not included are:

1. Campaign contributions required to be reported under Chapter 4 of the Act
2. Salary and reimbursement for expenses or per diem received from a state or local government agency and reimbursement for travel expenses and per diem received from a bona fide educational, academic, or charitable organization
3. Gifts of informational material, such as books, pamphlets, reports, calendars, or periodicals
4. Gifts which are not used and which, within 30 days after receipt, are returned to the donor or delivered to a charitable organization without being claimed as a charitable contribution for tax purposes
5. Gifts from an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, aunt, uncle, or first cousin or the spouse of any such person, provided that a gift from any such person shall be considered income if donor is acting as an agent or intermediary for any person not covered by this paragraph
6. A cash bequest or cash inheritance
7. Interest, dividends, or premiums on a time and demand deposit in a financial institution, shares in a credit union or any insurance policy, payments received under any government or government agency
8. Dividends, interest from, or any other return on a security that is registered with the Securities and Exchange Commission of the United States Government
9. Loans by a commercial lending institution in the regular course of business

A more comprehensive list of income that is not included appears in Schedule E of Form 700, "Statement of Economic Interests."

DGunn/SStroh / COI  
EXHBCOIC  
8/23/02



**PROPOSED AMENDED CONFLICT OF INTEREST CODE**

Pursuant to the Political Reform Act, Government Code Sections 81000, et seq., MTDB hereby adopts 2 Cal. Code of Regs., Section 18730, which contains the terms of a standard model conflict of interest code. The standard model conflict of interest code can be incorporated by reference and may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission, along with the attached exhibits in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute MTDB's Conflict of Interest Code.

Designated employees and consultants shall file statements of economic interests with MTDB's General Counsel annually during the month of January and those statements will be made available as public records. (Gov. Code Section 81008). Statements for all designated employees will also be sent to the San Diego County Board of Supervisors.

Consultants will be added to the list in Exhibit B if MTDB enters into contracts with persons who, in the opinion of MTDB, may reasonably be expected to make, participate in making, or in any way attempt to use his or her position as a consultant to influence a governmental decision in which the person might reasonably be expected to have a financial interest. If MTDB enters into such a contract, the position shall be listed by the name or job title of each person classified as a designated employee in any contract that MTDB enters into for consulting services with a person or business entity (whether or not a nonprofit entity).



**NOTICE OF INTENTION TO AMEND**  
**METROPOLITAN TRANSIT DEVELOPMENT BOARD'S**  
**CONFLICT OF INTEREST CODE**

As authorized by Title 2, California Code of Regulations, Section 18730, the Metropolitan Transit Development Board intends to amend its Conflict of Interest Code by adopting by reference the provisions of Section 18730, along with providing a list of designated positions and disclosure categories.

Reflecting agency consolidation under Senate Bill 1703, additional positions have been added to MTDB's staff that includes significant involvement in the processes MTDB uses to select and contract with consultants, contractors, and vendors. Therefore, modifications need to be added to the list of designated employees covered by MTDB's Conflict of Interest Code. MTDB has prepared a written explanation of the reasons for the additional designations and the disclosure responsibilities, and has available all of the information upon which its proposal is based.

A copy of the proposed amended Conflict of Interest Code, including the titles of the additional designated employee positions, is attached to the Notice. Written comments and oral inquiries concerning the proposed amended Code may be submitted to: Tiffany Lorenzen, General Counsel, MTDB, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101, (619) 557-4512. Written comments must be received by the close of the written comment period in order to be considered by MTDB before it amends its Conflict of Interest Code. The closing date for the written comment period is November 15, 2004.

Any interested person, or his or her duly authorized representative, may request a public hearing on MTDB's proposed amended Conflict of Interest Code no later than 15 days prior to the close of the written comment period.



## EXHIBIT A

**TITLE 2. Administration****Division 6. Fair Political Practices Commission****Chapter 7. Conflicts of Interest****Article 2. Disclosure****§18730. Provisions of Conflict of Interest Codes.****§18730. Provisions of Conflict of Interest Codes.**• Note • History

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code section 87300 or the amendment of a conflict of interest code within the meaning of Government Code section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Government Code sections 81000, *et seq.* The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Government Code section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. sections 18100, *et seq.*), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on financial interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Government Code section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their financial interests pursuant to article 2 of chapter 7 of the Political Reform Act, Government Code sections 87200, *et seq.*

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Government Code section 87200; and

(C) The filing officer is the same for both



Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of financial interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those financial interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the financial interests set forth in a designated employee's disclosure categories are the kinds of financial interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.<sup>2</sup>

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

- (1) File a written resignation with the appointing power; and
- (2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12

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months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property<sup>3</sup> is required to be reported,<sup>4</sup> the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property exceeds two thousand dollars (\$2,000), exceeds ten thousand dollars (\$10,000), exceeds one hundred thousand dollars (\$100,000), or exceeds one million dollars (\$1,000,000).

(B) Personal Income Disclosure. When personal income is required to be reported,<sup>5</sup> the statement shall contain:

1. The name and address of each source of income aggregating five hundred dollars (\$500) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars (\$1,000) or less, greater than one thousand dollars (\$1,000), greater than ten thousand dollars (\$10,000), or greater than one hundred thousand dollars (\$100,000);
3. A description of the consideration, if any, for which the income was received;
4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;
5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,<sup>6</sup> the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;
2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is

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a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official. Subdivisions (a), (b), and (c) of Government Code Section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$340.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$340 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (e), (f), and (g) of Government Code section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local

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government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.
2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time.
4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of five hundred dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.
2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:
  - a. The date the loan was made.
  - b. The date the last payment of one hundred dollars (\$100) or more was made on the loan.
  - c. The date upon which the debtor has made payments on the loan aggregating to less than two hundred fifty dollars (\$250) during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

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2. A loan that would otherwise not be a gift as defined in this title.
3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.
4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.
5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

- (A) Any business entity in which the designated employee has a direct or indirect investment worth two thousand dollars (\$2,000) or more;
- (B) Any real property in which the designated employee has a direct or indirect interest worth two thousand dollars (\$2,000) or more;
- (C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;
- (D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or
- (E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$340 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

- (A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or
- (B) Engaged in a business transaction or transactions on terms not available to members of the



public regarding the rendering of goods or services totaling in value one thousand dollars (\$1,000) or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Government Code section 83114 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Code sections 81000-91015. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Government Code section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code section 91003.

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<sup>1</sup>Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Government Code section 81004.

<sup>2</sup> See Government Code section 81010 and 2 Cal. Code of Regs. section 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

<sup>3</sup> For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

<sup>4</sup> Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

<sup>5</sup>A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

<sup>6</sup>Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.



EXHIBIT B

DESIGNATED POSITIONS

1. Board Members and Alternates
2. Chief Executive Officer
3. General Counsel
4. Chief Operating Officer – Bus; Chief Operating Officer - Rail
5. Chief Financial Officer, Director of Human Resources and Labor Relations, Director of Marketing and Community Relations, and Director of Multimodal Operations
6. All Professional Staff, including professional loan staff from other agencies under contract to MTDB, except such loan staff on rotational training assignments of less than 12 months' duration
7. Clerk of the Board
8. Assistant Clerk of the Board
9. Copy Center Coordinator
10. Consultants retained by MTDB, including key management personnel, as designated in writing by the Chief Executive Officer as a person(s) who may reasonably be expected to make, participate in making, or in any way attempt to use his, her, or its positions as a "consultant" to influence an MTDB decision in which the person might reasonably be expected to have a financial interest

Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Chief Executive Officer may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and, thus, is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties, and based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

TLOREN  
EXHBCOIC  
9/9/2004



EXHIBIT C

CATEGORIES OF REPORTABLE ECONOMIC INTERESTS

CATEGORY 1. ALL-INCLUSIVE REPORTABLE INVESTMENTS

Category 1 reportable investments are all investments in which the designated employee, his/her spouse, or dependent children had a direct, indirect, or beneficial interest totaling \$2,000 or more at any time during the reporting period. Examples include investments such as:

- a. stocks, bonds, warrants, and options, including those held in margin or brokerage accounts
- b. any business entity controlled by the designated employee (i.e., any business entity in which the designated employee, his or her agents, spouse, and dependent children hold more than a 50 percent ownership interest)
- d. a trust in which the designated employee has a 10 percent or greater ownership interest (i.e., a trust in which the designated employee, his or her spouse and dependent children have a present or future interest worth more than \$2,000)
- e. a pro rata share (worth more than \$2,000) of the designated employee, his or her spouse and dependent children, of investments of any business entity or trust in which the designated employee, his or her spouse and dependent children own, directly, indirectly, or beneficially, a 10 percent interest or greater.

"Investment" means any financial interest in or security issued by an MTDB-related business entity, including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments, and any partnership or other ownership interest.

A business entity is "MTDB-related" if and only if the business entity or any parent, subsidiary, or otherwise related business entity:

- a. supplies or proposes to supply any goods or services directly or indirectly to MTDB.
- b. is an adverse party to MTDB in a legal proceeding
- c. has been granted, or proposes to be granted, authority to use any of the facilities of MTDB
- d. has an interest in real property that is located within one mile of any proposed or adopted fixed guideway transit route or station
- e. is subject to the regulatory, permit, or licensing authority of MTDB

(The term "parent, subsidiary, or otherwise related business entity" shall be construed as specifically defined by the Commission.)

No asset is deemed an "investment" unless its fair market value exceeds \$2,000.



The term "investment" does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, or any bond or other debt instrument issued by any government or government agency.

## CATEGORY 2. ALL-INCLUSIVE REPORTABLE INTERESTS IN REAL PROPERTY

Category 2 reportable interests in real property are all interests (worth more than \$2,000) in real property (excluding a principal residence) which is located within the MTDB area of jurisdiction; and

If such interests are:

- a. held or owned by the designated employee, his or her spouse and dependent child; or
- b. the pro rata share (worth more than \$2,000) of interests in which the designated employee or spouse owns, directly, indirectly, or beneficially, a 10 percent interest or greater.

"Interest in real property" includes any leasehold, beneficial or ownership interest, or an option to acquire such an interest, in real property.

## CATEGORY 3. ALL-INCLUSIVE REPORTABLE INCOME

Category 3 reportable income comprises all income of the designated employee from any MTDB-related source aggregating \$350 or more (or \$320 or more in the case of gifts) during the reporting period.

- a. "Income" means, except as provided in subsection 2., income of any nature from any MTDB-related source, including but not limited to any salary, wage, advance, payment, dividend, interest, rent, capital gain, return of capital, gift, including any gift of food or beverage, loan, forgiveness or payment of indebtedness, discount in the price of anything of value unless the discount is available to members of the public without regard to official status, rebate, reimbursement for expenses, per diem, or contribution to an insurance or pension program paid by any person other than an employer, and including any community property interest in income of a spouse from an MTDB-related source. Income also includes a pro rata share of any income of any MTDB-related business entity or trust in which the designated employee or spouse owns, directly, indirectly, or beneficially, a 10 percent interest or greater.

A source, business entity, or trust is "MTDB-related" if and only if he, she, or it:

- 1. Supplies or proposes to supply any goods or services directly or indirectly to MTDB
- 2. Is an adverse party to MTDB in a legal proceeding
- 3. Has been granted, or proposes to be granted, authority to use any of the facilities of MTDB
- 4. Has an interest in real property that is located within one mile of any proposed or adopted fixed guideway transit route or station
- 5. Is subject to the regulatory, permit, or licensing authority of MTDB



b. Examples of "income" that are not included are:

1. Campaign contributions required to be reported under Chapter 4 of the Act
2. Salary and reimbursement for expenses or per diem received from a state or local government agency and reimbursement for travel expenses and per diem received from a bona fide educational, academic, or charitable organization
3. Gifts of informational material, such as books, pamphlets, reports, calendars, or periodicals
4. Gifts which are not used and which, within 30 days after receipt, are returned to the donor or delivered to a charitable organization without being claimed as a charitable contribution for tax purposes
5. Gifts from an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, aunt, uncle, or first cousin or the spouse of any such person, provided that a gift from any such person shall be considered income if donor is acting as an agent or intermediary for any person not covered by this paragraph
6. A cash bequest or cash inheritance
7. Interest, dividends, or premiums on a time and demand deposit in a financial institution, shares in a credit union or any insurance policy, payments received under any government or government agency
8. Dividends, interest from, or any other return on a security that is registered with the Securities and Exchange Commission of the United States Government
9. Loans by a commercial lending institution in the regular course of business

A more comprehensive list of income that is not included appears in Schedule E of Form 700, "Statement of Economic Interests."

DGunn/SStroh / COI  
EXHBCOIC  
8/23/02





1255 Imperial Avenue, Suite 1000  
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 Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

LEG 430  
(PC 30100)

September 23, 2004

### Subject:

MTDB: DISADVANTAGED BUSINESS ENTERPRISE (DBE) APPROVAL OF FY 05  
GOALS FOR PUBLICATION

### RECOMMENDATION:

That the Board of Directors approve the proposed DBE goals for FY 05, and authorize staff to publish a notice of these proposed goals for public information and comments.

### Budget Impact

None.

### DISCUSSION:

DBE goals are developed in accordance with federal regulations set forth in Title 49 of the Code of Federal Regulations Part 26, Participation by Disadvantaged Business Enterprises in the U.S. Department of Transportation Program. Goals for FY 05 have been developed by our outside consultant, Gonzalez-White Consulting Services, and are based on demonstrable evidence of ready, willing and able DBEs that are known to be available to work on MTDB federally assisted contracts. Census data is also used to determine the relative availability of DBEs in specific areas of expertise. Previously, Standard Industrial Classification (SIC) codes from the Census Bureau's county business pattern were identified and used. Subsequently, the Small Business Administration (SBA) adopted the North American Industry Classification System (NAICS) to replace SIC codes. The NAICS now serves as the basis for the SBA's small business-size standards used by federal procurement officials and others to define whether a business is large or small. The system identifies hundreds of new, emerging,



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.



and advanced-technology industries and reorganizes the industries into more meaningful sectors.

Gonzalez-White Consulting Services has completed its evaluation (Attachment A) of the MTDB FY 05 Budget, the pool of ready, willing, and able firms, census data, and past participation quarterly reports. With the consolidation complete, we are only required to submit goals for FTA-assisted contracts, Federal Highway Administration monies have been transferred to the San Diego Association of Governments (SANDAG).

The proposed FTA DBE FY 05 goals are as follows:

<u>Category</u>	<u>Proposed Goal</u>
Construction/Special Trades	11.6 percent
Services	2.2 percent

These goals are based upon total budgeted expenditures of \$37,629,000 for construction contracts and \$7,438,000 for service contracts. By way of comparison, the FY 04 FTA DBE goals were 12 percent for construction based upon budgeted expenditures of \$59,963,000, and 3 percent for services based upon budgeted expenditures of \$19,054,000.

Pursuant to federal guidelines, upon the Board's approval of these proposed goals, notice of the goals will be published. Staff will report back to the Board with any public comments 45 days following the publication of the notice. The draft goals have been transmitted to the FTA to allow for the continuation of grant funding. Final goals will be transmitted following the public comment period.



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Paul C. Jablonski  
Chief Executive Officer

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

JGarde  
SEP23-04-9.TLOREN  
9/11/04

Attachment: A. Evaluation of MTDB FTA Goals **(Board Only)**



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**GONZALEZ-WHITE CONSULTING SERVICES**  
3439 Via Beltran  
San Diego, CA 92117  
858-274-8992

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**FTA DBE PARTICIPATION GOALS FOR  
FISCAL YEAR 2005**

**Presented to:**

**THE METROPOLITAN TRANSIT SYSTEM**

**July 19, 2004**



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## **METHODOLOGY**

Our overall 13.8% DBE goal was based on demonstrable evidence of the availability of ready, willing and able DBEs relative to all businesses ready, willing and able to participate on the MTS's Federal Transit Administration (FTA)-Assisted contracts. The overall goal of 13.8% reflects staff's determination of the level of DBE participation expected absent the effects of discrimination. To achieve this goal, a two-step process was used:

**Step 1.** - Base figures were calculated to determine the relative availability of DBEs in specific areas of expertise (construction/special trades; professional, scientific and technical services; and wholesale trade durable goods). The 2001 Census Bureau's County Business Pattern database for the San Diego area and the MTS DBE directory were used for data.

**Construction:** A total of \$37,629,000 is budgeted for FY05 construction contracts that are assisted by the FTA. These contracts require general contractors and operative builders. According to the Census Bureau's County Business Pattern NAICS Codes there are 3770 businesses in the San Diego area. According to our MTS DBE directory there are 1053 DBEs willing and able to do business in the same NAICS codes. We then divided the number of DBEs (1053) by the number of all businesses (3770) to derive a base figure for the relative availability of DBEs in our market. **DBEs constitute 28% in the San Diego area.**

**Services:** A total of \$7,438,000 is budgeted for FY05 service contracts that are assisted by the FTA. These contracts require professional, scientific and technical services. According to the Census Bureau's County Business Pattern NAICS Codes there are 10,666 businesses in the San Diego area. According to our MTS DBE directory, there are 2268 DBEs willing and able to do business in the same NAICS codes. We then divided the number of DBEs (2268) by the number of all businesses (10,666) to derive a base figure for the relative availability of DBEs in our market. **DBEs constitute 21% in the San Diego area.**

**Wholesale Durable Goods:** MTS FY05 budgeted contracts are not applicable to this category.

**Step 2.** - We examined the following evidence available in our jurisdiction: 1) the median DBE past participation of the MTS FTA-assisted contracts for Fiscal Years 2000, 2001, 2002 and 2003; 2) the MTS DBE directory initially compiled by a 1999 survey conducted by the MTS in conjunction with the North County Transit District and the City of San Diego; and updated in 2002 by the MTS; and 3) the 1995 City's disparity study conducted by the City of San Diego.

Based on the above evidence in Step 2, we made the following adjustments to narrowly tailor the base figure to the MTS marketplace.

**Construction:** We adjusted the base figure of 28% in light of two other factors. 1) the median DBE past participation of 4% achieved in FTA construction/special trades category contracts awarded by the MTS for FY00, FY01, FY02 and FY03; and 2) the City's 1995 disparity study which identified an 11.5% MBE/WBE availability for the City's construction contractors. **The adjusted DBE availability for FTA-assisted construction contracts is 14%.**



**Services:** We adjusted the base figure of 21% in light of two other factors. 1) the median DBE past participation of 4% achieved in FTA service category contracts awarded by the MTS for FY00, FY01, FY02 and FY03; and 2) the City's 1995 disparity study which identified a 15.2% MBE/WBE availability for the City's service contractors. **The adjusted DBE availability for FTA-assisted service contracts is 13%.**

**NAICS Codes.** - The adjusted base figures were weighted according to the amount of contract dollars to be expended in each NAICS code:

**Construction:** 23591, 23593, 2357, 2349, 2333, 23551, 23542, 2351, 2356, 23543, 23552, 23541, 2352, 23594, 23599

**Services:** 115111, 56173, 54131, 54162, 54132, 54134, 54133, 54151, 54137, 54161, 54136, 52231, 54181, 54143, 56172, 56171, 5617, 5324, 514, 541511, 811212, 561613, 56162, 811111, 5412, 54138, 54182

**Overall Goal.** - The FTA overall annual 13.8% DBE goal was calculated as follows:

*percentage of budgeted contracts x the percentage of DBE availability for each category:*

Construction	83% x 14%	=	11.6%
Services	17% x 13%	=	2.2%
<b>Overall Total Annual Goal</b>		=	<b>13.8%</b>

**Use of Race-Neutral Methods and DBE Contract Goals.** - The U.S. DOT regulations require that the maximum feasible portion of the DBE overall annual goal be met by using race-neutral methods. Race-neutral methods include making efforts to assure that bidding and contract requirements facilitate participation by DBEs and other small businesses. Unbundling large contracts to make them more accessible to small businesses; encouraging prime contractors to subcontract portions of the work that they might otherwise perform themselves; and providing technical assistance, communications programs and other support services to facilitate consideration of DBEs and other small businesses.

MTS monitors DBE participation throughout the year to determine whether there is a need to adjust the use of race/gender-conscious measures. The median DBE Goal set under the new Part 26 regulations for the past four years has been 11.5% (FY00 – 10%, FY01 – 9%, FY02 – 13% and FY03 – 14%) and the median achieved has been 10.5% (FY00 – 17%, FY01 – 13%, FY02 – 8%, and FY03 – 8%). Based on this data, MTS proposes that for FTA-assisted contracts, 60% of the overall annual 13.8% DBE goal will be achieved through race-neutral methods and 40% of the overall annual 13.8% DBE goal will be achieved through race-conscious methods.

MTS will continue to monitor DBE participation during the year to determine whether our projections are on target and determine if any midyear corrections will be needed in our mix of race/gender-conscious and race/gender-neutral measures used to achieve our goals.



## **EXHIBIT A**

### **ITEMIZED BREAKDOWN OF PROJECTS**

*Construction/Special Trades  
Professional, Scientific and Technical Services*



<b>MTS FY05 BUDGETED CONTRACTS</b>		
<b>PROJECT NO.</b>	<b>PROJECT DESCRIPTION</b>	<b>FY05 BUDGET</b>
<b>CONSTRUCTION / SPECIAL TRADES</b>		
<b>LRT Extensions:</b>		
10426	Mission Valley East	32,237,000
<b>Major LRT/Bus Capital Improvements:</b>		
10453	San Ysidro Transportation Center	1,692,000
11046	12th Ave. Corridor Improvements	1,700,000
10494	City College	2,000,000
<b>Total Construction</b>		<b>37,629,000</b>
<b>PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES</b>		
<b>Transit Support Activities:</b>		
	Regional Transit Marketing	896,000
<b>General and Administrative:</b>		
	Audit Services	119,000
	Consultants	100,000
	Legal Services	75,000
	Furniture Equipment	15,000
	Equipment Rental/Maintenance	18,000
<b>Operations/Service Development Projects</b>		
20287	Transit Service Charges - Implementation	30,000
20484	MTS Operations Analysis	150,000
<b>LRT Extensions:</b>		
10426	Mission Valley East	5,150,000
<b>Major LRT/Bus Capital Improvements:</b>		
10453	San Ysidro Transportation Center	120,000
11046	12th Ave. Corridor Improvements	415,000
10494	City College	350,000
<b>Total Services</b>		<b>7,438,000</b>
<b>Total Budgeted Contracts FY05</b>		<b>45,067,000</b>



## **EXHIBIT B**

### **1) MTS DBE DIRECTORY**

### **2) CENSUS BUREAUS COUNTY BUSINESS PATTERN**



## **MTS DBE DIRECTORY**

***(DBEs WILLING AND ABLE TO DO BUSINESS WITH MTS)***



**MTS DBE Directory**

CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
Services									
A0710	Soil Preparation Services			4					4
A0780	Landscape & Horticulture Services			19					19
Sub-Total		0	0	23	0	0	0	0	23
Suppliers Construction									
C0600	Miscellaneous				41				41
C0612	Safety				10				10
C0625	Sand and Gravel				3				3
C0626	Granite and Marble				2				2
C0651	Concrete and Cement				10				10
C0655	Steel				10				10
C0656	Doors & Frames				3				3
C0659	Paint				2				2
C0680	Fencing				3				3
C0683	Guard Railings & Barriers				8				8
C0685	Pavement Markers				3				3
C0686	Electrical & Signals				10				10
C0687	Glass and Glass Block				1				1
C0698	Building Material				7				7
C0699	Tools				6				6
C0700	Construction Staking				7				7
Sub-Total		0	0	0	126	0	0		126
Construction									
C1200	Construction Area Signs		14						14
C1201	Traffic Control System		14						14
C1522	Reset, Adjust Roadway Items		7						7
C1575	Remove Bridge Item		4						4
C1601	Clearing and Grubbing		36						36
C1701	Develop Water Supply		7						7
C1901	Roadway Excavation		37						37
C1910	Grading		29						29



**MTS DBE Directory**

CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
C1920	Structure Excavation		29						29
C1930	Structure Backfill		26						26
C1940	Ditches Excavation		28						28
C2020	Soil Amendments		9						9
C2030	Erosion Control		18						18
C2800	Concrete Base		12						12
C3600	Penetration Treatment & Prime Coat		6						6
C3701	Seal Coat		11						11
C3901	Asphalt Concrete		19						19
C3910	Paving Asphalt (Asphalt Concrete)		22						22
C4010	Portland Cement & Concrete Pavement		20						20
C4040	Clean & Seal Pavement Joints		9						9
C5100	Concrete Structure					28			28
C5110	Concrete Surface Finish		15						15
C5135	Concrete Block & Masonry Retain Wall		23						23
C5180	Sound Wall (Masonry Block-Concrete)		18						18
C5501	Steel Structures					24			24
C5601	Sign Structure		6						6
C5620	Roadside Sign		4						4
C6101	Railroad Work		13						13
C6591	Non-Reinforced Concrete Pipe		7						7
C6900	Downdrain		6						6
C7200	Rock Slope Protection		13						13
C7250	Sacked Concrete		3						3
C7301	Concrete Curb & Sidewalk-Misc.		32						32
C7405	Drainage Pumping Equipment		7						7
C7415	Engine Generator Set		3						3
C8000	Fencing		11						11
C8330	Metal Railing		7						7
C8331	Concrete Barrier		8						8
C8405	Thermoplastic Traffic Stripe & Marking		4						4



**MTS DBE Directory**

CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
C8406	Painted Traffic Stripe & Marking		4						4
C8501	Pavement Marking		3						3
C8602	Signal & Lighting		11						11
C8603	Signal		8						8
C8604	Lighting		12						12
C8605	Message Signs, Lighting & Sign Illumina		11						11
C8609	Traffic Count Station		5						5
Sub-Total			591	0	0	52	0	0	643
Consultants									
C8700	Consultant			392					392
C8702	Management Information Services			50					50
C8703	Traffic Engineer			19					19
C8704	Architectural			56					56
C8705	Design			142					142
C8706	Design Bridges			31					31
C8707	Feasibility Studies			137					137
C8710	Engineering			133					133
C8711	Computer			68					68
C8716	Architectural Engineer			29					29
C8720	Civil Engineering			80					80
C8721	Right of Way Engineer			13					13
C8722	Environmental Engineer			67					67
C8730	Safety Studies			46					46
C8740	Electrical Engineers			22					22
C8742	Mechanical Engineers			21					21
C8744	Landscape Architects			30					30
C8760	Surveyor			26					26
C8765	Drafting			67					67
C8770	Construction Management			94					94
Sub-Total		0	0	1523	0	0	0	0	1523
Rail Car Services									



MTS DBE Directory									
CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
C8900	Rail Car Services			9					9
C8901	Air Conditioning/Sheet Metal			6					6
C8902	Heating			3					3
C8903	Electrical			6					6
C8904	Glass Installation			4					4
C8905	Seats			1					1
C8906	Auto Service			3					3
Sub-Total		0	0	32	0	0	0	0	32
Trucker Services									
C9632	Hazardous Waste Trucking			5					5
C9670	Truck Rental			10					10
C9774	Trucker			37					37
Sub-Total		0	0	52	0	0	0	0	52
Building Construction									
C9801	Building Construction	63							63
C9810	Small Structures	39							39
C9822	Carpentry					28			28
C9826	Land Surveying			11					11
C9827	Drywall Construction					14			14
C9829	Retainer Walls	9							9
C9830	Wall Covering					10			10
C9834	Cabinetry					10			10
C9836	Plastering					11			11
C9837	Roofing					9			9
C9838	Ceramic Tile					9			9
C9839	Carpet & Drapes					8			8
C9840	Floor Coverings					12			12
C9842	Masonry					8			8
C9846	Additions, Alterations or Repairs					23			23
C9850	Plumbing					21			21
C9852	Exterminators					4			4



**MTS DBE Directory**

CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
C9854	Painting Structures					22			22
C9860	Water Meter & Temp Facilities					4			4
C9866	Heating & Air Conditioning					12			12
C9868	Insulation					5			5
C9869	Asbestos Removal/Abatement					8			8
C9874	Hardware (rough)					4			4
C9876	Hardware (finish)					5			5
C9878	Siding, Stucco, Veneer					6			6
Sub-Total		111	0	11	0	233	0	0	355
Misc. Construction Services									
C9902	Fuel Systems				4				4
C9903	Construction Clean-Up		21						21
C9904	Coring		3						3
C9905	Cutting		3						3
C9906	Sandblasting		5						5
C9907	Construction Equipment Rental				5				5
C9908	Heavy Equipment Rental				8				8
C9980	Demolition					34			34
Sub-Total		0	32	0	17	34	0	0	83
Manufacturing									
D2530	Public Building & Related Furniture						3		3
D2590	Misc. Furniture & Fixtures						5		5
D2750	Commercial Printing						9		9
D2840	Soap, Cleaners, & Toilet Goods						3		3
D3010	Tires & Inner Tubes						1		1
D3050	Hose & Belting & Gaskets & Packing						4		4
D3210	Flat Glass						1		1
D3270	Concrete, Gypsum, & Plaster Products						2		2
D3420	Cutlery, Handtools, & Hardware						3		3
D3430	Plumbing & Heating, Except Electric						1		1
D3450	Screw Machine Products, Bolts, Etc.						3		3



**MTS DBE Directory**

CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
D3520	Farm & Garden Machinery						1		1
D3550	Special Industry Machinery						4		4
D3560	General Industrial Machinery						4		4
D3570	Computer & Office Equipment						6		6
D3590	Industrial Machinery, NEC						5		5
D3620	Electrical Industrial Apparatus						6		6
D3640	Electric Lighting & Wiring Equipment						11		11
D3660	Communications Equipment						11		11
D3670	Electronic Components & Accessories						19		19
D3690	Misc. Electrical Equipment & Supplies						18		18
D3710	Motor Vehicles & Equipment						4		4
D3740	Railroad Equipment						6		6
Sub-Total		0	0	0	0	0	130	0	130
Transportation									
E4010	Railroads							7	7
E4130	Intercity & Rural Bus Transportation							5	5
E4210	Trucking & Courier Services, Ex. Air							24	24
E4720	Passenger Transportation Arrangement							4	4
E4740	Rental of Railroad Cars							1	1
Sub-Total		0	0	0	0	0	0	41	41
Public Utilities									
E4810	Telephonce Communications							15	15
E4890	Communications Services, NEC							19	19
E4910	Electric Services							29	29
E4940	Water Supply							4	4
E4953	Waste Collection and Disposal							8	8
E4954	Hazardous Waste Collection & Disposal							9	9
Sub-Total		0	0	0	0	0	0	84	84
Suppliers Durable Goods									
F5030	Lumber & Construction Materials				3				3
F5040	Professional & Commercial Equipment				9				9



**MTS DBE Directory**

CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
F5045	Computers, Peripherals & Software				20				20
F5060	Electrical Goods				11				11
F5070	Hardware, Plumbing & Heating Equipment				9				9
F5080	Machinery, Equipment & Supplies				16				16
F5085	Computer Equipment & Supplies				24				24
F5088	Transportation Equipment & Supplies				9				9
F5170	Petroleum & Petroleum Products				2				2
F5530	Auto & Home Supply Stores				2				2
F5590	Automotive Dealers, NEC				1				1
F5710	Furniture & Home Furnishings Stores				1				1
F5980	Fuel Dealers				2				2
Sub-Total		0	0	0	109	0	0	0	109
Business Services									
I7310	Advertising			38					38
I7336	Commercial Art & Graphic Design			51					51
I7341	Janitorial Services			18					18
I7342	Disinfecting & Pest Control			1					1
I7349	Building Maintenance Services			26					26
I7350	Misc. Equipment Rental & Leasing			10					10
I7370	Computer & Data Processing			91					91
I7371	Computer Programming			46					46
I7373	Integrated Systems & CAD/CAM Sys.			35					35
I7377	Computer Rental & Leasing			10					10
I7378	Computer Maintenance & Repair			17					17
I7381	Detective & Armored Car Services			17					17
I7382	Security Systems Services			6					6
I7530	Automotive Repair Shops			3					3
I7540	Automotive Services, Except Repair			8					8
I7550	Towing			1					1
I7620	Electrical Repair Shops			3					3
I8720	Accounting, Auditing, & Bookkeeping			21					21



**MTS DBE Directory**

MTS DBE Directory									
CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
I8730	Research and Testing Services			24					24
I8734	Laboratory Testing and Analysis			16					16
I8740	Management and Public Relations			127					127
I8991	Recycling			4					4
J9190	General Government, NEC			6					6
J9510	Environmental Quality			48					48
Sub-Total		0	0	627	0	0	0	0	627
TOTAL		111	623	2268	252	319	130	125	3828



**2001 CENSUS BUREAUS COUNTY BUSINESS PATTERN**

***(DBE BUSINESSES AVAILABLE IN SAN DIEGO AREA)***



Census Bureau's County Business Pattern									
NAICS CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
Services									
115111	Soil Preparation Services			14					14
56173	Landscape & Horticulture Services			793					793
Sub-Total		0	0	807	0	0	0	0	807
Suppliers Construction									
42199	Miscellaneous				163				163
	Safety				0				0
	Sand and Gravel				0				0
	Granite and Marble				0				0
	Concrete and Cement				0				0
	Steel				0				0
	Doors & Frames				0				0
42295	Paint				19				19
	Fencing				0				0
	Guard Railings & Barriers				0				0
	Pavement Markers				0				0
42161	Electrical & Signals				145				145
	Glass and Glass Block				0				0
4441	Building Material				448				448
	Tools				0				0
	Construction Staking				0				0
42139	Construction materials				22				22
Sub-Total		0	0	0	797	0	0	0	797
Construction									
	Construction Area Signs		0						0
	Traffic Control System		0						0
	Reset, Adjust Roadway Items		0						0
	Remove Bridge Item		0						0
	Clearing and Grubbing		0						0
	Develop Water Supply		0						0
23593	Roadway Excavation		141						141
	Grading		0						0



Census Bureau's County Business Pattern									
NAICS CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
	Structure Excavation		0						0
	Structure Backfill		0						0
	Ditches Excavation		0						0
	Soil Amendments		0						0
	Erosion Control		0						0
	Concrete Base		0						0
	Penetration Treatment & Prime Coat		0						0
	Seal Coat		0						0
	Asphalt Concrete		0						0
	Paving Asphalt (Asphalt Concrete)		0						0
	Portland Cement & Concrete Pavement		0						0
	Clean & Seal Pavement Joints		0						0
2357	Concrete Structure					290			290
	Concrete Surface Finish		0						0
	Concrete Overlay-Drill & Bond		0						0
	Concrete Block & Masonry Retain Wall		0						0
	Sound Wall (Masonry Block-Concrete)		0						0
23591	Steel Structures					51			51
	Sign Structure		0						0
	Roadside Sign		0						0
	Railroad Work		0						0
	Non-Reinforced Concrete Pipe		0						0
	Downdrain		0						0
	Rock Slope Protection		0						0
	Sacked Concrete		0						0
	Concrete Curb & Sidewalk-Misc.		0						0
	Drainage Pumping Equipment		0						0
	Engine Generator Set		0						0
	Fencing		0						0
	Metal Railing		0						0
	Concrete Barrier		0						0
	Thermoplastic Traffic Stripe & Marking		0						0



Census Bureau's County Business Pattern									
NAICS CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
	Painted Traffic Stripe & Marking		0						0
	Pavement Marking		0						0
	Signal & Lighting		0						0
	Signal		0						0
	Lighting		0						0
	Message Signs, Lighting & Sign Illumina		0						0
	Traffic Count Station		0						0
2349	Heavy Construction		187						187
Sub-Total			328	0	0	341	0	0	669
Consultants									
	Consultant			0					0
	Traffic Engineer			0					0
	Design			0					0
	Design Bridges			0					0
	Feasibility Studies			0					0
54131	Architectural Engineer			300					300
	Civil Engineering			0					0
	Right of Way Engineer			0					0
54162	Environmental Engineer			96					96
	Electrical Engineers			0					0
	Mechanical Engineers			0					0
54132	Landscape Architects			96					96
54134	Drafting			28					28
54133	Engineering			896					896
54151	Computer			1256					1256
	Safety Studies			0					0
54137	Surveyor			51					51
54161	Construction Management			942					942
Sub-Total		0	0	3665	0	0	0	0	3665
Rail Car Services									
	Rail Car Services			0					0
	Air Conditioning/Sheet Metal			0					0



Census Bureau's County Business Pattern									
NAICS CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
	Heating			0					0
	Electrical			0					0
	Glass Installation			0					0
	Seats			0					0
	Auto Service			0					0
	Services n.e.c			0					0
Sub-Total		0	0	0	0	0	0	0	0
Trucker Services									
	Hazardous Waste Trucking			0					0
	Truck Rental			0					0
	Trucker			0					0
Sub-Total		0	0	0	0	0	0	0	0
Building Construction									
2333	Building Construction	417							417
	Small Structures	0							0
54136	Land Surveying			6					6
	Retainer Walls	0							0
23551	Carpentry					296			296
23542	Drywall, insulation, plastering					228			228
2351	Plumbing, Heating & Air Conditioning					647			647
2356	Roofing					217			217
23543	Ceramic Tile					117			117
	Carpet & Drapes					0			0
23552	Floor Coverings					185			185
23541	Masonry					167			167
	Siding, Stucco, Veneer					0			0
	Exterminators					0			0
	Hardware (rough)					0			0
	Hardware (finish)					0			0
2352	Wall Covering					452			452
	Cabinetry					0			0
	Additions, Alterations or Repairs					0			0



Census Bureau's County Business Pattern									
NAICS CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
	Painting Structures					0			0
	Water Meter & Temp Facilities					0			0
	Asbestos Removal/Abatement					0			0
23599	All Other Special Trade Contractors					355			355
Sub-Total		417	0	6	0	2664	0	0	3087
Misc. Construction Services									
	Fuel Systems				0				0
	Construction Clean-Up		0						0
	Coring		0						0
	Cutting		0						0
	Sandblasting		0						0
	Construction Equipment Rental				0				0
	Heavy Equipment Rental				0				0
23594	Demolition					20			20
Sub-Total		0	0	0	0	20	0	0	20
Manufacturing									
32192	Wood Containers						12		12
	Public Building & Related Furniture						0		0
337	Misc. Furniture & Fixtures						198		198
32311	Commercial Printing						365		365
3256	Soap, Cleaners, & Toilet Goods						17		17
32412	Asphalt Paving & Roofing Materials						9		9
32621	Tires & Inner Tubes						2		2
32622	Hose & Belting & Gaskets & Packing						2		2
32721	Flat Glass						18		18
	Concrete, Gypsum, & Plaster Products						0		0
327991	Cut Stone & Stone Products						10		10
33221	Cutlery, Handtools, & Hardware						14		14
333414	Plumbing & Heating, Except Electric						2		2
	Screw Machine Products, Bolts, Etc.						0		0
333111	Farm & Garden Machinery						2		2
	Special Industry Machinery						0		0



Census Bureau's County Business Pattern									
NAICS CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
3332	General Industrial Machinery						38		38
3341	Computer & Office Equipment						48		48
3332	Industrial Machinery, NEC						38		38
	Electrical Industrial Apparatus						0		0
3353	Electric Lighting & Wiring Equipment						27		27
3342	Communications Equipment						47		47
334111	Electronic Components & Accessories						14		14
33599	Misc. Electrical Equipment & Supplies						23		23
3361	Motor Vehicles & Equipment						3		3
	Railroad Equipment						0		0
Sub-Total		0	0	0	0	0	889	0	889
Transportation									
	Railroads							0	0
	Intercity & Rural Bus Transportation							0	0
	Trucking & Courier Services, Ex. Air							0	0
	Public Warehousing & Storage							0	0
	Passenger Transportation Arrangement							0	0
	Rental of Railroad Cars							0	0
Sub-Total		0	0	0	0	0	0	0	0
Public Utilities									
	Telephone Communications							0	0
	Communications Services, NEC							0	0
	Electric Services							0	0
	Water Supply							0	0
	Waste Collection and Disposal							0	0
	Hazardous Waste Collection & Disposal							0	0
Sub-Total		0	0	0	0	0	0	0	0
Suppliers Durable Goods									
42131	Lumber & Construction Materials				60				60
42149	Professional Equipment				32				32
42144	Commercial Equipment				36				36
42143	Computers, Peripherals & Software				0				0



Census Bureau's County Business Pattern									
NAICS CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
42171	Hardware Equipment				79				79
42172	Plumbing & Heating Equipment				39				39
42183	Machinery, Equipment & Supplies				222				222
42143	Computer Equipment & Supplies				230				230
42186	Transportation Equipment & Supplies				34				34
4227	Petroleum & Petroleum Products				36				36
44412	Paint, Glass, & Wallpaper Stores				64				64
42111	Auto & Home Supply Stores				53				53
4411	Automotive Dealers, NEC				394				394
42121	Furniture Stores				75				75
42122	Home Furnishings Stores				97				97
45431	Fuel Dealers				0				0
Sub-Total		0	0	0	1451	0	0	0	1451
Business Services									
52231	Mortgage Bankers & Brokers			228					228
54181	Advertising			174					174
54143	Commercial Art & Graphic Design			172					172
56172	Janitorial Services			525					525
56171	Disinfecting & Pest Control			112					112
5617	Building Maintenance Services			1634					1634
5324	Misc. Equipment Rental & Leasing			153					153
514	Computer & Data Processing			309					309
541511	Computer Programming			606					606
	Intagrated Systems & CAD/CAM Sys.			0					0
	Computer Rental & Leasing			0					0
811212	Computer Maintenance & Repair			73					73
561613	Detective & Armored Car Services			5					5
56162	Security Systems Services			87					87
811111	Automotive Repair Shops			853					853
	Automotive Services, Except Repair			0					0
	Towing			0					0
	Electrical Repair Shops			0					0



Census Bureau's County Business Pattern									
NAICS CODE	DESCRIPTION	Category							TOTAL
		Construction		Professional, Scientific, Technical	Wholesale Durable Goods	Special Trade Contractors	Mfg.	Transp.& Public Utilities	
		Bldg.	Heavy						
5412	Accounting, Auditing, & Bookkeeping			1106					1106
	Research and Testing Services			0					0
54138	Laboratory Testing and Analysis			66					66
54182	Management and Public Relations			85					85
	Recycling			0					0
	General Government, NEC			0					0
	Environmental Quality								
Sub-Total		0	0	6188	0	0	0	0	6188
TOTAL		417	328	10666	2248	3025	889	0	17573



## **EXHIBIT C**

### **FISCAL YEAR 05 WORKSHEET**



## **BASE FIGURE BY CATEGORY FOR THE RELATIVE AVAILABILITY OF DBEs IN THE SAN DIEGO AREA**

### **CONSTRUCTION AND SPECIAL TRADE CONTRACTORS**

Total Responses From MTS DBE Directory – (623 + 319 + 111)	=	1053
Total Census NAICS Codes Matched with DBE Directory Codes – (328 + 417 + 3025)	=	3770

$1053/3770 = 28\%$

### **PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES**

Total Services Responses From MTS DBE Directory	=	2268
Total Census NAICS Codes Matched with DBE Directory Codes	=	10666

$2268/10666 = 21\%$

*Note: Please refer to Exhibit B for NAICS codes and MTS DBE Directory codes*



## **ADJUSTED DBE AVAILABILITY BY CATEGORY IN THE SAN DIEGO AREA**

### **CONSTRUCTION AND SPECIAL TRADE CONTRACTORS**

Base Figure	28.0%
*Median DBE past participation	4.0%
City Disparity Study	11.5%
$28.0 + 4.0 + 11.5 = 43.5/3 = 14\%$	

### **PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES**

Base Figure	21.0%
**Median DBE past participation	4.0%
City Disparity Study	15.2%
$21.0 + 4.0 + 15.2 = 40.9/3 = 13\%$	

#### **\* Construction DBE past participation achieved**

FY00 – 9%  
FY01 – 5%  
FY02 – 3%  
FY03 – 3%

#### **\*\*Services DBE past participation achieved**

FY00 – 3%  
FY01 – 7%  
FY02 – 5%  
FY03 – 4%



## **OVERALL FTA MTS DBE GOAL**

---

**Budgeted Contracts**                      **\$45,067,000**

Construction/Special Trades	\$37,629,000 or 83%
Professional, Scientific and Technical Services	\$ 7,438,000 or 17%

### **Percentage of Budgeted Contracts x Percentage of Adjusted DBE Availability Per Category**

Construction/Special Trades	83% x 14% = 11.6%
Professional, Scientific and Technical Services	17% x 13% = 2.2%

**TOTAL OVERALL FTA MTS DBE GOAL**                                      **13.8%**





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  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

CIP 1049400

September 23, 2004

Subject:

MTDB: EAST VILLAGE TRANSIT IMPROVEMENTS PROJECT

### RECOMMENDATION:

That the Board of Directors:

1. authorize the Chief Executive Officer (CEO) to approve a contract change order (CCO) with West Coast General (WCG) in an amount not to exceed \$1,500,000, including \$800,000 previously approved by the Board, for the relocation of traction power substations at City College Station, as shown in Attachment A; and
2. authorize the CEO to approve a work order with PGH Wong Engineering in an amount not to exceed \$150,000 for construction management services for the relocation of traction power substations at City College Station.

### Budget Impact

1. A total of \$1,500,000 would come from the City College Station Construction line item (WBS #10494-1000), leaving a balance of \$3,200,000.
2. A total of \$150,000 would come from the City College Station Construction management line item (WBS #10494-0700), leaving a balance of \$250,000.



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.




## DISCUSSION:

The reconfiguration of the City College Station includes realigning the tracks and station at an angle through the center of the Park Boulevard and C Street block. The new alignment would be bordered by Eleventh Avenue and C Street on the north and Park Boulevard and Broadway on the south, replacing the existing curved station at Park Boulevard and C Street. This project would be done in conjunction with the Centre City Development Corporation's redevelopment of the Park Boulevard and C Street block. The redevelopment of this block, known as Smart Corner, will include mixed use through the incorporation of commercial, retail, and residential buildings integrated with the new trolley station. This project will also promote the concept of Smart Growth in the downtown area.

Construction of the Smart Corner is currently underway with demolition of the existing buildings on site. The relocation of the two existing traction power substations on site is critical to the development schedule for the Smart Corner and construction of the light rail transit (LRT) station through the Smart Corner development. On May 13, 2004, the MTS Board of Directors approved a CCO with WCG, the Park and Market Station contractor, in the amount of \$800,000, to relocate two existing LRT traction power substations catty-corner to the existing facilities on City College property. One new substation would be installed at City College and two older substations would be used elsewhere on the system. Through recent negotiations with WCG for this work, we are in agreement with the contractor that the actual cost for relocating the substations and the associated underground electrical and overhead catenary work is \$1,500,000. The previous change order request was based on a significant underestimate of the amount of traction power cable (\$500,000), the high cost for the complex trenching, traffic control and phasing, and \$200,000 required to build underground duct banks in the intersection of Park Boulevard and C Street. Based on a thorough analysis of the contractor's change order cost proposal, we recommend the Board authorize the CEO to approve the attached CCO in the amount of \$1,500,000, including \$800,000 previously approved by the Board.

PGH Wong Engineering has been selected from our currently approved list of general construction consultants (GCCs) to provide construction management services for this work. We recommend that the Board authorize the CEO to approve a work order in an amount not to exceed \$150,000 for construction management services with PGH Wong Engineering.



Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Ryan Boley, 619.235.2633, [rbo@sandag.org](mailto:rbo@sandag.org)

LTorio/SEPT23-04.10.RBOLEY  
8/27/04

Attachment: A. WCG CCO (Board Only)



## CONTRACT CHANGE ORDER (CCO)

Contract No. LRT-10493

12th Avenue - Park to Bay Link

Report Date: 03/12/04

File: CIP 10493

Page 1 of 1 pages

CCO NO.  
SUPPLEMENT NO. 0  
REVISION NO. 0  
TO: West Coast General

You are hereby directed to make the herein described changes from the plans and specifications or do the following described work not included in the plans and specifications on this contract.

NOTE: This change order is not effective until approved by The General Manager

Description of work to be done, estimate of quantities, and prices to be paid. Segregate between additional work at contract price, agreed price and firm amount. Unless otherwise stated, rates for rental of equipment cover only such time as equipment is actually used and no allowance will be made for idle time.  
Change requested by Engineer

### Extra Work at Agreed Price

In accordance with Section 4-1.03D, Extra Work, of the Standard Specifications and as directed by the Engineer, provide labor, material, and equipment necessary to relocate the traction power substations and related facilities at City College Station to a location catty-corner to the existing facilities on City College property as shown on the attached plans. The work shall include, but not be limited to, installing one new MTDB furnished substation at the City College location, constructing the concrete substation foundation, furnishing and installing required fencing, furnishing and installing ground rods, constructing necessary underground ductbanks with required trenching and backfill, furnishing and installing associated feeder cables, furnishing and installing necessary overhead catenary work, providing all required traffic control and phasing, and removing and delivering the two existing substations to the San Diego Trolley Maintenance facility at 13<sup>th</sup> and Commercial Streets. All work shall be done in accordance with applicable sections of the Special Provisions and Standard Specifications.

(continued next page) Total Change This Supplement \$1,500,000.00 (Increase)

By reason of this order the time of completion will be adjusted as follows: Time adjustment deferred

Recommended by: Resident Engineer Edward Hatani Date \_\_\_\_\_  
Recommended by: Construction Engineer William A. Prey Date \_\_\_\_\_  
Recommended by: Director of Engineering & Construction Jim Linthicum Date \_\_\_\_\_  
Approved by: Paul Jablonski-CEO Date \_\_\_\_\_

We, the undersigned contractor, have given careful consideration to the change proposed and hereby agree, if this proposal is approved, that we will provide all equipment, furnish all materials, except as may otherwise be noted above, and perform all services necessary for the work above specified, and will accept as full payment therefor the prices shown above.

Accepted, Date \_\_\_\_\_ Contractor: West Coast General

By \_\_\_\_\_ Title \_\_\_\_\_

If the contractor does not sign acceptance of this order, his attention is directed to the requirements of the specifications as to proceeding with the ordered work and filing a written protest within the time therein specified.



CCO NO.

SUPPLEMENT NO.

0

REVISION NO.

0

TO:

West Coast General

A lump sum payment of \$1,500,000.00 will be made for the above work. This sum constitutes full compensation, including all markups for this change.

Agreed Price \$1,500,000.00

Estimate of Adjustment Compensation

In accordance with Section 8-1.07, Liquidated Damages, of the Standard Specifications, consideration of a time extension will be deferred until completion of the work specified herein.

Adjustment comp. Estimate \$0.00

Total Change This Supplement:

\$1,500,000.00 (Increase)









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

## Agenda

Item No. 11

Joint Meeting of the Board of Directors for  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

CIP 10453

September 23, 2004

### Subject:

**MTDB: SAN YSIDRO INTERMODAL TRANSPORTATION CENTER PROJECT:  
CONSTRUCTION MANAGEMENT CONTRACT AMENDMENT**

### RECOMMENDATION:

That the MTD Board of Directors authorize the Chief Executive Officer to execute Contract Amendment No. 6 (MTDB Doc. No. L0510.6-01), in substantially the same form as shown in Attachment A, with Parsons Brinckerhoff Construction Services (Parsons) for additional construction management services, in an amount not to exceed \$52,000, and ratify Amendment Nos. 4 and 5, for a total increase of \$146,100 to the contract.

### Budget Impact

A total of \$52,000 for Amendment No. 6 would be encumbered from the San Ysidro Intermodal Transportation Center (SYITC) Construction Management line item (WBS #10453-0700), leaving a balance of \$13,645.

### DISCUSSION:

The firm of Parsons has been providing on-site construction management (CM) services for the SYITC Project since construction started on Phase 1 in September of 2001. Construction is now substantially complete; remaining work includes a punch list and minor contract change orders. The CM contract with Parsons expires on October 1, 2004. However, additional CM work will be required beyond that in order to complete construction and close out the construction contract. Therefore, Amendment No. 6 is recommended to extend the CM services through November 15, 2004, and increase the



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authorized contract amount by an additional \$52,000. Amendment No. 6 would increase the total contract amount to \$1,861,615.

The current Parsons Workforce Report (Attachment B) is attached for your information.



Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Brad Helgason, 619.235-2632, [bhe@sandag.org](mailto:bhe@sandag.org)

LTorio/JGarde  
SEPT23-04.11.BHELGA  
9/7/04

Attachments: A. Contract Amendment No. 6 (MTDB Doc. No. L0510.6-01)  
B. Parsons Workforce Report

} **Board Only**



1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
(619) 231-1466  
FAX (619) 234-3407

**DRAFT**

September 23, 2004

MTDB Doc. No. L0510.6-01  
CIP 10453

Mr. Glenn Suitor  
Vice President, South Region Area Manager  
Parsons Brinckerhoff Construction Services, Inc.  
707 Broadway, Suite 1700  
San Diego, CA 92101

Dear Mr. Suitor:

Subject: AMENDMENT NO. 6 TO MTDB DOCUMENT NO. L0510.0-01: ADDITIONAL  
CONSTRUCTION MANAGEMENT SERVICES FOR THE SAN YSIDRO INTERMODAL  
TRANSPORTATION CENTER PROJECT

This letter will serve as Amendment No. 6 to the original contract (MTDB Doc. No. L0510.0-01) for professional services as described below.

**SCOPE OF SERVICES**

Provide part-time construction management services for remaining change order work and contract closeout for the San Ysidro Intermodal Transportation Center Project, Phase 2.

**SCHEDULE**

Project closeout (including contract acceptance, final payment, as-built drawings, and report of completion) shall be completed no later than November 15, 2004.

**PAYMENT**

Payment shall be based on actual costs, not to exceed \$52,000 (WBS #1045300-0700). This amendment increases the total authorized amount of this contract to \$1,861,615.

If you agree with the above, please sign and return the executed amendment marked "original" to the contract administrator at MTDB. The remaining copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski  
Chief Executive Officer




Glenn Suitor  
Parsons Brinckerhoff Construction Services, Inc.

LTorio/AI-  
SEPT23.04.ATTA.BHELGA

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

**Member Agencies:**

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, County of San Diego, State of California

Metropolitan Transit Development Board is Coordinator of the Metropolitan Transit System and the  Taxicab Administration  
Subsidiary Corporations:  San Diego Transit Corporation,  San Diego Trolley, Inc., and  San Diego & Arizona Eastern Railway Company

For personal trip planning or route information, call 1-800-COMMUTE or visit our web site at [sdcommute.com](http://sdcommute.com)!



**WORKFORCE REPORT**NAME OF FIRM: PARSONS BRINCKERHOFF, CALIFORNIA OFFICES

AUGUST 2004

(Indicate below the permanent makeup of your office and field personnel currently employed.)

JOB CATEGORIES	CAUCASIAN		BLACK		HISPANIC		ASIAN/ PACIFIC ISLANDER		NATIVE AMERICAN		UNDETER- MINED		TOTAL CALIF. WORK FORCE	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Executive/Managers	160	16	0	2	11	1	33	3	0	0	0	0	204	22
Licensed Professional Engineers/Surveyors/Architects	46	44	5	3	11	9	32	23	1	0	1	0	96	79
Technicians	31	8	1	4	7	1	13	5	1	0	4	0	57	18
Office/Clerical	3	24	1	4	1	8	1	4	0	0	0	0	6	40
Undetermined	1	0	0	0	0	0	0	0	0	0	1	1	2	1
<i>TOTAL</i>	241	92	7	13	30	19	79	35	2	0	6	1	365	160
<i>PERCENT OF TOTAL</i>	46%	18%	1%	2%	6%	4%	15%	7%	0%	0%	1%	0%	70%	30%





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

## Agenda

Item No. **30**

Joint Meeting of the Board of Directors for  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

OPS 970.2 (PC 30102)

September 23, 2004

### Subject:

SDTI: LIGHT RAIL VEHICLE APPEARANCE IMPROVEMENT PROJECT

### RECOMMENDATION:

That the Board of Directors receive this report on the status of the light rail vehicle (LRV) special cleaning and buffing project.

#### Budget Impact

Project costs are absorbed in the LRV Maintenance line item. Enhancements to the car wash facility were provided by Capital Improvement Project (CIP) funds.

### DISCUSSION:

San Diego Trolley, Inc. (SDTI), continues to aggressively pursue its LRV exterior painting program. The process has resulted in an ongoing program through FY04 and FY05. While a significant number of U-2 cars have been repainted (26), there remains an issue regarding the presence of carbon deposits affecting all of the cars in the fleet. This issue is being addressed on several fronts as part of our overall appearance improvement program.

#### Carbon Buildup

The buildup of carbon residue emanates from the solid carbon brushes on the pantograph of the LRV and from the particles that come to rest on the top of the vehicle.



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Mixed with natural moisture and/or the drip-drying of the LRV subsequent to the washing cycle, unsightly black carbon streaks are occasionally present on the top and side portions of the vehicle.

#### Action Plan

In order to eliminate the carbon presence, an assessment of the effectiveness of the LRV car wash was performed. In addition, various exterior cleaning solvents were tested and a variety of applications were examined. The following measures were implemented:

- A hand-washing project using a special solvent to clean the carbon buildup from the entire LRV fleet was initiated to develop a baseline of cleanliness.
- The LRV automated car wash was found to have brushes (nylon) with reduced effectiveness due to their age. Additionally, the brush motors and springs required replacement. Based on these findings, a retrofit program was initiated that included installation of new brushes, gearboxes, pressure springs, and a spot-free rinse system to provide an enhanced cleaning cycle and to guard against future buildup of the carbon substance.
- Our review of the SD100 vehicles showed severe paint oxidation problems on the vehicle body. Since these vehicles are not scheduled for paint rehabilitation for at least five years, a sanding and buffing program was implemented resulting in the restoration of up to 70 percent of the original paint gloss.

#### Follow-Up

An ongoing internal inspection effort has been initiated as part of our regular vehicle inspection and preventive maintenance program. Through appropriate project implementation and follow through, coupled with an effective oversight plan, it is expected that the LRV fleet will consistently be maintained at an acceptable appearance level.



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Paul C. Jablonski  
Chief Executive Officer

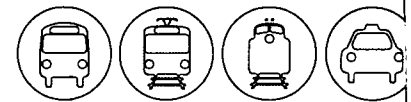
Key Staff Contact: Wayne Terry, 619.595.4906, [wayne.terry@sdti.sdmts.com](mailto:wayne.terry@sdti.sdmts.com)

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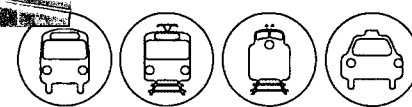
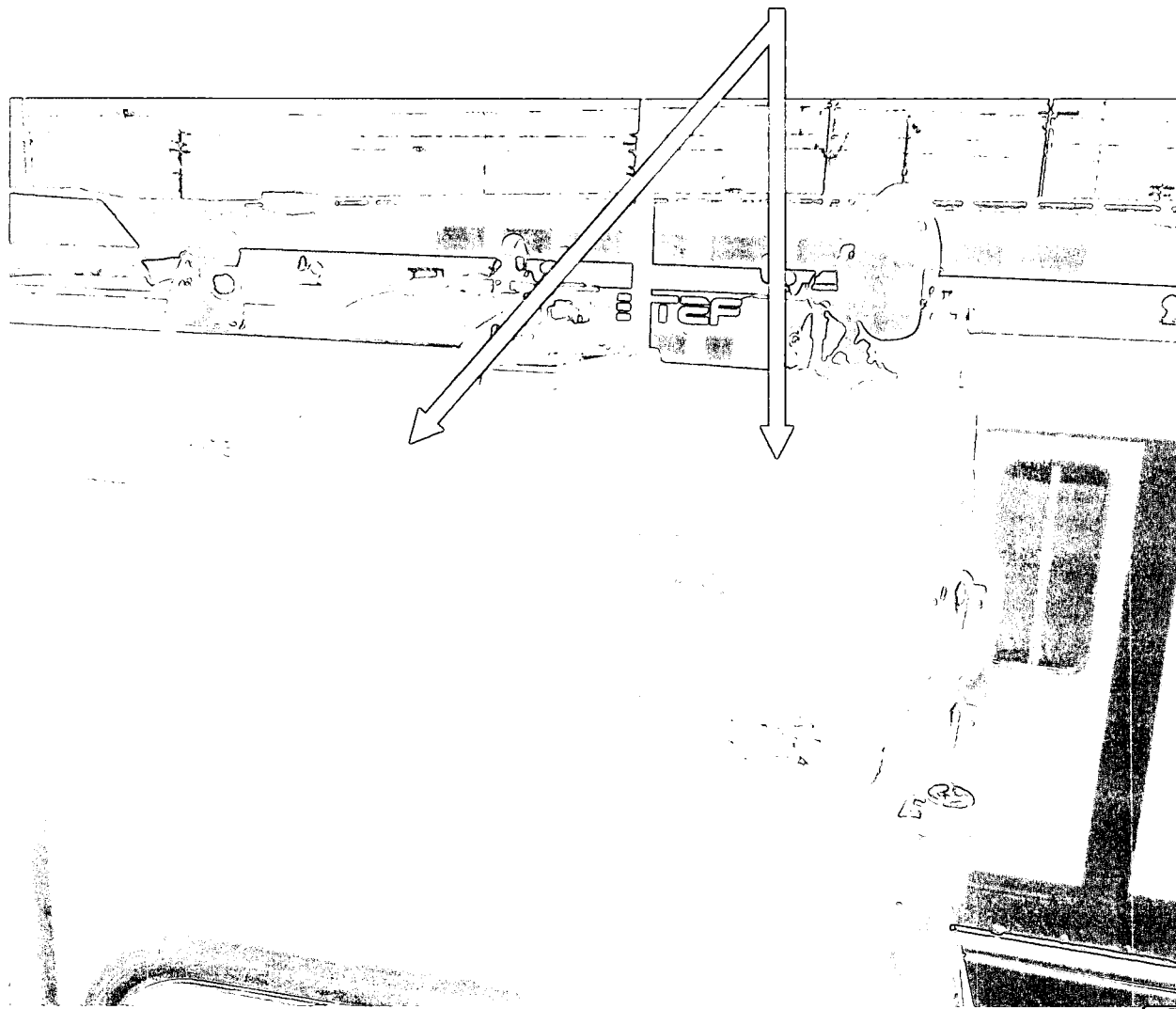
# LRV Appearance Improvement Project

MTS Board of Directors  
September 23, 2004





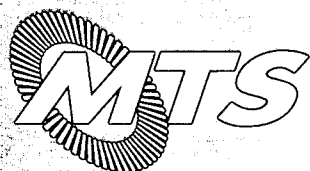
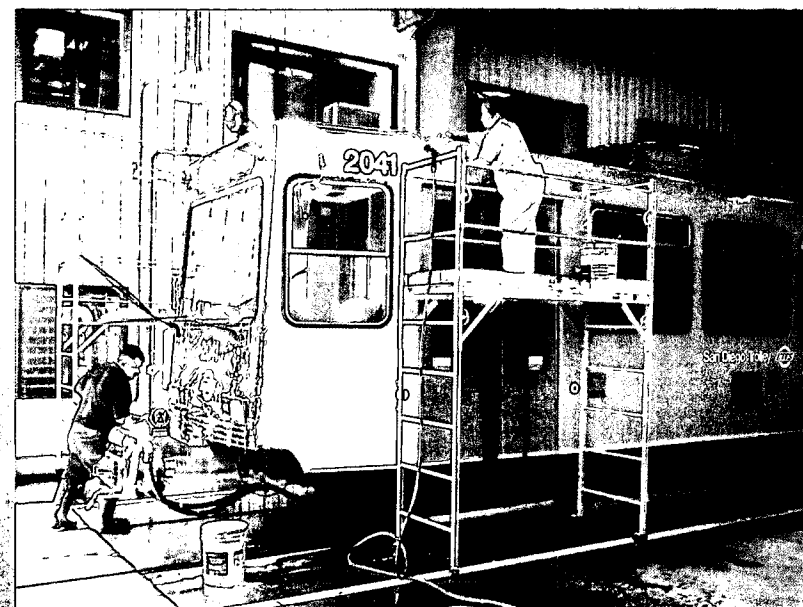
# Issue: Carbon Build-Up





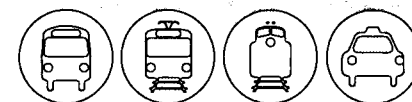
# Hand-Washing Procedure

Implemented to remove carbon stains





# Hand-Washing Result

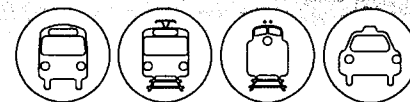
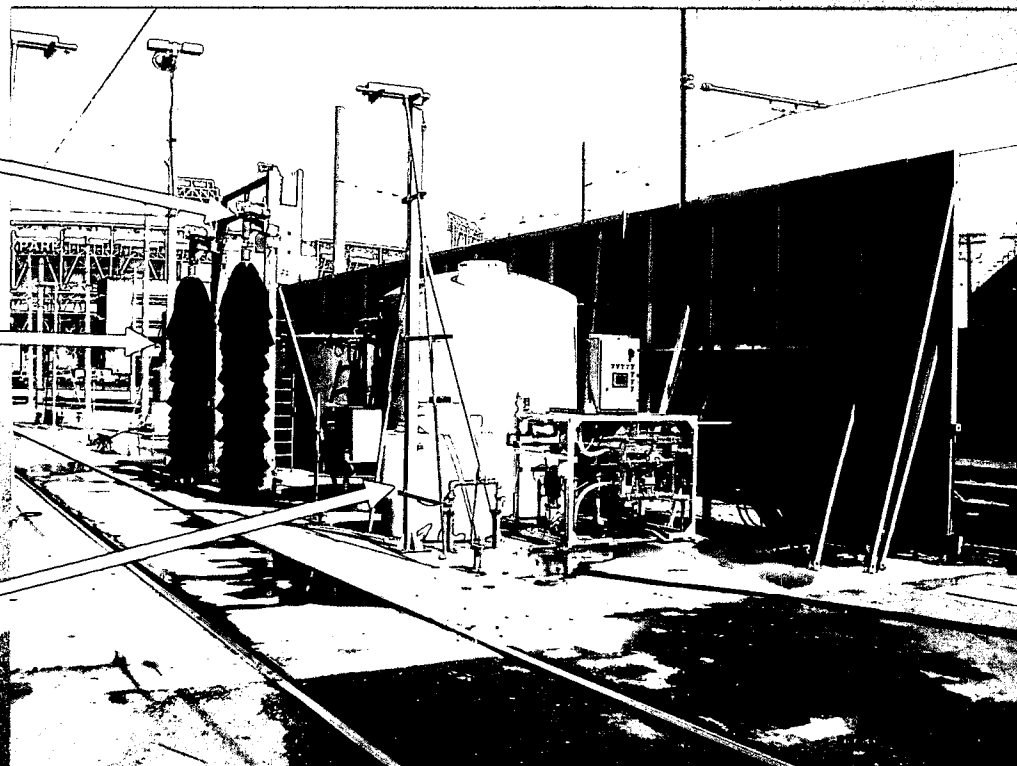




# LRV Car Wash Retrofit

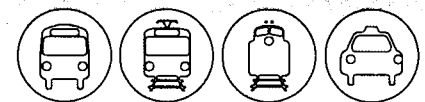
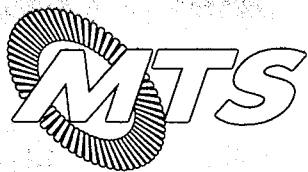
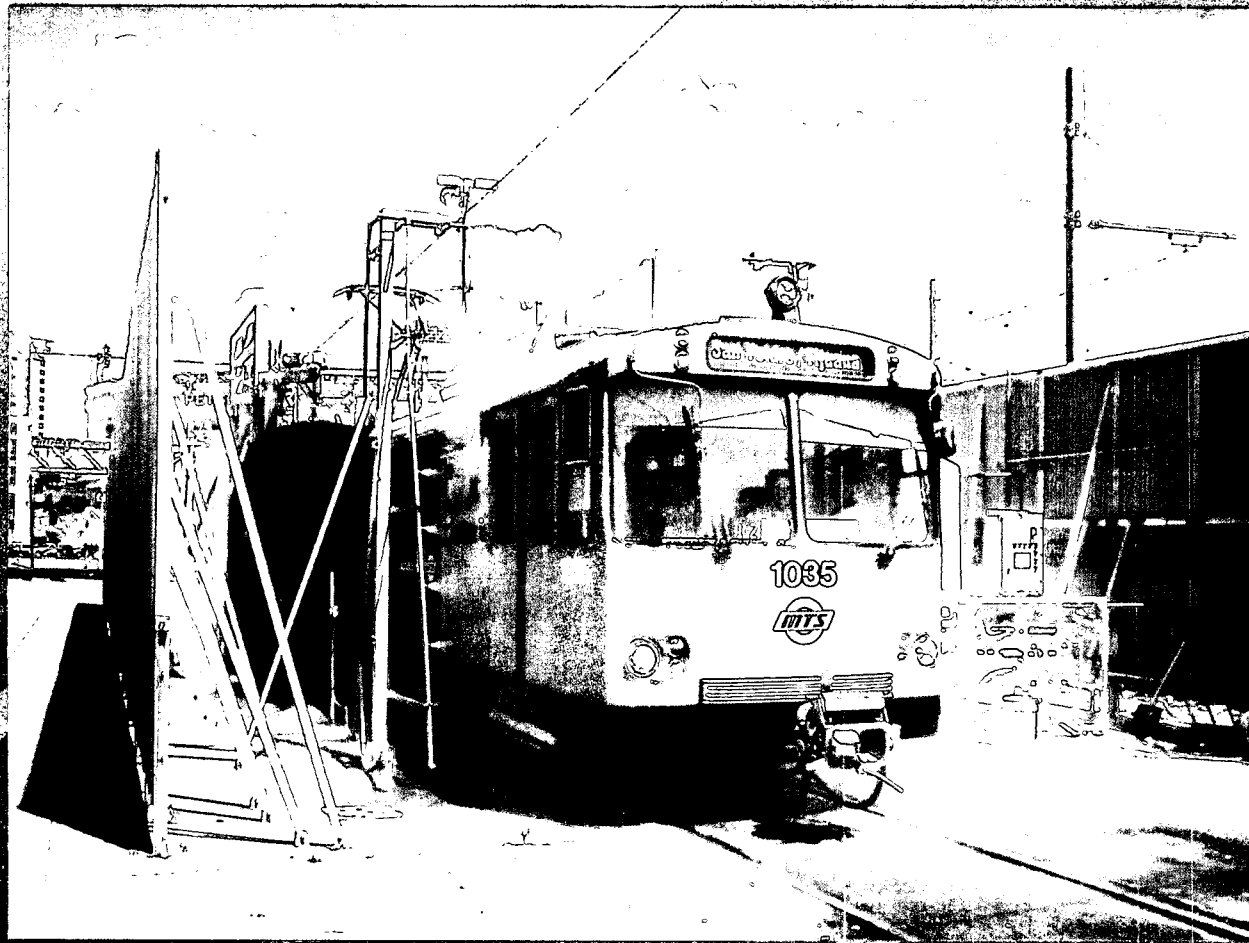
Included:

- New Gearboxes
- New Synthetic Brushes
- New Pressure Springs
- Soft Water Rinse Installed



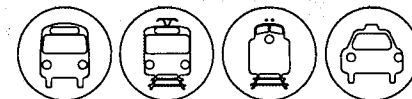
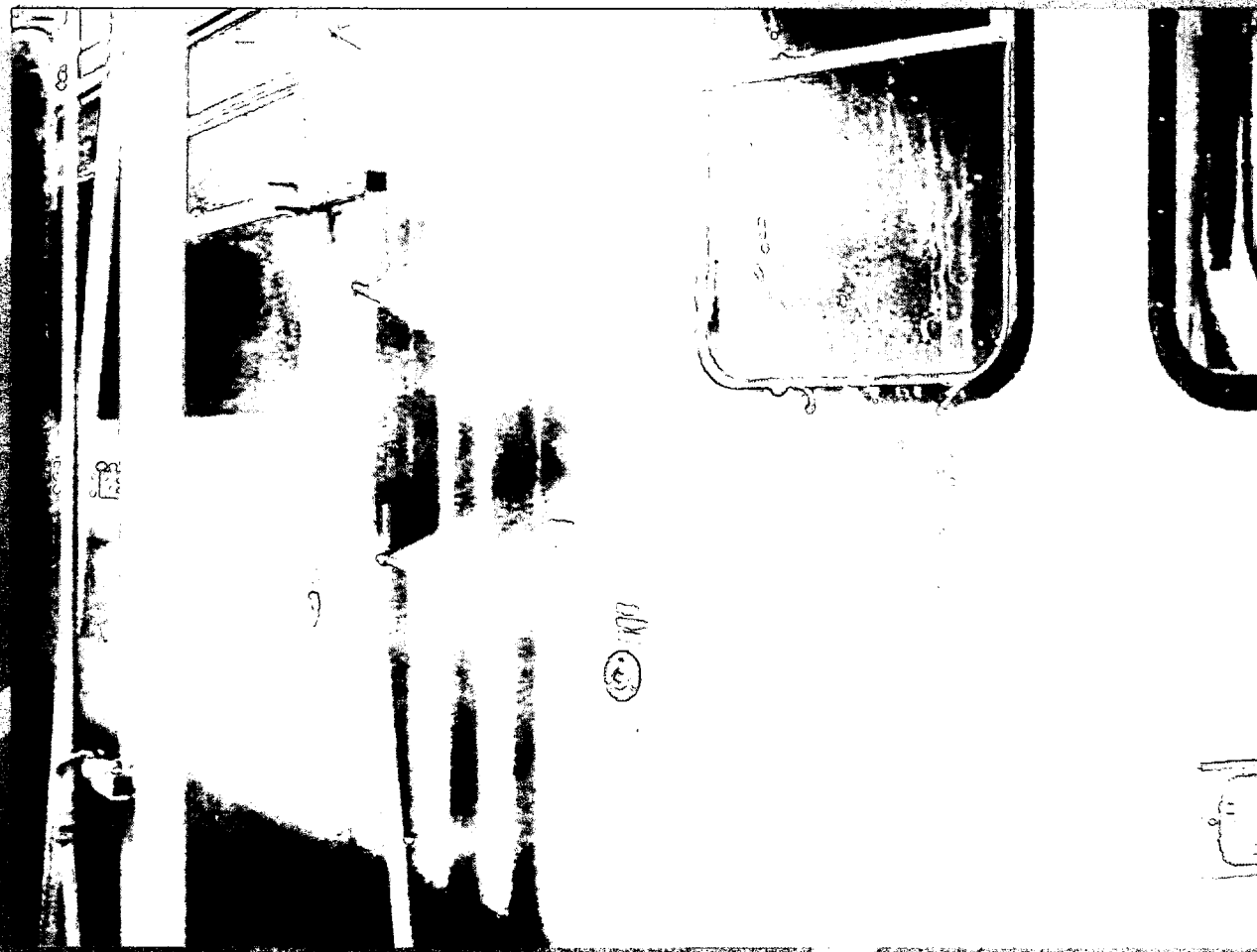


# LRV Car Wash Retrofit



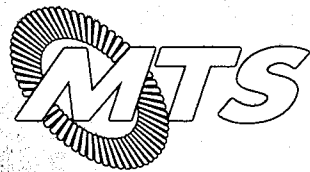


# Soft Water Rinse





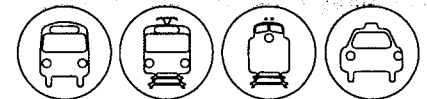
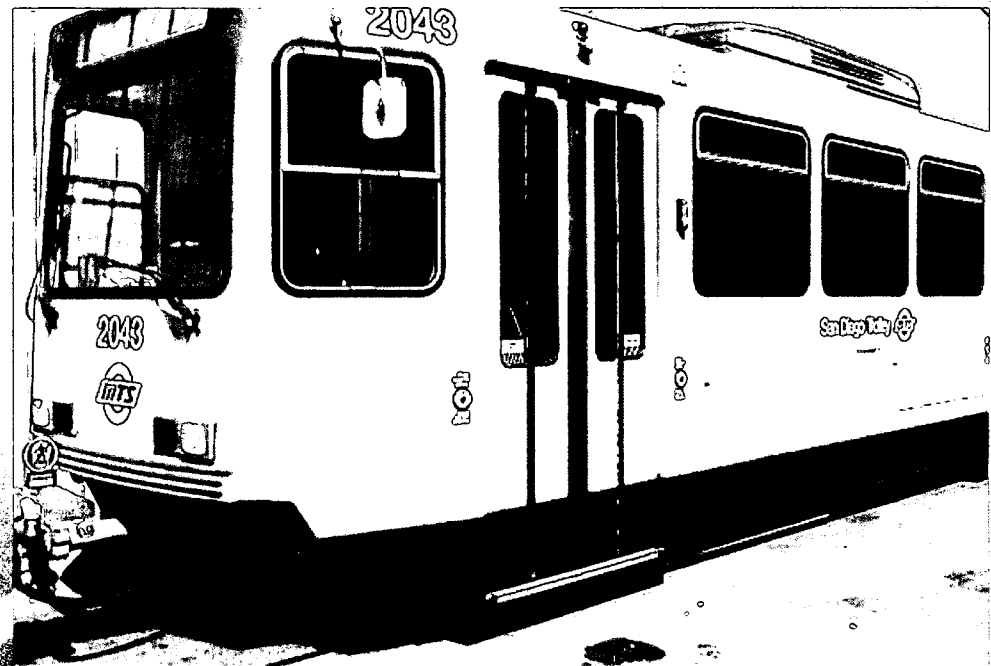
# New Wash Result





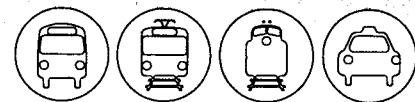
# Pre-Buffering

- Cleaning Solvent Residue
- Oxidation





# Post-Buffering







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  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

OPS 970.11  
(PC 30102)

September 23, 2004

### Subject:

SDTI: SEMIANNUAL MTS SECURITY REPORT (JANUARY THROUGH JUNE 2004)

### RECOMMENDATION:

That the Board of Directors receive this report for information.

#### Budget Impact

None.

### DISCUSSION:

GENERAL ACTIVITIES – SAN DIEGO TROLLEY, INC. (SDTI) AND SAN DIEGO  
TRANSIT CORPORATION (SDTC)

#### Multiagency Emergency Preparedness Drill - Operation Bayfront

This emergency preparedness exercise was the most compressive drill of its type in the San Diego area. It involved police, fire, and emergency response units from Chula Vista, National City, San Diego County, the California Highway Patrol, other state agencies and the Federal Bureau of Investigation (FBI). The exercise also included medical support using ambulance companies to provide transportation to Scripps Hospital where emergency room doctors and nurses also participated in "Operation Bayfront." In total, over 200 people participated.



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The media was informed a week prior to the exercise, and several news articles were printed to let the residents of Chula Vista know that an emergency response exercise was taking place in their community. The public was advised not to be alarmed at the large number of emergency vehicles and personnel around the Bayfront/E Street Transit Center and were provided with contact numbers in case there were questions regarding the drill. The exercise was a success in that all agencies that participated had an opportunity to expose their "first responders" and evaluate a multiagency response that included team work, communications, use of assets, and working with the media.

#### Multiagency Training Manual

This \$25,000 grant project builds upon the emergency preparedness drills that MTDB and its operating agencies conducted in 2002-2004. A transit/trolley emergency preparedness manual for use by SDTI and SDTC and other agency staff will be developed based on the experiences of those who participated in previous drills. This manual will provide valuable experience and training for transit professionals, which will enhance MTDB and its operators' ability to respond to emergencies.

#### C Street Corridor Project

In July 2003, MTS Transit Enforcement, comprised of Code Compliance inspectors and security officers, was invited to participate in a Problem-Oriented Policing (POP) Project with local law enforcement agencies. Prior to the inception of this program, meetings were held with these law enforcement agencies to finalize procedural matters with respect to processing arrestees and the disposition of arrest paperwork.

This joint effort involved personnel from the Office of the City Attorney, the Probation Department, and the San Diego Police Department. The purpose of this project was to address quality of life issues along the C Street Corridor by deterring criminal conduct and taking enforcement action when necessary. This project was the result of complaints from the business community as well as transit patrons.

Activities such as narcotic transactions and usage, gang activity, and disorderly conduct were examples of conduct that were addressed by complainants. Therefore, an increased presence on the C Street Corridor was provided by the above-referenced agencies with the intent of improving quality of life issues by contacting violators and discouraging future misconduct by taking enforcement action against those violators.

A valuable tool employed in connection with this assignment entailed the use of "stay away" court orders. Individuals found to have been committing misdemeanor or felony offenses were processed in a special division of the City Attorney's office for the purpose of obtaining such a stay away order in the areas that the criminal activity had transpired. The purpose of the stay away order was to prevent the return of those involved in criminal conduct. Those found to be in violation of the stay away order were immediately taken into custody and booked into a detention facility. In order to more effectively participate in the project and to determine the existence, if any, of a stay away order, MTS Code Compliance inspectors were given special training in the usage of two-way radios on loan from the San Diego Police Department. Equipped with these



communications devices, officers were able to immediately check for warrants or stay away orders involving the arrestee, thus preventing a repeat offender from being able to avoid detection as such.

MTS Code Compliance inspectors concentrated on the Civic Center and Fifth Avenue Stations as well as adjacent bus stops. All quality of life issues were addressed during this detail, and fare evasion enforcement was an integral part of this assignment. Attachments A and B depicts the arrest statistics for the reporting period of July 1, 2003, to June 30, 2004, including those made in connection with the POP Project.

#### Transportation Security Funding Needs Assessment

Since the terrorist events in Madrid, there has been an accelerated effort to identify security assets for public transportation (especially passenger rail systems) to protect patrons, either in long-distance travel or for the daily commute. The Transit Enforcement Department was asked to develop a needs assessment for the MTS system. If grant funds become available, we are prepared to take advantage of that opportunity and purchase capital items or fund programs that require additional staffing. The assessment is complete and ready for presentation to the appropriate persons when that opportunity becomes available.

#### Public Security Flyer

A security information handout is being created to inform trolley and bus patrons that security is everyone's business. The flyer will emphasize awareness of crime prevention efforts and how we rely on the public to be our eyes and ears to assist in making the system safer. The flyer will also include things to be on the alert for, such as suspicious persons, packages, and anything out of the ordinary. Patrons will be encouraged to call security to report suspicious activity.

#### Prisoner Booking

In June 2003, the San Diego Police Department and San Diego Sheriff's Department entered into an agreement with SDTI authorizing Code Compliance supervisors to process and book prisoners for felony or domestic violence warrants or public drunkenness refused by the Detoxification Center.

This has proved to be a time-saving benefit for all agencies. In the past, Transit Enforcement personnel would conduct a warrant check and identify a patron wanted by the police, or a patron would commit a particular offense that required him or her to be placed in custody. On occasion, Transit Enforcement staff would have to wait for significant periods of time for the local police to arrive and take custody of the prisoner. With the new agreement, staff may now process the person at the police department and transport him or her to the county jail in approximately one hour. This process allows staff to return to the field more quickly and allows San Diego Police Department to respond to calls that are more serious.



The overall evaluation of the booking procedures is positive. There were 74 prisoner bookings during this reporting period.

#### Transit Security Administration Guidelines and Newspaper Rack Survey

On Thursday May 20, 2004, a directive titled *Threat to Passenger Rail Systems* was received from the Transit Security Administration (TSA). The security directive mandated the implementation of 15 security-related policies, including the identification of at-risk train stations where trash receptacles need to be replaced with bomb-resistant trash receptacles. The directive stated that the regulations were effective Sunday, May 23, 2004.

SDTI was already in compliance with most of the directives prior to the implementation date. Local representatives from the TSA met with us and made us aware that the TSA's inspection division is the regulatory component of any mandatory policies or practices instituted by the TSA. The representatives advised that we need not be concerned about the bomb-resistant trash receptacles at this time and understood that we did not have the funds or the time frame to comply with that portion of the security directive. The directive stated that the trash receptacles be replaced when applicable. TSA inspectors will begin visiting our site in a few months. Inspection of our transit and train operations will begin some time after that.

Based on our discussions with the TSA, our department has evaluated the safety at trolley stations in regard to placement of newspaper racks within the station. Most of the newspaper racks are made of metal and could easily be used to hide an explosive device. The result of a device detonating inside of one of these racks could cause serious injury or death to anyone standing within close proximity. A recent survey of the 48 trolley stations revealed that as many as 41 stations have anywhere from 1 to 25 newspaper racks on the platform. Placement of newspaper racks at stations along Park Boulevard and the C Street Corridor, which were not included in the survey, is on City of San Diego property. They are, however, next to our platforms or in proximity to them. Newspaper racks are present at access points and general paths of travel, so the potential for adverse risk is present should a terrorist action occur.

#### Transit Watch - Part I and Part II Statistics - SDTI

SDTI staff compiles security statistics from a variety of sources, including Code Compliance inspectors employed by SDTI, security officers contracted by SDTI from Transit Systems Security, local law enforcement agencies, citizens, and patrons of the transit system.

Data is compiled and entered into the Transit Watch computerized database by SDTI's Security/Crime Analyst staff. Compiled data is summarized for review on Federal Transit Administration (FTA) Form 405 (Attachments C and D). Form 405 is a federal reporting requirement for all public transportation agencies that divides incidents into two major categories.



Part I Incidents consist of eight specific categories of serious offenses committed against persons, including patrons, employees, and others on transit system vehicles and properties, as well as property crimes.

Part II Arrests detail incidents in which violators are arrested for committing offenses on transit property and vehicles. These offenses include quality of life violations, property offenses, and minor offenses committed against patrons, employees, and others.

Statistics compiled for the first six months of calendar year 2004 indicate that Part I Incidents decreased overall.

<u>PART I INCIDENTS</u>	<u>January – June 2003</u>	<u>January – June 2004</u>
Robbery	12	11
Theft	20	16
Aggravated Assault	12	07
Motor Vehicle Theft	10	06
Burglary	00	00
Forcible Rape	00	00
Arson	<u>00</u>	<u>00</u>
TOTAL	54	40

Arrests for nonfare-related Part II offenses fell significantly overall.

<u>PART II ARRESTS</u>	<u>January – June 2004</u>	<u>January – June 2003</u>
Other Assaults	23	17
Vandalism	33	18
Sex Offenses	01	02
Drug Abuse Violations	112	125
D.U.I.	00	01
Drunkenness	96	65
Disorderly Conduct	335	330
Trespassing	213	90
Curfew and Loitering	<u>95</u>	<u>46</u>
TOTAL	908	694

Excluding fare evasion, there were 694 Part II Arrests made during the first six months of calendar year 2004, compared to 908 Part II Arrests made during the first six months of calendar year 2003, a decrease of 24 percent. Fare evasion citations rose approximately 8 percent from 11,463 for the first six months of calendar year 2003 to 12,367 in the first six months of calendar year 2004.



### Trolley Passenger Inspections

The inspection rate was nearly 29 percent during this reporting period. Under the coordination of the MTDB Internal Auditor, independent spot checks of passenger inspections were conducted during the period of November 2003 through May 2004. Statistics from those 105 spot checks revealed that inspection percentages, as reported by the Transit Enforcement Department, are accurate within less than 1 percent (.0089 percent).

<u>Onboard Trains</u>	<u>Fare-Paid Zones</u>	<u>Total Passengers Inspected</u>
1,983,525	1,942,030	3,925,555

Total Part I Incidents per 100,000 passengers compare as follows:

	<u>Passengers Carried</u>	<u>Part I Incidents/100,000</u>
January – June 2003	12,565,359	.43
January – June 2004	13,724,442	.29

Total Part II Arrests per 100,000 passengers is reflected below:

	<u>Passengers Carried</u>	<u>Part II Arrests/100,000</u>
January – June 2003	12,565,359	7.23
January – June 2004	13,724,442	5.06

In addition to the categories that appear on the FTA Form 405, over 1,300 additional arrests were made for other violations occurring systemwide (SDTI, SDTC, and Contract Services), the majority of which involved alcoholic beverages.

### Special Enforcement Unit

The Special Enforcement Unit (SEU) continued to be active during this reporting period. One hundred percent of passengers at specially selected trolley stations and on trains passing through these stations were inspected for fare compliance. As trains arrive in the station, up to 20 uniformed code compliance inspectors and security officers board each car of the train and inspect every passenger for fare compliance. While waiting for trains to arrive, inspectors, and officers conduct fare paid zone inspections, parking lot checks, and discuss potential issues with station kiosk operators or vendors. Inspectors and officers remain at the station throughout an entire eight-hour shift, issuing citations to patrons who are not in possession of a valid fare.

Beginning in March 2003, revenue SEU sweeps were implemented, and it was determined that several hundred dollars of ridership revenue was earned when this option was available to the patron. During revenue sweeps conducted during this reporting period, approximately \$581 was collected.



During the first six months of calendar year 2004, inspectors and officers contacted 40,023 passengers during scheduled SEU sweeps systemwide. Of these, 766 passengers did not comply with the published fare structure. Of the 766 who were not in fare compliance, 574 were issued citations and 192 were allowed to upgrade or purchase a fare in order to meet fare compliance requirements.

In addition to fare compliance, officers also made arrests for quality of life violations, such as possession of marijuana, truancy, and warrants. Semiannual statistics from these special fare evasion inspections indicate a fare evasion rate of 2.73 percent.

#### Closed-Circuit Television

In April 2004, a survey was conducted of locations most in need of closed-circuit television (CCTV) surveillance equipment. Attachment E reflects the top ten stations in need of CCTV, as well as other areas evaluated but ranking lower than the top ten. Ranking was based on criteria such as potential for terrorism, number of reported crimes and arrests, and input from local law enforcement agencies.

#### Training

Beginning in August, all Code Compliance inspectors and Transit Systems Security officers attended training sponsored by the United States Border Patrol. The courses deal with terrorism relating to ground transportation and the responsibility of first responders. The training is expected to be complete by the end of October. In May, all department personnel received training in the recognition and handling of incendiary devices and other bomb-related items. A member of the San Diego Sheriff's Department Bomb Squad taught the course.

#### Vandalism Program

SDTC vandalism reporting to the Transit Enforcement Department has been reviewed in order to develop a system to ensure that pertinent information is received in a timely manner so that response can be timelier. We are also working to develop a new report form so that information concerning an incident contains better offender descriptions and more event details. Improving the quality and timeliness of report information enables better security response and handling of vandalism incidents. From there, necessity for special patrols or police intervention may be evaluated.

#### Transit Watch - Part I and Part II Statistics – SDTC

Statistics compiled for the first six months of calendar year 2004 indicate that Part I Incidents against persons decreased significantly compared to the first six months of calendar year 2003 (Attachments F-G)



<u>INCIDENTS</u>	<u>January – June 2003</u>	<u>January – June 2004</u>
Motor Vehicle Theft	01	00
Robbery	03	03
Theft	04	00
Aggravated Assault	08	00
Homicide	01	00
Forcible Rape	<u>00</u>	<u>00</u>
TOTAL	17	03

Arrests for Part II offenses fell when compared to last year's figures. Including fare evasion, there were 115 arrests for Part II offenses during the first six months of calendar year 2004, compared to 151 arrests made during the first six months of calendar year 2003.

<u>PART II ARRESTS</u>	<u>January – June 2003</u>	<u>January – June 2004</u>
Other Assaults	05	06
Vandalism	27	14
Sex Offenses	00	00
Drug Abuse Violations	46	32
D.U.I.	00	00
Drunkenness	10	07
Disorderly Conduct	24	22
Trespassing	00	02
Fare Evasion	03	03
Curfew and Loitering	<u>36</u>	<u>29</u>
TOTAL	151	115

SDTC spends approximately \$35,000 per month to repair vandalism damage.

#### Transit Enforcement Office - SDTC Facility

In an effort to increase security presence at SDTC's operational facility at the Imperial Avenue Depot, an office has been established at that location so both Code Compliance and Transit Systems Security supervisors may make periodic stops at the facility. This will allow SDTC staff to meet with the Transit Enforcement supervisors to discuss any issues that need to be addressed in order to build a safer working environment. Supervisors may also use the office to check on security staff and review reports throughout the day.

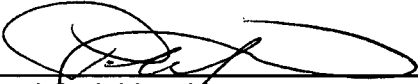


### SDTC Security Survey

A security survey and vulnerability assessment is being conducted on behalf of the SDTC. The goal of this effort is to create a "work in progress" plan containing recommendations based on realistic vulnerabilities prioritized in concert with existing threat levels. The survey will cover physical security, field operations, bus security, emergency preparedness, and disaster recovery. While the possibility of a major security catastrophe is always a threat, this survey will concentrate on the most likely security events and recommend mitigation strategies aimed at those probabilities.

### Contract Services

MTS Contract services experienced a total of 24 Part II Incidents, with 23 arrests for this reporting period. One incident of theft, a Part I Crime, was also experienced. This compares to last year's experience of 21 Part II Incidents, with 20 arrests during the same reporting period. There were no reports of Part I Crimes in this reporting period for 2003.

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

Key Staff Contact: Bill Burke, 619.595.4947, [Bill.Burke@sdti.sdmts.com](mailto:Bill.Burke@sdti.sdmts.com)

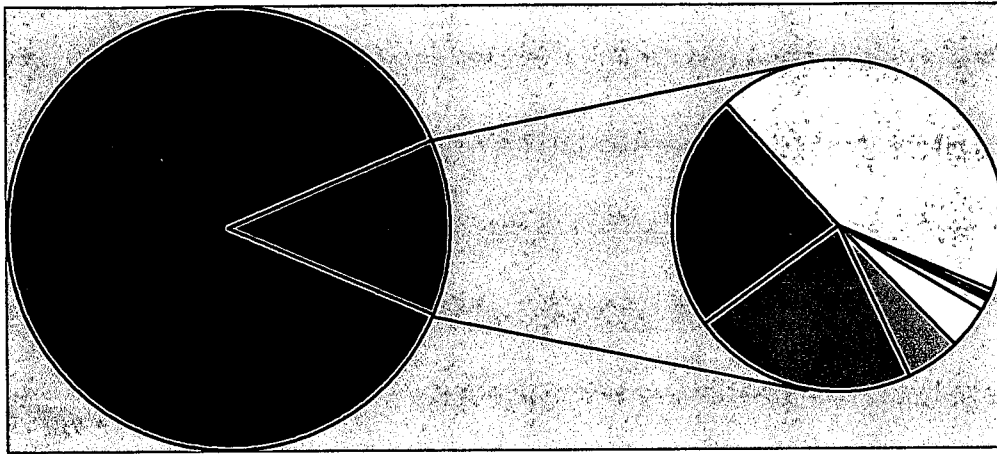
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- Attachments:
- A. C St. Corridor – Joint Enforcement Program Chart – Fifth Avenue
  - B. C St. Corridor – Joint Enforcement Program Chart – Civic Center
  - C. Board FTA 405 Reports (January-June 2003 SDTI)
  - D. Board FTA 405 Reports (January-June 2004 SDTI)
  - E. Prospective Locations for CCTV Placement
  - F. Board FTA 405 Reports (January-June 2003 SDTC)
  - G. Board FTA 405 Reports (January-June 2004 SDTC)

} **Board Only**



## 5<sup>th</sup> Avenue Arrest Statistics

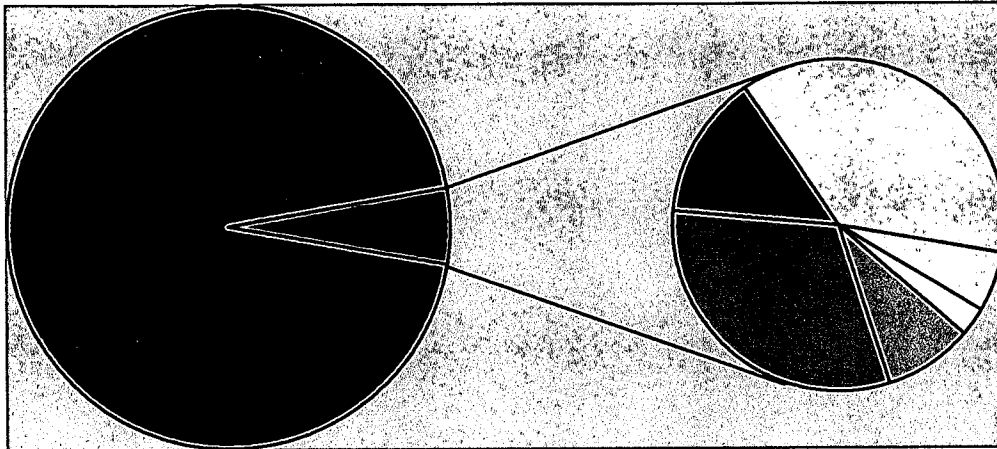


■ Fare Violations	■ Robbery
■ Trespassing	□ Vandalism
□ Assaults	■ Public Intoxication
■ Drug Abuse Violations	■ Curfew / Loitering
□ Disorderly Conduct	

Fare Violations.....	1,282
Trespassing.....	1
Assaults.....	8
Drug Abuse Violations.....	42
Disorderly Conduct.....	82
Robbery.....	1
Vandalism.....	2
Public Intoxication.....	10
Curfew / Loitering.....	44
<b>TOTAL ARRESTS.....</b>	<b>1,472</b>



## Civic Center Arrest Statistics



■ Fare Violations	□ Vandalism
□ Assaults	■ Public Intoxication
■ Drug Abuse Violations	■ Curfew / Loitering
■ Disorderly Conduct	

<b>Fare Violations.....</b>	<b>598</b>
<b>Assaults.....</b>	<b>1</b>
<b>Drug Abuse Violations.....</b>	<b>11</b>
<b>Disorderly Conduct.....</b>	<b>13</b>
<b>Vandalism.....</b>	<b>2</b>
<b>Public Intoxication.....</b>	<b>3</b>
<b>Curfew / Loitering.....</b>	<b>5</b>
<b>TOTAL ARRESTS.....</b>	<b>633</b>



<input type="checkbox"/> Form not applicable NTD ID <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="checkbox"/> Form 005 Included		BOARD 405 REPORT		Required from transit agencies serving UZAs of 200,000 or more population.	
				Mode <input type="text"/>	Type of Service <input type="text"/>
Based on the Uniform Crime Reporting Handbook					
Security Items		In Vehicle		In Station	
Location SDTI					
Part I Offenses (Reports)					
Violent Crime	Inc Inv	Arrests			
Homicide	0	0			
			Patrons	0	0
			Employees	0	0
			Others	0	0
Forcible rape	0	0			
			Patrons	0	0
			Employees	0	0
			Others	0	0
Robbery	12	3			
			Patrons	3	9
			Employees	0	0
			Others	0	0
Aggravated assault	12	4			
			Patrons	5	3
			Employees	0	0
			Others	1	4
Property Crime	Inc Inv	Arrests			
Burglary	0	0			
Larceny/theft	20	1			
			Patrons	3	3
			Employees	0	0
			Others	0	2
Motor vehicle theft	10	1			
			Patrons	0	0
			Employees	0	0
			Others	0	0
Arson	0	0			
				0	0
Part II Offenses (Arrests)	Inc Inv	Arrests			
Other assaults	38	23			
Vandalism	71	33			
Sex offenses	1	1			
Drug abuse violations	110	112			
Driving under the influence	0	0			
Drunkenness	95	96			
Disorderly conduct	342	335			
Trespassing	214	213			
Fare evasion	11,745	11,463			
Curfew & loitering laws	90	95			
Total Transit Property Damage			\$ 5,678.57		
Internal Use Only					
Report Run Date		Report Run Time		Reporting Period	
09/15/2004		03:30:46PM		01/01/2003 To 06/30/2003	



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<b>Security Items</b>		<b>In Vehicle</b>	<b>In Station</b>	<b>Other Transit Prop.</b>	
<b>Location SDTI</b>					
<b>Part I Offenses (Reports)</b>					
Violent Crime	Inc Inv	Arrests			
Homicide	0	0	Patrons 0	0	0
			Employees 0	0	0
			Others 0	0	0
Forcible rape	0	0	Patrons 0	0	0
			Employees 0	0	0
			Others 0	0	0
Robbery	11	7	Patrons 5	7	0
			Employees 0	0	0
			Others 0	1	0
Aggravated assault	7	1	Patrons 0	1	0
			Employees 0	0	0
			Others 0	7	2
Property Crime	Inc Inv	Arrests			
Burglary	0	0		0	0
Larceny/theft	16	1	Patrons 3	2	9
			Employees 0	0	1
			Others 0	0	1
Motor vehicle theft	6	0	Patrons 0	0	6
			Employees 0	0	0
			Others 0	0	0
Arson	0	0		0	0
<b>Part II Offenses (Arrests)</b>					
	Inc Inv	Arrests			
Other assaults	25	17	7	10	0
Vandalism	33	18	5	11	2
Sex offenses	4	2	0	1	1
Drug abuse violations	125	125	28	89	8
Driving under the influence	1	1	0	0	1
Drunkenness	65	65	14	49	2
Disorderly conduct	346	330	88	228	14
Trespassing	100	90	0	7	83
Fare evasion	12,954	12,367	10,166	2,201	0
Curfew & loitering laws	47	46	3	43	0
<b>Total Transit Property Damage</b>			<b>\$ 1,648.58</b>		
<h1 style="margin: 0;">Internal Use Only</h1>					
Report Run Date		Report Run Time		Reporting Period	
09/15/2004		03:31:04PM		01/01/2004 To 06/30/2004	



**Prospective Locations for CCTV Placement**  
Updated 04/20/2004

	Terrorism	No. of Reported Crimes (F)	No. of Total Arrests	No. of Code 3s	No. of Serious Incid.	Heavy Pssgr. Activity	Involvement, Input-Local Law Enf.	Possibility of Outside Agency Cost Sharing	Isolation of Station / Right of Way Area	Excessive Trespass/ Loitering Activity	Total
12th & Imperial	5	4	5	4	5	5	2	1	1	5	37
5th Avenue	2	4	4	5	4	5	4	3	1	5	37
San Ysidro	5	2	2	2	2	5	4	4	1	5	32
32nd & Comm.	1	4	4	4	4	3	1	1	3	3	28
Lemon Grove	1	4	3	3	3	3	2	3	1	3	26
Spring Street	1	3	3	3	2	3	4	1	3	3	26
City College	1	3	4	3	3	5	1	1	1	3	25
H Street - Chula Vista	1	3	3	2	2	4	3	1	1	3	23
* Gaslamp	5	1	1	1	1	5	3	3	1	1	22
Iris Avenue	1	3	2	2	2	4	1	1	2	4	22
Palomar Street	1	3	2	2	2	4	2	1	1	3	21
La Mesa	1	2	1	2	1	2	4	3	1	2	19
America Plaza	5	1	1	1	1	3	1	2	1	2	18
Palm Ave. - South Bay	1	2	2	2	2	3	1	1	2	2	18
Civic Center	3	2	2	1	1	3	1	1	1	2	17
Grossmont	1	2	1	1	1	3	2	1	2	2	16
8th St. - National City	1	2	2	1	1	2	1	1	2	1	14
Horseshoe Curve	1	1	1	N/A	3	N/A	1	N/A	4	3	14
Amaya	1	2	1	1	1	1	1	1	2	1	12

Gaslamp Station:

- \* Should be re-evaluated after the baseball season ends.

SDTI & SDTC Yards:

- \* Although the Transit yards were evaluated, they did not meet any of the established criteria for inclusion. However, the potential for revenue vehicle loss/destruction is significant.



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<input type="checkbox"/> Form 005 Included				Mode <input type="text"/>	
				Type of Service <input type="text"/>	
Based on the Uniform Crime Reporting Handbook					
Security Items		In Vehicle		In Station	
				Other Transit Prop.	
Location SDTC					
Part I Offenses (Reports)					
Violent Crime	Inc Inv	Arrests			
Homicide	1	1			
			Patrons	0	1
			Employees	0	0
			Others	0	0
Forcible rape	0	0			
			Patrons	0	0
			Employees	0	0
			Others	0	0
Robbery	3	0			
			Patrons	1	2
			Employees	0	0
			Others	0	0
Aggravated assault	8	0			
			Patrons	3	2
			Employees	1	0
			Others	3	0
Property Crime	Inc Inv	Arrests			
Burglary	0	0			
Larceny/theft	4	0			
			Patrons	0	0
			Employees	1	0
			Others	3	0
Motor vehicle theft	1	0			
			Patrons	0	0
			Employees	0	0
			Others	0	0
Arson	0	0			
			0	0	0
Part II Offenses (Arrests)					
	Inc Inv	Arrests			
Other assaults	24	5			
Vandalism	81	27			
Sex offenses	5	0			
Drug abuse violations	38	46			
Driving under the influence	0	0			
Drunkenness	13	10			
Disorderly conduct	91	24			
Trespassing	1	0			
Fare evasion	14	3			
Curfew & loitering laws	33	36			
Total Transit Property Damage			\$ 2,886.07		
<h1>Internal Use Only</h1>					
Report Run Date		Report Run Time		Reporting Period	
09/15/2004		03:30:46PM		01/01/2003 To 06/30/2003	




<input type="checkbox"/> Form not applicable NTD ID <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="checkbox"/> Form 005 Included		BOARD 405 REPORT		Required from transit agencies serving UZAs of 200,000 or more population.	
				Mode <input type="text"/>	Type of Service <input type="text"/>
Based on the Uniform Crime Reporting Handbook					
Security Items		In Vehicle		In Station	
Other Transit Prop.					
Location SDTC					
Part I Offenses (Reports)					
Violent Crime	Inc Inv	Arrests			
Homicide	0	0	Patrons	0	0
			Employees	0	0
			Others	0	0
Forcible rape	0	0	Patrons	0	0
			Employees	0	0
			Others	0	0
Robbery	3	1	Patrons	0	2
			Employees	0	0
			Others	0	1
Aggravated assault	0	0	Patrons	0	0
			Employees	0	0
			Others	0	0
Property Crime	Inc Inv	Arrests			
Burglary	0	0		0	0
Larceny/theft	0	0	Patrons	0	0
			Employees	0	0
			Others	0	0
Motor vehicle theft	0	0	Patrons	0	0
			Employees	0	0
			Others	0	0
Arson	0	0		0	0
Part II Offenses (Arrests)					
	Inc Inv	Arrests			
Other assaults	8	6		2	4
Vandalism	49	14		10	4
Sex offenses	0	0		0	0
Drug abuse violations	32	32		3	25
Driving under the influence	0	0		0	0
Drunkenness	7	7		1	5
Disorderly conduct	24	22		8	14
Trespassing	2	2		0	0
Fare evasion	3	3		1	2
Curfew & loitering laws	29	29		0	28
Total Transit Property Damage				\$ 1,218.18	
Internal Use Only					
Report Run Date		Report Run Time		Reporting Period	
09/15/2004		03:31:04PM		01/01/2004 To 06/30/2004	



**Semi-Annual Security  
Report**  
January-June 2004

Presented by William Burke  
Director of Transit System Security  
September 23, 2004

SDTI 

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**Operation Bayfront, July 2004**  
Chula Vista



SDTI 

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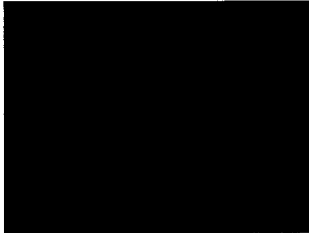
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**Multi-Agency  
Emergency Preparedness**



SDTI 

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## Multi-Agency Training Manual

- \$25,000 Grant
- For use by SDTI and SDTC
- Training for emergency preparedness

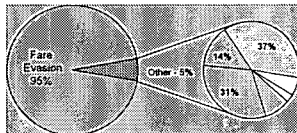
SDTI

## C Street Corridor

- Problem Oriented Policing (POP)
- Joint Effort with San Diego Police and business community
- Targeting quality of life violations
- Targeting repeat offenders – obtaining stay away orders

SDTI

## C Street Corridor Project Civic Center Station



Disorderly Conduct  
37%

Drug Abuse  
31%

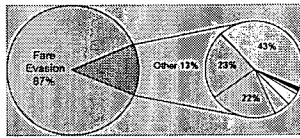
Curfew/Littering  
14%

- ☐ Fare Violations
- ☐ Assaults
- ☐ Drug Abuse Violations
- ☐ Disorderly Conduct
- ☐ Vandalism
- ☐ Public Intoxication
- ☐ Curfew / Littering

SDTI



## C Street Corridor Project 5<sup>th</sup> Avenue Station



- ☐ Fare Violations
- ☒ Trespassing
- ☐ Assaults
- ☐ Drug Abuse Violations
- ☐ Disorderly Conduct
- ☒ Robbery
- ☐ Vandalism
- ☐ Public Intoxication
- ☐ Curfew / Loitering

SDTI



Disorderly Conduct  
43%

Curfew/Loitering  
23%

Drug Abuse  
22%

## TSA Security Directives

- Ensure agency reports potential threats
- Provide most recent vulnerability assessment
- Ensure personnel are notified of changes in threat conditions

SDTI



## TSA Security Directives (Cont.)

- Direct employees to be alert and immediately report suspicious activity
- Ensure heightened security measures are communicated to passengers
- Remove any receptacles that are not bomb resistant from stations

SDTI





## TSA Security Directives

(Cont.)

- Utilize explosive detection canine teams (SDPD)
- Allow TSA-designated canine teams to inspect stations
- Allow TSA-designated Security Partnership Teams to inspect stations

SDTI 

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## TSA Security Directives

(Cont.)

- Conduct frequent inspections of facilities
- Inspect passenger rail cars
- Ensure that security coverage correlates to threat levels and advisories

SDTI 

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## TSA Security Directives

(Cont.)

- Lock doors that allow access to train operator's cab

SDTI 

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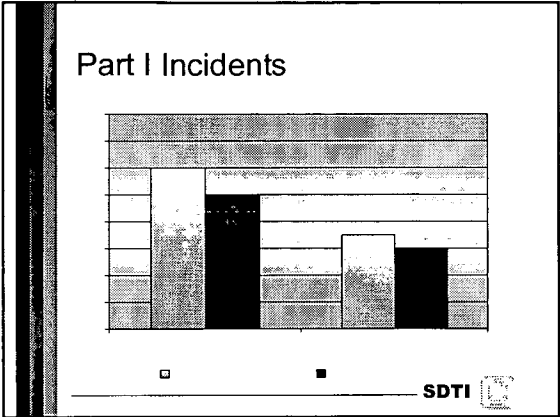
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### Passenger Inspections

Twenty-nine percent of passengers were inspected at stations and onboard trains

Independent MTDB-coordinated spot checks verified inspection percentages

SDTI

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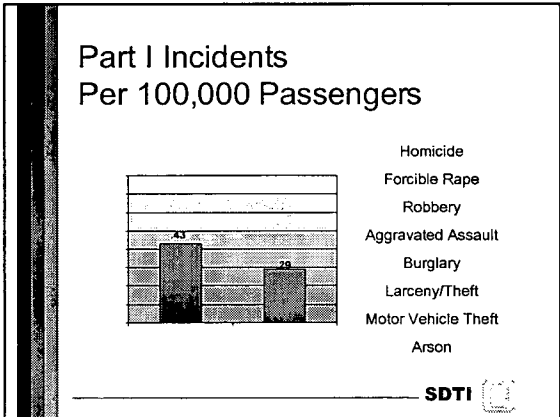
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## Special Enforcement Unit

- Warning vs. Citation
  - Issued in some cases
  - Issued for 2<sup>nd</sup> offense
  - Repeat offenders determined by Transit Watch
- Revenue SEUs
  - Opportunity to purchase or upgrade
  - Relieves overcrowded courts
  - Extensive fines for repeat offenders



SDTI

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## Special Enforcement Unit

97.2% Fare Compliance



Category	Percentage
Compliance	97.2%
Cited	1.9%
Upgraded	.6%
Warned	.3%

SDTI

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## Closed Circuit Television Top Ten Stations - Criteria

• Potential for Terrorism	• Passenger Activity
• Reported Crimes	• Input from Law Enforcement
• Arrests	• Cost Sharing
• Code-3's	• Isolation of Location
• Serious Incidents	• Trespassing and Loitering

SDTI

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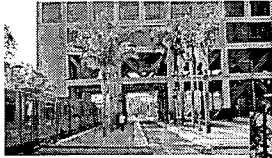
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## Closed Circuit Television Top Ten Stations



1. 12<sup>th</sup> & Imperial  
Transfer



2. 5<sup>th</sup> Avenue

SDTI 

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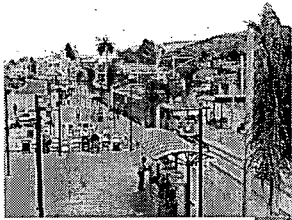
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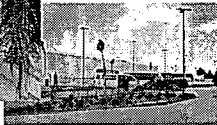
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## Closed Circuit Television Top Ten Stations (Cont.)



3. San Ysidro



SDTI 

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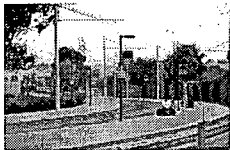
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## Closed Circuit Television Top Ten Stations (Cont.)



4. 32<sup>nd</sup> & Commercial



5. Lemon Grove

SDTI 

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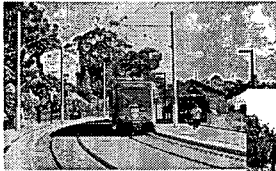
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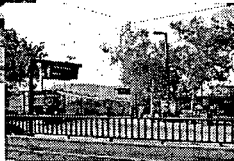
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Closed Circuit Television  
Top Ten Stations (Cont.)



6. Spring Street



7. City College

SDTI 

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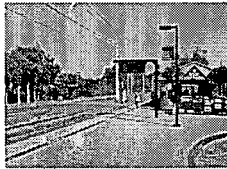
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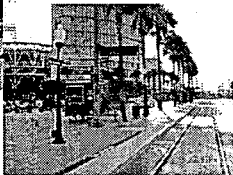
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Closed Circuit Television  
Top Ten Stations (Cont.)



8. H Street



9. Gaslamp

SDTI 

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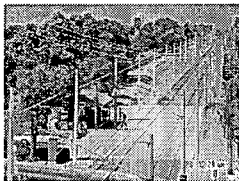
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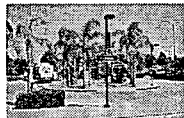
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Closed Circuit Television  
Top Ten Stations (Cont.)



10. Iris Avenue



SDTI 

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## SDTC Vandalism Program

- Timely receipt of pertinent information
- New reporting form to ensure more accurate and complete information
- Faster security response based on more timely and accurate information



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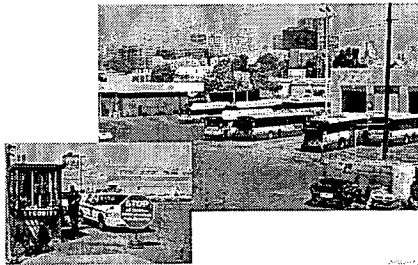
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## SDTC Security Survey



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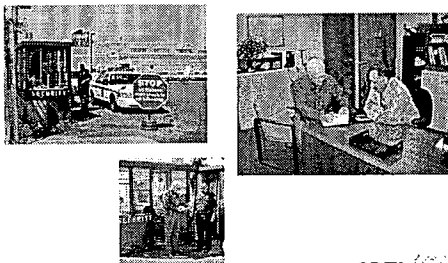
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## SDTC Security Survey (Cont.)



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

## Agenda

Item No. 32

Joint Meeting of the Board of Directors for  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

ADM 110.4 (PC 20271)

September 23, 2004

Subject:

MTDB: REGIONAL FARE POLICY AND COMPREHENSIVE FARE ORDINANCE

### RECOMMENDATION:

That the Board of Directors receive this report for information.

#### Budget Impact

None.

### DISCUSSION:

With the approval of Senate Bill 1703, the planning and programming functions of MTDB and the North County Transit District (NCTD) were consolidated under the San Diego Association of Governments (SANDAG). Contained within these functions is the responsibility for developing a Regional Fare Policy, including setting fares for transit agencies in the region through a Comprehensive Fare Ordinance. The Initial Transition Plan for the regional consolidation specifies that SANDAG will develop the Regional Fare Policy, carried out in collaboration with transit agencies and operators.

### FARE POLICY

#### Framework

The draft Regional Fare Policy is included as Attachment A. The Regional Fare Policy is founded on MTDB's existing Policy No. 28, Fare Setting, with variations that reflect the



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.



requirements of consolidation. Although SANDAG is now responsible for setting the fare structure for the region, it would be done as part of a collaborative effort that includes input from each of the transit agencies and operators in the region, as outlined below.

The attached Regional Fare Policy has been reviewed by the Joint Committee on Regional Transit, the Transportation Services Facilities Advisory Committee (TSFAC), and NCTD's Planning Board and Board of Directors. Input from these committees has been included, where appropriate, in the attached draft.

This policy was developed under a framework of principles that apply to each of the transit agencies and operators within the region. These principles include:

- Regional Participation. For the policy to be effective, it is necessary for all transit agencies and operators to participate. The policy outlines the mechanisms that allow for participation.
- Production. The overarching goal of this principle is that fare revenues should meet or exceed the level necessary to support the level of service provided given the public subsidies available.
- Fairness. The policy must be fair and equitable to all operators and passengers within the region.
- Simplicity. The purpose of the fare policy is to promote seamless travel by developing one common, easily understood, and verified fare structure throughout the region.
- Responsibilities. SANDAG, transit agencies, and transit operators all have roles and responsibilities to ensure successful implementation of the Regional Fare Policy. This section outlines the individual responsibilities of each of the agencies involved in fare structure implementation.

## COMPREHENSIVE FARE ORDINANCE

The companion document to the Regional Fare Policy is the Comprehensive Fare Ordinance (CFO). The purpose of the CFO is to establish the fare structure and fare levels, revenue sharing between the transit agencies, and pass sales commissions for private sales outlets consistent with the adopted fare policy. SANDAG adopts the CFO, which sets fares for all regular transit services in the region as well as fares for ongoing special or unique transit services. Special temporary promotional fares are not part of the CFO and may be set by the transit agencies within their respective service areas. A Regional Fare Structure Working Group, comprised of SANDAG and transit agency and transit operator staffs, will be working on the CFO over the next several months. The CFO will be brought to the transit agency boards for endorsement and SANDAG for adoption. The CFO will replace the existing Uniform Fare Structure Agreement. It is anticipated that the CFO will not deviate significantly from the existing Uniform Fare Structure Agreement since there are no major fare changes proposed at this time.



### Process for Fare Changes

The process for fare structure changes is outlined in detail in the Regional Fare Policy. Key points in the process are outlined below.

- A Regional Fare Structure Working Group (comprised of staff from SANDAG, transit agencies (MTS and NCTD), and transit operators) shall review the fare ordinance each year as part of the annual budget process and propose changes to the CFO.
- Transit agency boards shall review and provide input on proposed changes to the fare policy and ordinance and solicit public input in accordance with transit agency policies prior to SANDAG Board action.
- SANDAG shall hold the public hearings and adopt any changes to the Comprehensive Fare Ordinance as part of the budget process, unless needed for special circumstances.
- Transit operators shall implement and adhere to the Regional Fare Policy and Comprehensive Fare Ordinance.
- The Transit Agencies shall have the right to set special temporary promotional fares for special events and seasonal events such as service to PETCO Park and Qualcomm Stadium.

### NEXT STEPS

SANDAG's Transportation Committee and Board are scheduled to approve and adopt the Regional Fare Policy in October 2004. Working in parallel, the Regional Fare Structure Working Group will develop the details of the Comprehensive Fare Ordinance for subsequent approval by SANDAG in early 2005. The Comprehensive Fare Ordinance will be brought to MTS prior to action by SANDAG.



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Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Jennifer Williamson, 619.699.1959, [jwil@sandag.org](mailto:jwil@sandag.org)

JGarde/SEPT23-04.32.JWILLIAMSON1  
9/15/04

Attachment: A. Draft Regional Fare Policy **(Board Only)**





## REGIONAL FARE POLICY AND COMPREHENSIVE FARE ORDINANCE

### PURPOSE:

To establish guidelines for setting a uniform, fair, and equitable areawide fare structure consistent with revenue-producing requirements and established budgets.

### BACKGROUND:

With the approval of Senate Bill 1703, the planning and programming functions of the Metropolitan Transit Development Board and the North County Transit District were consolidated under the San Diego Association of Governments (SANDAG). Contained within these functions is the responsibility for developing a Regional Fare Policy, including setting fares for transit services in the region through a Comprehensive Fare Ordinance. The Initial Transition Plan for the regional consolidation specifies that SANDAG will develop the Regional Fare Policy, carried out in consultation with the transit agencies and operators.

**Regional Participation** - For this policy to be effective, it will be necessary for all transit agencies and operators in the region to implement the regional policy according to the following guidelines:

- 29.1 A single, unified, regionwide fare policy and transfer system shall be maintained for all publicly subsidized operators.
  - 29.1.1 All publicly supported transit operators shall participate in the system to be eligible for public subsidy.
  - 29.1.2 All publicly supported transit operators shall use and accept regional fare media.

**Production** – Fare revenues shall meet or exceed the level necessary to support the level of service provided given the current public subsidies available.

- 29.2 SANDAG shall adopt a specific farebox recovery ratio objective for each transit agency each fiscal year, consistent with the requirements of the Public Utilities Code regarding the disbursement of Transportation Development Act funds. SANDAG's farebox recovery ratio shall be higher than that set by the Public Utilities Code to encourage revenue growth and ridership.
  - 29.2.1 The fare-pricing schedule shall be set to be consistent with meeting or exceeding the specified farebox recovery requirements.
  - 29.2.2 The annual average fare (per passenger), over time, shall generally be consistent with annual increases in regionwide transit cost indicators and/or the rate of inflation.



- 29.2.3 SANDAG shall consider the financial impacts of a fare change upon ridership, service provision, and operating budgets.
- 29.2.4 User-side subsidies and direct public/private funding shall be encouraged as sources of operating revenue, particularly for services with lower cost-effectiveness.

**Fairness** – The fare structure should be fair and equitable to all operators and passengers in the region.

- 29.3 Fare levels shall be consistent for similar types of service and similar service areas.
  - 29.3.1 Fare levels shall reflect a combination of the type of service, distance, speed of travel, and customer amenities provided to the customer, with higher fares set for premium services.
  - 29.3.2 Transfers between all routes shall be facilitated, with the cost of such transfers being related to any difference between the types of service and respective fare levels.
  - 29.3.3 Regionwide fare discounts shall generally be limited to senior patrons, patrons with disabilities, prepaid fare programs, and any mandated federal, state, and local programs.

**Simplicity** - The fare policy shall promote seamless travel throughout the region by developing one common and easily understood fare structure throughout the region.

- 29.5 The fare structure and transfer system shall be as simple and easy to understand for users as possible.
  - 29.5.1 The number of fare, transfer, and pass options shall be minimized to promote user-friendliness and efficient fare validation.
  - 29.5.2 The pricing structure shall be based upon equal or easily identifiable coin increments.
  - 29.5.3 The fare collection process aboard a transit vehicle shall be designed to be as expeditious as possible.
  - 29.5.4 Vehicle driver/operator involvement in the fare collection process onboard the transit vehicle should be minimized.
  - 29.5.5 Use of prepaid fares (e.g., monthly passes and tokens) shall be encouraged to speed the patron boarding process.
  - 29.5.6 The automated fare collection system shall be developed to simplify fare payment and collection while providing the region with the opportunity to develop specialized fare structures that will be transparent to the user and driver/operator.

**Responsibilities** - SANDAG, the transit agencies, and transit operators all have roles and responsibilities to ensure successful implementation of the Regional Fare Policy.

- 29.6 SANDAG develops and adopts the Regional Fare Policy and Comprehensive Fare Ordinance, which incorporates a uniform fare structure, transfer policy, and agreement for revenue sharing of regional



tickets, tokens, and passes, while also allowing the consolidated agency to adopt specialized fare procedures for travel within each operator's service area. SANDAG will regularly update the Regional Fare Policy and set the basic fare pricing for transit services in the region through adoption of a Comprehensive Fare Ordinance.

- 29.6.1 A Regional Fare Structure Working Group (comprised of staff from SANDAG, transit agencies, and operators) shall review the comprehensive fare ordinance each year during the annual budget process and propose changes to the ordinance, if appropriate.
- 29.6.2 Transit agency boards shall review and provide input on proposed changes to the fare ordinance and solicit public input, in accordance with transit agency policies, prior to SANDAG Board action.
- 29.6.3 The fare ordinance shall be reviewed by SANDAG's Transportation Committee as part of the annual budget process, unless needed at other times for special circumstances.
- 29.6.4 SANDAG shall adopt specialized fares and procedures for travel within each transit agency's service area.
- 29.6.5 Public notice of fare changes shall be provided as legally required, including written notice on all public transit vehicles and legal notices to newspapers. Public hearings will be conducted according to SANDAG-adopted policies.
- 29.6.6 Transit operators shall implement and adhere to this Regional Fare Policy and Comprehensive Fare Ordinance. Transit operators shall take the necessary actions to authorize enforcement of the Comprehensive Fare Ordinance.
- 29.6.7 The two transit agencies shall have the ability to set special temporary promotional fares. Special, temporary promotional fares are defined as fares implemented for no more than six months for special events, seasonal events (such as service to PETCO Park and Qualcomm Stadium), or for marketing purposes. These fares shall not adversely affect the transit agency's annual budget and would not be included in the Comprehensive Fare Ordinance. Temporary promotions or special fares do not require a public hearing.
- 29.6.8 The Regional Fare Policy should be reviewed every two years by SANDAG.



## Regional Fare Policy




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## Framework Of Guiding Principles

- ☐ Regional Participation
- ☐ Production
- ☐ Fairness
- ☐ Simplicity
- ☐ Responsibilities




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## Comprehensive Fare Ordinance

- ☐ Purpose
  - Outline Fare Structure
  - Revenue Sharing
  - Pass Sales Commissions
  - Adopted During Budget Process
  - Sets Ongoing Special Fares
  - Replaces Current Uniform Fare Structure Agreement




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### Process for Fare Changes

- ☐ Regional Fare Structure Working Group reviews fare ordinance and proposes revisions
- ☐ Transit Agency Boards provide input
- ☐ Transit Agency Boards solicit public comment as necessary
- ☐ SANDAG holds public hearing
- ☐ Transit Agencies/Operators implement and enforce fare ordinance



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### MTS Comments

- ☒ Clarification of temporary, promotional fare language
- ☒ Refinement of procedures for fare setting



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### Next Steps

- ☐ October - SANDAG Transportation Committee Endorses Policy
- ☐ October - SANDAG Board Adopts Fare Policy
- ☐ Early 2005 - Comprehensive Fare Ordinance to Transit Agencies and SANDAG



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Regional Fare Policy



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

## Agenda

Item No. 33

Joint Meeting of the Board of Directors for  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

MKPC 620 (PC 40053)

September 23, 2004

### Subject:

MTS: METROPOLITAN TRANSIT SYSTEM (MTS) APPEARANCE AND IDENTITY

### RECOMMENDATION:

That the Board of Directors clarify MTS logo and text usage on trolleys.

#### Budget Impact

No impact at this time. Future impacts would be contingent upon the Board's direction to implement the new MTS logo and text usage on trolleys not in the current procurement or scheduled for repainting.

### DISCUSSION:

On March 25, 2004, the Board approved the new "MTS" logo and "Metropolitan Transit System" text usage for the buses and trolleys, based on the new red-and-white paint scheme for the buses and the current "all-red" trolleys. At the April 29, 2004, Board meeting, some Board members expressed concern with dropping the name "San Diego Trolley" from the trolley vehicles.

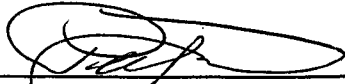
Staff is bringing the text and logo usage previously approved by the Board, as well as additional alternatives to address the issue regarding the retention of the San Diego Trolley name. In addition, staff is presenting a prototype bus painted with the approved



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.



paint scheme for the Board's examination and a sample application of the scheme approved by the Chula Vista City Council for its bus fleet.



Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Gonzalo Lopez, [gonzalo.lopez@sdmts.com](mailto:gonzalo.lopez@sdmts.com), 619.557.4526

JGarde/SEPT23-04.33.JANDREWS  
9/15/04

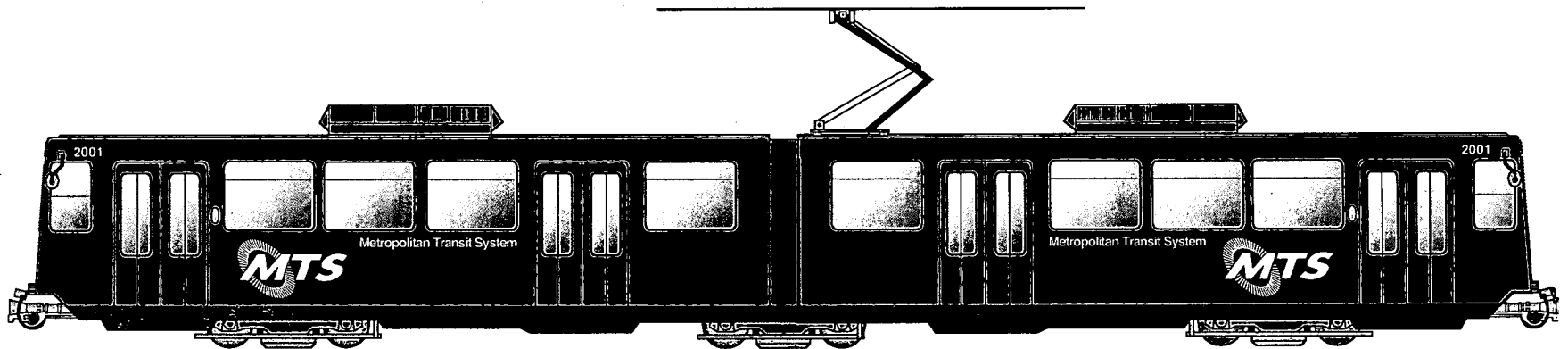
Attachments: A. SD100 Trolley – Approved and Additional Alternatives  
B. SD70 Trolley – Approved and Additional Alternatives  
C. Chula Vista Bus – Approved by Chula Vista City Council on 4/17/04

} **Board Only**

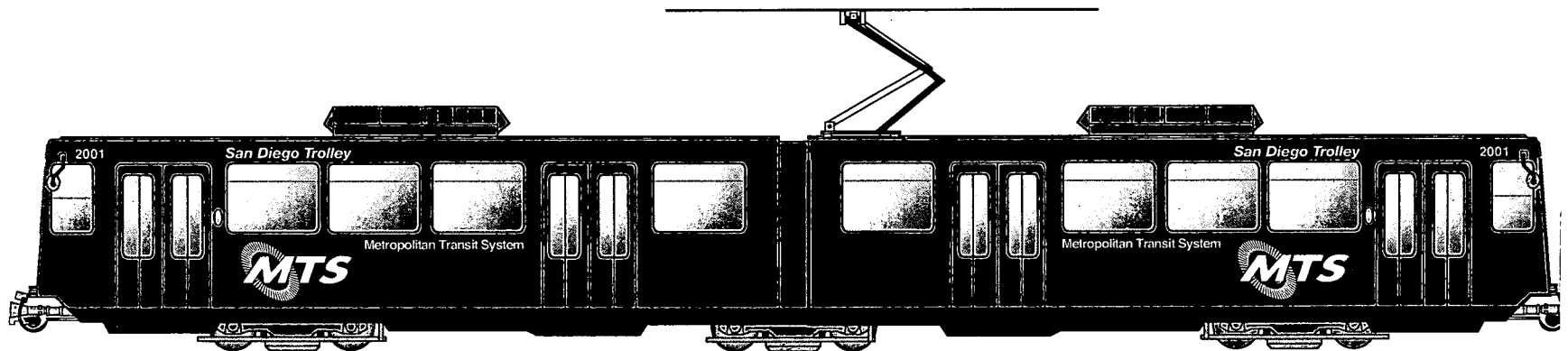


## SD100 TROLLEY – APPROVED AND ADDITIONAL ALTERNATIVES

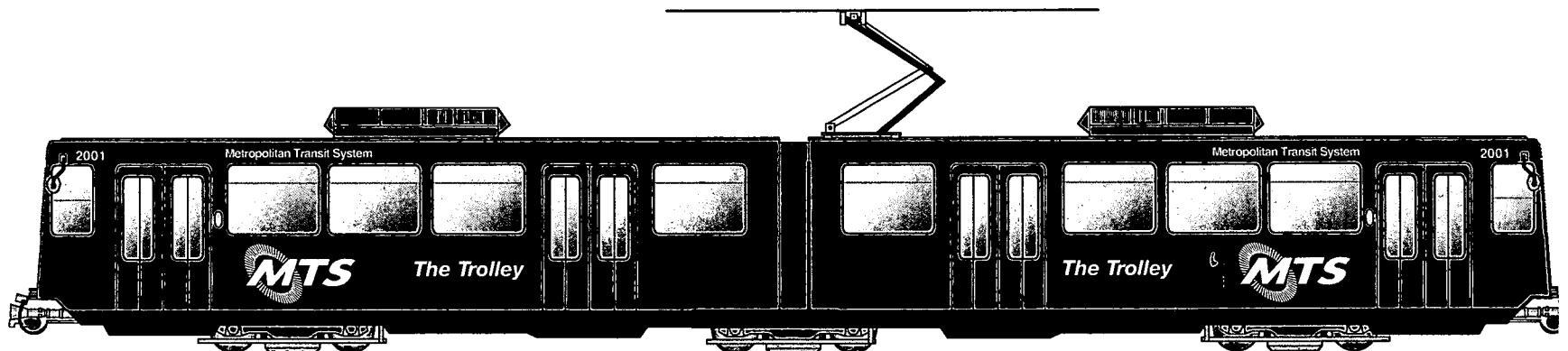
Approved



Option A



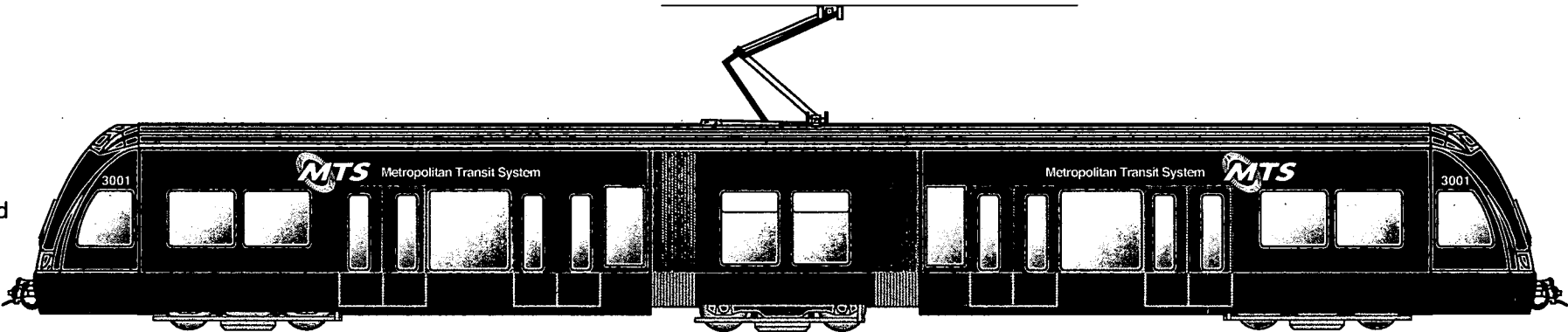
Option B



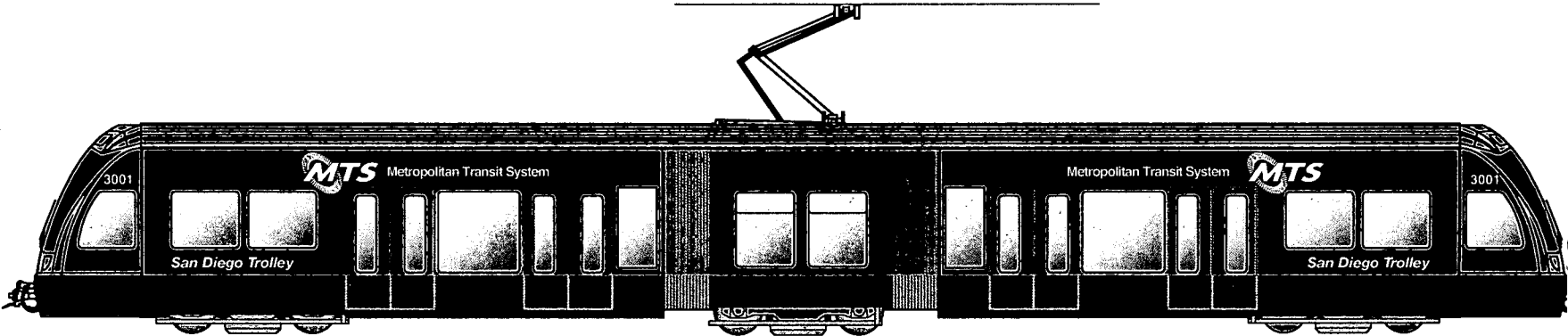


**SD70 TROLLEY – APPROVED AND ADDITIONAL ALTERNATIVES**

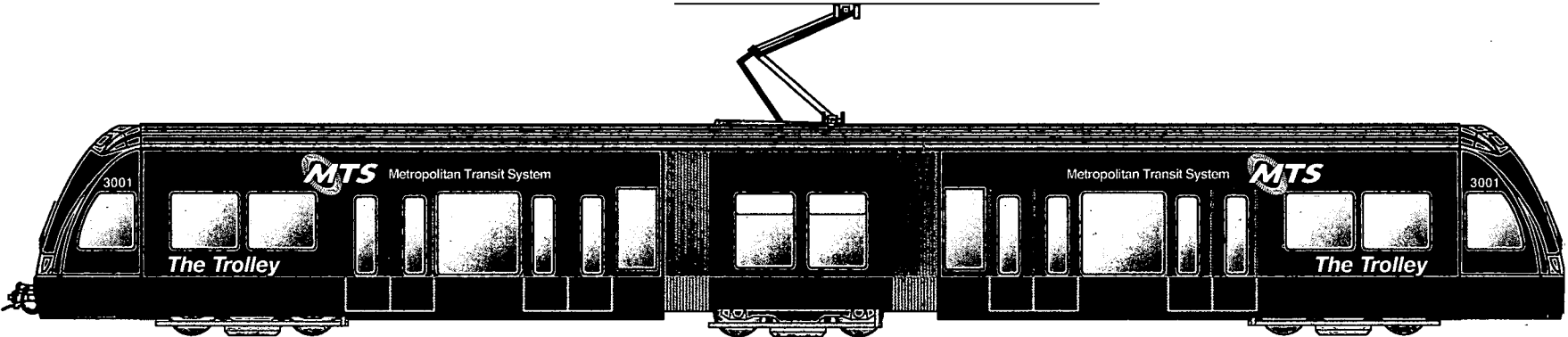
Approved



Option A



Option B

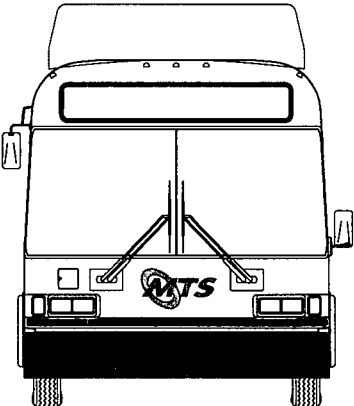
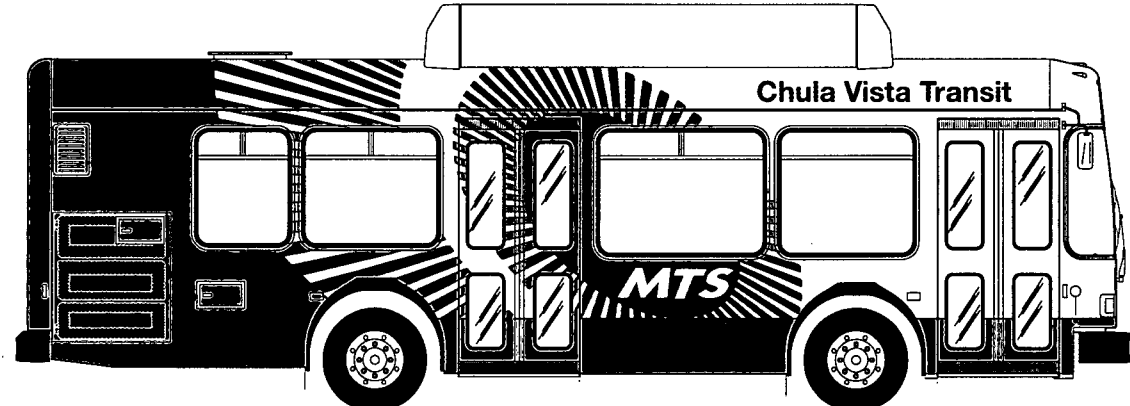
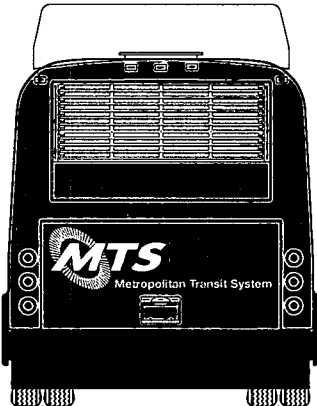
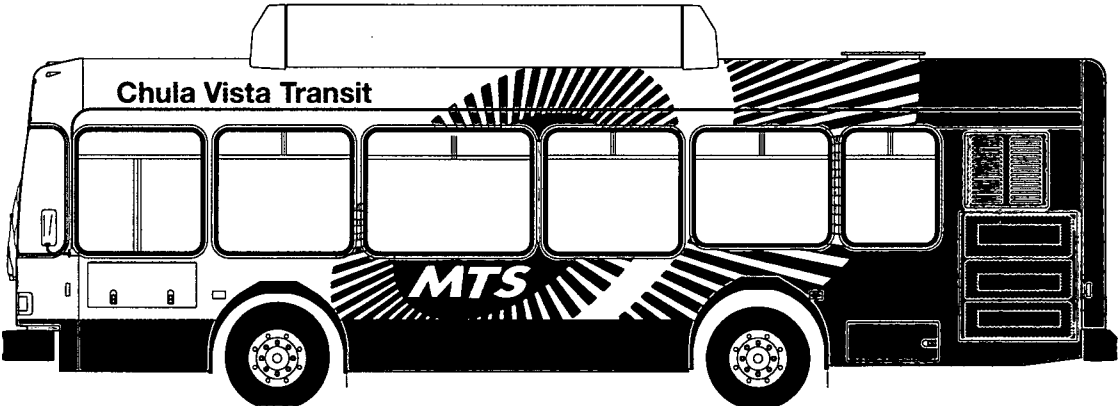


B-1



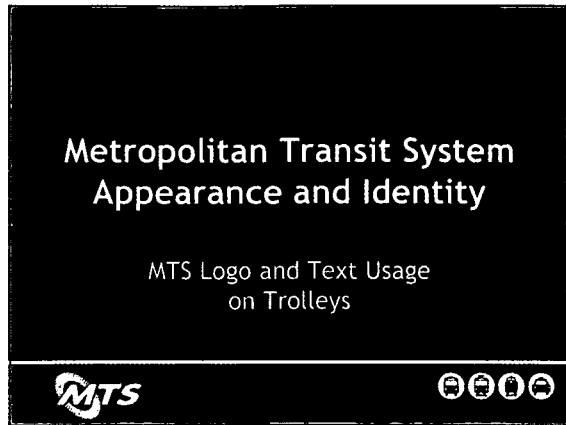
**CHULA VISTA BUS**

APPROVED BY CHULA VISTA CITY COUNCIL APRIL 17, 2004



Att. C, AI 33, 9/23/04, MKPC 620





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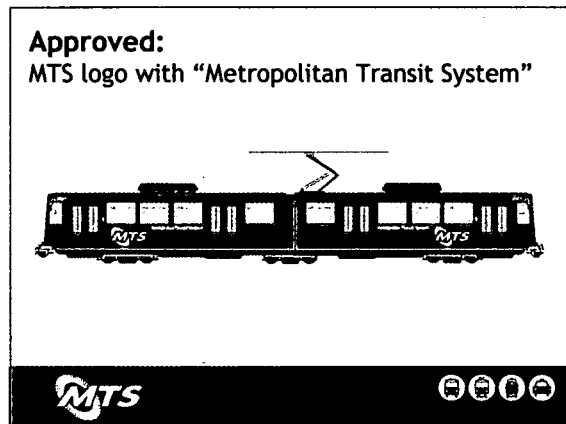
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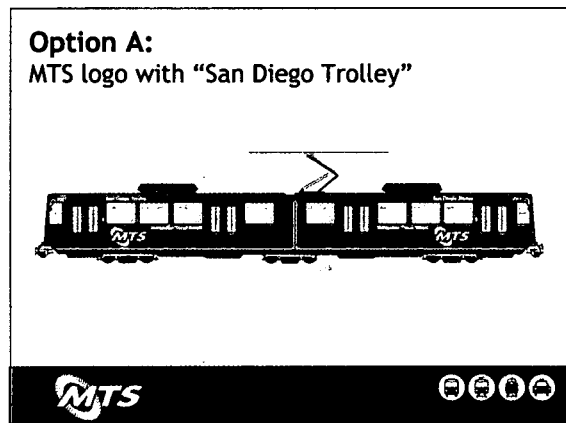
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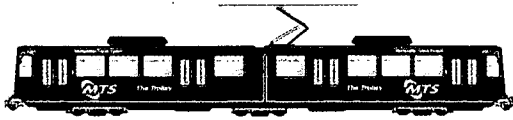
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**Option B:**  
MTS logo with "The Trolley"




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**SD100 Trolley**

Approved



Option A



Option B




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**SD70 Trolley**

Approved



Option A



Option B




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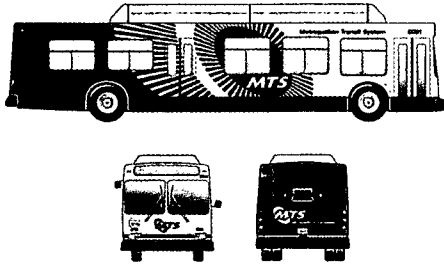
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**Approved:**  
MTS Buses




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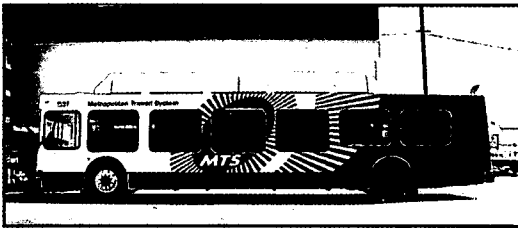
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**Prototype**




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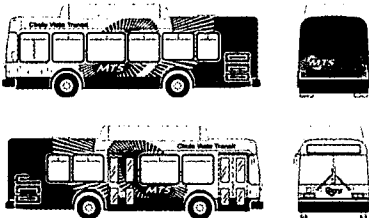
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**Approved:**  
Chula Vista Transit buses




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

## Agenda

Item No. 34

Joint Meeting of the Board of Directors for the  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

ADM 122.2  
(PC 30100)

September 23, 2004

### Subject:

MTDB: EXTENSION OF TERMS OF OFFICE FOR EX OFFICIO BOARD MEMBERS

### RECOMMENDATION:

That the Board of Directors extend the terms for the two ex officio Board members, Harry Mathis and Shirley Kaltenborn, through the completion of the Comprehensive Operations Analysis (COA), to October 15, 2005.

### Budget Impact

Approximately \$5,400 (\$150 per meeting per person, approximately two meetings per month).

### Executive Committee Recommendation

At its meeting on September 16, 2004, the Executive Committee recommended forwarding this item to the Board for approval.

### DISCUSSION:

At the conclusion of the Executive Committee meeting on September 2, 2004, it was suggested by committee members that the terms of the ex officio Board members be extended for an additional year through the completion of the COA. Mr. Mathis and Ms. Kaltenborn were appointed as ex officio Board members to serve until October 15, 2004. Staff anticipates the COA will be completed some time in mid-2005 and is



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recommending the extension of Mr. Mathis' and Ms. Kaltenborn's services to October 15, 2005. Mr. Mathis served as the previous Chairman for the San Diego Trolley, Inc., Board of Directors, and Ms. Kaltenborn served as the Chairwoman for San Diego Transit Corporation. The terms of the ex officio Board members were originally set by the MTD Board to extend through the completion of the consolidation with the San Diego Association of Governments (SANDAG). A Board motion is necessary to continue their service for an additional year.



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Paul C. Jablonski  
Chief Executive Officer

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

JGarde  
SEPT23-04.34.TLOREN  
9/16/04





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

## Agenda

Item No. **35**

Joint Meeting of the Executive Committee for  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

OPS 960.6 (PC 30101)

September 23, 2004

Subject:

SDTC: PENSION OBLIGATION BONDS

### RECOMMENDATION:

That the Board of Directors receive this report, approve an authorizing resolution (Attachment A) for the issuance and sale of pension obligation bonds (POBs), and authorize the Chief Executive Officer (CEO) to proceed with the issuance of POBs.

#### Budget Impact

Potentially could reduce San Diego Transit Corporation's (SDTC's) annual pension costs by \$1.3 million to \$1.5 million depending on the size of the offering, bond interest rate, and pension investment returns.

#### Executive Committee Recommendation

At its meeting on September 16, 2004, the Executive Committee recommended forwarding this item to the Board for approval.

### DISCUSSION:

Previously staff brought forth a recommendation to review the potential savings and benefits that the issuance of POBs would provide. This was to be accomplished by working with the California Transit Finance Corporation and its



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consultants. Based upon Executive Committee input, the consultants developed a finance plan that would accomplish the following objectives:

- Fund 85 percent of the unfunded actuarially accrued liability (UAAL).
- Obtain the lowest expected interest cost.
- Maximize flexibility to repay the principal of the bonds.
- Provide budget savings in both current and future fiscal years.

The issuance of the POBs was presented to the Board on September 9, 2004 (Attachment B). Following comments regarding the materials presented to the Board, the item was continued until September 23, 2004, to provide time for Board members to submit questions to staff. The questions received by staff along with the responses are as follows:

1. *The tables on pages 18 and 19 are incomplete; I assume because we don't know what the exact numbers will be until we actually go to market the bonds. I understand that we can't have the final numbers before going to market, but could we at least have estimated numbers based on current market assumptions included in the tables?*

Response: The preliminary official statement (POS) (Attachment C) will be amended to include preliminary amounts based upon current estimates.

2. *The table on page 19 has a footnote (3) that explains that "Farebox Revenues" are calculated by using, in part, the unaudited FY 04 farebox revenue. While I understand that sometimes unaudited numbers are used in POSs, do we really need to use them here? Could we just use the FY 03 farebox revenues as our guide (since they've been audited) rather than risk having the FY 04 audit revise the numbers downward after the fact? Since these revenues are being relied upon as the revenue source for the debt service on these bonds, it seems the most conservative approach would be best, and, given our history with farebox revenue controversies, it seems more prudent to only use audited totals.*

Response: While it is common practice to use unaudited numbers in the POS, we have plenty of coverage using the FY 03 numbers. The POS will be amended to reflect this change.

3. *Under "Risk Factors" on pages 30-31, should we include more information about the recent consolidation and reorganization legislation (and its effects) detailed on pages 37-38? It seems like this type of change, both past and future, would qualify as a possible source of risk? Also, it doesn't seem like the organization chart on page 33 is reflective of how things will be when these bonds are issued?*

Response: This is the same information that was provided in the last two MTDB bond issuances (August 2003 and December 2003), and the consolidation was actually cited as a credit strength in Moody's August 2003 credit report. The organization chart reflects the current MTDB organization.



4. *The "Pension System" summary on page 41 seems woefully inadequate. How about including the current funding ratio (about 55% according to information given at the Board meeting), brief history of funding levels, causes of funding-level declines, actions taken so far to address these issues, etc? Since these bonds are being issued specifically to cover unfunded pension system liability, shouldn't there be much more in the way of disclosure about the current state of the pension system?*

Response: Staff will include additional information in the POS regarding the SDTC Employee Retirement Plans including historical funding levels as well as notes as to why this has changed over time.

5. *What is our bond rating (it is blank on page 60)?*

Response: Previous bond ratings have been A1 (Moody's). This transaction is currently being reviewed by Moody's, and a final report is expected some time next week.

Attached to this item is a memorandum from the Bond Counsel (Attachment D) outlining the duties and responsibilities of the governing board of a municipal bond issuer with respect to the approval of disclosure documents, such as the POS.



Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Cliff Telfer, 619.238.0100, Ext. 404, [cliff.telfer@sdmts.com](mailto:cliff.telfer@sdmts.com)

JGarde  
SEPT23-04.35.CTELFER  
9/16/04

Attachments:	A. Resolution No. 04-11	}	<b>Board Only</b>
	B. Agenda Item No. 32 (w/o attachments)		
	C. Preliminary Official Statement		
	D. Letter from Barney A. Allison dated 9/10/04		



SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD

RESOLUTION NO. 04-11

Resolution of the Board of Directors of the San Diego Metropolitan Transit Development Board Providing for the Issuance and Sale of One or More Series of San Diego Metropolitan Transit Development Board Debentures, the Issuance and Sale of One or More Series of San Diego Metropolitan Transit Development Board Pension Obligation Bonds, Authorizing a Trust Agreement, Continuing Disclosure Agreement, Preliminary Official Statement and Official Statement, and Other Matters Relating Thereto

WHEREAS, the San Diego Metropolitan Transit Development Board ("MTDB") has assumed the obligations of San Diego Transit Corporation with respect to the Retirement Plan for Noncontract Employees, the Retirement Plan for A.T.U. Local 1309 Contract Employees, and the Retirement Plan for I.B.E.W. Local 465 Contract Employees (collectively, the "Plan") and is obligated to provide the benefits under the Plan as required by California law, including, without limitation, California Public Utilities Code Section 120520 et seq.; and

WHEREAS, MTDB is obligated to (1) make annual contributions to the Plan to fund pension benefits for its employees, (2) amortize the unfunded accrued actuarial liability ("UAAL") with respect to such pension benefits over a period not exceeding 30 years, and (3) appropriate funds for the purposes described in (1) and (2); and

WHEREAS, MTDB desires to evidence its obligations to the Plan to pay a portion of the UAAL of MTDB, which may be discounted at the assumed interest rate established by the Plan, as well as this fiscal year's annual contribution (the "Debenture") and to authorize the issuance of additional debentures in the future from time to time; and

WHEREAS, there have been, presented at this meeting, proposed forms of the following documents:

1. the Debenture; and
2. a Trust Agreement (the "Trust Agreement") to be entered into between MTDB and BNY Western Trust Company, as trustee, relating to the Bonds ("Bonds"), including the form of Bond attached thereto as an exhibit; and
3. a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") to be entered into between MTDB and the Trustee, as dissemination agent;
4. a Bond Purchase Agreement (the "Bond Purchase Agreement") to be entered into between MTDB and UBS Financial Services, Inc., as the underwriter;
5. a Remarketing Agreement (the "Remarketing Agreement") to be entered into between MTDB and UBS Financial Services, Inc., as remarketing agent; and
6. a Preliminary Official Statement.



NOW, THEREFORE, IT IS RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of the San Diego Metropolitan Transit Development Board as follows:

1. The Board of Directors of MTDB (the "Board") hereby finds and declares that the issuance of the Debenture, the issuance of the Bonds to refund the Debenture, and the other actions contemplated by this Resolution are in the best interests of MTDB and will result in significant benefits to the patrons of MTDB's transit services.
2. The Board hereby authorizes and approves the issuance of the Debenture, and additional debentures from time to time in the future, if necessary, and authorizes and directs the Chief Executive Officer of MTDB to execute and deliver the Debenture to the Plan, substantially in the form presented at this meeting, with such changes therein, deletions therefrom, and additions thereto as the Chief Executive Officer shall approve, such approval to be conclusively evidenced by the execution and delivery of the Debenture to the Plan; provided, however, that the Debenture shall be in a principal amount not to exceed \$88 million, the stated interest rate on the Debenture shall not exceed the assumed interest rate established by the Plan, the Debenture shall be prepayable at any time without premium, and the Debenture shall mature not later than December 1, 2034. Additional debentures authorized hereunder shall be issued pursuant to supplemental resolutions hereto. The Debenture shall constitute an obligation imposed by law, pursuant to the Constitution and the laws of the State of California. The Debenture shall not, however, constitute an obligation of MTDB for which MTDB is obligated or permitted to levy or pledge any form of taxation or for which MTDB has levied or pledged or will levy or pledge any form of taxation.
3. The Board hereby authorizes and approves the issuance of the Bonds and hereby authorizes and directs the Chair, Vice Chair or Chief Executive Officer of MTDB ("Authorized Officers") to execute the Bonds and to cause the Bonds to be authenticated and delivered in accordance with the Trust Agreement. The Bonds shall be in substantially the forms set forth in Exhibit A-1 and Exhibit A-2 to the Trust Agreement, with such changes therein, deletions therefrom, and additions thereto as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery of the Bonds; provided, however, that the aggregate principal amount of the Bonds shall not exceed \$88 million, the interest rate on the Bonds bearing interest at fixed rates shall not exceed a true interest cost of 7% per annum and the interest rate on the Bonds bearing interest at variable rates shall not exceed 12%, and the Bonds shall mature not later than December 1, 2034, notwithstanding the provisions for redemption of the Bonds, if any. Each such determination by the Chief Executive Officer shall be conclusively evidenced by the issuance of the Bonds. The Bonds shall constitute an obligation imposed by law, pursuant to the Constitution and the laws of the State of California. The Bonds shall not, however, constitute an obligation of MTDB for which MTDB is obligated or permitted to levy or pledge any form of taxation or for which MTDB has levied or pledged or will levy or pledge any form of taxation.
4. MTDB shall enter into the Trust Agreement with a trustee meeting the requirements for eligibility to serve as trustee set forth in the Trust Agreement. The Authorized Officers are hereby authorized and directed to execute and deliver the Trust Agreement on behalf of MTDB, substantially in the form presented to this meeting, with such changes therein, deletions therefrom, and additions thereto as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery of the Trust Agreement. Pursuant to the terms of the Trust Agreement, the Board hereby approves the issuance of additional series of bonds in the future from time to time pursuant to supplemental trust agreements.



5. MTDB shall enter into the Continuing Disclosure Agreement. The Authorized Officers are hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement on behalf of MTDB, substantially in the form presented to this meeting, with such changes therein, deletions therefrom, and additions thereto as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Agreement.
6. The Authorized Officers are hereby authorized and directed to execute and deliver the Bond Purchase Agreement and the Remarketing Agreement, in substantially the forms presented to this meeting, with such changes therein, deletions therefrom and additions thereto as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement and the Remarketing Agreement.
7. If the Chief Executive Officer of MTDB determines that it will be advantageous for MTDB to enter into an interest rate swap agreement and/or any other form of agreement or arrangement that provides a method of managing fluctuations in interest rates with respect to the Bonds, as generally described in Government Code Section 5922, the Chief Executive Officer of MTDB is hereby authorized to execute and deliver, on behalf of MTDB, an interest rate swap agreement and/or a hedging agreement and/or any other form of such agreement or arrangement with an institutional party; provided, however, that the term of the swap agreement and/or hedging agreement and/or other form of such agreement or arrangement shall not exceed the final maturity of the Bonds, that MTDB's obligations shall be contingent upon certain performance by the counterparty to the agreement or arrangement, and that MTDB will have the right to terminate the agreement or arrangement upon the occurrence of certain circumstances. The Board hereby finds and determines that such agreements or arrangements will result in a lower cost of borrowing to MTDB.
8. If the Chief Executive Officer of MTDB determines that it will be advantageous for MTDB to purchase municipal bond insurance or other forms of credit enhancement with respect to the Bonds, the Chief Executive Officer of MTDB is hereby authorized to negotiate with prospective insurers or other credit enhancement providers and purchase such insurance or other forms of credit enhancement at market rates. If the Chief Executive Officer of MTDB determines that it will be advantageous for MTDB to obtain a liquidity facility with respect to the Bonds, the Chief Executive Officer of MTDB is hereby authorized to negotiate with prospective banks or other liquidity facility providers and obtain a liquidity facility at market rates.
9. The Preliminary Official Statement, substantially in the form presented to the Board at this meeting, is hereby approved. The Authorized Officers are authorized on behalf of MTDB to deem the Preliminary Official Statement "final" pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The Authorized Officers of MTDB are authorized and directed to prepare a final Official Statement, with such additional information as may be permitted to be excluded from the Preliminary Official Statement pursuant to the Rule. The final Official Statement shall be executed and delivered in the name and on behalf of MTDB by the Chief Executive Officer of MTDB.
10. The Authorized Officers of MTDB are authorized and directed to do any and all things and to execute and deliver any and all documents which they or any of them may deem necessary or advisable in order to consummate the transaction contemplated by this Resolution and otherwise to carry out, give effect to, and comply with the terms and intent of this Resolution, including, without limitation, a reimbursement agreement with the provider of the



credit enhancement facility and a standby purchase agreement with the provider of the liquidity facility.

11. This resolution shall take effect immediately upon its adoption at a duly constituted regular or special meeting called for that purpose.

PASSED AND ADOPTED by the Board this \_\_\_\_\_ day of \_\_\_\_\_ 2004, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

---

Chairman  
San Diego Metropolitan Transit  
Development Board

Filed by:

Approved as to form:

---

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

JGarde  
Reso4-11  
9/3/04

---

Office of the General Counsel  
San Diego Metropolitan Transit  
Development Board





Metropolitan Transit System

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

## Agenda

Item No. 32

Joint Meeting of the Board of Directors for  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

OPS 960.6 (PC 30101)

September 9, 2004

Subject:

SDTC: PENSION OBLIGATION BONDS

### RECOMMENDATION:

That the Board of Directors receive this report, approve an authorizing resolution for the issuance and sale of Pension Obligation Bonds, and authorize the Chief Executive Officer (CEO) to proceed with the issuance of pension obligation bonds (POBs).

#### Budget Impact

Potentially could reduce San Diego Transit Corporation's (SDTC's) annual pension costs by \$1.3 million to \$1.5 million depending on the size of the offering, the bond interest rate, and pension investment returns.

#### Executive Committee Recommendation

At its meeting on August 5, 2004, the Executive Committee recommended forwarding this item to the Board for approval.

### DISCUSSION:

Previously staff brought forth a recommendation to review the potential savings and benefits that the issuance of POBs would provide MTS. This was to be accomplished by working with the California Transit Finance Corporation and its



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 Lamon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.



consultants. Based upon Executive Committee input, the consultants have developed a finance plan that would accomplish the following objectives:

- Funding 85 percent of the unfunded actuarially accrued liability (UAAL).
- Obtaining the lowest expected interest cost.
- Maximizing flexibility to repay the principal of the bonds.
- Providing budget savings in both the current and future fiscal years.

#### Funding Amount

The consultants have reviewed previous POB transactions to determine the percentage of the UAAL to be funded by this transaction. These funding plans usually fund anywhere from 70% to 100% of the current UAAL. The County of San Diego recently funded 80% of its current UAAL. Based upon Board input the consultants propose that this transaction fund 85% of the current UAAL of the SDTC pension plans.

#### Obtaining the Lowest Expected Interest Cost

In order to obtain the lowest expected interest rate, the consultants had to evaluate various financing structures. This includes the debt instrument fixed-rate bonds versus variable-rate bonds and issues surrounding the debt structure.

#### Maximize the Flexibility to Repay Principle of the Bond

Economic conditions are always changing; interest rates can go up or down and stock market returns can do the same. The consultants looked at structuring this transaction so that it would have some redemption flexibility in order to be able to respond to changes in the financial markets.

#### Provide Additional Budget Savings

The consultants looked at opportunities to realize additional budget savings in the current fiscal year. This can be achieved by including SDTC's normal pension contribution for FY 05 in the transaction. The consultants also reviewed the benefits level annual saving versus upfront savings.

Based upon these financing objectives, the following bond structure is recommended:

- Fund 85% of the pension liability.
- Proceed with a hybrid financing structure of 50% fixed rate and 50% variable-rate bonds to minimize the expected interest cost while maintaining redemption flexibility.
- Realize level annual savings rather than upfront savings to preserve future financial flexibility.
- Include the normal FY 05 pension contribution in the transaction to provide additional budget savings in FY 05.



Estimated present value savings of \$22.4 million should be realized by utilizing this hybrid bond structure (assuming 10-year, one-month LIBOR average).

Attached is Resolution No. 04-11 (Attachment A), which, once adopted, will authorize staff to proceed with the issuance of the POBs and execute the following documents:

1. The Debenture (Attachment B)
2. Trust Agreement (Attachment C)
3. Continuing Disclosure Agreement (Attachment D)
4. Bond Purchase Agreement (Attachment E)
5. Remarketing Agreement (Attachment F)
6. Preliminary Official Statement (Attachment G)

The consultants and bond attorneys will be present at the meeting and will make a full presentation on the financing plan and cover any legal issues.



---

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Cliff Telfer, 619.238.0100, Ext. 404, [cliff.telfer@sdmts.com](mailto:cliff.telfer@sdmts.com)

DDeVaul/JGarde  
AUG5-04.C4.CTELFER  
9/3/04

**Attachments (Board Only):**

- A. Resolution 04-11 Providing for the issuance and sale of one or more series of San Diego Metropolitan Transit Development Board Debentures, the issuance and sale of one or more series of San Diego Metropolitan Transit Development Board Pension Obligation Bonds, Authorizing a Trust Agreement, Continuing Disclosure Agreement, Preliminary Official Statement and Official Statement, and other matters relating thereto
- B. The Debenture
- C. Trust Agreement
- D. Continuing Disclosure Agreement
- E. Bond Purchase Agreement
- F. Remarketing Agreement
- G. Preliminary Official Statement



**NEW ISSUE—FULL BOOK-ENTRY**  
**TAXABLE (FEDERAL)**  
**TAX EXEMPT (STATE OF CALIFORNIA)**

**Ratings: Moody's: Series A Bonds: "\_\_\_"**  
**Series B Bonds: "\_\_\_"**  
**See "RATINGS" herein**

*NO ATTEMPT HAS BEEN OR WILL BE MADE TO COMPLY WITH CERTAIN REQUIREMENTS RELATING TO THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON THE BONDS. In the opinion of Nossaman, Guthner, Knox & Elliott, LLP, Los Angeles, California, Bond Counsel, under existing laws, regulations, rulings, court decisions and the California Constitution, interest on the Bonds is exempt from State of California personal income taxes. See "TAX MATTERS" herein.*

**\$[AMOUNT]\***  
**SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD**  
**TAXABLE PENSION OBLIGATION BONDS**  
**SERIES 2004**

**\$[PAR1]\***  
**2004 Series A**  
**(Fixed Rate Bonds)**

**\$[PAR 2]\***  
**2004 Series B**  
**(Variable Rate Demand Bonds)**

**Dated: Date of Delivery**

**Due: December 1, as shown on inside cover page**

The San Diego Metropolitan Transit Development Board (the "MTDB"), a public agency created pursuant to Division 11 of the Public Utilities Code of the State of California, operating the Metropolitan Transit System ("MTS") is issuing its Taxable Pension Obligation Bonds 2004 Series A (Fixed Rate Bonds) (the "Series A Bonds") and Taxable Pension Obligation Bonds 2004 Series B (Variable Rate Demand Bonds) (the "Series B Bonds," and collectively with the Series A Bonds, the "Bonds") pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3, Division 2, Title 5 of the Government Code of the State of California and a Trust Agreement, dated as of October 1, 2004 (the "Trust Agreement") by and between MTDB and BNY Western Trust Company, as Trustee (the "Trustee"). MTDB is the sole member of the San Diego Transit Corporation ("SDTC") and owns all the assets of SDTC. On behalf of SDTC, MTDB is obligated to appropriate and make payments to the San Diego Transit Corporation Retirement Plans (collectively, the "Plan") for certain amounts arising as a result of retirement benefits accruing to employees of SDTC who are members of the Plan. In respect of a portion of the unfunded actuarial accrued liability to the Plan, last calculated by the Plan's actuary on January 1, 2004 to be not less than \$86,422,568, MTDB will execute a debenture (the "Debenture") in favor of the Plan. The Bonds are being issued to refund the Debenture and to pay the initial costs of financing.

Interest on the Series A Bonds will be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2004, at the rates set forth on the inside front cover. Interest on the Series B Bonds will be payable on the first Business Day of each calendar month, commencing November 1, 2004 unless the method for determining the interest rate on the Series B Bonds is changed to a different method or the interest rate is converted to a fixed rate to maturity. The Series B Bonds will initially bear interest from their date of issuance to and including the Tuesday following such date at a rate determined by the Underwriter, and thereafter at a Weekly Rate, as determined from time to time by the Remarketing Agent (as defined herein), until the method for determining such interest rate is changed or converted to a fixed rate to maturity. The Bonds are being issued in fully registered form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form only, in the denomination of (i) with respect to the Series A Bonds, \$5,000 or any integral multiple thereof; and (ii) with respect to the Series B Bonds, \$100,000 or any integral multiple of \$5,000 in excess of \$100,000. Purchasers will not receive certificates representing their beneficial ownership interests in the Bonds purchased. See "BOOK-ENTRY-ONLY SYSTEM" herein.

**The Bonds are subject to redemption as described herein.**

During the period that the Series B Bonds bear interest at the Weekly Rate, any Series B Bond shall be purchased upon demand by the owner thereof, at a purchase price equal to 100% of the principal amount of such Series B Bonds plus accrued and unpaid interest thereon to the date of purchase (the "Purchase Price"), on any Business Day, upon at least seven (7) days' notice and delivery thereof to the Trustee and the Remarketing Agent as described herein. The Series B Bonds will be subject to mandatory tender for purchase as set forth in the Trust Agreement and as described herein. THIS OFFICIAL STATEMENT DESCRIBES CERTAIN TERMS OF THE SERIES B BONDS WHILE BEARING INTEREST AT A WEEKLY RATE. THERE ARE SIGNIFICANT CHANGES IN THE TERMS OF THE SERIES B BONDS WHEN CONVERTED TO A FIXED RATE TO MATURITY OR OTHER INTEREST RATE MODE. THIS OFFICIAL STATEMENT IS NOT INTENDED TO PROVIDE INFORMATION WITH RESPECT TO THE SERIES B BONDS WHILE BEARING INTEREST AT A RATE OTHER THAN A WEEKLY RATE.

While the Series B Bonds bear interest at the Weekly Rate, the MTDB is required, with certain exceptions, to maintain a liquidity facility meeting the requirements of the Trust Agreement to provide liquidity with respect to the Series B Bonds as described herein. Initially, payment of the Purchase Price of the Series B Bonds tendered or deemed tendered for purchase during a Weekly Rate Period will be payable from draws under an irrevocable, [DESCRIPTION OF INITIAL LIQUIDITY FACILITY] (the "Liquidity Facility") to be issued by

**[LIQUIDITY FACILITY PROVIDER]**

The Liquidity Facility will be issued in an amount equal to (a) the initial aggregate principal amount of the Series B Bonds plus (b) \_\_\_\_\_ days interest thereon at an assumed rate of 12% per annum based on a 365- or 366-day year. The Liquidity Facility will expire on \_\_\_\_\_, 20\_\_\_\_ [but will be automatically extended every year on \_\_\_\_\_ unless notice is given by the Bank to the contrary]. The initial Liquidity Facility may be replaced with an Alternate Liquidity Facility.

The scheduled payments of the principal and interest on the Bonds when due will be insured by a municipal bond insurance policy to be issued by [INSURER] (the "Insurer") simultaneously with the delivery of the Bonds.



**[INSURER]**

The principal of, premium, if any, and interest on the Bonds are payable by MTDB from the Revenues of the MTDB (as defined and described herein). In addition, the MTDB is pledging and assigning to the Trustee, as security for such payments, a lien on and security interest in the farebox revenues and contract services revenues collected by the MTDB in connection with the operation of all transit vehicles owned or leased by the MTDB (the "Farebox Revenues"). The MTDB is not liable for the payment of the Purchase Price of the Series B Bonds. Such Purchase Price is payable solely from the remarketing of such Series B Bonds or from draws under the Liquidity Facility.

THE LIMITED OBLIGATION OF MTDB TO MAKE PAYMENTS WITH RESPECT TO THE BONDS SOLELY FROM REVENUES DOES NOT CONSTITUTE AN OBLIGATION OF MTDB FOR WHICH MTDB IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH MTDB HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF MTDB, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY LIMITATION ON INCURRING INDEBTEDNESS IN THE CONSTITUTION OF THE STATE OF CALIFORNIA OR OTHERWISE OR A PLEDGE OF THE FAITH AND CREDIT OF MTDB.

*This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.*

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of Nossaman, Guthner, Knox & Elliott LLP, Los Angeles, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, for the Bank by \_\_\_\_\_, and for MTDB by its General Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the DTC Book Entry System on or about October \_\_, 2004.

**UBS FINANCIAL SERVICES INC.**

The date of this Official Statement is \_\_\_\_\_, 2004



**Maturity Schedule**

**\$(PAR 1)\*  
Taxable Pension Obligation Bonds  
2004 Series A (Fixed Rate Bonds)**

<b><u>Maturity</u> <u>(December 1)</u></b>	<b><u>Principal</u> <u>Amount</u></b>	<b><u>Interest</u> <u>Rate</u></b>	<b><u>Priced to</u> <u>Yield</u></b>	<b><u>CUSIP</u> <u>( )†</u></b>	<b><u>ISIN</u> <u>( )†</u></b>
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**\$(PAR 2)\*  
Taxable Pension Obligation Bonds  
2004 Series B (Variable Rate Demand Bonds)**

<b>Term Bond Due <u>December 1</u></b>	<b><u>CUSIP</u> <u>( )†</u></b>	<b><u>ISIN</u> <u>( )†</u></b>
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\* Preliminary; subject to change.

† CUSIP and ISIN data herein are set forth for convenience of reference only. Neither the MTDB nor the Underwriter assume responsibility for the accuracy of such information.



**SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT  
BOARD OF DIRECTORS**

Leon Williams, Chairman  
Jerry Rindone, Vice Chairman  
(Deputy Mayor, Chula Vista)

---

Toni Atkins  
(Councilmember, San Diego)  
Thomas Clabby  
(Mayor Pro Tem, Lemon Grove)  
Jack Dale  
(Councilmember, Santee)  
Robert Emery  
(Councilmember, Poway)  
VACANT  
(Councilmember, San Diego)  
Mark Lewis  
(Mayor, El Cajon)  
Brian Maienschein  
(Councilmember, San Diego)

Phil Monroe  
(Mayor Pro Tem, Coronado)  
Ron Morrison  
(Councilmember, National City)  
Ron Roberts  
(County Board of Supervisors)  
Diane Rose  
(Mayor, Imperial Beach)  
Hal Ryan  
(Councilmember, Santee)  
Ruth Sterling  
(Councilmember, La Mesa)  
Michael Zucchet  
(Councilmember, San Diego)

---

**STAFF**

**Chief Executive Officer**  
Paul Jablonski

**Director of Human Resources  
and Labor Relations**  
Jeff Stumbo

**General Counsel**  
Tiffany Lorenzen, Esquire

**Chief Operating Officer—Bus**  
Claire Spielberg

**Director of Multimodal Operations**  
Susan Hafner

**Director of Marketing  
and Community Relations**  
Gonzalo Lopez

**Controller**  
Tom Lynch

**CO-FINANCIAL ADVISORS**

Public Financial Management, Inc., Newport Beach, California  
Morshed and Associates, Sacramento, California,

**BOND COUNSEL**

Nossaman, Guthner, Knox & Elliott LLP, Los Angeles, California

**TRUSTEE**

BNY Western Trust Company, Los Angeles, California



No dealer, broker, salesperson or other person has been authorized by MTDB or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation may not be relied upon as having been authorized by the MTDB or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to its accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of MTDB since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.



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APPENDIX A	SUMMARY OF THE TRUST AGREEMENT
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## OFFICIAL STATEMENT

**[\$[AMOUNT]]\***  
**SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD**  
**TAXABLE PENSION OBLIGATION BONDS**  
**SERIES 2004**

**[\$[PAR1]]\***  
**2004 Series A**  
**(Fixed Rate Bonds)**

**[\$[PAR 2]]\***  
**2004 Series B**  
**(Variable Rate Demand Bonds)**

### INTRODUCTION

*The following introduction presents a brief description of certain information in connection with the Bonds and is qualified in its entirety by reference to the entire Official Statement and the documents summarized or described herein. References to, and summaries of, provisions of the Constitution and the laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions thereof.*

#### General

The purpose of this Official Statement, including the front cover and the Appendices hereto (the "Official Statement"), is to provide certain information in connection with the sale and delivery of the \$[PAR 1]\* San Diego Metropolitan Transit Development Board, Taxable Pension Obligation Bonds, 2004 Series A (Fixed Rate Bonds) (the "Series A Bonds") and the \$[PAR 2]\* San Diego Metropolitan Transit Development Board, Taxable Pension Obligation Bonds, 2004 Series B (Variable Rate Demand Bonds) (the "Series B Bonds," and collectively with the Series A Bonds, the "Bonds") in the aggregate principal amount of \$[AMOUNT]\*. The Bonds are to be dated and will mature as set forth on the inside cover page of this Official Statement. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Trust Agreement dated as of October 1, 2004 (the "Trust Agreement"), by and between San Diego Metropolitan Transit Development Board ("MTDB") and BNY Western Trust Company, as trustee (the "Trustee"). For definitions of certain words and terms used by not otherwise defined herein, see "APPENDIX A—SUMMARY OF THE TRUST AGREEMENT—Definitions."

MTDB is the sole member of and owns the assets of San Diego Transit Corporation ("SDTC"). On behalf of SDTC and its employees, MTDB is obligated to appropriate annually and make payments to the San Diego Transit Corporation Retirement Plans (collectively, the "Plan") for certain amounts arising as a result of retirement benefits accruing to members of the Plan. To evidence the obligation of MTDB to make such payments with respect to a portion of the unfunded actuarial accrued liability as of September \_\_, 2004 to the Plan, MTDB will execute a debenture (the "Debenture") in favor of the Plan. The Debenture was authorized and

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\* Preliminary; subject to change.



will be issued pursuant to a resolution of MTDB adopted by the Board of Directors (the "Board") on \_\_\_\_\_, 2004 (the "Resolution"). The Bonds are being issued, sold and delivered pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3, Division 2, Title 5 of the Government Code of the State of California and the Trust Agreement. Proceeds from the sale of the Bonds will be used to (i) refund the Debenture, and (ii) pay costs of issuance associated with the Bonds. See "PLAN OF FINANCE."

### **The District**

MTDB has provided the San Diego metropolitan area with public transportation since 1976 and serves approximately 1.96 million people in a 570 square mile radius. In addition to MTDB's relationship with SDTC, MTDB owns assets of and contracts with various other component agencies, which work together to provide the most efficient public transportation system for MTDB's service area.

Effective January 1, 2003, Senate Bill 1703 took effect which consolidates the planning, programming, project development, and construction activities of the San Diego Association of Governments ("SANDAG"), MTDB and North San Diego County Transit Development Board ("NTCD") into one consolidated transportation agency. Once the consolidation is complete, MTDB's focus will shift to the operating of transit services, and the new consolidated transportation agency will be responsible for all other facets of transportation planning, programming and development. As of October 13, 2003, the legislation, planning and programming functions, and the project development and construction activities were all transferred to SANDAG.

### **Source of Payment**

The obligation of MTDB to make payments with respect to the Bonds under the Trust Agreement is an unconditional obligation of MTDB and is an obligation imposed by law. The Bonds are payable from any and all legally available funds of MTDB (the "Revenues"). Revenues include, but are not limited to, (a) farebox revenues, (b) Transportation Development Act funds, (c) State Transit Assistance funds, and (d) other miscellaneous sources of revenues, including certain rental and investment income. See "SOURCES OF REVENUES" herein. Pursuant to the Trust Agreement, the MTDB is pledging and assigning to the Trustee and granting to the Trustee, as security for the payment of Bonds, a lien on and security interest in all right, title and interest of the MTDB in the farebox revenues and contract service revenues collected by the MTDB in connection with the operation of all transit vehicles owned or leased by the MTDB (the "Farebox Revenues"). THE PLAN'S ASSETS WILL NOT SECURE OR BE AVAILABLE TO PAY PRINCIPAL OF OR INTEREST ON THE BONDS.

### **Limited Liability**

**The limited obligation of MTDB to make payments solely from Revenues does not constitute an obligation of MTDB for which MTDB is obligated to levy or pledge any form of taxation or for which MTDB has levied or pledged any form of taxation. Neither the Bonds nor the obligation of MTDB to make payments under the Trust Agreement constitute a debt of MTDB, the State of California or any of its political subdivisions within**



**the meaning of any limitation on incurring indebtedness in the Constitution of the State of California or otherwise or a pledge of the faith and credit of MTDB. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.**

### **Additional Bonds and Parity Obligations**

The MTDB may issue additional bonds or incur additional obligations that are secured on a parity with the obligation of MTDB to pay principal of and interest on the Bonds from Revenues. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Additional Bonds” herein. The MTDB currently has prior obligations that are payable from Revenues and secured by a pledge of Farebox Revenues on a parity with the MTDB’s obligation to pay debt service on the Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Prior Obligations” herein.

### **Terms of the Bonds**

Purchases of the Bonds will be made in denominations (“Authorized Denominations”) of (a) with respect to the Series A Bonds, \$5,000 or any integral multiple thereof, and (b) with respect to the Series B Bonds, \$100,000 or any integral multiple of \$5,000 in excess of \$100,000. The Bonds will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest with respect to the Series A Bonds is payable on June 1 and December 1, commencing on December 1, 2004, computed at the respective rates of interest set forth on the inside front cover page of this Official Statement. Interest on the Series B Bonds will be payable on the first Business Day of each calendar month, commencing November 1, 2004, unless the method for determining the interest rate on the Series B Bonds is changed. The Series B Bonds will initially bear interest from their date of issuance to and including the Tuesday following such date at a rate determined by the Underwriter, and thereafter at a Weekly Rate, as determined from time to time by UBS Financial Services, Inc., as remarketing agent (the “Remarketing Agent”), until the method for determining the interest rate on the Series B Bonds is changed. The Bonds are subject to optional and mandatory redemption as described herein. See “THE BONDS” herein.

During any period of time in which the Series B Bonds bear interest at a Weekly Rate, such Series B Bonds are subject to purchase at a price equal to 100% of the principal amount of such Series B Bonds plus accrued and unpaid interest thereon to the date of purchase (the “Purchase Price”). Such purchase shall be made upon demand of the owner thereof on any Business Day upon seven days’ prior notice delivered to the Trustee and the Remarketing Agent. The Series B Bonds are also subject to mandatory tender for purchase upon a change in the method of determining the interest rate for the Series B Bonds, upon provision of an Alternate Liquidity Facility and under certain other circumstances as set forth in the Indenture and as described herein. The Purchase Price is payable solely from the remarketing of the tendered Series B Bonds or from draws under the Liquidity Facility.

**THIS OFFICIAL STATEMENT IN GENERAL DESCRIBES THE SERIES B BONDS ONLY WHILE THE SERIES B BONDS BEAR INTEREST AT THE WEEKLY RATE.**



## **Bond Insurance**

Payment of the principal and interest evidenced and represented by the Bonds when due will be insured by a municipal bond insurance policy (the “Policy”) to be issued by [INSURER] (the “Insurer”) simultaneously with the delivery of the Bonds. See “BOND INSURANCE” herein.

## **Liquidity Facility**

While the Series B Bonds bear interest at the Weekly Rate, the MTDB is required, with certain exceptions, to maintain a liquidity facility to provide liquidity with respect to the Series B Bonds tendered or deemed tendered for purchase as described herein. Initially, payment of the Purchase Price of the Series B Bonds tendered or deemed tendered for purchase during a Weekly Rate Period will be payable from draws under an irrevocable [LETTER/LINE] of credit (the “Liquidity Facility”) to be issued by [LIQUIDITY PROVIDER] (the “Bank”). The Liquidity Facility will be issued in an amount equal to (a) the initial aggregate principal amount of the Series B Bonds plus (b) \_\_\_ days interest thereon at an assumed rate of 12% per annum based on a 365- or 366-day year. The Liquidity Facility will expire on \_\_\_\_\_, 20\_\_\_ [but will be automatically extended every year on \_\_\_\_\_ unless notice is given by the Bank to the contrary]. The MTDB will enter into a Liquidity Facility and Reimbursement Agreement dated as of October 1, 2004 (the “Reimbursement Agreement”) with the Bank pursuant to which the MTDB will agree to reimburse the Bank for any draws under the Liquidity Facility. See “THE BANK,” “THE LIQUIDITY FACILITY” and “APPENDIX B—SUMMARY OF LIQUIDITY FACILITY AND REIMBURSEMENT AGREEMENT” herein.

## **Book-Entry-Only**

The Bonds will be delivered in book entry form only and when delivered, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Purchasers in Europe may hold beneficial interests in the Bonds through Clearstream, Luxembourg or through the Euroclear System. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. See “BOOK-ENTRY-ONLY SYSTEM” and “GLOBAL CLEARANCE PROCEDURES” herein.

## **Continuing Disclosure**

MTDB has covenanted in the Continuing Disclosure Agreement (the “Disclosure Agreement”), by and between MTDB and the Trustee to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository and any public or private repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the “Rule”) certain annual financial information and operating data of the type set forth herein including, but not limited to, its Audited Financial Statements and, in a timely manner, notice of certain material events. See “CONTINUING DISCLOSURE OBLIGATION” and “APPENDIX F—PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT” for a description of the specific nature of the annual report and notices of material events and a



summary description of the terms of the Disclosure Agreement pursuant to which such reports and notices are to be made. These covenants have been made in order to assist the Underwriter in complying with the Rule.

## **Tax Matters**

NO ATTEMPT HAS BEEN OR WILL BE MADE TO COMPLY WITH CERTAIN REQUIREMENTS RELATING TO THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON THE BONDS. In the opinion of Bond Counsel, based on existing laws, regulations, rulings and court decisions, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding the exclusion from gross income for federal tax purposes of interest on the Bonds or any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein. A complete copy of the proposed form of Bond Counsel opinion is contained in "APPENDIX E" hereto.

## **Other Information**

The Bonds will be offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Bond Counsel and certain other conditions. It is anticipated that the Bonds in definitive form will be available for delivery to DTC on or about October \_\_, 2004.

The descriptions of the Bonds, the Debenture, the Trust Agreement, the Reimbursement Agreement, the Liquidity Facility, the Policy and other documents described in this Official Statement do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the approved form of those documents, which documents are available at the principal corporate trust office of the Trustee in Los Angeles, California. During the period of the offering of the Bonds, copies of such documents will also be available from the Underwriter named on the cover of this Official Statement.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of MTDB since the date hereof.

## **THE BONDS**

### **General Provisions**

The Bonds will be issued in fully registered, book-entry-only form in denominations of (a) with respect to the Series A Bonds, \$5,000 or any integral multiple thereof; and (b) with respect to the Series B Bonds, \$100,000 or any integral multiple of \$5,000 in excess thereof ("Authorized Denominations"). DTC will act as securities depository of the Bonds. Ownership interest in the Bonds may be purchased in book-entry form only. Payment of principal and interest to the actual purchasers of the Bonds will be made through the DTC System. See "BOOK-ENTRY-ONLY SYSTEM" herein.



If the book-entry-only system is no longer in effect, principal and prepayment premium, if any, with respect to the Bonds will be payable upon surrender thereof at maturity or the earlier prepayment thereof at the principal corporate trust office of the Trustee in Los Angeles, California (the "Principal Office"). Interest will be payable by check or draft, mailed to the persons who are the Owners as of a Record Date, or, upon the request of any Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, by wire transfer for such payment, as their names and addresses appear on the registration books maintained by the Trustee. "Record Date" means (a) with respect to the Series A Bonds, the close of business on the fifteenth day of the month immediately preceding any Interest Payment Date (as defined below); and (b) with respect to the Series B Bonds, the Business Day preceding each Interest Payment Date for the Series B Bonds.

"Interest Payment Date" means, with respect to the Series A Bonds, June 1 and December 1 of each year, commencing December 1, 2004, and with respect to the Series B Bonds, the first Business Day of each month for interest accruing during any Interest Period of less than one year, and June 1 and December 1 of each year during any Interest Period of one year or more, or such other dates as may be determined by MTDB for the Series B Bonds.

If the book-entry-only system is no longer in effect, the registration of any Bonds may be transferred upon the surrender of such Bonds to the Trustee and payment of such reasonable transfer fees as the Trustee may establish. Bonds may be exchanged at the Principal Office of the Trustee for a new Bonds of like aggregate principal amount and maturity in Authorized Denominations of the same maturity. The Trustee may require the payment by the owner thereof of any tax or other governmental charge required to be paid with respect to such exchange. No registration of any transfer or exchange of Bonds shall be required to be made during the 15 days prior to the date of selection of Bonds for redemption or of any Bond selected for prepayment.

### **Interest on the Series A Bonds**

Interest on each Series A Bond of each maturity shall be payable on each June 1 and December 1 of each year, commencing December 1, 2004 until maturity or earlier redemption, computed using a year of 360 days comprised of twelve 30-day months. Interest on each Series A Bond shall accrue from the Interest Payment Date for the Series A Bonds next preceding the date of authentication and delivery thereof, unless (i) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date; or (ii) it is authenticated prior to the close of business on the first Record Date, in which event interest thereon shall be payable from the Closing Date; provided, however, that if at the time of authentication of any Series A Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the Closing Date.

### **Series A Bonds Redemption Provisions**

**Optional Redemption.** The Series A Bonds maturing on or prior to December 1, 20\_\_ are not subject to redemption before their respective stated maturities. The Series A Bonds maturing on and after December 1, 20\_\_ are subject to optional redemption, prior to their



maturity, at the option of MTDB, in whole or in part on any date on or after December 1, 20\_\_, at a redemption price equal to the greater of (A) 100% of the principal amount of the Series A Bonds to be redeemed or (B) the sum of the present value of the remaining scheduled payments of principal and interest on the Series A Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (defined below) plus 12.5 basis points, together, in each case, with interest accrued thereon to the date fixed for redemption.

For the purpose of determining the Treasury Rate, the following definitions apply:

“Treasury Rate” means, with respect to any redemption date for a particular Series A Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Series A Bond, the U.S. Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the Series A Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series A Bond to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Series A Bond, (1) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

“Designated Investment Banker” means one of the Reference Treasury Dealers designated by MTDB.

“Reference Treasury Dealer” means the Underwriter, its successors and other firms, as specified by MTDB from time to time, that are primary U.S. government securities dealers in the City of New York (each, a Primary Treasury Dealer); provided, however, that if any of them ceases to be a Primary Treasury Dealer, MTDB will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series A Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.



***Mandatory Sinking Fund Redemption.*** The Series A Bonds maturing on December 1, 20\_\_ (the “Series A Term Bonds”) are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The Series A Term Bonds shall be so redeemed on the following dates and in the following amounts:

<b>Redemption Date (December 1)</b>	<b>Principal Amount</b>
20__ *	\$ _____
*Maturity	

At the option of MTDB, to be exercised by delivery of a written certificate to the Trustee on or before the sixtieth day next preceding any mandatory sinking fund redemption date, it may (a) deliver to the Trustee for cancellation Series A Term Bonds or portions thereof (in the amount of an Authorized Denomination) of the stated maturity subject to such redemption or (b) specify a principal amount of such Series A Term Bonds or portions thereof (in the amount of an Authorized Denomination) which prior to said date have been purchased or redeemed (otherwise than under the mandatory sinking fund redemption provisions of the Trust Agreement) and cancelled by the Trustee at the request of MTDB and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series A Term Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount of the Series A Term Bonds so delivered to the Trustee by MTDB against the obligation of MTDB on such mandatory sinking fund redemption date.

On or before the forty-fifth day prior to any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption by a lot from all Series A Term Bonds subject to mandatory sinking fund redemption at that time, an aggregate principal amount of such Series A Term Bonds equal to the amount for such year as set forth in the applicable table above and shall call such Series A Term Bonds or portions thereof for redemption and give notice of such redemption in accordance with the terms of the Trust Agreement.

The Trustee will effect each mandatory sinking fund redemption of the Series A Term Bonds by redeeming from each person who is the registered owner of Series A Term Bonds on the Record Date immediately preceding a redemption date, an amount of such Series A Term Bonds determined by (1) multiplying the principal amount of the Series A Term Bonds to be redeemed on the applicable redemption date by a fraction the numerator of which is the principal amount of the Series A Term Bonds owned by such registered owner and the denominator of which is the principal amount of the Series A Term Bonds outstanding immediately prior to such date of redemption, and (2) then rounding the product down to the next lower integral multiple of \$5,000. The Trustee will apply, to the extent possible, any remaining amount of a sinking fund installment to redeem \$5,000 units of the Series A Term Bonds and will select by lot the units to be redeemed from all such Series A Term Bonds registered owners.

***Notice of Redemption.*** The Trustee shall give notice of any redemption to Bondholders affected by such redemption as provided herein, and the Trustee shall, at least 30 days but not



more than 60 days before each redemption date, send such notice of redemption by first class mail, postage prepaid (or, with respect to the Series A Bonds held by DTC, by facsimile transmission or an express delivery service for delivery on the next following Business Day) to each Owner of a Series A Bond to be redeemed at such owner's registered address. Such notice shall include the redemption date, the redemption price, the place at which the Series A Bonds are to be surrendered for redemption and a statement that from and after the redemption date interest on the Series A Bonds called for redemption shall cease to accrue.

In addition to the notice described in the paragraph above, on the same day as the date of the mailing required by the above paragraph, such redemption notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission or (iii) overnight delivery service, to each of the Securities Depositories. On the date of the mailing required by the paragraph above, if any Series A Bonds are at such time not book-entry bonds, such redemption notice shall be given by (i) registered or certified mail, postage prepaid or (ii) overnight delivery services, to one of the Information Services selected by the MTDB and at the address provided by the MTDB.

Neither the failure of a Bondholder to receive a notice of redemption as described in the Trust Agreement nor any defect therein shall in any manner affect the redemption of any Series A Bonds. Any notice sent as provided in the Trust Agreement will be conclusively presumed to have been given whether or not actually received by the addressee.

***Effect of Notice of Redemption.*** Upon surrender to the Trustee or the Trustee's agent, Series A Bonds called for redemption shall be paid at the redemption price stated in the notice, plus interest accrued to the redemption date.

On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Trust Agreement relating to such Series A Bonds are to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, the Series A Bonds so called for redemption shall become and be due and payable on the redemption date, interest on such Series A Bonds shall cease to accrue, such Series A Bonds shall cease to be entitled to any lien, benefit or security under the Trust Agreement and the owners of such Series A Bonds shall have no rights in respect thereof except to receive payment of the redemption price and accrued interest to the redemption date.

The Series A Bonds which have been duly called for redemption under the provisions of the Trust Agreement and for the payment of the redemption price of which moneys shall be deposited in the Redemption Fund or otherwise held in trust for the owners of the Series A Bonds to be redeemed, all as provided in the Trust Agreement, shall not be deemed to be Outstanding under the provisions of the Trust Agreement.

***Partial Redemption.*** Upon surrender of a Series A Bond to be redeemed in part, the Trustee will authenticate for the registered owner of a new Series A Bond or Series A Bond of the same maturity, series, type and tenor equal in principal amount to the unredeemed portion of the Series A Bond surrendered.



## **Determination of Interest Rates on the Series B Bonds**

The Series B Bonds are being issued as variable rate obligations which will bear interest from their date of issuance to and not including the Tuesday following said date. Thereafter, the Series B Bonds will bear interest initially at the Weekly Rate as determined from time to time by the Remarketing Agent. At no time shall the interest on the Series B Bonds exceed the Assumed Rate. The Series B Bonds are subject to conversion to alternate methods of determining interest rates thereon from time to time and to conversion to an interest rate fixed to maturity upon the terms and conditions described herein.

Interest on the Series B Bonds shall be payable on each Interest Payment Date and on the date of payment or redemption of principal thereof to the extent of interest accrued on the principal then being paid or redeemed, such interest to accrue from the later of the date thereof or the most recent Interest Payment Date to which interest has been paid or duly provided for, at a Weekly Rate. The Interest Period on the Series B Bonds shall be computed on the basis of a 365 or 366-day year, for the actual number of days elapsed.

Until the Fixed Rate Conversion Date or the Adjustable Rate Conversion Date, if any, the Series B Bonds shall bear interest for each Interest Period at the Weekly Rate determined by the Remarketing Agent, and announced to the Trustee and MTDB on the Rate Determination Date for such Interest Period, to be that rate which, if borne by the Series B Bonds, would in its judgment, having due regard to the prevailing financial market conditions, be the interest rate necessary, but which would not exceed the interest rate necessary, to enable the Remarketing Agent to sell the Series B Bonds at par if tendered for payment pursuant to the Trust Agreement (whether or not so tendered). The determination of the Weekly Rate by the Remarketing Agent shall be conclusive and binding on the Existing Owners of the Series B Bonds, MTDB and the Trustee.

So long as any Series B Bond is registered to and held by or for the Bank as the result of a purchase pursuant to the Trust Agreement, it shall bear interest at the rate, and computed and payable in the manner, specified in the related Reimbursement Agreement.

## **Changing the Interest Period of the Series B Bonds**

While the Series B Bonds bear interest at a Weekly Rate and until the Fixed Rate Conversion Date or the Adjustable Rate Conversion Date established for such Series B Bonds, from time to time, MTDB may designate different Interest Periods to be applicable to such Series B Bonds and to be effective on any Period Adjustment Date established for such Series B Bonds. MTDB shall evidence each such designation by giving written notice thereof to the Trustee and the Remarketing Agent at least twenty-eight (28) days before the applicable Period Adjustment Date established for such Series B Bonds, and such notice shall state the Rate Determination Date for such Series B Bonds; provided, however, that (i) no Interest Period may extend beyond the day immediately preceding the Stated Termination Date of the Liquidity Facility then in effect, and (ii) each Period Adjustment Date must be a Business Day and may not occur during a Long Rate Period, but may occur at the end of a Long Rate Period. If such notice from MTDB designates a change in an Interest Period from a period of one year or less to a period of more than one year, or a change in an Interest Period from a period of more than one year to a period



of one year or less, such notice shall not be effective unless accompanied by a Favorable Opinion. In the case of any change in an Interest Period which results in an increase in the Interest Coverage Requirement, such notice shall also be accompanied by a substitute Liquidity Facility in an Available Amount not less than the principal amount of such Series B Bonds bearing interest at an Adjustable Rate to be Outstanding on and after the Period Adjustment Date plus the Interest Coverage Requirement therefor, and a written confirmation from the Bank that the size of the Liquidity Facility will be sufficient, following such change in Interest Period, to provide for the payment of the principal of, and the Interest Coverage Requirement on, the Series B Bonds for which such Liquidity Facility has been provided.

Upon receipt of such notice from MTDB and written confirmation from the Bank, the Trustee shall, at least twenty-three (23) days before the Period Adjustment Date for the Series B Bonds, notify each Existing Owner of such Series B Bonds of such change in the Interest Period. Such notice to the Existing Owner shall be given in the same manner that notices of redemption are given, and shall include or be accompanied by a mandatory tender notice required by the Trust Agreement. Failure by the Trustee to give such notice by mailing, or any defect therein, shall not in any way change the rights of the Existing Owner of such Series B Bonds to elect to have their Series B Bonds purchased on any Purchase Date.

#### **Purchase of the Series B Bonds on Demand of Owner**

Each Existing Owner of a Series B Bond bearing interest at a Weekly Rate may, by delivery or transmission to the Trustee and the Remarketing Agent on any Business Day at least seven days prior to the Purchase Date, of irrevocable written notice (a "Notice and Demand"), demand payment of the principal of and accrued interest on such Series B Bond on and as of the Purchase Date. In order to receive such payment on the Purchase Date, such Existing Owner must tender such Series B Bond to the Trustee, duly endorsed in blank for transfer, at or before 11:00 a.m., New York City time, on the Purchase Date, and such Series B Bond must conform in all respects to the description thereof in the Notice and Demand. The Trustee shall hold any Series B Bond so tendered in trust for the Existing Owner tendering the same until payment therefor is made. Not later than the close of business on the Business Day next succeeding the day on which it receives a Notice and Demand, the Trustee shall give notice by telephone, promptly confirmed by facsimile or other electronic or wire transmission which produces a written copy or otherwise promptly confirmed in writing, to the Bank and MTDB specifying the principal amount of the Series B Bonds with respect to which it has received a Notice and Demand, the names of the Existing Owners thereof and the Purchase Date applicable thereto. By 10:00 a.m., New York City time, on the Business Day next preceding the Purchase Date, the Trustee shall notify the Bank of the accrued interest which will be payable on each such Series B Bond as of the Purchase Date for all such Series B Bonds for which a Notice and Demand has been received. The Notice and Demand shall authorize the Remarketing Agent to arrange for the placement of such Series B Bond at a purchase price of not less than par plus accrued interest to the Purchase Date (a "Placement").

#### **Mandatory Tender of the Series B Bonds**

The Series B Bonds bearing interest at a Weekly Rate shall be subject to mandatory tender to the Trustee for purchase prior to maturity on any Mandatory Tender Date at a purchase



price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to such Mandatory Tender Date, as applicable.

In connection with any mandatory tender for purchase of the Series B Bonds upon a Mandatory Tender Date, the Trustee shall include in the notice mailed to Existing Owners of such Series B Bonds a further notice of mandatory tender for purchase which in substance shall state the following:

(i) the Period Adjustment Date for such Series B Bonds as determined in accordance with “—Changing the Interest Period of the Series B Bonds” above, or the Fixed Rate Conversion Date for such Series B Bonds or the date on which the Liquidity Facility will be replaced, as applicable; and

(ii) that no Existing Owners of such Series B Bonds shall have the right to retain their Series B Bonds on and after the Mandatory Tender Date, but that all Existing Owners of such Series B Bonds shall be required to tender or be deemed to have tendered their Series B Bonds for payment on the Mandatory Tender Date, subject to the return of such Series B Bonds to such Existing Owners if such Series B Bonds are not converted to a Fixed Rate or if moneys sufficient to purchase such Series B Bonds are not available on the Mandatory Tender Date.

The Existing Owners of the Series B Bonds subject to a mandatory tender shall be required to tender such Series B Bonds to the Trustee for payment on the Mandatory Tender Date with respect to such Series B Bonds at a price equal to the principal amount thereof plus interest accrued thereon to the Mandatory Tender Date. Any Series B Bonds subject to mandatory tender on such Mandatory Tender Date for which there has been irrevocably deposited with the Trustee amounts sufficient to pay the purchase price of such Series B Bonds, shall be deemed to have been tendered in accordance with the provisions of the Trust Agreement. Replacement Series B Bonds for any undelivered Series B Bonds shall be authenticated by the Trustee and delivered to the purchaser thereof. The Existing Owner of any undelivered Series B Bonds shall not be entitled to any payment (including any interest to accrue on and subsequent to the Mandatory Tender Date) other than the purchase price for such undelivered Series B Bonds, and such undelivered Series B Bonds shall no longer be entitled to the benefits of the Trust Agreement, except for the purpose of payment of the purchase price therefor.

Any Series B Bond subject to mandatory tender tendered for purchase pursuant to the Trust Agreement from the date the Trustee gives notice of mandatory tender until the Mandatory Tender Date, or deemed to have been so tendered as provided in the preceding paragraph, shall not be remarketed except to a purchaser who agrees at the time of purchase to accept the terms of the Series B Bonds to be in effect on and after the Mandatory Tender Date. Any Series B Bond for which a Placement is effected to such a purchaser shall remain Outstanding as a Series B Bond having the terms in effect on and after the Mandatory Tender Date, and all other Series B Bonds subject to the mandatory tender shall be purchased pursuant to the Trust Agreement.

Not later than the seventh day before any Mandatory Tender Date, the Trustee shall notify the applicable Remarketing Agent, by telephone, promptly confirmed in writing, of the principal amount of Series B Bonds Outstanding subject to the mandatory tender, and such



notice from the Trustee shall be treated as a Notice and Demand for all purposes of the Trust Agreement whether or not the Series B Bonds referred to therein are delivered to the Trustee on such Mandatory Tender Date; provided that payment of the purchase price of such Series B Bonds shall be made on or after such Mandatory Tender Date only upon delivery and surrender thereof to the Trustee.

### **Bond Purchase Fund**

The Remarketing Agent shall cause the purchase price of each such Series B Bond for which a Placement has been effected to be deposited, in a separate trust account to be established and maintained by the Trustee at the time of an Adjustable Rate Conversion Date (the "Bond Purchase Fund"), in immediately available funds, and to give notice thereof to the Trustee, in each case by 12:30 p.m., New York City time, on the Purchase Date. All amounts deposited in the Bond Purchase Fund as aforesaid shall be held by the Trustee uninvested and in cash and in the trust for the sole and exclusive benefit of the Existing Owner of the Series B Bond for the purchase of which such amounts were deposited in the Bond Purchase Fund and shall be applied to the purchase of such Series B Bonds prior to the application of the proceeds of a drawing under the applicable Liquidity Facility, if any. If the Remarketing Agent is unable to arrange a Placement by 12:30 p.m., New York City time, on the Business Day immediately preceding the Purchase Date, it shall, at or before that time, give notice thereof to the Trustee. If the Trustee has not received the purchase price of the Series B Bond by 12:30 p.m., New York City time, on the Purchase Date, so long as the Liquidity Facility for such Series B Bond is outstanding it shall give notice thereof to MTDB and the Bank. In any such case, the Trustee shall, on the Purchase Date, draw on the Liquidity Facility for such Series B Bond in accordance with its terms, deposit the proceeds of such draw in a trust account, and purchase the Series B Bonds, subject to the Trust Agreement. If the Remarketing Agent fails to give notice of the amount of Series B Bonds for which it has effected a Placement by the time set forth above, so long as the Liquidity Facility for such Series B Bond is outstanding, the Trustee shall draw on such Liquidity Facility in the amount of the full purchase price of all Series B Bonds covered by a Liquidity Facility for which it has received a Notice and Demand and deposit and apply the proceeds of such drawing as provided above. Series B Bonds purchased as provided above with proceeds of a Liquidity Facility shall be registered in the name of the Bank and be held by the Trustee, subject to the Bank's order. The Trustee shall release Series B Bonds registered in the name of the Bank only after being notified by telephone, promptly confirmed in writing or by telecopier, of the reinstatement in full by the Bank of so much of the Available Amount of the Liquidity Facility as was reduced by reason of the purchase of such Series B Bonds pursuant to this Section. Series B Bonds, so long as they are held by the Bank as provided above, shall not be entitled to the benefits of the Liquidity Facility; thus, amounts due on such Series B Bonds shall be paid only from sources other than drawings on the Liquidity Facility.

### **Book-Entry System; Tenders**

Notwithstanding any other provision of the Trust Agreement, during any period that the Series B Bonds are issued in book-entry only form, (i) any notice of tender delivered pursuant to the provisions of the Trust Agreement must also (A) provide evidence satisfactory to the Trustee that the party delivering the notice is the Beneficial Owner of the Series B Bonds referred to in the notice, and (B) if the Beneficial Owner is other than a DTC participant, identify the DTC



participant through whom the Beneficial Owner will direct the transfer of its Series B Bonds; (ii) on or before the purchase date, the Beneficial Owner must direct (or if the Beneficial Owner is not a DTC participant, cause its DTC participant to direct) the transfer of such Series B Bonds on the records of DTC to the account of, or as directed by, the Trustee; and (iii) it will not be necessary for Series B Bonds to be delivered on the date specified for purchase thereof, but such purchase will be made as if such Series B Bonds had been so delivered, and the purchase price thereof will be paid to DTC.

**Series B Bonds Redemption Provisions**

**Optional Redemption.** While the Series B Bonds bear interest at a Weekly Rate, the Series B Bonds are subject to optional redemption prior to maturity, upon the exercise by MTDB of its option to redeem all or a portion of the Series B Bonds, on any Business Day in whole or in part at any time and from time to time at a redemption price equal to one hundred percent (100%) of the principal amount redeemed plus accrued interest to the Redemption Date, without premium.

**Mandatory Sinking Fund Redemption.** The Series B Bonds are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The Series B Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (December 1)	Principal Amount
20__ *	\$ _____
*Maturity	

At the option of MTDB, to be exercised by delivery of a written certificate to the Trustee on or before the sixtieth day next preceding any mandatory sinking fund redemption date, it may (a) deliver to the Trustee for cancellation Series B Bonds or portions thereof (in the amount of an Authorized Denomination) of the stated maturity subject to such redemption or (b) specify a principal amount of such Series B Bonds or portions thereof (in the amount of an Authorized Denomination) which prior to said date have been purchased or redeemed (otherwise than under the mandatory sinking fund redemption provisions of the Trust Agreement) and cancelled by the Trustee at the request of MTDB and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series B Term Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount of the Series B Bonds so delivered to the Trustee by MTDB against the obligation of MTDB on such mandatory sinking fund redemption date.

On or before the forty-fifth day prior to any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption by a lot from all Series B Bonds subject to mandatory sinking fund redemption at that time, an aggregate principal amount of such Series B Bonds equal to the amount for such year as set forth in the applicable table above and shall call



such Series B Bonds or portions thereof for redemption and give notice of such redemption in accordance with the terms of the Trust Agreement.

The Trustee will effect each mandatory sinking fund redemption of the Series B Bonds by redeeming from each person who is the registered owner of Series B Bonds on the Record Date immediately preceding a redemption date, an amount of such Series B Bonds determined by (1) multiplying the principal amount of the Series B Bonds to be redeemed on the applicable redemption date by a fraction the numerator of which is the principal amount of the Series B Bonds owned by such registered owner and the denominator of which is the principal amount of the Series B Bonds outstanding immediately prior to such date of redemption, and (2) then rounding the product down to the next lower integral multiple of \$5,000. The Trustee will apply, to the extent possible, any remaining amount of a sinking fund installment to redeem \$5,000 units of the Series B Bonds and will select by lot the units to be redeemed from all such Series B Bonds registered owners.

***Notice of Redemption.*** The Trustee shall give notice of any redemption to Bondholders affected by such redemption as provided herein, and the Trustee shall, at least 30 days but not more than 60 days before each redemption date, send such notice of redemption by first class mail, postage prepaid (or, with respect to the Series B Bonds held by DTC, by facsimile transmission or an express delivery service for delivery on the next following Business Day) to each Owner of a Series B Bond to be redeemed at such owner's registered address. Such notice shall include the redemption date, the redemption price, the place at which the Series B Bonds are to be surrendered for redemption and a statement that from and after the redemption date interest on the Series B Bonds called for redemption shall cease to accrue.

In addition to the notice described in the paragraph above, on the same day as the date of the mailing required by the above paragraph, such redemption notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission or (iii) overnight delivery service, to each of the Securities Depositories. On the date of the mailing required by the paragraph above, if any Series B Bonds are at such time not book-entry bonds, such redemption notice shall be given by (i) registered or certified mail, postage prepaid or (ii) overnight delivery services, to one of the Information Services selected by the MTDB and at the address provided by the MTDB.

Neither the failure of a Bondholder to receive a notice of redemption as described in the Trust Agreement nor any defect therein shall in any manner affect the redemption of any Series B Bonds. Any notice sent as provided in the Trust Agreement will be conclusively presumed to have been given whether or not actually received by the addressee.

***Effect of Notice of Redemption.*** Upon surrender to the Trustee or the Trustee's agent, Series B Bonds called for redemption shall be paid at the redemption price stated in the notice, plus interest accrued to the redemption date.

On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Trust Agreement relating to such Series B Bonds are to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, the Series B Bonds so called for redemption shall become and be due and



payable on the redemption date, interest on such Series B Bonds shall cease to accrue, such Series B Bonds shall cease to be entitled to any lien, benefit or security under the Trust Agreement and the owners of such Series B Bonds shall have no rights in respect thereof except to receive payment of the redemption price and accrued interest to the redemption date.

The Series B Bonds which have been duly called for redemption under the provisions of the Trust Agreement and for the payment of the redemption price of which moneys shall be deposited in the Redemption Fund or otherwise held in trust for the owners of the Series B Bonds to be redeemed, all as provided in the Trust Agreement, shall not be deemed to be Outstanding under the provisions of the Trust Agreement.

***Partial Redemption.*** Upon surrender of a Series B Bond to be redeemed in part, the Trustee will authenticate for the registered owner of a new Series B Bond or Series B Bond of the same maturity, series, type and tenor equal in principal amount to the unredeemed portion of the Series B Bond surrendered.

## **SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**

### **General**

MTDB is obligated to appropriate and make payments to the Plan on behalf of SDTC employees for retirement benefits accruing to members of the Plan. The Trust Agreement states that MTDB shall provide for payment of principal or redemption price of and interest on the Bonds from Revenues. MTDB's obligation to make debt service payments with respect to the Bonds shall be absolute and unconditional and is an obligation imposed by law. See "APPENDIX A—SUMMARY OF THE TRUST AGREEMENT." **The Plan's assets will not secure or be available to pay principal of or interest on the Bonds.**

### **Revenues**

MTDB expects to make the payments on the Bonds from Revenues, which include Farebox Revenues. See "SOURCES OF REVENUES" herein. As security for the payment of the Bonds, the MTDB is pledging and assigning to the Trustee and granting to the Trustee a lien on and security interest in all right, title and interest of the MTDB in its Farebox Revenues. Such lien and security interest shall be prior in right to any other pledge, lien or security interest created by MTDB in the Farebox Revenues and shall be on a parity with the pledge, lien or security interest created by MTDB with respect to the Prior Obligations. See "—Prior Obligations" and "—Additional Bonds" below.

### **Limited Obligation**

**THE LIMITED OBLIGATION OF MTDB TO MAKE PAYMENTS ON THE BONDS SOLELY FROM THE REVENUES DOES NOT CONSTITUTE AN OBLIGATION OF MTDB FOR WHICH MTDB IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH MTDB HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF MTDB TO MAKE PAYMENTS ON THE BONDS UNDER THE TRUST AGREEMENT CONSTITUTE A DEBT OF MTDB, THE STATE OF**



**CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY LIMITATION ON INCURRING INDEBTEDNESS IN THE CONSTITUTION OF THE STATE OF CALIFORNIA OR OTHERWISE OR A PLEDGE OF THE FAITH AND CREDIT OF MTDB.**

**Prior Obligations**

The MTDB previously caused the execution and delivery of Certificates of Participation, Series 2003 B (San Diego Regional Fare Collection System Project) (the "Series 2003 B Certificates") on August 20, 2003; Certificates of Participation, Series 2002 A (San Diego Regional Transit Management System) (the "Series 2002 A Certificates") on October 16, 2002; and Certificates of Participation (Refunding of 1990 San Diego Transit Bus Acquisition Project) (the "Series 2000 Certificates" and collectively with the Series 2003 B Certificates and Series 2002 A Certificates, the "Prior Obligations.") The Series 2003 B Certificates are currently outstanding in the amount of \$32,850,000 with a final maturity of December 1, 2009. The Series 2002 A Certificates are currently outstanding in the amount of \$14,470,000 with a final maturity of December 1, 2007. The Series 2000 Certificates are currently outstanding in the amount of \$970,000 with a final maturity of December 1, 2004. The obligation of MTDB to pay principal of and interest on the Bonds from Revenues is on a parity with its obligation to make lease payments from Revenues with respect to the Prior Obligations.

**Debt Service Schedule**

The amounts required for the payment of the principal of and interest on the Bonds (assuming no optional redemption) and lease payments with respect to the Prior Obligations of MTDB previously issued and currently outstanding are as follows:

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<u>Fiscal Year Ending June 30</u>	<u>Series A Bonds Principal</u> <sup>1</sup>	<u>Series A Bonds Interest</u> <sup>1</sup>	<u>Series B Bonds Principal</u> <sup>2</sup>	<u>Series B Bonds Interest</u> <sup>2</sup>	<u>Prior Obligations</u>	<u>Total All Bonds and Prior Obligations</u>
2005		\$ 464,100		\$ 336,901	\$ 5,681,660	\$ 6,482,661
2006	\$ 1,130,000	2,320,500		1,684,504	11,288,810	16,423,814
2007	1,195,000	2,252,700		1,684,504	11,370,180	16,502,384
2008	1,270,000	2,181,000		1,684,504	10,849,363	15,984,867
2009	1,345,000	2,104,800		1,684,504	7,005,350	12,139,654
2010	1,425,000	2,024,100		1,684,504	5,997,350	11,130,954
2011	1,510,000	1,938,600		1,684,504		5,133,104
2012	1,600,000	1,848,000		1,684,504		5,132,504
2013	1,700,000	1,752,000		1,684,504		5,136,504
2014	1,800,000	1,650,000		1,684,504		5,134,504
2015	1,910,000	1,542,000		1,684,504		5,136,504
2016	2,020,000	1,427,400		1,684,504		5,131,904
2017	2,145,000	1,306,200		1,684,504		5,135,704
2018	2,270,000	1,177,500		1,684,504		5,132,004
2019	2,410,000	1,041,300		1,684,504		5,135,804
2020	2,555,000	896,700		1,684,504		5,136,204
2021	2,705,000	743,400		1,684,504		5,132,904
2022	2,870,000	581,100		1,684,504		5,135,604
2023	3,040,000	408,900		1,684,504		5,133,404
2024	3,220,000	226,500		1,684,504		5,131,004
2025	555,000	33,300	\$ 2,900,000	1,684,504		5,172,804
2026			3,600,000	1,557,948		5,157,948
2027			3,800,000	1,400,844		5,200,844
2028			3,900,000	1,235,012		5,135,012
2029			4,100,000	1,064,816		5,164,816
2030			4,300,000	885,892		5,185,892
2031			4,500,000	698,240		5,198,240
2032			4,700,000	501,860		5,201,860
2033			4,900,000	296,752		5,196,752
2034			<u>1,900,000</u>	<u>82,916</u>		<u>1,982,916</u>
Total	\$38,675,000	\$27,920,100	\$38,600,000	\$41,751,261	\$52,192,713	\$199,139,074

<sup>1</sup> Preliminary; subject to change. Assumes interest rate of 6% per annum.

<sup>2</sup> Preliminary; subject to change. Assumes the 10 year average of 1-month LIBOR (4.364%).

### Projected Coverage

Set forth below is a table which projects total debt service on the Bonds and the lease payments with respect to the Prior Obligations through the final maturity of the Bonds, together with the Farebox Revenues and Revenues of MTDB pledged to make such payments in such years assuming that Farebox Revenues and Revenues remain at a level approximately equal to those received in Fiscal Year 2002-03, based on audited actuals. It is estimated that the Maximum Annual Debt Service Payment, which will occur in the fiscal year ending June 30, 2007, will be \$16,502,384\*. Actual Farebox Revenues and Revenues of MTDB available for such payments, assuming such level equals that received in Fiscal Year 2002-03, would be \$61,044,051 and \$142,599,448, respectively.

\* Preliminary; subject to change.



### Total Debt Service and Anticipated Farebox Revenues <sup>1</sup>

Due During Fiscal Year Ending June 30	Total Debt Service <sup>2</sup>	Farebox Revenues <sup>3</sup>	Farebox Revenues as a % of Total Debt Service	Total Revenues <sup>4</sup>	Total Revenues as a % of Total Debt Service
2005	\$ 6,482,661	\$61,044,051	942%	\$142,599,448	2,200%
2006	16,423,814	61,044,051	372	142,599,448	868
2007	16,502,384	61,044,051	370	142,599,448	864
2008	15,984,867	61,044,051	382	142,599,448	892
2009	12,139,654	61,044,051	503	142,599,448	1,175
2010	11,130,954	61,044,051	548	142,599,448	1,281
2011	5,133,104	61,044,051	1,189	142,599,448	2,778
2012	5,132,504	61,044,051	1,189	142,599,448	2,778
2013	5,136,504	61,044,051	1,188	142,599,448	2,776
2014	5,134,504	61,044,051	1,189	142,599,448	2,777
2015	5,136,504	61,044,051	1,188	142,599,448	2,776
2016	5,131,904	61,044,051	1,190	142,599,448	2,779
2017	5,135,704	61,044,051	1,189	142,599,448	2,777
2018	5,132,004	61,044,051	1,189	142,599,448	2,779
2019	5,135,804	61,044,051	1,189	142,599,448	2,777
2020	5,136,204	61,044,051	1,189	142,599,448	2,776
2021	5,132,904	61,044,051	1,189	142,599,448	2,778
2022	5,135,604	61,044,051	1,189	142,599,448	2,777
2023	5,133,404	61,044,051	1,189	142,599,448	2,778
2024	5,131,004	61,044,051	1,190	142,599,448	2,779
2025	5,172,804	61,044,051	1,180	142,599,448	2,757
2026	5,157,948	61,044,051	1,183	142,599,448	2,765
2027	5,200,844	61,044,051	1,174	142,599,448	2,742
2028	5,135,012	61,044,051	1,189	142,599,448	2,777
2029	5,164,816	61,044,051	1,182	142,599,448	2,761
2030	5,185,892	61,044,051	1,177	142,599,448	2,750
2031	5,198,240	61,044,051	1,174	142,599,448	2,743
2032	5,201,860	61,044,051	1,174	142,599,448	2,741
2033	5,196,752	61,044,051	1,175	142,599,448	2,744
2034	1,982,916	61,044,051	3,078	142,599,448	7,191

<sup>1</sup> Preliminary; subject to change

<sup>2</sup> Total debt service is reflective of both the Bonds and MTDB's Prior Obligations.

<sup>3</sup> Assumes actual Farebox Revenues in future fiscal years equal audited Farebox Revenues received in Fiscal Year 2002-03.

<sup>4</sup> Assumes actual Total Pledged Revenues in future fiscal years equal audited Farebox Revenues, TDA funds, and STA funds received in Fiscal Year 2002-03.



## **Bond Insurance**

Payment of the principal and interest evidenced and represented by the Bonds when due will be insured by a municipal bond insurance policy (the "Policy") to be issued by [INSURER] (the "Insurer") simultaneously with the delivery of the Bonds.

## **Additional Bonds**

In order to protect further the security for the Bonds, MTDB agrees that it shall not, so long as any Bonds are Outstanding, issue or incur any obligations payable from or secured by a pledge of the Farebox Revenues superior to the pledge of Farebox Revenues to secure the payment of principal of, premium, if any, or interest on the Bonds.

MTDB may authorize the sale and delivery of Additional Bonds and may incur Parity Debt, payable from or secured by a pledge of Farebox Revenues on a parity basis with the pledge of Farebox Revenues to secure the payment of the Bonds, subject to the following specific conditions, which are hereby made conditions precedent to the sale and delivery of Additional Bonds or the incurrence of any such Parity Debt:

- (a) No Event of Default shall have occurred and then be continuing.
- (b) MTDB shall provide the Trustee with a certificate from an MTDB Representative, certifying that the amount of Farebox Revenues received for any period of twelve (12) consecutive months during the eighteen (18) months immediately preceding the date on which such Additional Bonds will be delivered or such Parity Debt will be incurred shall have been at least 2.00 times the amount of Maximum Annual Debt Service on the Bonds and all Parity Debt then outstanding and the Additional Bonds or the additional Parity Debt then proposed to be incurred; provided that such certificate will not be required in connection with the sale and delivery of Additional Bonds or the issuance of Parity Debt, the proceeds of which are to be used to defease the outstanding principal amount of Bonds or Parity Debt and such defeasance will result in a net present value reduction in the aggregate amount of debt service payments with respect to the Bonds or payments with respect to the outstanding Parity Debt.
- (c) In connection with the issuance of the Additional Bonds, MTDB shall provide the Insurer with a copy of the disclosure document, if any, prepared in connection with such Additional Bonds.
- (d) The proceeds from the sale of Additional Bonds may only be used to make payments with respect to MTDB's obligations in connection with the Retirement Plan, as well as capitalized interest and costs of issuance relating to the Additional Bonds.

The MTDB may, from time to time, incur indebtedness which is subordinated to the Bonds and Parity Debt and the pledge of Farebox Revenues to secure the Bonds and Parity Debt. Such indebtedness may be incurred at such times and upon such terms as MTDB shall determine, provided that: (1) any lien or security interest granted in the Revenues shall be specifically stated to be junior and subordinate to the MTDB's obligation to pay principal of, redemption premium, if any, or interest on the Bonds or the lien on and security interest in such Revenues



granted to secure the Parity Debt; and (2) payment of principal and interest on such subordinate indebtedness shall be permitted, provided that all deposits required to be made to the Trustee to be used to pay debt service on the Bonds and Parity Debt or to replenish the reserve funds, if any, created for such Parity Debt are then current.

## **BOND INSURANCE**

The following information has been furnished by the Insurer for use in this Official Statement. MTDB, the Underwriter and the Trustee make no representation as to the accuracy or the completeness of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Reference is made to "APPENDIX G" for a specimen of the Policy.

[INSERT INSURER INFO]

## **LIQUIDITY FACILITY**

Pursuant to the Trust Agreement, MTDB agrees to obtain and maintain a Liquidity Facility for the Series B Bonds which bear interest at a Weekly Rate. Except to the extent waived by the Insurer, each Liquidity Facility shall satisfy the criteria set forth in the Trust Agreement and described below. If at any time MTDB obtains a Liquidity Facility which were previously not entitled to the benefit thereof, MTDB shall submit such Liquidity Facility to each Rating Agency then rating the Series B Bonds for the purpose of obtaining a Rating Confirmation.

The Trustee agrees to hold any Liquidity Facility for the benefit of the owners of the Series B Bonds to which the Liquidity Facility is applicable by its terms, other than Series B Bonds held by MTDB and Series B Bonds held by the Bank. On the Purchase Date or Mandatory Tender Date of any Series B Bond entitled to the benefits of a Liquidity Facility, unless such Series B Bond has been remarketed and the Purchase Price therefor has been received by the Trustee, the Trustee shall make a draw under the Liquidity Facility applicable to such Series B Bonds in accordance with the terms of such Liquidity Facility and in an amount sufficient to make such payment, and the Trustee shall apply such moneys to pay the purchase price of such Series B Bonds when due without further authorization or direction.

MTDB authorizes and directs the Trustee to surrender any Liquidity Facility to the Bank on the date of termination or substitution thereof as provided in the Reimbursement Agreement, and, upon the appointment and qualification of a successor Trustee, to transfer the Liquidity Facility to such successor Trustee pursuant to the provisions of the Liquidity Facility. The Liquidity Facility shall in no event be terminated (except in accordance with its terms) or released until notice has been given that a substitute Liquidity Facility has been delivered to the Trustee and is in effect and the Trustee and MTDB have delivered to the Bank the certificate of cancellation. Simultaneously with the effective date of any substitute Liquidity Facility, MTDB shall cause to be purchased from the Bank all Series B Bonds entitled to the benefits of the original Liquidity Facility then outstanding and shall repay to the Bank all other amounts then due under the Reimbursement Agreement.



Any Series B Bonds registered to and held by or for the Bank as a result of a purchase by the Bank shall bear interest while held by the Bank at the rate set forth in the applicable Reimbursement Agreement, and on the dates set forth therein, but in no event shall bear interest in excess of the Maximum Rate. No owner other than the Bank shall be entitled to be paid interest at such rate.

Each Liquidity Facility provided with respect to the Series B Bonds shall satisfy the following criteria:

***Credit Ratings.*** The provider (the “Liquidity Provider”) of a Liquidity Facility to be used to pay the purchase price of tendered Series B Bonds shall be rated by both Moody’s Investors Service (“Moody’s”) and Standard & Poor’s Ratings Services (“S&P”), shall be of sufficient strength to cause the short-term ratings for the Series B Bonds issue to be A-1+ by S&P or VMIG-1 by Moody’s. Any Liquidity Provider whose long-term rating drops below A- (S&P) or A3 (Moody’s) shall be replaced at the request of the Insurer.

***Initial Term.*** Minimum initial term of three (3) years or such other term as shall be approved by the Insurer.

***Renewals and Amendments.*** Any renewal on terms not identical to the terms of the initial (or then renewing) Liquidity Facility, or with a different Liquidity Provider, shall be subject to the prior written consent of the Insurer. The Insurer shall be provided with notice (and a copy) of all Liquidity Facility renewals, amendments and supplements.

***Immediate Termination Events.*** Upon the occurrence of only the following events, the Liquidity Provider may terminate the Liquidity Facility prior to the stated expiration date thereof without offering Bondholders one last opportunity to tender the Series B Bonds to the Liquidity Provider for purchase:

(a) ***Insurance Policy Default.*** Failure by the Insurer to pay principal and interest when, as and in the amounts required under the Insurance Policy, including interest at the “bank rate” due the Liquidity Provider on disbursements under the Liquidity Facility if such amount is included as interest on the Series B Bonds under the terms of the Series B Bonds;

(b) ***Payment Default Under Other Insurance.*** Any default by the Insurer in making payment when, as and in the amounts required to be made pursuant to the express terms and provisions of any other municipal bond insurance policy or surety bond issued by the Insurer.

(c) ***Nullity of Insurance Policy.*** The Insurance Policy for any reason ceases to be in full force and effect or is declared by a court of competent jurisdiction to be null and void, or the Insurer denies that it has any further liability under the terms thereof.

(d) ***Insolvency Proceeding Against the Insurer.*** A proceeding has been instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution in respect of the Insurer under the Insurance Law of the State of New York or any successor provision



thereto and such proceeding is not terminated for a period of 60 consecutive days or such court enters an order granting the relief sought in such proceeding.

***Termination Event Requiring “One Last Put” Opportunity.*** Upon the occurrence of *only* the following event, the Liquidity Provider may terminate the Liquidity Facility prior to the stated expiration date thereof but must provide Bondholders with one last opportunity to tender their Series B Bonds to the Liquidity Provider for purchase prior to termination:

The financial strength rating assigned to the Insurer or the rating assigned to securities insured by the Insurer, as applicable, is withdrawn, suspended or reduced to A, A2 or A, or below by any two of S&P, Moody’s or Fitch, respectively.

***No Other Termination Events.*** The only events permitting termination of the Liquidity Facility by the Liquidity Provider prior to its stated expiration date are as specified under “—Immediate Termination Events” and “—Termination Event Requiring ‘One Last Put’ Opportunity” above. In particular, neither failure by MTDB to comply with any covenants made by it in the Liquidity Facility nor breach by MTDB of any representation or warranty made by it in the Liquidity Facility nor continuation of such failure or breach following receipt by the issuer of notice thereof is a permissible event of termination. The sole remedy allowed to the Liquidity Provider upon such an event of default shall be the ability to sue for specific performance.

***Form of Liquidity Facility.*** Either a letter of credit or a standby bond purchase agreement shall be acceptable.

***Increased Costs.*** Any “increased costs” payable by MTDB pursuant to the Liquidity Facility shall be subordinated to the payment of principal and interest on the Bonds, replenishment of any debt service reserve fund and payment of the fees of the Trustee, and the Liquidity Facility shall expressly so provide. The Liquidity Facility shall limit “increased costs” to increases in costs to the Liquidity Provider or any participant of its obligations under the Liquidity Facility as the result of the imposition, increase or applicability of any reserve, special deposit, capital adequacy or similar requirement against the obligations of the Liquidity Provider or any participant under the Liquidity Facility (other than as a result of the acts, omissions or financial condition of the Liquidity Provider or such participant) due to any change in any law or regulation or in the interpretation thereof by any court or administrative or governmental authority charged with the administration thereof.

***Notice of Non-Renewal.*** The Liquidity Provider shall be required to give not less than 120 days’ notice prior to the expiration date of the Liquidity Facility of its intention not to renew or extend the Liquidity Facility. Early termination pursuant to paragraph (a) above under “—Immediate Termination Events” requires no prior notice. Early termination pursuant to paragraph (b) above under “—Immediate Termination Events” requires 45 days’ prior notice by the Liquidity Provider to the Trustee (in order to permit timely notification by the Trustee to Bondholders of their obligation to tender their Series B Bonds to the Liquidity Provider). Upon the earlier of notice to the Trustee (where required) of non-renewal or termination and the termination of the Liquidity Facility, a best efforts attempt will be made by MTDB to find a substitute Liquidity Facility that complies with the provisions hereof. If, by 90 days prior to the expiration date of the Liquidity Facility, a substitute Liquidity Facility satisfactory to the Insurer



has not been executed and delivered and has not obtained the requisite rating from S&P or Moody's, the Trustee shall so notify the Insurer and, at least 30 days prior to the termination of the Liquidity Facility, the Trustee shall, in each case of non-renewal or termination that requires notice to the Trustee, mail a notice to all Bondholders informing them of the date of termination of the Liquidity Facility and that such Series B Bonds shall be tendered (or deemed tendered) for purchase at least one (1) business day prior to such termination.

***Certain Mandatory Conversions to Fixed Rate.*** The Trustee shall commence the process required by the Trust Agreement to effect a mandatory conversion of the interest rate on the Series B Bonds to a Fixed Rate (sufficient to accomplish the complete remarketing at par of all Series B Bonds then held by the Liquidity Provider) in the following events:

(a) On or as soon as practicable after the termination date of the Liquidity Facility, in the case of a termination pursuant to paragraph (a) or (b) above under "— Immediate Termination Events"; and

(b) Ninety (90) days prior to the termination or expiration date of the Liquidity Facility, in the case of all other terminations or non-renewals where a substitute Liquidity Facility satisfactory to the Insurer either has not been executed and delivered or, if executed and delivered, if the Series B Bonds have not obtained the requisite rating from Moody's or S&P at or prior to such time.

If such a remarketing cannot be effected, the Series B Bonds shall continue to bear interest at the Weekly Rate and the Remarketing Agent shall attempt at least weekly to convert the Series B Bonds to a Fixed Rate sufficient to effect the remarketing at par of all Series B Bonds then held by the Liquidity Provider.

## **THE BANK**

The information in this Section has been furnished by the Bank for inclusion herein. MTDB cannot and does not make any representation as to the accuracy or completeness of such information or the absence of material adverse changes in such information subsequent to the date hereof. The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained and referred to in this section is correct as of any time subsequent to the date hereof.

[INSERT INFO ON THE LOC BANK HERE]



## **ESTIMATED SOURCES AND USES OF FUNDS**

Set forth below is the estimated sources of funds to be received in connection with the sale of the Bonds, and the estimated application thereof.

### **Sources of Funds:**

Par Amount

[Discount/Premium]

Total Sources

### **Uses of Funds:**

Refunding of Debenture

Costs of Issuance <sup>1</sup>

Total Uses

<sup>1</sup> Includes underwriter's discount, bond insurance premium, initial Bank fee and MTDB's issuance expenses.

## **PLAN OF FINANCE**

MTDB is required to appropriate and pay amounts determined to be owing to the Plan. In partial satisfaction of its statutory obligation to pay the Plan the total unfunded actuarial accrued liability of \$86,422,568 as of January 1, 2004, MTDB will execute the Debenture in favor of the Plan. The Bonds are being issued to refund the Debenture and to pay the initial costs of financing. The Debenture is an absolute and unconditional obligation imposed upon MTDB by law and enforceable against MTDB. Upon the refunding of the Debenture with the proceeds of the Bonds, MTDB's obligation with respect to the Bonds will be an absolute and unconditional obligation imposed upon MTDB by law. For more information on the pension system, see "PENSION SYSTEM" herein.

## **SOURCES OF REVENUES**

### **General**

MTDB expects to pay principal of and interest on the Bonds from Revenues of MTDB. Below are more detailed and complete descriptions of the Revenues.

### **Farebox Revenues**

Pursuant to the Trust Agreement, the MTDB is pledging and assigning to the Trustee, as security for the payment of the Bonds, a lien on and security interest in all right, title and interest of the MTDB in its Farebox Revenues. The ridership, farebox revenues, operating costs and operating ratios for the last five fiscal years of the SDTC, San Diego Trolley, Inc. ("SDTI") and MTDB Contract Services are summarized below:



**Enterprise Funds  
Operating Statistics  
Last Five Fiscal Years**

	1999	2000	2001	2002	2003
<b>OPERATING COST:</b>					
San Diego Transit	\$ 62,374,086	\$ 62,766,968	\$ 69,453,428	\$ 72,228,810	\$ 66,879,539
San Diego Trolley	31,990,492	33,033,489	35,114,080	38,444,185	40,400,891
MTDB Contract Services	<u>15,732,089</u>	<u>16,873,674</u>	<u>22,238,571</u>	<u>23,305,460</u>	<u>46,320,130</u>
Total	<u>\$110,096,667</u>	<u>\$112,684,131</u>	<u>\$126,806,079</u>	<u>\$133,978,455</u>	<u>\$153,600,560</u>
<b>FAREBOX REVENUE:</b>					
San Diego Transit	\$24,691,690	\$24,099,715	\$24,572,080	\$25,913,748	\$23,851,511
San Diego Trolley	20,132,617	20,940,890	22,244,487	22,157,906	22,071,207
MTDB Contract Services	<u>7,209,561</u>	<u>7,407,862</u>	<u>8,704,329</u>	<u>10,345,867</u>	<u>15,121,333</u>
Total	<u>\$52,033,868</u>	<u>\$52,488,467</u>	<u>\$55,520,896</u>	<u>\$58,417,521</u>	<u>\$61,044,051</u>
<b>TOTAL PASSENGERS:</b>					
San Diego Transit	34,648,168	35,041,982	34,029,926	31,923,576	28,966,424
San Diego Trolley	24,567,479	28,743,326	28,885,554	25,432,952	25,174,788
MTDB Contract Services	<u>10,213,176</u>	<u>10,887,008</u>	<u>11,533,145</u>	<u>12,221,143</u>	<u>16,383,415</u>
Total	<u>69,428,823</u>	<u>74,672,316</u>	<u>74,448,625</u>	<u>69,577,671</u>	<u>70,524,627</u>
<b>REVENUE MILES:</b>					
San Diego Transit	11,506,097	11,761,369	11,585,666	11,285,546	10,876,305
San Diego Trolley	6,990,998	7,090,499	7,070,019	7,046,660	25,174,788
MTDB Contract Services	<u>5,145,941</u>	<u>5,656,691</u>	<u>6,245,354</u>	<u>7,014,605</u>	<u>16,383,415</u>
Total	<u>23,643,036</u>	<u>24,508,559</u>	<u>24,901,039</u>	<u>25,346,811</u>	<u>25,819,259</u>
<b>FAREBOX RECOVERY PERCENTAGE:</b>					
San Diego Transit	40.33%	39.45%	31.01%	36.24%	35.66%
San Diego Trolley	62.93	63.39	63.36	57.64	54.63
MTDB Contract Services	44.28	45.13	40.29	45.72	32.65

Source: MTDB Audited Financial Statements

### Transportation Development Act Funds

The California Transportation Development Act of 1971, as amended (the "TD Act"), provides two sources of funding for public transportation. The first is the county Local Transportation Fund ("TDA") which was established in 1972, whereby one-fourth of 1% of San Diego County's current 7.75% sales tax is made available for public transportation operating and capital expenditures in the county in which the sales tax is collected. The second is the State Transit Assistance Program ("STA") which was established in 1979, whereby a portion of gasoline sales and diesel use tax revenues is appropriated by the State Legislature to the State Transportation Planning and Development Account for certain public transportation purposes.

**Local Transportation Fund Revenues.** The TDA is derived from a portion of the sales and use tax revenues of one-fourth cent of the 7.75% sales and use tax collected county-wide. See "APPENDIX C—SELECTED INFORMATION REGARDING SAN DIEGO COUNTY—Commercial Activity" for a summary of the annual volume of taxable transactions within



San Diego County since 1998. The one-fourth cent is returned by the State Board of Equalization to San Diego County according to the amount of tax collected in the County. TDA revenues are one of MTDB's largest sources of operating revenues.

SANDAG is the agency responsible for an apportionment of these funds within the San Diego region. Certain TDA Funds are taken and apportioned to MTDB to carry out planning and administrative functions, as well as to both MTDB and NTCD for support of Community Transit Services. The balance of the remaining regional funds are distributed by population among the transit boards and the nonboard area of the County in accordance with the populations of those areas. The TDA Funds for the MTDB area are apportioned directly to MTDB and are consolidated with all other revenues coming to the MTS operators. Through a combined MTS budget process, the funds are used in the following priority order: (1) funding of Americans with Disabilities Act services, (2) local matching for federal grants and (3) funding of local and regional services. TDA Funds that the MTDB is entitled to claim remaining with the County at the end of any fiscal year are carried over and are available to be claimed by MTDB in the following year.

The table below shows the amount of TDA revenues for both operating and capital purposes available from annual sales tax collections in the year shown. Although MTDB believes that the projections are reasonable estimates, no assurance can be given that the amounts projected in future fiscal years will be available.

**San Diego Metropolitan Transit Development Board  
TDA Revenue Funding Trends  
Fiscal Years 1997-98 Through 2007-08**

<b>Year</b>	<b>TDA Revenues Claimed by MTDB</b>
1997-98	\$29,567,377 <sup>(1)</sup>
1998-99	39,317,421 <sup>(1)</sup>
1999-00	40,655,400 <sup>(1)</sup>
2000-01	53,262,727 <sup>(1)</sup>
2001-02	68,116,322
2002-03	76,356,938
2003-04 <sup>(2)</sup>	71,665,415
2004-05 <sup>(2)</sup>	70,774,626
2005-06 <sup>(2)</sup>	71,543,992
2006-07 <sup>(2)</sup>	74,357,591
2007-08 <sup>(2)</sup>	76,216,531

<sup>(1)</sup> Amounts shown prior to 2001-02 are MTDB and its component units only. Beginning in 2001-02, all transit resources in the MTDB area were pooled.

<sup>(2)</sup> Projected. There can be no assurance that the amounts projected in future fiscal years will be equal to such amounts.

Source: MTDB



***State Transit Assistance Program Revenues.*** STA funding comes from the Public Transportation Account (“PTA”), which derives its revenues from the state sales tax on gasoline. Prior to the passage of the Fiscal Year 2001 State Budget, this account received differing portions of the state sales tax on gasoline and sales tax on diesel. The SANDAG-provided projection assumes a 2.7% increase in STA for Fiscal Year 2004-05 to approximately \$4.9 million. This revenue source is often tenuous as it can be changed in the state budget process.

The distribution of STA funds, as determined by the State Transportation Blueprint legislation in 1990 and as amended by Senate Bill 45 in 1997, is as follows:

- 25% of the funds are distributed to regional transportation planning agencies, such as MTDB, on the basis of population, for allocation to programs supported by TDA.
- 25% of the funds are distributed among the regional transportation planning agencies on the basis of the proportion of revenues generated in the region to the total fare revenues generated in the State. Within each region, these funds are distributed among the operators on the basis of fare generation.
- 50% of the funds are available for appropriation by the legislature to State transit programs, including Amtrak contracts, Peninsula Commute Services (the Caltrain), abandoned railroad right-of-way acquisition, bus rehabilitation, guideway construction, rolling stock acquisition, grade separations and multimodal interface facilities.

MTDB has always been in compliance with STA eligibility requirements. STA funds are claimed on an annual basis and received on a quarterly basis.

The table below shows the total amount of STA funds available and utilized by MTDB in the years indicated. Although MTDB believes that the projections are reasonable estimates, no assurance can be given that the amounts projected in future fiscal years will be available.

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**San Diego Metropolitan Transit Development Board  
STA Funds Utilized Fiscal Years  
1997-98 Through 2007-08**

Year	STA Funds Utilized by MTDB
1997-98	\$4,070,453 <sup>(1)</sup>
1998-99	4,766,744 <sup>(1)</sup>
1999-00	4,952,698 <sup>(1)</sup>
2000-01	5,626,306 <sup>(1)</sup>
2001-02	8,533,979
2002-03	5,198,459
2003-04 <sup>(2)</sup>	4,776,412
2004-05 <sup>(2)</sup>	4,910,000
2005-06 <sup>(2)</sup>	5,000,000
2006-07 <sup>(2)</sup>	5,000,000
2007-08 <sup>(2)</sup>	5,000,000

<sup>(1)</sup> Amounts shown prior to 2001-02 are MTDB and its component units only. Beginning 2001-02, all transit resources in the MTDB area were pooled.

<sup>(2)</sup> Projected. There can be no assurance that the amounts projected in future fiscal years will be equal to such amounts.

Source: MTDB

### **Other Funding Sources**

Various other funding sources may be available for the payment of the Bonds, including certain rental and investment income. In addition, MTDB receives "TransNet" moneys (described below), a portion of which are available to make up for reduced federal operating subsidies.

Proposition A, called "TransNet," was approved by area voters in November 1987 to levy one-half cent local transportation sales tax for 20 years. TransNet will expire in 2008 unless renewed by the voters in San Diego County. Renewal of TransNet for forty years is on the ballot in San Diego County for the November 2, 2004 election and requires two-thirds voter approval. TransNet allocates one-third of the sales tax proceeds for transit purposes, which are further divided between MTDB and the North San Diego County Transit Development Board based on the proportion of the population within the area of each jurisdiction. TransNet allows MTDB's share of the funds to be used primarily for San Diego Trolley extensions (i.e., at least 80% of transit total for rail capital) and reduced price monthly transit passes for seniors, youths and disabled persons. In addition, TransNet funds are allowed to be used to make up any reduction in federal and state operating funds from the fiscal year (1986-87) based funding year. Finally, remaining monies can be used for service "expansion and extensions." The Regional Transportation Commission must approve projects as part of the Regional Transportation Improvement Program (RTIP).



On June 27, 2003, SANDAG approved a change to the TransNet ordinance to change the TransNet formula to 60% used for rail capital for the remaining authorization period (through 2008). This will provide the flexibility to use more of the TransNet funds for operations.

In fiscal year 2003-2004, MTDB and its component units received \$14,777,913 of TransNet funds for operating expenses.

## **RISK FACTORS**

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating a purchase of the Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

### **Full Faith and Credit Not Pledged**

Although MTDB covenants to appropriate and pay annually from Revenues an amount sufficient to make payments on the Bonds, MTDB has not pledged its full faith and credit to the payment of the Bonds.

### **Local, State and Federal Funding for Transit**

The Revenues of MTDB available to make payments on the Bonds include revenues from local and State operating grants derived from a portion of the sales taxes levied in San Diego County. The amount of Revenues could significantly change if current laws governing the use and distribution of Revenues is amended or if there is a significant decrease in future sales tax revenues in San Diego County. See "SOURCES OF REVENUES" herein.

In addition to the Revenues available for payment on the Bonds, MTDB also receives federal funding specific to transit agencies. See "SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD—Federal Funding for Mass Transit."

### **Bankruptcy and Equitable Limitations**

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement may be limited by and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the Bonds, the Trust Agreement and other related documents, by bankruptcy, reorganization, moratorium, insolvency, fraudulent conveyance or other similar laws relating to or affecting the enforcement of creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in the appropriate cases and to the limitation on legal remedies against public agencies in the State.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code) which governs the bankruptcy proceedings for public agencies such as MTDB, there are no involuntary petitions



in bankruptcy. If MTDB were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners and the Trustee could be prohibited from taking any steps to enforce their rights under the Trust Agreement, and from taking any steps to collect amounts due from MTDB under the Trust Agreement.

### **MTDB SERVICE AREA**

MTDB serves a metropolitan area which includes 10 cities, of which the largest is the City of San Diego, and the County of San Diego. The current population for the metropolitan area is approximately two million with nearly two thirds of these residents living within the City of San Diego.

The public transportation system for the area includes a variety of services. The basic system is a fixed route bus network that has a local/feeder, urban arterial, and express/commuter run and is supplemented by light rail transit service in three corridors and a number of general and special purpose demand responsive services. On a daily basis, approximately 270,000 passengers are carried by this system. Approximately 840 transit vehicles — buses, vans, light rail vehicles — are deployed to operate this system.

This public transit network is officially called the Metropolitan Transit System (“MTS”). MTS represents all of the publicly subsidized transit operators in the San Diego metropolitan area. The purpose of the MTS is to provide coordinated routes, fares and transfers among the different operating entities. Additional information regarding the regional transit operators is described below under “SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD.” For more information concerning the County of San Diego, see “APPENDIX C—SELECTED INFORMATION REGARDING SAN DIEGO COUNTY.”

### **PENSION SYSTEM**

#### **General**

The employees of SDTC participate in the San Diego Transit Corporation Employees’ Retirement Plans (collectively, the “Plan”), a single employer public employee retirement plan. All of SDTC’s full-time employees and certain part-time contract employees become participants on their date of hire. All noncontract employees become participants after earning one year of credited service. During Fiscal Year 2003, there were approximately 933 active participants, 198 vested terminated participants, and 546 retired participants. Participants of the Plan are not allowed to contribute to the Plan. MTDB makes annual contributions equal to an actuarially computed amount which includes normal cost and an amount for the amortization of unfunded accrued liabilities.



## Investments

The fair values of individual investments, other than those issued or guaranteed by the U.S. government, at June 30, 2003 in excess of 5% of the Plan's net assets are as follows:

<u>Fund</u>	<u>2003</u>
Loomis Sayles Global Bond Fund	\$4,675,013
Westwood Trust Large Cap Equity Fund	8,022,250
Bank 1 Bond Fund Class 1	9,153,741
PIMCO Total Return Fund II	9,268,855

## Pension Benefits

Benefits under the Plan are payable at the later of the date the employee attains age 63 for noncontract employees and 65 for contract employees or retirement after five years of credited service. The Plan permits early retirement with reduced benefits after five years of service beginning at age 53 for noncontract employees and 55 for all other employees. Benefits are payable during the lifetime of the retired employee. Employees may elect to receive their pension benefits in the form of joint and survivor annuities. A preretirement spouse's benefit is payable in the event an active employee eligible for early retirement dies. Benefits based on the value of accumulated pension benefits are also payable upon total and permanent disability prior to retirement of the employee has had five or more years of service.

Employees vest 100% after five years of credited service. If employees terminate before five years of credited service, they forfeit the accumulated Plan benefits attributable to MTDB's contributions.

## Actuarially Determined Contribution Requirements and Contributions Made

The valuation method used to calculate the contribution for the Plan is the Entry Age Normal Actuarial Cost Method, which is projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued. 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 employment until retirement.

The significant actuarial assumptions used for the year ended June 30, 2003 to compute the actuarially determined contribution requirements included (a) actuarial interest rate (per annum) of 8.5%, and (b) projected salary increase of 3.5% per year. The actuarially determined employer contribution rate as a percent of covered payroll at June 30, 2003 was 9.083%. The June 30, 2003 contribution consisted of \$3,144,637 to cover normal costs and an additional \$525,000 paid in advance to cover a portion of the Plan year ended June 30, 2004 funding obligations for a total of \$3,669,637. At January 1, 2004 (the most recent valuation date), SDTC's actuarial determined pension benefit obligation exceeded net assets available for benefits by \$86,422,568. The current unfunded actuarial accrued liability of \$86,422,568 reflects a change in expected market returns from 8.5% to 8% future pension improvement, and



the Actuarial Value of Assets is determined by market value instead of a five-year smoothing method.

## Funding Policy

SDTC's funding policy is to make annual contributions to the Plan in amounts necessary to fund current service costs and an annual amortization of past service costs. Contributions by SDTC are based upon the annual report and recommendations of the Plan's actuary. Past service costs and actuarial gains and losses are being amortized over a 30-year period using the level dollar amortization method with an open period.

## Funding Status

Below is a schedule of the funding status for the Plan:

### SCHEDULE OF FUNDING STATUS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as % of Payroll</u>
7/1/94	\$41,150,550	\$ 48,598,130	\$ 7,447,580	85%	\$30,446,521	24%
7/1/95	43,088,223	49,675,115	6,586,892	87	30,097,199	22
7/1/96	52,278,086	51,786,729	(500,357)	101	29,501,808	(2)
7/1/97	61,387,821	54,474,874	(6,912,947)	113	32,932,552	(21)
7/1/98	65,958,070	62,203,756	(3,754,314)	106	34,371,069	(11)
7/1/99	70,915,059	70,205,508	(709,551)	101	36,705,306	(2)
4/1/00	76,603,624	83,858,909 <sup>1</sup>	7,255,285	91	39,890,376	18
1/1/01	75,196,033	94,343,205 <sup>2</sup>	19,147,172	80	40,510,107	47
1/1/02	74,859,876	119,777,766 <sup>3</sup>	44,917,890	62	38,245,667	117
1/1/03	56,330,528 <sup>4</sup>	125,584,398	69,253,870	45	34,944,956	198
1/1/04	78,667,471 <sup>5</sup>	132,307,053	53,639,582	59	36,236,639	148
1/1/04 <sup>6</sup>	67,352,844	153,775,412	86,422,568	44	36,236,639	238

<sup>1</sup> The incorporation of benefit improvements in the actuarial valuation resulted in a reduction in the Plan's funded status as of April 1, 2000.

<sup>2</sup> A further improvement in benefits and a reduction in the assumed rate of return on Plan assets from 9 to 8.5% caused a further reduction in the plan's funded ratio on January 1, 2001.

<sup>3</sup> The Plan's assumptions were modified to incorporate the results of an actuarial experience study for the years 1997 – 2000, and the Plan liabilities and costs increased significantly.

<sup>4</sup> Reflects asset decline due to changes in financial market.

<sup>5</sup> The Actuarial Value of Assets was changed from the market value to a five-year smoothing method.

<sup>6</sup> Restated unfunded actuarial accrued liability reflects the change in expected market return, future pension improvements, and assets reflected at market value instead of the five-year smoothing method.

## Income Taxes

The Plan has received its tax determination letter from the Internal Revenue Service which indicates the Plan meets the requirements of Section 401(a) of the Internal Revenue Code of 1986 (the "Code") and is exempt from taxation under Section 501(a) of the Code. Although certain administrative and operational amendments have been made to the Plan since receiving



the determination letter the Plan administrator believes that the Plan is currently designed and being operated in compliance with the Code.

## **SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD**

### **General**

MTDB was created effective January 26, 1976, pursuant to the Mills Deddeh Transit Development Act to provide the policy setting and overall managing agency for the public transportation system in a service area of approximately two 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 San Diego County.

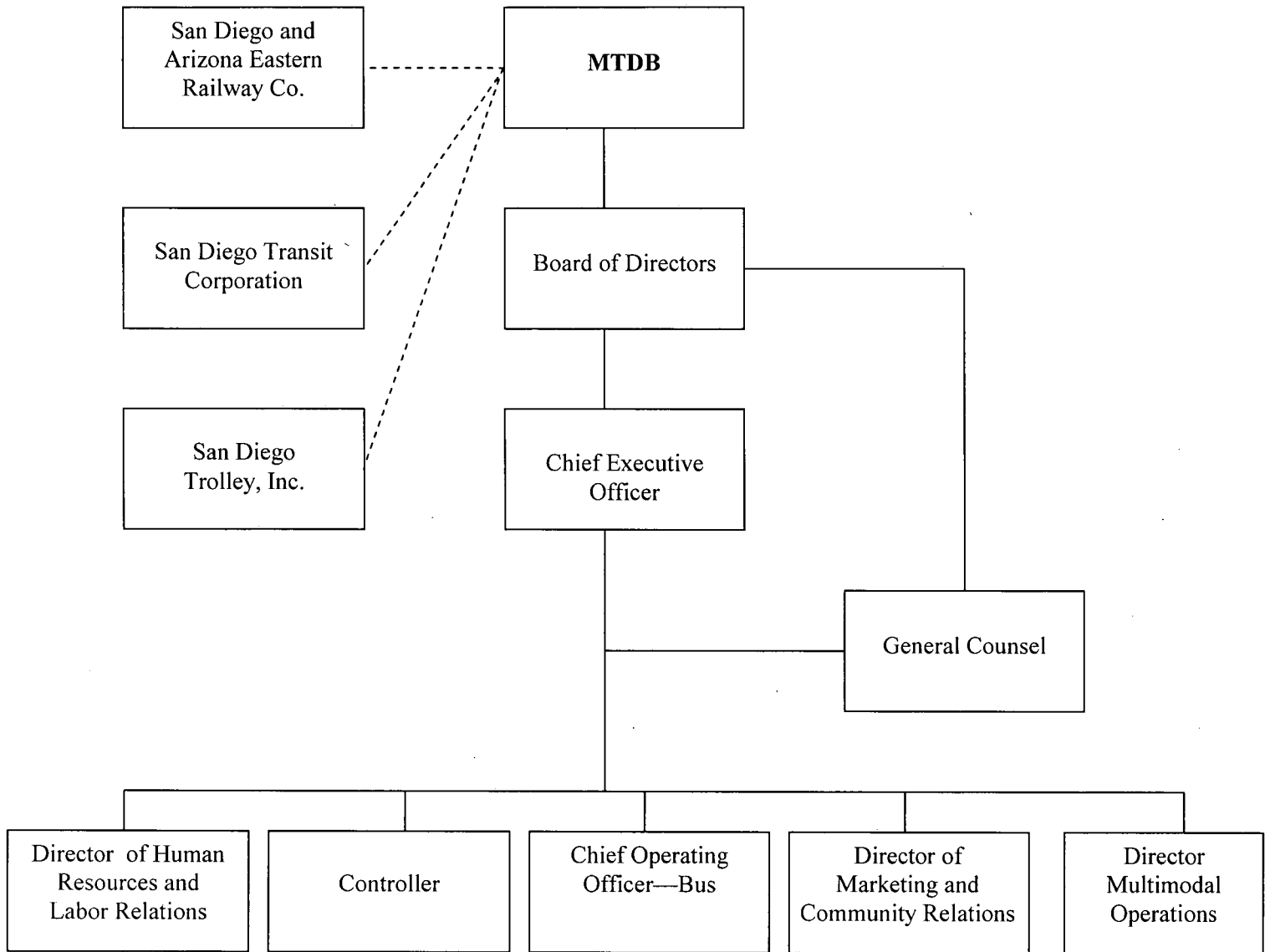
MTDB has been responsible for guideway development. MTDB has planned, designed and constructed the two Light Rail Transit ("LRT") lines for a total of 47.3 mile system: the 25.7 mile Blue Line with 25 stations and the 21.6 mile Orange Line with 24 stations. The Mission Valley East extension will add 5.8 miles and four stations and will close the gap between the existing Blue and Orange Lines. Service is scheduled to start in mid 2005.

In addition to its capital development functions, MTDB has been responsible for short range planning and financing for bus and rail transit systems in its service area. MTDB is also responsible for preparing and implementing regional transit services directly or by contract with other transit operators and coordinating and regulating regional transit routes, fares and services.

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Metropolitan Transit Development Board  
Organization Chart





MTDB is effectively an “umbrella” agency. MTDB owns the assets of both SDTC and SDTI, the area’s two largest transit operators. These two transit units were formed under California law as nonprofit public corporations and function as operating subsidiaries of MTDB. SDTI and SDTC are considered component units and are discretely presented for financial reporting purposes. SDTI operates two LRT routes, the Blue Line from the Mission San Diego Station to San Ysidro at the International Border and the Orange Line from the Imperial and 12th Bayside Platform through Centre City and then east to Santee. SDTC operates 29 fixed bus routes over 500 route miles with an active fleet of 250 buses.

The relationship between MTDB and the transit operating subsidiaries, SDTC and SDTI, is formally established through operating agreements, and MTDB 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. Both operating agreements expire on June 30, 2005. MTDB has the option to extend both agreements if exercised prior to the termination date.

The MTDB Board of Directors has the policy setting responsibility for the operation and development of MTDB’s 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.

In addition, MTDB owns the San Diego and Arizona Eastern Railway Company (“SD&AE”), a railroad holding company entrusted with assets which include 108 miles of line and more than 2,000 acres of property. MTDB has a contract with San Diego and Imperial Valley Railway Co. (SDIV) for the operation of freight rail services over the SD&AE. MTDB provides no subsidy to SDIV, but does receive a portion of its gross revenue. SD&AE is considered a component unit and is treated as an enterprise fund for financial reporting purposes.

In addition to the bus routes operated by SDTC, MTDB is financially accountable for the operation of certain other bus routes. MTDB 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 considered a component unit and are treated as an enterprise fund for financial reporting purposes.

MTDB also is financially accountable for the operation of the Taxicab Administration services which includes regulating the issuance of the taxi and jitney service permits in the Cities of San Diego, El Cajon, Imperial Beach, Lemon Grove, National City, Poway and Santee. Taxicab Administration is considered a component unit and is treated as an enterprise fund for financial reporting purposes.

Much of MTDB’s coordination of the regional transit system is achieved through the MTS. MTS is a “federation” of transit service providers made up of San Diego Transit Corporation, San Diego Trolley, Inc., MTDB Contract Services, Chula Vista Transit and National City Transit. The facilities of the MTS include 15 express routes, 82 local/urban routes, and dial-a-ride services. Since its creation in July 1985, the MTS has coordinated the



information relating to routes, fares and transfers in its effort to consolidate and unify the public transit system in San Diego.

Set forth below is a brief description of the MTDB operating subsidiaries and related transit operators and organizations.

***San Diego Transit Corporation (“SDTC”).*** SDTC was founded in 1886 as the San Diego Streetcar Company. The City of San Diego purchased SDTC in 1967 and, in 1985, MTDB acquired it as its wholly owned subsidiary during a consolidation of the region’s transit services and the creation of the MTS. SDTC operates 29 fixed bus routes over 600 route miles with an active fleet of 275 buses.

During the fiscal year 2003, SDTC served a total of approximately 29 million riders, a decrease of approximately three million riders from fiscal year 2002. SDTC serves approximately 390 square miles with a combined population of approximately two million people. Its area of service includes the Cities of San Diego, Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City and portions of San Diego County’s unincorporated areas. In addition to its fixed routes, SDTC provides stadium express service and beach shuttle service. SDTC also provides paratransit service, similar to a taxi feeder service that allows passengers to be picked up or taken to or from fixed route bus stops, in five communities. SDTC averaged a farebox recovery rate of at least 31% for each of the 10 years prior to fiscal year 2002, which is generally higher than the fare recovery rates of other comparable transit systems. During the fiscal year 2003, SDTC recovered 35.6% of its costs from riders’ fares. The remainder of its required revenues are derived from federal, state and local funds allocated by MTDB.

***San Diego Trolley, Inc. (“SDTI”).*** A wholly owned subsidiary of MTDB, SDTI was created in August 1980 to serve as the regional light rail transit operator. Currently, SDTI operates two light rail transit lines for a total of 46.8 miles: the 25.2 mile Blue Line from Mission San Diego to San Ysidro via the Stadium and Old Town and the 21.6 mile Orange Line from 12th and Imperial to Santee via the Bayside Segment. Between the two lines there are a total of 50 stations: 10 served by both the Blue and Orange Lines, 25 stations exclusive to the Blue Line, and 15 exclusive to the Orange Line. SDTI staff maintains 123 light rail cars as well as track structure and right of way, the signal system, crossing gates, traction power substations, the overhead wire system, ticket machines, trolley stations and landscaping. In fiscal year 2003, almost 25.2 million riders utilized the SDTI System, a decrease of approximately 250,000 from fiscal year 2002. Since fiscal year 1991, SDTI has paid over 62% of its operating costs from its passenger fare revenues. For fiscal year 2003, SDTI recovered 56.6% of its costs from passenger fare revenues. The remainder of its required revenues are derived from federal, state and local sources allocated by MTDB.

***San Diego & Arizona Eastern Railway Company (“SD&AE”).*** Another wholly owned subsidiary of MTDB, SD&AE is a nonprofit right of way holding company acquired and reorganized under Nevada law. SD&AE is a holding company entrusted with assets consisting of four railroad lines that total 108 miles. Currently, SD&AE has licensed the use of its railroad lines to the San Diego & Imperial Valley Railroad (“SD&IV”) to provide freight services at night.



***Other Regional Services.*** In addition to the three subsidiaries mentioned above, MTDB has assumed direct oversight responsibility for numerous fixed-route operators in the Metropolitan Transit System. The affiliated operators include ATC/VANCOM, Inc., McDonald Transit, Coach USA and Laidlaw Transit Services. MTDB also provides general public demand responsive systems through contracted operators such as Laidlaw Transit Services, Yellow Cab of San Diego and others. MTDB also provides, through MTS Access and ADA Paratransit, a public paratransit service for people with disabilities who are not able to ride bus or trolley services, or who cannot get to or from bus stops or trolley stations. MTS Access is operated by American Red Cross under contract with MTDB.

***Taxicab Administration.*** MTDB regulates taxicab and other private for-hire vehicles (PHV) for the cities of El Cajon, Imperial Beach, Lemon Grove, National City, Poway, San Diego, and Santee. The five-year contract with these cities expires in June 2008. Public Utilities Code 120266 requires MTDB to fully recover costs for these regulatory activities. Fees collected from permit holders and applicants offset the costs. A fee schedule is set each calendar year by the Chief Executive Officer, and reviewed in advance by the Taxicab Committee. All Taxicab Administration expenses and revenues are accounted for in a separate enterprise fund.

### **MTDB Long Range Financial Planning**

MTDB follows a 20-year Long Range Financial Plan (the “Long Range Plan”) which covers all of MTDB’s projected capital and operational revenues and expenses through fiscal year 2022. The Long Range Financial Plan assumes an aggressive schedule of rail expansion and other capital expenditure as well as continued operating assistance to MTDB subsidiaries and affiliated transit providers.

On the capital side, approximately \$1.7 billion is planned to be spent over the 20-year period on a number of light rail extensions and light rail/bus capital improvements and replacements. These projects will be funded by a variety of sources, including state and federal grants and local funds such as TransNet, TDA and STA (as such terms are hereinafter defined). See “SOURCES OF REVENUES” herein.

The Long Range Plan also includes \$3.26 billion for operations, which includes the expenses associated with operating the new light rail extensions, as well as modest bus service improvements. Fare revenues are projected to cover an increasing share of these expenses, supplemented by subsidies from federal sources, TDA, STA and TransNet. Over the 20-year period, a cumulative operating surplus of \$8.5 million is projected.

### **Federal Funding for Mass Transit**

Funds for the federal urban mass transportation program are available from the Federal Transit Administration (“FTA”) to qualified transit authorities pursuant to procedures set forth in the Federal Transit Act (the “FT Act”) and regulations published pursuant to the FT Act.

The FT Act was enacted for the purpose of providing federal assistance to public mass transportation systems. MTDB currently receives funds as provided under Sections 5309 and 5307 of the FT Act. Section 5309 grants are for the following programs only and thus do not constitute “Revenues”: (a) new rail starts, (b) rail modernization and (c) bus capital clean fuels



program and others. Section 5307 grants are allocated by FTA to San Diego County on the basis of population, population density, bus revenue miles, passengers and passenger miles. These funds are used for capital assistance. Funds allocated to San Diego County are currently divided by the SANDAG, the regional planning agency as provided in the FT Act, between MTDB and North County Transit District (“NCTD”) on an approximately 75%/25% basis. See “SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD—Recent Legislation” for a description of recently enacted legislation creating the San Diego Regional Agency which will take over SANDAG’s duties.

In 1998, Congress enacted the Transportation Equity Act for the 21st Century (“TEA-21”) which authorized federal funding in the amount of \$216.3 billion for transportation purposes. The authorizations contained in TEA-21 were to have expired on September 30, 2003. However, Congress passed and the President signed into law the Surface Transportation Extension Act of 2003 (“TEA-3”). TEA-3 extended TEA-21 funding from October 1, 2003 through February 29, 2004, and on February 29, 2004, Congress passed and the President signed into law the Surface Transportation Extension Act of 2004 (“TEA-4”), which extended TEA-21 funding from March 1, 2004 through April 30, 2004. Since the enactment of TEA-4, Congress has passed and the President has signed three supplemental amendments to TEA-4, extending the funding through September 24, 2004. Congress hopes to complete work on a long-term blueprint for highway and transit programs by such time that will replace TEA-21 funding.

The President’s proposal to re-authorize TEA-21 is the Safe, Accountable, Flexible and Efficient Transportation Equity Act of 2004 (“SAFETEA”) which is a six-year proposal that authorizes a total of \$256 billion for the federal surface transportation programs in Federal Fiscal Years 2004 through 2009. The U.S. House of Representatives and the Senate have each passed different reauthorization bills that provide higher levels of funding than SAFETEA. MTDB cannot predict when federal reauthorization legislation may be enacted, funding levels or the substantive provisions that may be included in such legislation.

The process of obtaining funds authorized by Section 5307 of the FT Act begins with MTDB’s filing of a funding request with FTA. Although TEA-4 provides federal funding for transportation purposes through September 24, 2004, the amount of federal funding to be received by MTDB for any fiscal year beyond the current federal fiscal year is subject to future Congressional appropriation for transit purposes. Any future funding by FTA, including the actual funding level, is subject to future Congressional authorization beyond the federal fiscal year ending September 30, 2004 and future Congressional appropriation beyond the current federal fiscal year, including any changes to the FT Act and TEA-21. Future Congressional legislation or action beyond the federal fiscal year ending September 30, 2004 could reduce or eliminate Section 5307 capital funding levels, thus requiring a corresponding increase in the local share.

## **Recent Legislation**

Effective January 1, 2003, Senate Bill 1703 (“SB 1703”) took effect which consolidates the planning, programming, project development and construction activities of the San Diego Association of Governments, MTDB and North San Diego County Transit Development Board into one consolidated transportation agency. The legislation calls for an initial transfer of



planning and programming functions by July 1, 2003 and a subsequent transfer of the project development and construction functions by January 1, 2004. Following completion of the consolidation, MTDB's focus has shifted to the operating of transit services, as the new consolidated transportation agency is responsible for all other facets of transportation planning, programming and development. Pursuant to SB 1703, the new agency has a nine-member transportation committee (the "Transportation Committee") representing the cities in East County, North County Inland, North County Coastal, South County, as well as the City of San Diego, San Diego County, MTDB, North County Transit District and the Regional Airport Authority. SANDAG is responsible for appointing such members based on recommendations from the various city regional groups. MTDB has one voting member on the board of the new agency. The Transportation Committee has assumed the responsibility and decision-making for all transportation related planning, programming and development activities. SB 1703 has not had an adverse affect on MTDB's financial ability to make payments on the Bonds.

### **Governance and Management**

***MTDB Board of Directors.*** MTDB is governed by its Board of Directors currently made up of fifteen members, four of whom are appointed by the San Diego City Council, nine of whom are appointed by the City Councils of each of the nine cities within the San Diego service area of MTDB, and one member who is appointed by the Board of Supervisors of the County of San Diego. The Chairman is elected by the Board of Directors and can be from the Board or, as is currently the case, a resident of the County and the 15<sup>th</sup> member.

The current members of the MTDB Board of Directors are set forth below.

#### **Metropolitan Transit Development Board of Directors**

Leon Williams, Chairman	Elected by Board
Jerry Rindone, Vice Chairman	Deputy Mayor, City of Chula Vista
Toni Atkins	Councilmember, City of San Diego
Thomas Clabby	Mayor Pro Tem, City of Lemon Grove
Jack Dale	Councilmember, City of Santee
Robert Emery	Councilmember, City of Poway
VACANT	Councilmember, City of San Diego
Mark Lewis	Mayor, City of El Cajon
Brian Maienschein	Councilmember, City of San Diego
Phil Monroe	Mayor Pro Tem, City of Coronado
Ron Morrison	Councilmember, City of National City
Ron Roberts	Chair, County Board of Supervisors
Diane Rose	Mayor, City of Imperial Beach
Hal Ryan	Councilmember, City of Santee
Ruth Sterling	Councilmember, City of La Mesa
Michael Zucchet	Councilmember, City of San Diego

***MTDB Management.*** Reporting directly to the Board are the Chief Executive Officer and General Counsel. Reporting to the Chief Executive Officer are the Director of Multimodal



Operations, Director of Human Resources and Labor Relations, Controller, Chief Operating Officer—Bus and the Director of Marketing and Community Relations.

The identities, professional experience and current responsibilities of the above-mentioned persons are briefly described below.

***Paul Jablonski, Chief Executive Officer.*** In October 2003, Paul Jablonski was named as the new Chief Executive Officer (“CEO”) of MTDB. Mr. Jablonski was previously CEO and General Manager of the Southwest Ohio Regional Transit Authority (SORTA) in Cincinnati, Ohio. He started his transit career in college at the University of Massachusetts as a bus driver for the Amherst campus bus systems, and then moved on to other jobs including radio dispatcher, road supervisor, maintenance, and finally as assistant General Manager. He has served as Director of Operations for the Cleveland Public School System, as Senior Operations Consultant for ATE Management working for Dallas Area Rapid Transit, as General Manager of the Merrimack Valley Regional Transit Authority outside of Boston, and spent five years in Saudi Arabia in the 1980s starting up Jedda’s first intracity bus system.

Mr. Jablonski has a bachelors of science degree from the University of Massachusetts and has done graduate work at the Rensselaer Polytechnic Institute in Urban and Environmental Studies. He has served as a regional director and board member of the American Public Transportation Association (APTA) and past president of the Ohio Public Transit Association.

***Tiffany Lorenzen, General Counsel.*** Ms. Lorenzen joined MTDB in 2002. Her responsibilities include providing legal services related to MTDB litigation, contracts, claims, negotiations, and other actions; acting as a liaison with private, special legal counsel; managing property acquisition and joint development activities; managing contract monitoring, Disadvantaged Business Enterprises and Equal Employment Opportunity compliance; monitoring legislation at all government levels; providing legal services to San Diego Trolley, Inc., San Diego Transit Corporation, and other local transit operators; and, serving as a liaison with the San Diego and Arizona Eastern Railway Company. Ms. Lorenzen was appointed General Counsel, effective July 12, 2004. Ms. Lorenzen received her law degree from California Western School of Law in 1997.

***Tom Lynch, Controller.*** Mr. Lynch develops, implements and manages the internal control environment for all areas of the Finance and Accounting function (cash management, procurement, cash disbursements and accounts payable, cash receipts and accounts receivable, inventory management, grants management). Additionally, he oversees development and coordination and monitors SDTC, SDTI and MTS’ annual operating budgets and prepares and presents regular reports to the Executive Committee and the Board of Directors.

***Claire Spielberg, Chief Operating Officer—Bus.*** Ms. Spielberg has considerable transit operations experience and strong credentials, having worked in MTA New York City Transit, MTA Long Island Bus and the New York City Department of Transportation. She previously served as the Interim General Manager and as the Vice President of Maintenance at San Diego Transit Corporation. Prior to coming to San Diego, Ms. Spielberg was General Manager of Command Bus Company in Brooklyn, New York, an operation that provided contract services to



the City of New York. As General Manager of Command for five years, Ms. Spielberg ran an operation that served more than 10 million passengers per year.

Ms. Spielberg possesses a Master of Science degree from W. Averell Harriman School of Policy and Management, State University New York at Stony Brook.

***Jeff Stumbo, Director of Human Resources and Labor Relations.*** Mr. Stumbo is responsible for all aspects of human resources management (recruitment, selection, termination, retirement), labor relations (contract negotiation and administration), dispute resolution (grievance processing, mediation and arbitration), benefits/compensation administration and records management for MTDB.

Mr. Stumbo served as the Vice President of Human Resources and Labor Relations at the SDTC from January 2003 to May 2004, when he was appointed Director of Human Resources and Labor Relations for MTDB.

Mr. Stumbo has a Master of Public Administration degree from San Diego State University.

***Gonzalo Lopez, Director of Marketing and Community Relations.*** Mr. Lopez is responsible for the management of marketing and community programs to retain existing ridership, increasing the number of users in the agency's jurisdiction and creating awareness of MTDB. He also serves as the liaison with the municipal authorities in Tijuana, California and Baja, California on transportation related issues.

Mr. Lopez joined MTDB in 2000. Before working for MTDB he served as Director of International Trade and Technology for the City of San Diego. Mr. Lopez has broad experience in the public sector and has Bachelor's and Master's degrees in Economics from San Francisco University and San Jose State University, respectively.

***Susan Hafner, Director of Multimodal Operations.*** Ms. Hafner is responsible for MTDB's operational elements including fare structure, private contracts, operational planning and taxicab administration. Ms. Hafner joined MTDB in 2001 after spending the previous 11 years as the General Manager of the Riverside Transit Agency.

Ms. Hafner has 22 years of transit experience and has held the position of Vice President of Bus Operations for the American Public Transit Association, Chairman of the California Transit Finance Corporation and has served on the Board of Directors for both the California Transit Association and the American Public Transit Association.

Ms. Hafner holds a Bachelor's degree in Business and Public Administration from the University of Missouri, Columbia and a Master's degree in Business from Rockhurst College in Kansas City, Missouri.

## **Insurance**

***Liability.*** MTDB, SDTI and SDTC have a \$2,000,000 self-insured retention (SIR) for liability claims. Control and funding of this SIR is provided through Board policy and a



consolidated liability claims reserve account. Loss amounts greater than the self-insurance retention are insured by special excess liability for public entities in a variety of limit layers. Total coverage limit including the SIR is \$75 million. Coverage includes any wrongful act or employee benefit wrongful act. Contained within all layers is terrorism coverage and employers liability.

**Fiduciary.** SDTC Public Entity Fiduciary Policy with a limit of liability of \$2,000,000. Deductible on this policy is \$10,000.

**Property.** Risk financing is provided by the California State Association of Counties (CSAC) program features limits of \$390 million for all-risk coverage. This Public Entity property coverage insures buildings and contents along with licensed vehicles against physical loss or damage. Property terrorism coverage limits are \$125,000,000 with a deductible of \$500,000. Total insured values for the agencies are in excess of \$378 million. Optional coverage elected includes auto physical damage. Claimed values for licensed vehicles are: MTDB=\$480,000, SDTC=\$98,719,000, SDTI=\$307,692,000 (Total Vehicle Values=\$407,891,000).

**Crime.** SDTC is protected against loss from employee theft, robbery, forgery and funds transfer fraud up to \$100,000 by a government crime insurance policy. Crime limit coverage for SDTI is \$1,000,000 for employee theft and \$300,000 for other crime losses. Policies provide coverage for terrorism acts.

## Results of Operation

The MTDB's financial report for Fiscal Year 2002-03 is attached as "APPENDIX D" hereto. This is the second year that MTDB has presented its financial statements under a new reporting model required by the Governmental Accounting Standards Board ("GASB") Statement No. 34 ("GASB 34"), *Basic Financial Statements—Management's Discussion and Analysis (MD & A)—for State and Local Governments*. The objective of the GASB in developing the new reporting standards is to enhance the understandability and usefulness of the general purpose external financial reports of state and local governments to the citizenry, legislative and oversight bodies and investors and creditors.

The results of financial operations for MTDB for the past five fiscal years are summarized below. Due to the implementation of GASB 34, the Operating Results for Fiscal Years 1998-99 through 2000-01 are comparable, but the results for Fiscal Years 2001-02 and 2002-03 are shown separately.



**SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD**  
**Historical Operating Results**  
**For Fiscal Years 1998-99 Through 2002-03**

	1998-99	1999-00	2000-01		2001-02	2002-03
Revenues:				Revenues:		
Federal Funds	\$ 18,213,076	\$ 24,427,018	\$ 61,429,657	Federal Funds	\$124,582,562	\$171,794,902
Local TDA Funds	33,541,145	33,385,619	42,880,502	Local TDA Funds	57,528,863	48,942,294
TransNet Funds	9,986,777	8,947,165	9,676,433	TransNet Funds	11,344,000	19,352,521
State Funds	6,851,908	24,771,943	26,970,819	State Funds	18,648,648	17,758,839
City of San Diego	324,127	278,000	288,000	City of San Diego	478,000	278,000
STA Funds	4,576,568	4,620,122	5,426,306	STA Funds	8,121,516	4,451,823
Other Funds	25,459,937	26,302,423	3,152,942	Other Funds	4,402,568	5,932,795
Interest Income	10,075,046	11,558,859	15,334,845	Interest Income	13,759,032	15,812,371
Indirect Cost Recovery	<u>3,318,080</u>	<u>3,848,653</u>	<u>4,310,165</u>	Indirect Cost Recovery	<u>4,458,159</u>	<u>5,556,123</u>
Total Revenues	<u>112,346,664</u>	<u>138,139,802</u>	<u>169,469,669</u>	Total Revenues	<u>243,323,348</u>	<u>289,879,668</u>
Expenditures:				Expenditures:		
Capital Projects	15,178,558	44,636,884	83,182,973	Current:		
Transit Support Activities	5,537,521	5,552,119	6,589,533	General Government	7,872,787	11,618,318
Short-Range Transit Planning	1,654,283	1,963,378	1,864,302	Transit Support Activities	6,758,796	6,639,390
Debt Service:				Transit Operations Funding	73,332,352	69,343,923
Principal	24,780,868	3,383,681	3,060,798	Transit Planning	2,903,922	2,827,540
Interest	8,458,939	7,972,712	7,586,317	Debt Service:		
General Administration:				Principal	2,952,415	2,912,934
Personnel	4,505,122	5,133,174	5,879,907	Interest	7,505,368	7,621,682
Board of Directors	77,210	80,770	84,228	Capital Outlay:		
Professional Services	461,616	365,344	281,869	LRT Extensions	67,280,624	154,415,728
Insurance	--	299,540	413,208	Major LRT Capital Improve.	6,995,579	14,072,627
Rent	--	180,279	213,036	Major bus Capital Improve.	52,479,790	34,584,445
Other general office expenditures	--	314,908	322,517	Operations Capital	<u>12,618,700</u>	<u>18,619,005</u>
Miscellaneous	--	438,029	265,477			
Capital funds pass through	<u>--</u>	<u>2,349,100</u>	<u>88,506</u>	Total Expenditures	<u>240,700,333</u>	<u>322,655,592</u>
Total Expenditures	<u>63,509,229</u>	<u>72,669,918</u>	<u>109,832,671</u>			
Excess (Deficiency) of Revenues Over Expenditures	48,837,435	65,469,884	59,636,998	Excess (Deficiency) of Revenues Over Expenditures	2,623,015	(32,775,924)
Proceeds of refinancing	--	6,806,385	--	Other Financing Sources (Uses):		
Other Financing Sources (Uses):				Payment to refunding bond Escrow Agent	(10,461,429)	
Operating Transfers In	19,822,031	31,770,042	26,106,018	Refunding Bonds Issues	10,661,509	18,175,381
Operating Transfers In – Component Units	5,222,000	2,536,243	--	Debt Issuance Costs	(200,080)	(334,362)
Operating Transfers Out	(23,099,566)	(35,574,883)	(26,100,816)	Operating Transfers In	25,367,061	55,423,230
Operating Transfers Out – Component Units	(66,622,540)	(69,013,659)	(56,916,026)	Operating Transfers Out	<u>(25,833,013)</u>	<u>(56,351,479)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(15,840,640)</u>	<u>1,994,012</u>	<u>2,726,174</u>	Total Other Financing Sources (Uses)	(465,952)	16,912,770
Fund Balances July 1	<u>206,939,206</u>	<u>191,098,566</u>	<u>193,092,578</u>	Net Change in Fund Balances	<u>2,157,063</u>	<u>(15,863,154)</u>
Fund Balances June 30	<u>\$ 191,098,566</u>	<u>\$193,092,578</u>	<u>\$195,818,752</u>	Fund Balances July 1	<u>196,348,244</u>	<u>198,505,307</u>
				Fund Balances June 30	<u>\$198,505,307</u>	<u>\$182,642,153</u>

Source: MTDB



## **Independent Accountants**

The financial statements of MTDB for the fiscal year ended June 30, 2003 have been audited by KPMG LLP, as set forth in their report dated May 21, 2004. Such financial statements are included as "APPENDIX D" to the Official Statement. KPMG LLP was not requested to consent to the inclusion of its report in "APPENDIX D" and it has not undertaken to update the financial statements included as "APPENDIX D" or its report, and no opinion is expressed by KPMG LLP with respect to any event subsequent to its report.

## **Budgets**

In June of each year, the Director of Finance and Administration submits to the Board of Directors a proposed operating and capital projects budget for the following fiscal year. Public hearings are then conducted to obtain comments. The budget is legally enacted through passage of a resolution by the Board. The Chief Executive Officer is authorized to transfer budgeted amounts up to \$100,000 between line items without prior Board approval. However, all increases in the authorized budget and transfers of budgeted amounts greater than \$100,000 must be approved in advance by the Board. Expenditures may not exceed budgeted appropriations at the line item level which are detailed by object.

In August 2000, the Board approved a consolidated transit funding process, which pools all discretionary transit resources available to the Board. As such, the Board now approves the budgets of all the MTS operators.

The following table summarizes MTDB's 2003-2004 Amended Budget and 2004-2005 Adopted Budget for its General Fund, Transportation Services Fund and Capital Projects Fund.

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**SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD**  
**General Fund, Transportation Services Fund and Capital Projects Fund Budgets**  
**For Fiscal Years 2003-04 and 2004-05**

	2003-04 Amended Budget	2004-05 Adopted Budget
<b>General Fund</b>		
Revenue		
State Funds	--	--
Federal	\$ 5,676,545	\$ 4,079,868
Local – TDA	6,804,332	5,620,683
Other Local Funding Sources	25,000	--
Other Funds	17,000	1,073,000
Reserves	8,214,070	10,718,821
Carryover	--	179,086
Total Revenue	<u>\$21,636,947</u>	<u>\$21,671,458</u>
Expenditures		
Transit Support	\$ 532,000	\$ 569,000
Short-Range Transportation Planning & Fund Administration	393,000	410,000
MTDB General Administration	7,692,425	6,934,000
Indirect Cost Recovery	(2,350,000)	(1,330,000)
Debt Service	<u>12,966,751</u>	<u>12,540,458</u>
Total Expenditures	<u>19,234,176</u>	<u>19,123,458</u>
Contribution to Claims Liability Reserve	1,950,000	1,950,000
Contribution to Contingency Reserve	214,771	--
Contribution to Land Mgmt. Reserve	238,000	248,000
Contribution to Energy Contingency Reserve	--	350,000
Total Expenditures and Contrib.	<u>\$21,636,947</u>	<u>\$21,671,458</u>
<b>Transportation Services</b>		
Revenue		
MediCal	\$ 468,000	\$ 538,000
Federal	23,784,261	24,422,763
Local – TDA	59,877,716	61,482,252
Other Local Funding Sources	11,102,487	15,560,336
State Transit Assistance Fund	4,776,412	4,909,823
Other Funds	792,314	816,892
Reserves	7,152,853	4,742,235
Carryover	43,222	281,370
MVE Startup Costs (Capital funding)	0	2,000,000
Total Revenue	<u>\$107,997,265</u>	<u>\$114,753,671</u>
Expenditures		
Transit Operating Contracts	\$107,081,729	\$113,575,409
Other Services	<u>915,537</u>	<u>1,178,262</u>
Total Expenditures	<u>\$107,997,265</u>	<u>\$114,753,671</u>



**Capital Projects**

## Revenue

State Funds	\$ 9,143,000	\$ 6,819,000
Federal	73,990,000	71,428,000
Local – TDA	476,000	276,000
Other Local Funding Sources	96,129,000	9,963,000
Reserves	625,000	198,000
Total Revenue	<u>\$180,363,000</u>	<u>\$88,684,000</u>

## Expenditures

LRT Extensions	\$162,025,000	\$74,847,000
Major LRT/Bus Capital Improvements	18,338,000	13,783,000
Operations Capital/Replacement	0	54,000
Total Expenditures	<u>\$180,363,000</u>	<u>\$88,684,000</u>

**Grand Totals**

Revenue	<u>\$309,997,212</u>	<u>\$225,109,129</u>
Expenditures	<u>\$309,997,212</u>	<u>\$225,109,129</u>

Source: MTDB 2003 Amended Budget and 2004 Adopted Budget.

**Constitutional and Statutory Limitations on Taxes and Appropriations**

**Article XIII B of the California Constitution.** On November 6, 1979, California voters approved Proposition 4, the so called Gann Initiative, which added Article XIII B to the California Constitution. In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to the governmental entity; or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified out lay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such



proceeds exceed the cost of providing the service or regulation; (ii) the investment of tax revenues; and (iii) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

As amended in June 1990, the appropriations limit for each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the option of MTDB, either (i) the percentage change in California per capita personal income; or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of non-residential, new, construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college districts.

As amended by Proposition 111, the appropriations limit is tested over consecutive two year periods. Any excess of the aggregate "proceeds of taxes" received over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter approved change can only be effective for a maximum of four years.

**Proposition 62.** Proposition 62 was adopted by the voters at the November 4, 1986 general election and (i) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax; (ii) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax; (iii) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed; (iv) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution; (v) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (vi) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

Several California appellate court decisions have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, in *Santa Clara County Local Transportation Authority v. Guardino*, the California Supreme Court upheld the provisions of Proposition 62.



**Rossi v. Brown.** On March 6, 1995 in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives.

**Proposition 218.** On November 5, 1996, California voters approved an initiative known as the Right to Vote on Taxes Act ("Proposition 218"). Proposition 218 added Articles XIIC and XIID to the California Constitution. Article XIIC requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as MTDB. Article XIIC also removes limitations on the initiative power with regard to reducing or repealing previously authorized local taxes. In the opinion of MTDB, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the Sales Tax in a manner which would prevent the payment of debt service on the Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded.

**Proposition 111.** On June 5, 1990, the voters approved "The Traffic Congestion Relief and Spending Limitation Act of 1990," hereafter "Proposition 111," which modified the Constitution to alter the spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

The most significant provisions of Proposition 111 are summarized below:

**Adjustments.** The annual adjustments to the spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit will be adjusted to reflect changes in school attendance.

**Treatment of Excess Tax.** "Excess" tax revenues were determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year were under its limit.

**Exclusions From Spending Limit.** Two new exceptions were added to the calculation of appropriations which are subject to the limit. First, there are excluded all appropriations for "Qualified Capital Outlay Projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above their current nine cents per gallon level, sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were needed to make effective the State's transportation funding package which sought to raise over \$15 billion in additional taxes over the next several years to fund transportation programs.

**Recalculation of Appropriations Limit.** The Appropriations Limit for each unit of government, including the State, was recalculated in the 1990-91 fiscal year, based on the actual limit for the 1986-87 fiscal year, adjusted forward to 1990-91 as if Proposition 111 had been in effect.



**Possible Future Actions.** Article XIII B, Proposition 62, 98, 111 and 218 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting MTDB revenues or MTDB's ability to expend revenues. There is no assurance that the California electorate or Legislature will not at some time approve additional limitations which could reduce property or other tax revenues and adversely affect the revenues of MTDB.

#### **2004-05 Fiscal Year State Budget Impact**

The State in some past years and in Fiscal Year 2004-05 has experienced budgetary difficulties, and may do so again. On July 31, 2004, the Governor signed into law the 2004-05 State Budget (the "2004-05 State Budget"). No prediction can be made as to whether the State will encounter additional budgetary problems in this or in any future fiscal years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. Accordingly, the final outcome of future State budgetary problems, if any, and their impact on MTDB or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures, cannot be predicted. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which MTDB has no control.

#### **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides services for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the



American Stock Exchange LLC. And the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.



Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant on accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds are to be made to Cede & Co., or such other name as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners are governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to MTDB or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Bonds are required to be printed and delivered.

Further, MTDB may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, physical Bonds will be printed and delivered.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

MTDB and the Trustee cannot and does not give any assurances that DTC, DTC Participants, Direct Participants or Indirect Participants will distribute to the Beneficial Owners (i) payments of interest, principal or premium, if any, with respect to the Bonds, (ii) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (iii) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Participants, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.



BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE PARTICIPANTS.

In the event that the book entry only system is discontinued, payments of principal, premium, if any, and interest with respect to the Bonds and payment of the maturity amount, and prepayment premium, if any, of the Bonds shall be payable as described herein under the caption “THE BONDS—General Provisions.”

## **GLOBAL CLEARANCE PROCEDURES**

*The information that follows is based solely on information provided by the Euroclear Operator. No representation is made as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.*

### **Clearstream International and Clearstream**

Clearstream International is the product of the merger of Deutsche Borse and Cedel International, the European international clearing depository founded in 1970, and a number of its subsidiaries including Cedelbank. Clearstream International is registered in Luxembourg and has two subsidiaries: Clearstream Banking and Clearstream Services. Clearstream Banking (“Clearstream”) contains the core clearing and settlement business and consists of Clearstream Banking Luxembourg, Clearstream Banking Frankfurt and six regional offices in Dubai, Hong Kong, London, New York, São Paulo and Tokyo. Clearstream holds securities for its participating organizations (“Clearstream Participants”) and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant, either directly or indirectly.

### **Euroclear System**

The Euroclear System (“Euroclear”) was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. The Euroclear System is owned and operated through a license agreement by Euroclear Bank S.A./N.V., a bank incorporated under the laws of the Kingdom of Belgium (the “Euroclear Operator”).

The Euroclear Operator holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear Participants, and between Euroclear Participants and Participants of certain



other securities intermediaries through electronic book-entry changes in accounts of such Participants or other securities intermediaries.

The Euroclear Operator provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services.

Non-Participants of Euroclear may hold and transfer book-entry interests in the Securities through accounts with a direct Participant of Euroclear or any other securities intermediary that holds a book-entry interest in the Securities through one or more securities intermediaries standing between such other securities intermediary and the Euroclear Operator

The Euroclear Operator is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the “Terms and Conditions”). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with Persons holding through Euroclear participants.

### **Distribution of the Bonds through Clearstream or Euroclear**

Distributions with respect to the Bonds held through Clearstream or Euroclear are to be credited to the cash accounts of Clearstream Participants or Euroclear Participants, as applicable, in accordance with the relevant system’s rules and procedures, to the extent received by its Depository (as defined below). Such distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by an Owner of the Bonds under the Trust Agreement on behalf of a Clearstream Participant or Euroclear Participant only in accordance with the relevant rules and procedures and subject to the relevant Depository’s ability to effect such actions on its behalf through DTC. Owners of the Bonds may hold their Bonds through DTC (in the United States) or Clearstream or Euroclear (in Europe) if they are participants of such systems, or indirectly through organizations, which are participants in such systems.

The Bonds will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream and Euroclear may hold omnibus positions on behalf of their participants through customers’ securities accounts in Clearstream’s and Euroclear’s names on the books of their respective depositories which in turn are to hold such positions in customers’ securities accounts in the depositories’ names on the books of DTC. Citibank, N.A. acts as depository for Clearstream and the Euroclear Operator acts as depository for Euroclear (in such capacities, individually, the “Depository” and, collectively, the “Depositories”).



Transfers of the Bonds between DTC Participants are to occur in accordance with DTC Rules. Transfers between Clearstream Participants and Euroclear Participants are to occur in accordance with their respective rules and operating procedures. Because of time-zone differences, credits of securities received in Clearstream or Euroclear as a result of a transaction with a Participant may be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such securities settled during such processing would be reported to the relevant Euroclear or Clearstream Participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream Participant or Euroclear Participant to a Participant are to be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlements in DTC.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Participants or Euroclear Participants, on the other, are to be effected in DTC in accordance with DTC Rules on behalf of the relevant European international clearing system by its Depositary; however, such cross-market transactions require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system if the transaction meets its settlement requirements, is to deliver instructions to its Depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may not deliver instructions to the Depositories.

MTDB AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER MTDB NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR, EUROCLEAR PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT



PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE INDENTURE; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE BONDS.

### **ABSENCE OF MATERIAL LITIGATION**

There is no controversy or litigation now pending against MTDB or, to the knowledge of their officers, threatened, restraining or enjoining the sale, execution or delivery of the Bonds, the Trust Agreement or in any way contesting or affecting the validity of the Bonds or the Trust Agreement.

Various other claims have been asserted against MTDB which in the opinion of MTDB will not materially adversely affect MTDB's ability to pay its payments with respect to the Bonds.

### **TAX MATTERS**

#### **General**

In the opinion of Bond Counsel, based upon existing laws, regulations, rulings and court decisions, interest on the Bonds is exempt from State of California personal income taxes, although interest on the Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. A complete copy of the proposed form of Bond Counsel opinion is contained in "APPENDIX E" hereto.

Certain requirements and procedures contained or referred to in the Trust Agreement and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Nossaman, Guthner, Knox & Elliott, LLP.

Although Bond Counsel has rendered an opinion that interest on the Bonds is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondowner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondowner's other items of income or deduction, and Bond Counsel expresses no opinion regarding any such other tax consequences.



## **Certain United States Federal Income Tax Considerations**

The following is a summary of certain United States federal income tax consequences of the ownership of the Bonds as of the date hereof. This summary is based on the Code, as well as final, temporary and proposed Treasury regulations and administrative and judicial decisions. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could affect the accuracy of the statements set forth herein. This summary does not purport to address all federal income tax matters that may be relevant to particular purchasers of the Bonds. For example, it generally is addressed only to original purchasers of the Bonds, deals only with Bonds held as capital assets within the meaning of Section 1221 of the Code, and does not address tax consequences of holding Bonds that may be relevant to investors in special tax situations, such as banks, insurance companies, electing large partnerships, tax-exempt organizations, dealers in securities or currencies, Bonds held as a hedge or as part of a hedging, straddle, integrated or conversion transaction, or Bondowners whose “functional currency” (as defined in Code Section 985) is not the United States dollar. Persons considering the purchase of the Bonds should consult their own tax advisors concerning the application of United States federal income tax laws, as well as the laws of any state, local or foreign taxing jurisdiction, to their particular situations.

***Payment of Stated Interest.*** Except as set forth below, interest on a Bond will be taxable to a Bondowner as ordinary interest income at the time it accrues or is received, in accordance with the Bondowner’s method of accounting for tax purposes. Special rules governing the treatment of the Bonds issued at an original issue discount are described under “—Original Issue Discount” below.

***Original Issue Discount.*** A Bond which has an “issue price” of less than its “stated redemption price at maturity” generally will be issued at an original issue discount for federal income tax purposes. The issue price of a Bond generally is the first price at which a substantial amount of all of the Bonds of the same maturity are sold to the public (excluding bond houses, brokers, or similar persons acting in the capacity of the Underwriter or wholesalers). The “stated redemption price at maturity” is the total amount of all payments provided by the Bond other than “qualified stated interest” payments; qualified stated interest generally is stated interest that is unconditionally payable at least annually. Qualified stated interest will be taxable to a Bondowner when accrued or received in accordance with such Bondowner’s method of tax accounting. A Bond generally will be considered to have de minimis original issue discount if the excess of its stated redemption price at maturity over its issue price is less than the product of 0.25% of the stated redemption price at maturity and the number of complete years to maturity (or the “weighted average maturity” in the case of a Bond that provides for payment of an amount other than qualified stated interest before maturity). Bondowners of Bonds having de minimis original issue discount generally must include a proportionate amount of the de minimis original issue discount in income as each payment of stated principal is made as a payment received in retirement of the Bond.

Bondowners of Bonds issued at an original issue discount that is not de minimis original issue discount and that mature more than one year from the date of issuance will be required to include such original issue discount in gross income for federal income tax purposes as it



accrues, in advance of receipt of the cash attributable to such income. Original issue discount accrues based on a compounded, constant yield to maturity; accordingly, Bondowners of Bonds issued at an original issue discount generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods. The annual amount of original issue discount includable in income by the initial Bondowner of a Bond issued at an original issue discount will equal the sum of the daily portions of the original issue discount with respect to the Bond for each day on which such Bondowner held the Bond during the taxable year. Generally, the daily portions of the original issue discount are determined by allocating to each day in an accrual period the ratable portion of the original issue discount allocable to such accrual period. The term "accrual period" means any interval of time with respect to which the accrual of original issue discount is measured, and which may vary in length over the term of the Bond provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs at the beginning or end of an accrual period. The amount of original issue discount allocable to an accrual period will be the excess of (a) the product of the "adjusted issue price" of the Bond at the commencement of such accrual period and its "yield to maturity"; over (b) the amount of any qualified stated interest payments allocable to the accrual period. The "adjusted issue price" of the Bond at the beginning of the first accrual period is its issue price, and, on any day thereafter, it is the sum of the issue price and the amount of the original issue discount previously includable in the gross income of any Bondowner (without regard to any acquisition premium), reduced by the amount of any payment other than a payment of qualified stated interest previously made with respect to the Bond. The "yield to maturity" of the Bond is computed on the basis of a constant interest rate, compounding at the end of each accrual period, taking into account the length of the particular accrual period. If all accrual periods are of equal length except for an initial or an initial and final shorter accrual period(s), the amount of original issue discount allocable to the initial period may be computed using any reasonable method; the original issue discount allocable to the final accrual period is in any event the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period.

***Premium and Market Discount.*** If a Bondowner purchases a Bond for an amount that is less than the Bond's stated redemption price at maturity, or, in the case of a Bond issued at an original issue discount, less than its adjusted issue price, as defined above, as of the date of purchase, the amount of the difference generally will be treated as "market discount" for federal income tax purposes. A Bond acquired at its original issue will not have market discount unless the Bond is purchased at less than its issue price. Market discount generally will be de minimis and hence disregarded, however, if it is less than the product of 0.25% of the stated redemption price at maturity of the Bond and the number of remaining complete years to maturity. Under the market discount rules, a Bondowner is required to treat any principal payment on, or any gain on the sale, exchange, retirement or other disposition of, a Bond as ordinary income to the extent of any accrued market discount which has not previously been included in income. If such Bond is disposed of in a nontaxable transaction (other than certain specified nonrecognition transactions), accrued market discount will be includable as ordinary income to the Bondowner as if such Bondowner had sold the Bond at its then fair market value. In addition, the Bondowner may be required to defer, until the maturity of the Bond or its earlier disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry such Bond.



Market discount is considered to accrue ratably during the period from the date of acquisition to the maturity of a Bond, unless the Bondowner elects to accrue on a constant yield basis. A Bondowner of a Bond may elect to include market discount in income currently as it accrues (on either a ratable or constant yield basis), in which case the rule described above regarding deferral of interest deductions will not apply. This election to include market discount currently applies to all market discount obligations acquired during or after the first taxable year to which the election applies, and may not be revoked without the consent of the Internal Revenue Service (the “IRS”).

A Bondowner who purchases a Bond issued at an original issue discount for an amount exceeding (the “excess amount”) its adjusted issue price, as defined above, and less than or equal to the sum of all amounts payable on the Bond after the purchase date other than payments of qualified stated interest will be considered to have purchased such Bond with “acquisition premium.” The amount of original issue discount which such Bondowner must include in gross income with respect to such Bond will be reduced in the proportion that such excess amount bears to the original issue discount remaining to be accrued as of the Bond’s acquisition.

A Bondowner who acquires a Bond for an amount that is greater than the sum of all amounts payable on the Bond after the purchase date other than payments of qualified stated interest will be considered to have purchased such Bond at a premium, and will not be required to include any original issue discount in income. A Bondowner generally may elect to amortize such premium using a constant yield method over the remaining term of the Bond. Any such election shall apply to all debt instruments (other than debt instruments the interest on which is excludable from gross income) held at the beginning of the first taxable year to which the election applies or thereafter acquired, and is irrevocable without the consent of the IRS. Special rules may apply if a Bond is callable.

***Constant Yield Election.*** A Bondowner of a Bond may elect to include in income all interest, discount and premium with respect to such Bond based on a constant yield method, as described above. The election is made for the taxable year in which the Bondowner acquires the Bond, and it may not be revoked without the consent of the IRS. If such election is made with respect to a Bond having market discount, such Bondowner will be deemed to have elected to include market discount in gross income currently on a constant yield basis with respect to all debt instruments having market discount acquired during the year of election or thereafter. If made with respect to a Bond having amortizable bond premium, such Bondowner will be deemed to have made an election to amortize premium generally with respect to all debt instruments having amortizable bond premium held by the taxpayer during the year of election or thereafter.

***Sale and Retirement of the Bonds.*** Upon the sale, exchange or retirement of a Bond, a Bondowner will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the Bondowner’s adjusted tax basis in the Bond. (Defeasance by MTDB of any Bond may result in a reissuance thereof, in which event a Beneficial Owner will also recognize taxable gain or loss as described in the preceding sentence.) Such gain or loss generally will be capital gain or loss, except to the extent of any accrued market discount (see “—Premium and Market Discount” above), and such capital gain or loss will generally be long



term capital gain or loss if the Bond has been held for more than one year. A Bondowner's adjusted tax basis in a Bond will equal the cost of the Bond, increased by any original issue discount or market discount previously includable in taxable income by the Bondowner with respect to such Bond, and reduced by any amortizable bond premium applied to reduce interest on a Bond, any principal payments received by the Bondowner, and any other payments not constituting qualified stated interest, as defined above.

The Code provides preferential treatment under certain circumstances for net long-term capital gains realized by individual investors. The ability of United States Bondowners to offset capital losses against ordinary income is limited. Bondowners should consult their own tax advisors regarding the treatment of such gain or loss.

***Backup Withholding and Information Reporting.*** A 31% "backup" withholding tax and certain information reporting requirements may apply to payments of principal, premium and interest (including any original issue discount) made to, and the proceeds of disposition of a Bond by, certain Bondowners. Backup withholding will apply only if (a) the Bondowner fails to furnish its Taxpayer Identification Number ("TIN") to the payor; (b) the IRS notifies the payor that the Bondowner has furnished an incorrect TIN; (c) the IRS notifies the payor that the Bondowner has failed to report properly payments of interest and dividends; or (d) under certain circumstances, the Bondowner fails to certify, under penalty of perjury, that it has both furnished a correct TIN and not been notified by the IRS that it is subject to backup withholding for failure to report interest and dividend payments. Backup withholding will not apply with respect to payments made to certain exempt recipients, such as corporations and financial institutions. Bondowners should consult their tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such an exemption.

The amount of any backup withholding from a payment to a Bondowner will be allowed as a credit against such Bondowner's federal income tax liability and may entitle such Bondowner to a refund; provided that the required information is furnished to the IRS.

***Non-United States Bondowners.*** A "non-United States Bondowner" is any person other than (a) a citizen or resident of the United States of America; (b) a corporation or partnership organized in or under the laws of the United States of America, any state thereof or the District of Columbia (except, in the case of a partnership, to the extent applicable regulations provide otherwise); or (c) an estate or trust the income of which is includable in gross income for United States federal income tax purposes regardless of its source. A non-United States Bondowner generally will not be subject to United States federal withholding tax with respect to payments of interest on Bonds; provided that the beneficial owner of the Bond certifies under penalties of perjury as to its status as a non-United States Bondowner and complies with applicable identification procedures. In certain circumstances, the above-described certification can be provided by a bank or other financial institution.

In addition, a non-United States Bondowner of a Bond generally will not be subject to United States federal income tax on any gain realized upon the sale, retirement, defeasance or other disposition of a Bond, unless such Bondowner is an individual who is present in the United States for 183 days or more during the taxable year of such sale, retirement or other disposition and certain other conditions are met. If a non-United States Bondowner is engaged in a trade or



business in the United States and income or gain from the Bond is effectively connected with the conduct of such trade or business, the non-United States Bondowner will be exempt from withholding tax if appropriate certification has been provided, but will generally be subject to regular United States income tax on such income and gain in the same manner as if it were a United States Bondowner. In addition, if such non-United States Bondowner is a foreign corporation, it may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, subject to adjustments.

Backup withholding will not apply to payments of principal, premium, if any, and interest, if any, made to a non-United States Bondowner by MTDB on a Bond with respect to which the Bondowner has provided the required certification under penalties of perjury of its non-United States Bondowner status or has otherwise established an exemption, provided in each case that MTDB or its paying agent, as the case may be, does not have actual knowledge that the payee is a United States person. Payments on the sale, exchange or other disposition of a Bond by a non-United States Bondowner to or through a foreign office of a broker will not be subject to backup withholding. However, if such broker is a United States person, a controlled foreign corporation for United States tax purposes or a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period (or, in addition, for payments made after December 31, 2000, (a) a foreign partnership in which United States persons hold more than 50% of the income or capital interests; (b) a foreign partnership which, at any time during its tax year, is engaged in the conduct of a trade or business in the United States of America; or (c) certain United States branches of foreign banks or insurance companies), information reporting will be required unless the beneficial owner has provided certain required information or documentation to the broker to establish its non-United States status or otherwise establishes an exemption. Payments to or through the United States office of a broker will be subject to backup withholding and information reporting unless the Bondowner certifies under penalties of perjury to its non-United States Bondowner status or otherwise establishes an exemption.

Non-United States Bondowners should consult their tax advisors regarding the application of United States federal income tax laws, including information reporting and backup withholding, to their particular situations.

## **ERISA CONSIDERATIONS**

Section 406 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and Section 4975 of the Code, prohibit an employee benefit plan (“Employee Plan”) subject to ERISA or the Code from engaging in certain transactions involving “plan assets” with persons that are “parties in interest” under ERISA or “disqualified persons” under the Code with respect to such Employee Plan. ERISA also imposes certain duties on persons who are fiduciaries of an Employee Plan subject to ERISA and prohibits certain transactions between an Employee Plan and “parties in interest” with respect to such Employee Plan. Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of an Employee Plan is considered to be a fiduciary of such Employee Plan (subject to certain exceptions not relevant here). A violation of these “prohibited transaction” rules may generate excise tax and other liabilities under ERISA and the Code for fiduciaries and parties in interest.



The Underwriter, as a result of its own activities or because of the activities of an affiliate, may be considered “disqualified persons” within the meaning of ERISA or “parties in interest” within the meaning of the Code, with respect to certain employee benefit plans. Prohibited transactions within the meaning of Section 406 of ERISA and Section 4975 of the Code may arise if the Bonds are acquired by an Employee Plan with respect to which the Underwriter, or any of its respective affiliates, is a “disqualified person” or “party in interest.” Certain exemptions from the prohibited transaction rules could be applicable, however, depending in part upon the type of Employee Plan fiduciary making the decision to acquire a Bond and the circumstances under which such decision is made. Included among these exemptions are those regarding securities purchased during the existence of an underwriting, investments by insurance company separate accounts, investments by insurance company general accounts, investments by bank collective investment funds, transactions effected by a “qualified professional asset manager,” and transactions affected by an “in-house asset manager.” Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. In order to ensure that no prohibited transaction under ERISA and the Code will take place in connection with the acquisition of a Bond by or on behalf of an Employee Plan, each prospective purchaser of a Bond who is in an Employee Plan or is acquiring on behalf of an Employee Plan will be required to represent that either (i) no prohibited transactions under ERISA and the Code will occur in connection with the acquisition of such Bond or (ii) the acquisition of such Bond is subject to a statutory or administrative exemption.

Any Employee Plan fiduciary which proposes to cause an Employee Plan to purchase Bonds should consult with its counsel with respect to the potential applicability of ERISA and the Code to such investments and whether any exemption would be applicable and determine on its own whether all conditions have been satisfied. Moreover, each Employee Plan fiduciary should determine whether, under the general fiduciary standards of investment prudence and diversification, an investment in the Bonds is appropriate for the Employee Plan, taking into account the overall investment policy of the Employee Plan and the composition of the Employee Plan’s investment portfolio.

## RATING

Moody’s Investors Service (“Moody’s”) has assigned the Bonds a rating of “\_\_\_” with the understanding that upon the issuance of the Bonds the Policy will be issued by the Insurer. [Moody’s has assigned the Bonds the rating, without taking into account the Policy issued by the Insurer, of “\_\_\_.”] In addition, Moody’s has assigned the Series B Bonds a rating of “\_\_\_” with the understanding that upon the issuance of the Series B Bonds, the Liquidity Facility will be issued by the Bank. The ratings reflect only the views of such agency and an explanation of the significance of the rating may be obtained from Moody’s. There is no assurance that either of the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely, if in the judgment of Moody’s circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.



## **CONTINUING DISCLOSURE OBLIGATION**

MTDB has covenanted to provide such annual financial statements and other information in the manner required by Rule 15c2-12. MTDB has entered into an undertaking (the “Undertaking”) for the benefit of the Owners of the Bonds to provide certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board or to certain information repositories of certain events, pursuant to the requirements of section (b)(5)(i) of Rule 15c2-12. See “APPENDIX F—PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT” herein for a description of the Undertaking. These covenants are being made in order to assist the Underwriter (as defined below) in complying with Rule 15c2-12. MTDB has not failed to comply with its previous undertaking pursuant to said Rule.

A failure by MTDB to comply with the Undertaking will not constitute an Event of Default under the Trust Agreement. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## **FORWARD-LOOKING STATEMENT DISCLAIMER**

The statements contained in this Official Statement that are not purely historical are forward-looking statements, including statements regarding the MTDB’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to MTDB as of the date hereof, and neither the MTDB or other parties to the transaction described herein assumes any obligation to update any such forward-looking statements. The MTDB’s actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherent subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, regulatory circumstances, and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions of future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the MTDB and other parties to the transaction described herein. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.



## **APPROVAL OF LEGALITY**

Legal matters incident to the delivery of the Bonds are subject to the approving opinion of Nossaman, Guthner, Knox & Elliott LLP, Los Angeles, California, Bond Counsel. The proposed form of the opinion of Bond Counsel are attached hereto as "APPENDIX E." Copies of such opinion will be available at the time of delivery of the Bonds. Except for the matters discussed in its opinion, Bond Counsel has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of this Official Statement or any proceedings, reports, correspondence, financial statements or other documents containing financial or other information related to MTDB which have been or may be furnished or disclosed to purchasers of the Bonds, and Bond Counsel expresses no opinion with respect to such financial or other information or the accuracy or sufficiency thereof. Certain matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP. Certain legal matters will be passed upon for MTDB by its general counsel. Payment of fees of Bond Counsel and Underwriter's Counsel is contingent upon the execution and delivery of the Bonds.

## **UNDERWRITING**

The Bonds are being purchased by UBS Financial Services Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$\_\_\_\_\_ (being the par amount of the Bonds less an underwriter's discount of \$\_\_\_\_\_). The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

Bonds may be offered and sold to certain dealers and others at prices lower than the offering prices stated on the cover hereof. The offering prices may be changed from time to time.

## **CO-FINANCIAL ADVISORS**

MTDB has retained Public Financial Management, Inc., Newport Beach, California, and Morshed and Associates, Sacramento, California, as Co-Financial Advisors in connection with the authorization and delivery of the Bonds. The Co-Financial Advisors are not obligated to undertake, and have not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The fees of the Co-Financial Advisors are contingent upon the execution and delivery of the Bonds.



## MISCELLANEOUS

The foregoing summaries do not purport to be complete and are expressly made subject to the provisions of the documents, copies of which may be obtained from the Trustee, or during the period of the offering, the Underwriter.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement does not constitute an agreement between MTDB or the Underwriter and the purchasers or owners of any of the Bonds.

Additional information relating to the Bonds and MTDB may be obtained upon request from MTDB located at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101, Attention: Director of Finance and Administration.

This Official Statement and its distribution and use by the Underwriter have been duly authorized and approved by MTDB.

SAN DIEGO METROPOLITAN TRANSIT  
DEVELOPMENT BOARD

By \_\_\_\_\_  
Name Paul C. Jablonski  
Title Chief Executive Officer



**APPENDIX A**  
**SUMMARY OF THE TRUST AGREEMENT**



**APPENDIX B**

**SUMMARY OF LIQUIDITY FACILITY AND  
REIMBURSEMENT AGREEMENT**



## **APPENDIX C**

### **SELECTED INFORMATION REGARDING SAN DIEGO COUNTY**

**THE FOLLOWING INFORMATION IS SUPPLIED FOR INFORMATIONAL PURPOSES ONLY. NEITHER THE BONDS, NOR THE OBLIGATIONS OF MTDB UNDER THE TRUST AGREEMENT, ARE A DEBT OF THE COUNTY OF SAN DIEGO NOR IS THE COUNTY OF SAN DIEGO LIABLE THEREFOR. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST WITH RESPECT TO THE BONDS ULTIMATELY ARE PAYABLE FROM AND SECURED BY CERTAIN AMOUNTS PAYABLE BY MTDB TO THE TRUSTEE UNDER THE TRUST AGREEMENT.**

The following information was obtained from sources believed to be reliable. MTDB and the Underwriters make no representations as to the accuracy or the completeness of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

#### **General**

The County of San Diego (the "County") is the southernmost major metropolitan area in the State of California. The County covers 4,255 square miles, extending 70 miles along the Pacific Coast from the Mexican border to Orange County, and inland 75 miles to Imperial County. Riverside and Orange Counties form the northern boundary. The County is approximately the size of the State of Connecticut.

Topography of the County varies from broad coastal plains and fertile inland valleys to mountain ranges in the east which rise to an elevation of 6,500 feet. Eastern slopes of these mountains form the rim of the Anza-Borrego Desert and the Imperial Valley. The Cleveland National Forest occupies much of the interior portion of the County. The climate is equable in the coastal and valley regions where most of the population and resources are located. The average annual rainfall in the coastal areas is approximately 10 inches.

The County possesses a diverse economic base consisting of a significant manufacturing presence in the fields of electronics and shipbuilding, a large tourist industry attracted by the favorable climate of the region, and a considerable defense related presence which contributes approximately \$10 billion annually to the retail and service businesses of the area.

The County is also growing as a major center for culture and education. More than 30 recognized art organizations, including the San Diego Opera, the Old Globe Theatre productions, the La Jolla Chamber Orchestra, as well as museums and art galleries, are located in the County. Higher education is provided through five two year colleges and six four year colleges and universities.

The San Diego Convention Center began operation in November 1989. Having undergone a major renovation in September 2001, the Convention Center is now double its previous size, containing 525,701 square feet of exhibit space and over 200,000 square feet of meeting/banquet rooms. The Convention Center can accommodate events for ten to 50,000



people, with numbers varying depending on the needs of the customer. Since opening in 1989, the Convention Center has generated \$10 billion in economic benefits. In Fiscal Year 2003, 231 events were held, attracting 810,784 visitors. Major conventions and trade shows are scheduled into the year 2009.

In addition to the City of San Diego, other principal cities in the County include Carlsbad, Chula Vista, Oceanside, El Cajon, Escondido, La Mesa and National City. Most County residents live within 20 miles of the coast. Farther inland are agricultural areas, principally planted in avocados and tomatoes, while the easternmost portion of the County has a dry, desert like topography.

The County is the delivery system for federal, state and local programs. The County provides a wide range of services to its residents including: (a) regional services such as courts, probation, medical examiner, jails, elections and public health, (b) health, welfare and human services such as mental health, senior citizen and child welfare services; (c) basic local services such as planning, parks, libraries and Sheriffs patrol to the unincorporated area, and law enforcement and libraries by contract to incorporated cities; and (d) infrastructure such as roads, waste disposal and flood control to the unincorporated areas of the County.

## **County Government**

The County was incorporated on February 18, 1850, and functions under a charter adopted in 1933, as subsequently amended from time to time. The County is governed by a five member Board of Supervisors elected to four year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer and the County Counsel. The Chief Administrative Officer appoints the Chief Financial Officer. Elected officials include the Assessor/Recorder/Clerk, District Attorney, Sheriff and Treasurer Tax Collector.

## **Growth Management**

The County has fostered a regional growth management plan rather than development limitations. The current regional growth management effort was approved by the voters in November 1988 as Proposition C, the only one of five growth related measures on the ballot to be approved. It provides for a voluntary planning process to help define, plan and prepare for the impacts of growth on a regional basis. Representatives of the County and each of the 18 incorporated cities within the County agreed to a growth management board that came into being in 1990 through an amendment to the SANDAG joint powers agreement designating SANDAG as the board. The board has no power to limit growth in any jurisdiction.



## Population

There are 18 incorporated cities in the County, and a number of unincorporated communities. For many years the population of the County has grown at a greater rate than that of either California or the nation. The County population as of January 2004 was estimated to be approximately 3,017,200, making it the third-largest County by population in California and, as of the 2000 Census, the seventeenth-largest Metropolitan Statistical Area in the United States. The 2003 population increased 1.8% from 2002.

Population in the County is expected to grow to approximately 3,258,951 by the year 2010, and to approximately 3,633,572 by 2020, which is a 20.4% increase over the existing population.

The City of San Diego is the second-largest city in the State of California, and the seventh-largest city in the nation, and had a population of approximately 1,294,000 in January 2004.

The following table shows changes in the population in the County, the State and the United States for the years 1995 to 2004.

### POPULATION TRENDS (in thousands)

Year	San Diego County (000) <sup>1</sup>	Percent Change	State of California (000) <sup>1</sup>	Percent Change	United States (000) <sup>1</sup>	Percent Change
1995	2,721	--	32,344	--	262,803	--
1996	2,730	0.33	32,231	-0.35	265,228	0.92
1997	2,763	1.21	32,957	2.25	267,783	0.96
1998	2,766	0.11	32,683	-0.83	270,248	0.92
1999	2,820	1.95	33,145	1.41	272,691	0.90
2000	2,832	0.43	34,040	2.70	282,178	3.48
2001	2,887	1.94	34,727	2.02	285,094	1.03
2002	2,944	1.97	35,336	1.75	287,974	1.01
2003	2,989	1.53	35,934	1.69	290,810	0.99
2004 <sup>2</sup>	3,017	0.94	36,144	0.58	N/A	N/A

<sup>1</sup> Estimated population as of July 1.

<sup>2</sup> Estimated population as of January 1.

Sources: State of California Department of Finance; U.S. Department of Commerce, U.S. Bureau of the Census

## Employment

The County's total labor force, the number of persons who work or are available for work, averaged approximately 1,482,200 in calendar year 2003. The number of employed workers in the labor force averaged approximately 1,419,100. The total work age population (15 to 64 years old) employed in the labor force is expected to increase. The following table sets



forth information regarding the size of the labor force, employment and unemployment rates for the County, the State and the United States for the years 1999 through 2003, and as of June 2004.

### EMPLOYMENT TRENDS ANNUAL AVERAGES 1999-2004<sup>1</sup>

#### By Place of Residence (in thousands)

	1999	2000	2001	2002	2003	2004 <sup>1</sup>
<b>County of San Diego</b>						
Labor Force	1,348.3	1,391.1	1,417.7	1,457.2	1,482.2	1,518.3
Employment	1,306.7	1,349.4	1,371.8	1,394.8	1,419.1	1,456.4
Unemployment Rate	3.1%	3.0%	3.2%	4.3%	4.3%	4.1%
<b>State of California</b>						
Labor Force	16,375.6	16,892.0	17,171.6	17,375.8	17,460.0	17,664.0
Employment	15,522.3	16,056.5	16,249.1	16,214.9	16,282.7	16,553.8
Unemployment Rate	5.2%	4.9%	5.4%	6.7%	6.7	6.3%
<b>United States</b>						
Labor Force	139,368.0	142,583.0	143,734.0	144,363.0	146,510.0	147,279.0
Employment	133,488.0	136,891.0	136,933.0	136,485.0	137,736.0	139,031.0
Unemployment Rate	4.2%	4.0%	4.7%	5.8%	6.0%	5.6%

<sup>1</sup> Numbers for June 2004.

Sources: California Employment Development Department; U.S. Department of Labor

The service industries accounted for approximately 40.8% of total employment in 2003, with a total of 510,700 jobs. The government was the second-largest sector in 2003, comprising approximately 17.5% of total County employment with a total of 219,800 jobs.

During 2003, the trade industry, including both retail and wholesale businesses, accounted for approximately 14.5% of total employment and manufacturing accounted for an additional 8.4%. The construction and transportation sectors of employment are greatly influenced by the general health of the economy due to the fact that they serve exclusively the local market. These two sectors are therefore directly influenced by the growth of population and housing.

The following table sets forth the annual average employment within the County, by employment sector, for the fiscal years 1999 through 2003.



**SAN DIEGO COUNTY EMPLOYMENT BY INDUSTRY**  
**ANNUAL AVERAGES 1999-2003**  
(in thousands)

<b>Employment Sector</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Total, All Industries <sup>1</sup>	1,164.0	1,205.2	1,229.8	1,241.7	1,253.1
Total Farm	11.2	11.4	11.4	11.0	11.2
Mining	0.3	0.3	0.3	0.3	0.3
Construction	67.0	69.7	75.1	76.4	79.6
Manufacturing	122.9	122.6	119.0	112.3	105.4
Wholesale and Retail Trade	165.0	172.9	177.1	179.3	181.3
Transportation and Public Utilities	29.2	29.8	32.0	29.3	27.3
Information	36.2	39.2	38.8	37.7	37.1
Finance, Insurance and Real Estate	70.4	71.2	72.0	75.0	80.5
Services	462.5	481.7	490.5	500.8	510.7
Government	199.3	206.6	213.8	219.7	219.8

<sup>1</sup> Numbers may not add due to rounding

Source: California Employment Development Department

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The following table sets forth the employers in the County as of April 1, 2004:

### SAN DIEGO COUNTY LARGEST EMPLOYERS

<b>Firm</b>	<b>Service/Product</b>	<b>Total # of Employees</b>
<b>10,000 or more employees:</b>		
Federal Government	Government	40,700
State of California	Government	38,800
San Diego Unified School District	Education	26,701
University of California at San Diego	Higher Education	23,225
County of San Diego	Government	16,810
Sharp HealthCare	Healthcare	12,945
City of San Diego	Government	12,398
United States Postal Service	Postal Service	11,611
Scripps	Government	10,517
<b>5,000-9,999 employees:</b>		
San Diego State University	Education	6,512
Kaiser Permanente	Healthcare	6,182
Sempra Energy	Energy	5,500
SBC	Telecommunications	5,054
Qualcomm Inc.	Communication	5,000
<b>3,000-4,999 employees:</b>		
San Diego Community College District	Higher Education	4,954
Jack in the Box Inc.	Food Service	4,913
Science Applications International Corp.	Research/Engineering	4,580
Grossmont Union High School District	Education	4,512
Ace Parking Management, Inc.	Parking	4,245
Elite Show Services, Inc.	Security	3,646
University of San Diego	Higher Education	3,342
National Steel and Shipbuilding Co.	Industrial	3,335
Barona Valley Ranch Resort and Casino	Gaming	3,170
Children's Hospital & Health Center	Healthcare	3,096
Solar Turbines Center	Energy	3,000
<b>2,000-2,999 employees:</b>		
The Scripps Research Institute	Biomedical Research	2,893
Kyocera America, Inc.	Telecommunications	2,580
Palomar Community College	Higher Education	2,571
Sony Electronics	Electronics	2,500
Grossmont-Cuyamaca Community College	Higher Education	2,388
VA San Diego Healthcare Systems	Healthcare	2,349
Securitas	Security	2,200
Cox Communications	Communication	2,198
United Parcel Service	Mail/Shipping	2,134
Geico Direct	Insurance	2,082

Source: San Diego Regional Chamber of Commerce



## Regional Economy

In recent years the County has enjoyed economic stability, outpacing the State economy despite a general recession in the State. Much of this strength was evidenced by and due to outstanding employment gains, population growth, personal income increases and high levels of commercial and industrial development.

Although the 1992-1993 figures of the County's total "real" economy showed a decrease, the Gross Regional Product ("GRP") since 1992 has shown a steady rise. In the past ten years, the GRP has increased 79.9%. The GRP is an estimate of the value for all goods and services produced in the region. The GRP for 2003 rose to \$129.2 billion from \$122.5 billion in 2002. The following table presents the County's GRP from 1994 through 2003, and the forecasted GRP for the County for 2004.

### GROSS REGIONAL PRODUCT

Year	Gross Regional Product (Billion \$)	Annual Percent Change	
		Current Dollars San Diego	Constant Dollars <sup>1</sup> San Diego
1994	\$ 71.8	3.8%	1.5%
1995	75.1	4.6	2.6
1996	79.6	5.9	4.1
1997	86.1	8.2	6.5
1998	94.4	9.7	8.5
1999	103.1	9.2	8.1
1998	112.4	9.0	7.0
2001	117.0	4.1	2.0
2002 <sup>2</sup>	122.5	4.7	2.7
2003 <sup>2</sup>	129.2	5.5	3.5
2004 <sup>3</sup>	137.2	6.2	4.2

<sup>1</sup> Adjusted using the GDP/GSP Implicit Price Deflator.

<sup>2</sup> Estimated.

<sup>3</sup> Forecasted.

Source: Economic Research Bureau of the Greater San Diego Chamber of Commerce

Economic activity and population growth in the local economy are closely related. Helping to sustain the County's economy is the performance of three basic industries of the region, which consist of manufacturing, the military and tourism. The U.S. Department of Defense contributes about \$10 billion annually to the local economy, through wages paid to the uniformed military and civilian personnel, and for equipment and services purchased from local businesses. San Diego's military presence is anticipated to remain relatively stable and may even increase due to the consolidation of military operations and facilities from elsewhere in California, the West and throughout the United States. The Department of Defense closed and vacated the Naval Training Center in 1997. However, three procurement agencies have recently relocated to San Diego, including the Naval Space and Warfare Systems Command, the Naval



Aviation Engineering Servicing Unit, which hires private contractors to service jets, and the Naval Aviation Technical Service Facility, which stores approximately 10 million jet blueprints.

### Building Activity

Building permit valuation in the County in 2003 increased over 2002 levels. Measures limiting new housing remain in effect in areas throughout the County.

Annual total building permit valuation and the annual unit total of new residential permits from 1999 through 2003, and current figures through May 2004, are shown the following table.

	<b>BUILDING PERMIT ACTIVITY</b>					
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004<sup>1</sup></b>
<b>Valuation (in 000s)</b>						
Residential	\$2,985,960	\$3,008,209	\$3,167,920	\$3,475,108	\$3,683,807	\$1,708,445
Non-Residential	<u>1,336,629</u>	<u>1,391,497</u>	<u>1,193,866</u>	<u>1,168,866</u>	<u>1,169,397</u>	<u>511,134</u>
Total	<u>\$4,322,589</u>	<u>\$4,399,706</u>	<u>\$4,361,786</u>	<u>\$4,643,974</u>	<u>\$4,853,204</u>	<u>\$2,219,579</u>
<b>New Dwelling Units</b>						
Single Family	9,993	9,167	9,312	9,749	9,455	4,350
Multiple Family	<u>6,434</u>	<u>6,760</u>	<u>6,326</u>	<u>5,989</u>	<u>8,859</u>	<u>3,497</u>
Total	<u>16,427</u>	<u>15,927</u>	<u>15,638</u>	<u>15,738</u>	<u>18,314</u>	<u>7,847</u>

<sup>1</sup> Figures as of May 2004.

Source: Construction Industry Research Board

### Commercial Activity

Consumer spending for Calendar Year 2002 resulted in approximately \$38,595,547 in taxable sales in the County.



The following table sets forth information regarding taxable sales in the County for Calendar Years 1998-2002 and through the second quarter of 2003.

**TAXABLE SALES**  
**San Diego County**  
**Calendar Years 1998-2003<sup>1</sup>**  
**(in thousands)**

<b>Type of Business</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003<sup>1</sup></b>
Apparel Stores	\$ 1,029,691	\$ 1,050,003	\$ 1,182,173	\$ 1,274,552	\$ 1,374,858	\$ 324,477
General Merchandise	3,561,551	3,966,854	4,307,562	4,445,352	4,557,457	902,653
Specialty Stores	2,991,422	3,311,320	3,663,924	3,718,292	3,803,803	345,270
Food Stores	1,375,365	1,469,238	1,557,244	1,595,933	1,650,104	1,002,644
Eating and Drinking	2,714,916	2,929,084	3,211,306	3,366,463	3,505,859	321,351
Household Group	955,772	1,085,001	1,237,271	1,314,860	1,353,158	601,483
Building Materials	1,671,507	1,882,514	2,104,100	2,343,008	2,510,931	1,049,922
Automotive	5,041,798	5,868,743	6,955,856	7,426,582	7,862,366	527,425
Other Retail Stores	594,504	672,926	733,653	778,296	803,063	<u>1,031,727</u>
Business and Personal Services	<u>1,703,325</u>	<u>1,863,511</u>	<u>1,954,589</u>	<u>1,957,109</u>	<u>1,977,606</u>	6,106,952
All Other Outlets	<u>7,976,153</u>	<u>8,653,211</u>	<u>9,337,740</u>	<u>9,478,886</u>	<u>9,196,342</u>	<u>2,205,667</u>
Total All Outlets <sup>2</sup>	<u>\$29,616,004</u>	<u>\$32,752,405</u>	<u>\$36,245,418</u>	<u>\$37,699,333</u>	<u>\$38,595,547</u>	<u>\$8,312,619</u>

<sup>1</sup> Figures through second quarter 2003.

<sup>2</sup> Figures may not add due to rounding.

Source: California State Board of Equalization, 1998-2002 Taxable Sales in California (Sales & Use Tax)

### **Personal Income**

The following table summarizes the total effective buying income and the median household effective buying income for the County, the State and the United States between 1998 and 2002.



**Effective Buying Income  
For the Years 1998 through 2002**

<b>Year and Area</b>	<b>Total Effective Buying Income (in thousands)</b>	<b>Median Household Effective Buying Income</b>
<b>2002</b>		
San Diego County	\$ 54,831,958	\$42,315
California	647,879,427	42,484
United States	5,304,682,818	38,035
<b>2001</b>		
San Diego County	\$ 55,210,119	\$44,146
California	650,521,407	43,532
United States	5,303,481,498	38,365
<b>2000</b>		
San Diego County	\$ 54,337,662	\$44,292
California	652,190,282	44,464
United States	5,230,824,904	39,129
<b>1999</b>		
San Diego County	\$ 49,907,828	\$39,213
California	590,376,663	39,492
United States	4,877,786,658	37,233
<b>1998</b>		
San Diego County	\$ 46,056,143	\$36,296
California	551,999,317	37,091
United States	4,621,491,738	35,377

Source: 1998-2002 *Sales & Marketing Management Magazine*, "Surveying of Buying Power"

## Transportation

Surface, sea and air transportation facilities serve County residents and businesses. Interstate 5 parallels the coast from Mexico to the Los Angeles area and points north. Interstate 15 runs inland, leading to Riverside-San Bernardino, Las Vegas and Salt Lake City. Interstate 8 runs eastward through the southern United States.

San Diego's International Airport (Lindbergh Field) is located approximately one mile west of the downtown area at the edge of San Diego Bay. The facilities are owned and maintained by the San Diego Unified Port District and are leased to commercial airlines and other tenants. The airport is California's third-most-active commercial airport, served by 20 major airlines. In addition to San Diego International Airport there are one naval air station, one marine corps station and seven general aviation airports located in the County.

Public transit in the metropolitan area is provided by the Metropolitan Transit Development Board.



San Diego is the terminus of the Burlington Northern Santa Fe Railway's main line from Los Angeles. Amtrak passenger service is available at San Diego, with stops at Del Mar and Oceanside in the North County.

San Diego's harbor is one of the world's largest natural harbors. The Port of San Diego is administered by the San Diego Unified Port District, which includes the cities of San Diego, National City, Chula Vista, Imperial Beach and Coronado.

### **Visitor and Convention Activity**

An excellent climate, proximity to Mexico, extensive maritime facilities, and such attractions as the San Diego Zoo and Wild Animal Park, Sea World, Cabrillo National Monument and Palomar Observatory allow San Diego to attract a high level of visitor and convention business each year. Contributing to the growth of visitor business has been the development of the 4,600 acre Mission Bay Park at San Diego and the construction of meeting and convention facilities at the San Diego Community Concourse.

San Diego's visitor industry is a major sector of the region's economy. Visitor revenues in San Diego County reached approximately \$5.3 billion as of 2003, according to an estimate by the San Diego Convention and Visitors Bureau, an increase of 1.9% from 2002. In 2003, San Diego County hosted 60 conventions and trade shows, attended by approximately 450,000 delegates, who spent approximately \$498,819,767 million.

### **Education**

Forty-two independent school districts provide educational programs for the elementary and secondary public school children in the County. Each school system is governed by a locally elected board of education and administered by a superintendent or other chief administrative officer appointed by the board. In the County there are three types of school districts: elementary, union high and unified. Elementary districts educate elementary students, union high districts educate for the most part secondary students, and unified districts educate both elementary and secondary students. There are currently 12 unified, 24 elementary and six union high school districts in the County.

Community colleges in California are locally operated and administered two year institutions of higher education. They offer Associates in Arts and Associates in Science degrees and have extensive vocational curricula. There are five community college districts in the County with students at 11 campuses and numerous adult and community centers. Among the institutions of higher education offering bachelors and graduate programs in metropolitan San Diego are San Diego State University; the University of California at San Diego; National University; the University of San Diego; Point Loma College; California State University – San Marcos; United States International University; and the University of Phoenix.



**APPENDIX D**

**EXCERPTS OF**

**AUDITED FINANCIAL STATEMENTS OF**

**SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD**

**FOR FISCAL YEAR ENDED**

**JUNE 30, 2003**



**APPENDIX E**  
**FORM OF OPINION OF BOND COUNSEL**

October \_\_, 2004

Board of Directors of the San Diego Metropolitan  
Transit Development Board  
San Diego, California

**San Diego Metropolitan Transit Development Board**  
**Taxable Pension Obligation Bonds, Series 2004**  
**Final Opinion**

Ladies and Gentlemen:

We have acted as bond counsel in connection with issuance by the San Diego Metropolitan Transit Development Board (the "Issuer") of \$\_\_\_\_\_ aggregate principal amount of the Issuer's Taxable Pension Obligation Bonds, Series 2004 (the "Bonds"), issued pursuant to Article 11 (commencing with Section 53580) of the Government Code of the State of California (the "Bond Law") and a trust agreement, dated as of October 1, 2004 (the "Trust Agreement"), between the Issuer and BNY Western Trust Company, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement, certificates of the Issuer, the Trustee and others, and opinion of counsel to the Issuer, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions, and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or



as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement. We call attention to the fact that the rights and obligations under the Bonds and the Trust Agreement may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditor's rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State of California (the "State"). We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the Issuer.
2. The Trust Agreement has been duly executed and delivered by, and (assuming due authorization and execution thereof by the Trustee) constitutes the valid and binding obligation of, the Issuer.
3. The Bonds do not constitute a debt of the Issuer or the State or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and do not constitute an obligation for which the Issuer or the State is obligated to levy or pledge any form of taxation or for which the Issuer or the State has levied or pledged any form of taxation. The Bonds are not a debt of the State, and said State is not liable for the payment thereof.
4. Interest on the Bonds is exempt from State personal income taxes. We express no opinion regarding exclusion of interest from gross income for federal income tax purposes or other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Respectfully yours,



## **APPENDIX F**

### **PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT**



**APPENDIX G**

**SPECIMEN [INSURER] INSURANCE POLICY**



**CONFIDENTIAL ATTORNEY-CLIENT PRIVILEGED**

**NOSSAMAN, GUTHNER, KNOX & ELLIOTT, LLP**  
**MEMORANDUM**

**TO:** Governing Board of the San Diego  
Metropolitan Transit Development  
Board

**FROM:** Barney A. Allison

**DATE:** September 10, 2004

**RE:** Responsibilities of Board Relating to Disclosure Under Federal Securities Laws

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During the September 9, 2004 meeting of the San Diego Metropolitan Transit Development Board ("MTDB"), several questions were raised concerning the board's responsibilities relating to disclosure under federal securities laws in connection with the proposed issuance of the MTDB's pension obligation bonds. The bonds would be payable from all available revenues of MTDB and secured by a pledge of farebox revenues. Proceeds from the sale of the bonds will be used to redeem a portion of MTDB's obligations to the San Diego Transit Corporation pension plans.

One of the actions required by the board in connection with the issuance of the bonds is the approval in substantially final form of various documents, including a preliminary official statement ("POS"). The POS provides information concerning the proposed financing, including, the terms of the bonds, the purpose of the issue, as well as a description of MTDB's transit operations and financial condition ("POS"). The draft of the POS presented to the board was prepared by counsel to the underwriter with input from MTDB staff, the financial advisor, the underwriter and our firm. The POS will be used by the underwriter to solicit prospective buyers of the bonds, as well as to obtain a commitment from a bond insurer to insure the repayment of the bonds and to secure a rating on the bonds from Moody's. The POS also serves the purpose of satisfying MTDB's obligation under federal securities laws and regulations to disclose to prospective bond investors all facts that would be material to them in making their investment decision. Before the underwriter can offer the bonds to prospective buyers, MTDB must certify as to the finality of the POS as required by Rule 15c2-12 as promulgated by the Securities and Exchange Commission ("SEC"). Under this Rule, certain information may be excluded from the POS, such as final pricing, interest rates, principal amount, redemption provisions and debt service schedules.

Since the Orange County bankruptcy in the mid '90's, the SEC has issued a number of pronouncements and has made statements in several formal proceedings concerning the responsibility of the governing board of a municipal bond issuer with respect to the approval of a disclosure documents, such as the POS. Although the board may rely on professionals



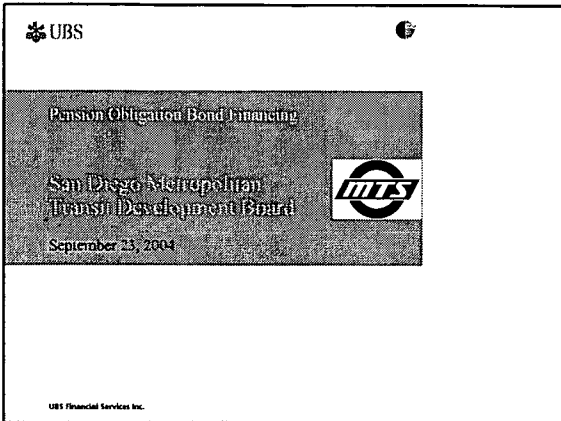
experienced in the municipal bond markets; and the staff of the issuer to prepare and review the POS, the board has the ultimate responsibility for reviewing the accuracy and completeness of the information in the offering document relating to the issuer, its activities and its financial position. The board is not expected to be experts concerning the issuance of municipal bonds; however, the board has the obligation to review the portions of the POS that relate to MTDB and to advise the finance team of any information which the board believes to be inaccurate or incomplete in any material respect that would be material to a prospective investor in making the decision to purchase the bonds.

Failure to comply with federal disclosure laws can lead to an enforcement action by federal authorities as well as a civil lawsuit by bond investors. The defendant in such an action would be MTDB as the issuer; in general, the board as well as MTDB staff would not be named individually in such actions unless it can be proven that they were actively and knowingly involved in the fraudulent behavior.

BAA

cc: Tiffany Lorenzen, Cliff Telfer






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**MTDB Pension Obligation Bond Financing**

- Pension Obligation Bonds ("POB") can effectively finance SDTC's unfunded actuarially accrued liability ("UAAL") at the lower POB bond rate by replacing UAAL payments with POB debt service payments
- Under the policy established by the Board, MTDB will fund up to 85% of SDTC's pension liability, or approximately \$73.5 million
- Remaining FY2005 normal cost contribution will also be bond funded, providing approximately \$2.3 million of FY2005 budget relief
- In the current market, projected present value savings of \$22.4 million can be generated for MTDB compared to the scheduled UAAL payments through the issuance of 50% Fixed Rate Bonds and 50% Variable Rate Bonds
- Blended yield estimated at 5.05%
- Average Annual Debt Service approximately of \$5.1 million, or average annual savings of \$1.5 million

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**Next Steps**

- Board approval of preliminary bond documents
- Received Moody's rating of "A1" - same rating as MTDB's prior obligations
- Receive bond insurance and bank liquidity bids - week of 9/20
- Select bond insurer and bank liquidity provider - 9/23
- Post Preliminary Official Statement - week of 10/4
- Price bonds - week of 10/11
- Closing - 10/26

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

## Agenda

Item No. 36

Joint Meeting of the  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

CIP 10426.15

September 23, 2004

### Subject:

MTDB: COLOR SCHEME FOR NEW LOW-FLOOR LIGHT RAIL VEHICLES

### RECOMMENDATION:

That the MTD Board of Directors ratify the direction of the Executive Committee regarding the exterior color scheme of the new low-floor light rail vehicles (LRVs).

#### Budget Impact

Direction provided by the Executive Committee results in the partial repainting of three of the new vehicles and repainting of other components already manufactured for the remaining vehicles. The vehicle supplier, Siemens Transportation Systems (Siemens), informed us (after the Executive Committee meeting) that this work will cost \$85,000 to \$90,000.

#### Executive Committee Recommendation

At its meeting on September 16, 2004, the Executive Committee recommended forwarding this item to the Board for approval.

### DISCUSSION:

We are purchasing 11 new low-floor LRVs from Siemens to support the future Green Line service commencing with the completion of Mission Valley East. The first vehicle is nearly complete, and two others are under construction, but have been



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.



painted. Components such as the vehicle doors for additional vehicles have also been painted.

Members of the Board visited the Siemens plant in Sacramento on September 13, 2004, to view the first vehicle and expressed concern about the amount of black paint on the vehicle body. This was further discussed at the September 16, 2004, meeting of the Executive Committee. The Executive Committee is recommending to the Board a change in the exterior color scheme resulting in more red and less black. The change would be at the base of the vehicle and would provide similar color lines as the existing fleet of U-2 and SD100 vehicles. Attachment A shows the new vehicle as currently painted. Attachment B shows a simulation of the proposed change.

Three of the new vehicles have already been painted. Siemens believes it will cost approximately \$85,000 to \$90,000 to partially repaint these vehicles as (shown in Attachment B). Siemens believes it should be reimbursed for this work since its current paint scheme conforms to renderings supplied to MTS in the past. Staff believes that a different rendering was approved that showed substantially more red. We are in the process of investigating old correspondence and submittals to determine liability.

Concurrent with this change, Siemens is modifying the paint on certain areas of the vehicles to reduce the imperfections or "orange peel" on the finished surface.

The new vehicles have a very modern and dramatic look. With this proposed change, they will also look better when paired with an existing SD100 vehicle and will maintain the predominately red color that our vehicles are known for worldwide.



Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Jim Linthicum, 619.699.1970, [jlin@sandag.org](mailto:jlin@sandag.org)

JGarde/SEPT23-04.36.JLINTH  
9/17/04

Attachments: A. New Vehicle – Current Paint Scheme  
B. Proposed Changes to Paint Scheme

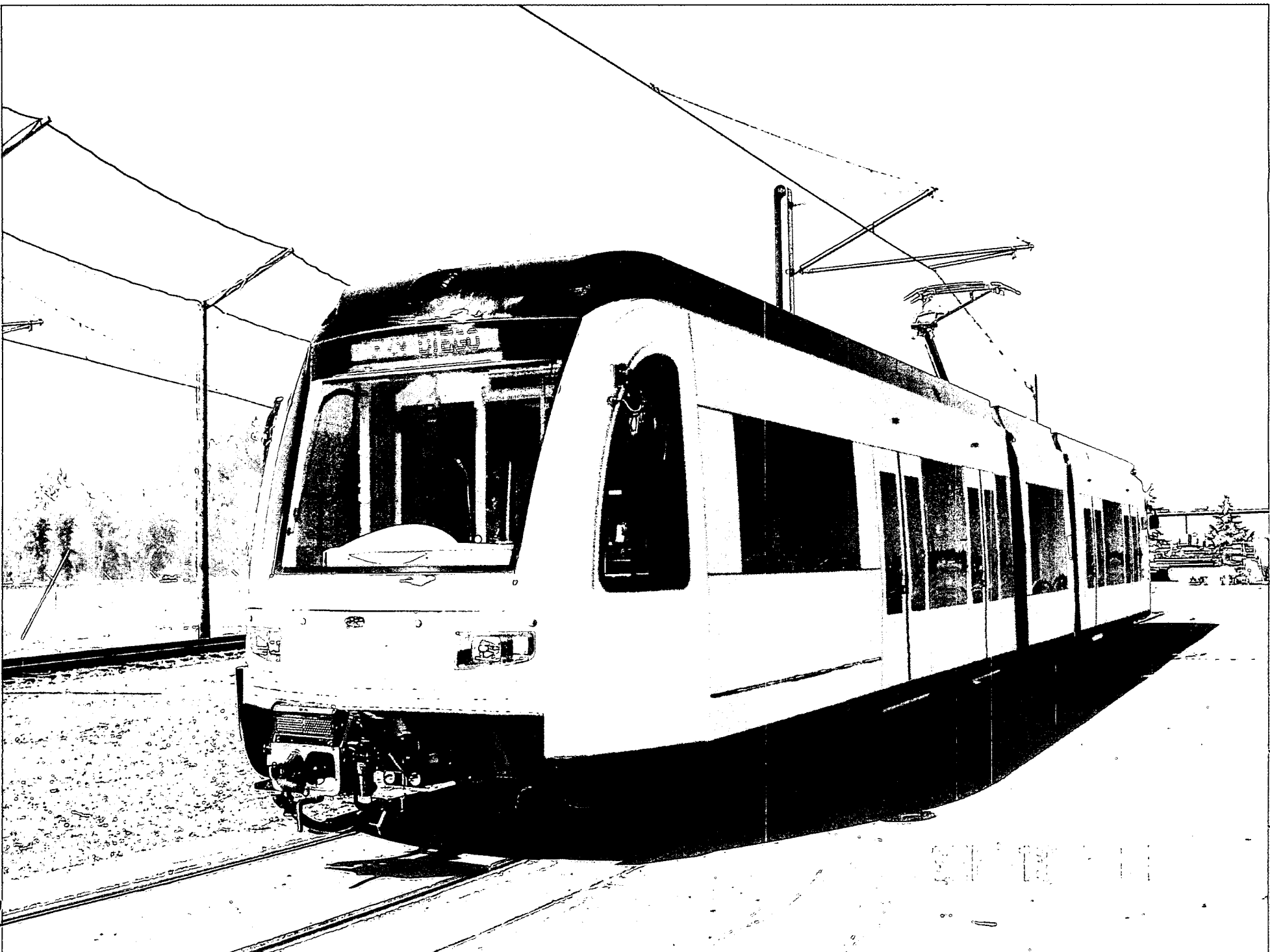
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Att. A, AI 36, 9/23/04, CIP 426.15







# MISSION VALLEY EAST

New Low Floor Light Rail Vehicles

September 23, 2004

Jim Linthicum




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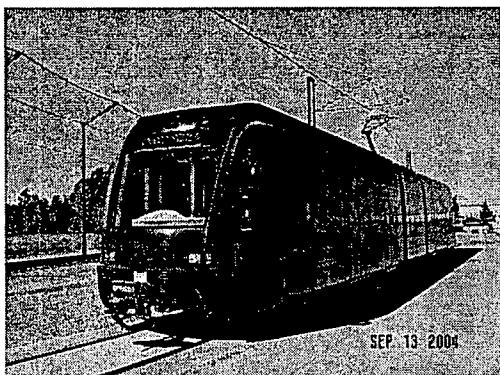
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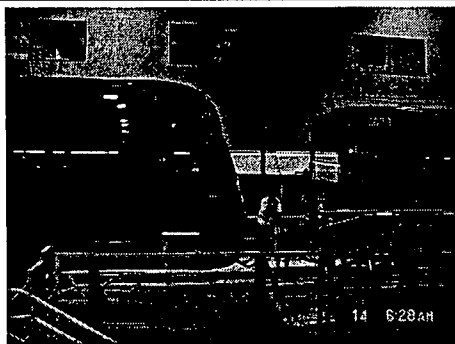
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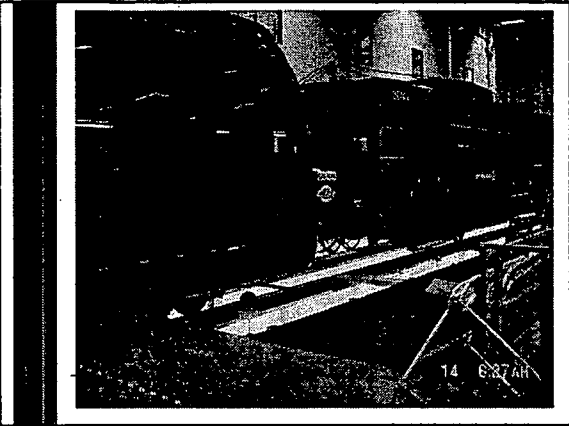
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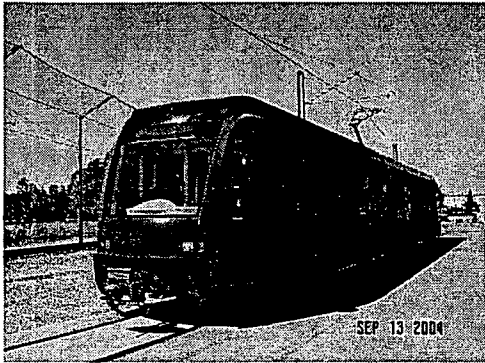
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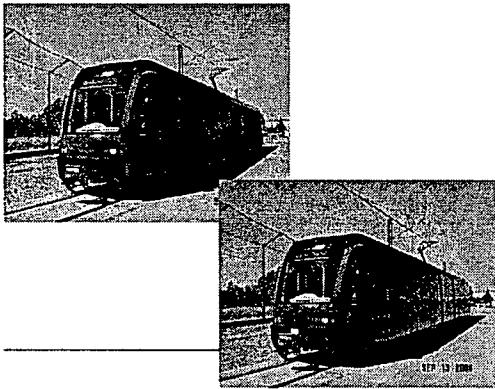
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### Options

- Leave as is
- Repaint in Sacramento
  - Delay delivery 2 to 3 weeks
  - \$85k to \$90k preliminary estimate
- Repaint in San Diego.
  - No delay, same cost
- Have SDTI contractor repaint in SD
  - No delay, less expensive




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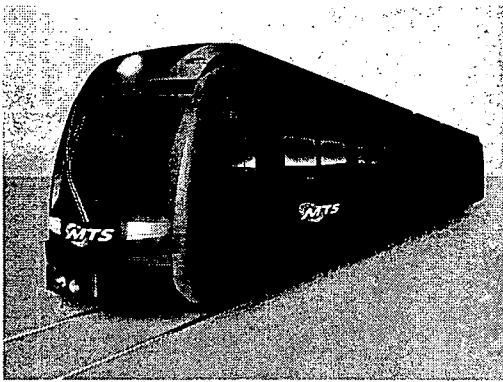
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## Recommendation

- Obtain firm quote from SDTI painter
- Direct staff to negotiate with Siemens
- Repaint either in Sacramento or SD depending on best price with least impact on schedule







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

## Agenda

Item No. 37

Joint Meeting of the Board of Directors for  
Metropolitan Transit Development Board,  
San Diego Transit Corporation, and  
San Diego Trolley, Inc.

CIP 10486, CIP 10487

September 23, 2004

### Subject:

**MTDB: PROCUREMENT OF UP TO 47 HEAVY-DUTY COMPRESSED NATURAL  
GAS-POWERED TRANSIT BUSES**

### RECOMMENDATION:

That the MTD Board of Directors authorize the Chief Executive Officer (CEO) to exercise an option to purchase 47 heavy-duty compressed natural gas (CNG)-powered transit buses through Pierce Transit in Tacoma, Washington, in an amount not to exceed \$16,690,000 and contingent upon legal review of the terms and conditions of the contract.

#### Budget Impact

Up to a maximum of \$14,550,000 would be encumbered to Project Code 10486-1300 (line item of capital project SDTC Bus Acquisition) for 41 buses and up to \$2,140,000 to Project Code 10487-1300 (line item of capital project Contract Services Bus Acquisition) for 6 buses. The amounts allocated would be funded by State of California Traffic Congestion and Relief Program (TCRP) funds, federal capital 5307 funds, and other sources.

### DISCUSSION:

In April 2004, MTDB completed a competitive procurement for 47 CNG buses. On September 16, 2004, MTDB was informed that the contractor was unable to meet its original production schedule. The TCRP funding for this project must be completely expended by June 30, 2005, or the money will be returned to the state. MTDB has been

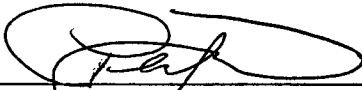


Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB 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.



reviewing options for production of up to 47 heavy-duty CNG-powered transit buses, including purchase options through other transit agencies. Several options have been explored, but it appears that the best option exists with Pierce Transit for a very similar 40-foot heavy-duty, CNG-powered transit bus. MTDB would exercise a simple letter agreement with Pierce Transit to utilize some of its available purchase options. A contract would be then executed with New Flyer for the 47 buses to be built and delivered to San Diego by June 2005. The bus options of Pierce Transit were competitively bid in accordance with Federal Transit Administration (FTA) procurement guidelines and regulations. The contract with New Flyer would be contingent upon legal review of the terms and conditions.

Due to the time restrictions on the expenditure of TCRP funds, it is critical that MTDB exercise the purchase option by September 30, 2004. In doing so, MTDB would receive a commitment from New Flyer that begins bus production by March 2005, with all buses completed by June 2005.



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Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Susan Hafner, 619.595.3084, [susan.hafner@mtdb.sdmts.com](mailto:susan.hafner@mtdb.sdmts.com)

JGarde  
SEPT23-04.36.SHAFNER  
9/20/04



SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

REQUEST TO SPEAK FORM

AGENDA ITEM NO.

37

*Did not  
speak*

ORDER REQUEST RECEIVED

1

**\*\*PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM\*\***

@ 8:59

1. INSTRUCTIONS

This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Board (please attach your written statement to this form). Communications on hearings and agenda items are generally limited to three (3) minutes per person unless the Board authorizes additional time. However, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three (3) minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.

Date \_\_\_\_\_

Name (PLEASE PRINT) Chuck Lungehausen

Address \_\_\_\_\_

Telephone \_\_\_\_\_

Organization Represented (if any) \_\_\_\_\_

Subject of your remarks: \_\_\_\_\_

Agenda Item Number on which you request to speak \_\_\_\_\_

Your comments are presenting a position of: SUPPORT

☐

OPPOSITION

☐

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Public comment on matters not on the agenda will be limited to five (5) speakers with three (3) minutes each, under the Public Comment Agenda Item. Additional speakers will be heard at the end of the Board's Agenda.

**\*\*REMEMBER: Subjects of previous Hearings or agenda items may not again be addressed under General Public Comments.\*\***



1.

Sept. 23, 2004

MTS mtg.

**AGENDA ITEM #37 (47 New buses)**

**Chair Williams, Board members, Staff, and other fellow citizens.  
Chuck Lungerhausen of 5308 Monroe Avenue which is in the SDSU  
neighborhood of San Diego 92115. Ph [619] 546-5610**

**Trust these new heavy duty buses are of the low floor variety,  
would not think it a wise move to go back to the high floor style with  
lifts that breakdown and stairs people have to climb.**

**Thank you for listening and the opportunity to speak.**





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San Diego, CA 92101-7490  
619.231.1466 FAX 619.234.3407

## Agenda

Item No. 45

Chief Executive Officer's Report

ADM 121.7 (PC 30100)

September 23, 2004

### Minor Contract Actions

- San Diego Trolley, Inc. for pedestrian and traffic control for Phase II construction at the San Ysidro Intermodal Transportation Center.
- San Diego Transit Corp. for schedule and flyer distribution services for Contract Services MCS Flex Routes.
- Stacy & Witbeck, Inc. for construction services for the San Ysidro Intermodal Transportation Center.
- Berryman & Henigar for general engineering consultant services for the Mission Valley East Light Rail Extension.
- West Coast General Corp. for construction services for the 12<sup>th</sup> & Market Station Reconfiguration.
- Clark Construction Group, Inc. for construction services for Mission Valley East Light Rail Transit SDSU Tunnel and Underground Station.
- Balfour Beatty/Ortiz Enterprises for construction services for the Mission Valley East La Mesa Segment of the Mission Valley East Light Rail Extension.

### Contract Matters

Contract Change Order No. 87 with Stacy and Witbeck, Inc. was approved for an increase of \$4,485.00 for 47<sup>th</sup> Street bridge repair. (San Ysidro Intermodal Transportation Center – Phase II, Contract No. LRT-453)

### Personnel Matters

There are no Personnel Matters to report.

gail.williams/agenda item 45



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.