



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

Agenda

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

December 4, 2008

Executive Conference Room
9:00 a.m.

ACTION RECOMMENDED

- | | | |
|----|--|---------|
| A. | ROLL CALL | |
| B. | APPROVAL OF MINUTES - November 6, 2008 | Approve |
| C. | COMMITTEE DISCUSSION ITEMS | |
| 1. | <u>MTS: 4-S Ranch Pilot Project - Route 880 Express Service to Sorrento Valley/UTC</u>
Action would receive a report on the plan to establish an express service between 4S Ranch and Sorrento Valley/University Towne Centre (UTC). The route will be a pilot project funded with developer mitigation fees. | Receive |
| 2. | <u>MTS: Compass Card Update</u>
Action would receive a status report on development and implementation of the Compass Card fare system. | Receive |
| 3. | <u>MTS: Sorrento Valley Coaster Connection</u>
Action would receive a report on the Sorrento Valley Coaster Connection. | Receive |



D. RECOMMENDED FOR BOARD CONSENT AGENDA

1. MTS: Bus Operator Uniforms - Contract Award Approve
Action would forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. B0509.0-09 to Kingsbury Uniforms, Inc. for bus operator uniforms for up to a five-year period.

Budget Impact - This contract would cover up to a five-year period, and the total cost would not exceed \$703,457.63. This cost is based on the estimated quantities of uniforms budgeted annually under MTS Bus operations using local funds.

2. MTS: Weed Abatement Services - Contract Award Approve
Action would forward a recommendation to the Board of Directors to authorize the CEO to execute a contract with DeAngelo Brothers, Inc. for weed abatement services for a five-year period.

Budget Impact - This contract would be for a five-year period with a total cost not to exceed \$210,575.00. Funding would come from San Diego Trolley, Inc.'s (SDTI's) operating budget (FY 09 through FY 13) comprised of 80% federal and 20% local funds.

E REVIEW OF DRAFT DECEMBER 11, 2008, JOINT BOARD AGENDA

- F. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA Possible Action
Review of SANDAG Transportation Committee Agenda and discussion regarding any items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc. Relevant excerpts will be provided during the meeting.

G. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

H. PUBLIC COMMENTS

I. NEXT MEETING DATE: January 8, 2009

J. ADJOURNMENT

DRAFT

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

November 6, 2008

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

Chairman Mathis called the meeting to order at 9:01 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Ewin moved approval of the minutes of the October 23, 2008, Executive Committee meeting. Mr. Monroe seconded the motion, and the vote was 4 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Legislative Workshop (LEG 410)

Ms. Sharon Cooney, Director of Government Affairs and Community Relations, provided a review of 2008 legislative activities and a review of priorities for 2009 as well as an approach for advocacy efforts.

Ms. Cooney reviewed funding received by MTS through the Transit Security Grant Program and reported on the passage of the Rail Safety Act of 2008. She added that work remains to be done to clarify some ambiguity in the language of the Act. She also briefly discussed economic stimulus packages, efforts to get funding for transit services to military facilities, and other legislation related to energy security and climate change that did not get enacted.

Ms. Cooney also reported that MTS worked with the Federal Transit Administration (FTA) on charter regulations as they applied to MTS Chargers Service. She stated that MTS was allowed to operate its Chargers Express Service but only after listing it on the FTA web site offering private operators an opportunity to provide the service. In response to a question from Mr. Rindone, Mr. Paul Jablonski, CEO, reported that three operators did express an interest, but once they were provided with more detail, they declined. Chairman Mathis suggested providing detailed information when this service is initially posted on the web site to prevent this situation from developing again. Ms. Cooney stated that staff continues to work with the FTA toward an exemption for MTS Chargers service.

Ms. Cooney also reported that the traffic study for the San Ysidro Border Reconfiguration project does not address the true impacts on transit and pedestrian

movement at this location and added that mitigation funding is needed. She stated that MTS, SANDAG, and the City of San Diego are working to ensure that transit elements are taken into consideration and that bidirectional pedestrian movement is part of the plan. Chairman Mathis stated that the General Services Administration will be required to do an environmental impact study, which could assist in staff's efforts related to public transit and pedestrian movement.

Ms. Cooney then reviewed the state budget for 2008 and the funding that MTS received through Proposition 1B. She reported that MTS has not received its last payment of State Transit Assistance (STA) funding yet. She also reported that the state budget is being reopened, and Proposition 42 as well as STA funding is at risk. She reported that the state is facing a shortfall of about \$11 billion for 2009 and up to \$13 billion for 2010. She added that the state budget totals about \$103 billion.

Ms. Cooney also reviewed a recent ruling issued by the IRS that states that entities cannot use transactions strictly to avoid paying taxes. She stated that some organizations that have entered into sale/leaseback transactions are being required by the IRS to pay back their tax benefits. Mr. Cliff Telfer, Chief Financial Officer, reported that MTS has not been contacted by the IRS and that may be because MTS's transaction was structured differently. In response to a question from Mr. Emery, Mr. Telfer reported that staff is working with the auditors to determine the potential impact to the parties of the transaction if the IRS were to contact MTS about reimbursement. Ms. Tiffany Lorenzen, General Counsel, advised the Committee that some of the banks that are involved in the other transactions are making deals with the IRS that may have a bearing on the ultimate impact on transit agencies that entered into these transactions. Mr. Telfer estimated that the potential impact could be between \$1 million and \$4 million. Mr. Jablonski reported that the courts have ruled that the IRS can "claw" back to reclaim tax benefits from these transactions and that the impact on transit agencies was an unintended result of this ruling. In response to a question from Mr. Rindone, Ms. Lorenzen stated that the only lease that MTS still holds will be completed in 2015 with a balloon payment that could be paid or restructured for payment that would end in 2028. Mr. Jablonski pointed out that the FTA encouraged these types of transactions in order to allow large transit systems to buy rolling stock.

Ms. Cooney then discussed legislation related to climate change. She also reported that the state legislature passed regulations to inhibit the theft of copper wire. She reported that salvage yards are now required to report their copper wire purchases, there is a three-day delay before payment can be made to the seller, and the salvage yard must take a picture and thumbprint of the seller. She stated that the seller must also reimburse the agency from which the wire was stolen. Ms. Cooney also reported that MTS is seeking to be upgraded to Tier 2 status under the Transit Security Grant Program, which would result in MTS having access to more funding for security-related items.

Ms. Cooney reported that it is her goal to meet with each of the congressional offices to advocate for transit before the new Congress is seated. She also reviewed other approaches that MTS is taking to advocate for additional funding.

Mr. Ewin stated that Board members can be more effective advocates if materials are provided to them when issues arise. He stated that he would like to be involved when Ms. Cooney meets with Representative Hunter. Mr. Monroe discussed the importance of meeting with key staff members in delegate offices at the national level. Mr. Jablonski reported that MTS and SANDAG staff members visit delegate offices in February of each year to meet with key staff members.

Ms. Cooney stated that delegates are receptive in meetings where transit needs are discussed but that there is a lot of competition for funding for other programs; e.g. education, health care, and social services. Chairman Mathis pointed out that public agencies are at a disadvantage because they cannot contribute to political campaigns and must rely solely on the merit of their projects/needs. He stated that transit needs to get the message across that transit should be given a higher priority, especially given recent increases in the demand for transit services. Ms. Atkins suggested contacting the San Diego Organizing Project for assistance in this regard. She stated that they are very effective and could prove to be a good ally.

Mr. Jablonski stated that advocacy to maintain the funding that transit receives from Proposition 42 is also very important as \$14 million is at risk. He reported that MTS is already facing a \$5 million shortfall this year as a result of the decline in sales tax revenues. He stated that because of increased ridership revenue and the fall in fuel prices, MTS can address the shortfall from the drop in sales tax revenues but will face a real problem if any Proposition 42 funding is lost. Mr. Rindone suggested contacting the California League of Cities for assistance in advocating for the maintenance of Proposition 42 funding. Ms. Cooney stated that the League of Cities and the California Transit Association are already joining forces on this matter.

Action Taken

Mr. Rindone moved to (1) receive a report on 2008 legislative and intergovernmental activities; (2) discuss approaches to advocacy in 2009; and (3) review staff recommendations for state and federal legislative programs and recommend approval by the Board of Directors. Mr. Ewin seconded the motion, and the vote was 7 to 0 in favor.

2. MTS: Airport Express-Bus Pilot Program (OPS 960.2)

Mr. Mark Thomsen, Senior Transportation Planner, provided an overview of the Airport Express-Bus Pilot Program and the request that MTS write a letter of support for this program. He stated that the pilot program would run for six months and could be terminated at any time by MTS if it is having a negative impact on the parking at the Old Town Transit Center. Mr. Thomsen reviewed the procedures that have been developed to ensure that patrons of this service are arriving at Old Town on other transit services, not parking there to take advantage of the program. He reported that additional procedures may have to be developed when the Compass Card program is launched. He also reported that any additional expense that MTS incurs as a result of this service will be reimbursed to MTS by the airport. Mr. Thomsen reviewed the routing and schedule for this service and reported that

the schedule will connect with peak-period Coaster, bus, and trolley services. Mr. Thomsen reported that 99 percent of the parking at Old Town is already being used and that airport employees have little incentive to park there to use the airport express bus because they only pay a nominal fee to park at the airport if they pay any fee at all.

Mr. Thomsen introduced Mike Kulis, Regional Airport Authority Director of Intergovernmental Relations, and Brett Caldwell, their transportation planner who worked on this project.

Mr. Thomsen assured Mr. Roberts that the operation of this service will not interfere with the operation of transit and trolley operations. He also reported that the bus stop is out of traffic lanes and is only used for MTS service once a day. He stated that there is room for both buses at this stop should they arrive at the same time. Mr. Jablonski added that passengers will have to use the tunnel to access this service so there should be no issues with the California Public Utilities Commission. Mr. Roberts stated that MTS needs a monitoring program to ensure that people are not parking at Old Town and using this service. Mr. Jablonski stated that MTS security staff will be doing that. Mr. Coulis pointed out that there will be only five trips during each peak period so monitoring should be relatively simple.

In response to a question from Mr. Monroe, Chairman Mathis reported that the Department of Parks and Recreations owns the property being used for this program and has therefore been approached by the airport for permission to operate the service from this location.

Mr. Caldwell reported that, in a recent survey of airport employees, 60 percent said they would use this service if it was available. He added that the airport encourages its employees to use transit by providing subsidies to offset the cost of fare media. He added that about 17 percent of the airport's employees use transit even though they get free parking at the airport.

In response to a question from Mr. Roberts, Mr. Jablonski stated that MTS has other programs where private shuttles are carrying employees from transit stops to the businesses that employ them.

Action Taken

Mr. Emery moved to provide input regarding the submittal of a letter of support for the use of the Old Town Transit Center by Lindbergh Field employee shuttles. Mr. Roberts seconded the motion, and the vote was 7 to 0 in favor.

3. MTS: Annual Service Performance Monitoring Report (SRTP 830)

Mr. Jablonski reported that this is the second year this report has been presented. He stated that staff is in the process of developing a substantial data base that will track many different performance indicators including those for contract services. Ms. Cooney advised the Committee that the report conforms to the format dictated by Board policy but added that staff is open to suggestions for changes. She

stated that the information presented is for the first full year of service under the system that resulted from the Comprehensive Operational Analysis.

Mr. Devin Braun, Senior Transportation Planner, reviewed statistics for Total Passengers, Average Weekday Passengers, Passengers Per Revenue Hour, Passenger Per In-Service Hour, On-Time Performance, Accidents, Complaints, In-Service Miles, Peak-Vehicle Requirement, Farebox Recovery Ratio, and Subsidy Per Passenger. It was pointed out that the reporting period for this data ended June 30, 2008, and ridership has increased since that date.

In response to a question from Mr. Roberts, Mr. Jablonski reported that real-time next-bus information is available along Broadway as part of the Regional Transit Management System but will have to be expanded to cover other areas. He stated that only the busiest stops will have this type of information and that it will be available for rail in the next year. Ms. Cooney stated that MTS is working with the private sector in an effort to expand this program. Mr. Jablonski reported that staff will report back on using 511 and an automated vehicle-locator (AVL) program feature. He added that only one-half of the entire MTS fleet has AVL and none of the contract service buses have it.

Mr. Braun reported that on-time performance on Broadway is low for Premium Express service because of the manner in which the schedule is written and where on-time readings are taken. He reported that the schedule is written without consideration for traffic delays along Broadway so that if traffic is flowing normally, buses arrive on schedule. He stated that if the schedule were written taking traffic delays into consideration, operators would have to wait if they arrive at their stops early thus causing additional congestion in this corridor. He reported that, from this point forward, readings will be taken when the bus has completed its trip on Broadway. In response to a comment from Mr. Roberts, Mr. Jablonski stated that data for this category in future reports will be more current. In response to a comment from Mr. Monroe, Mr. Jablonski explained that the delays on Broadway are no more than five to six minutes. Mr. Braun explained that the first three stops on Broadway are almost always on time.

Mr. Braun explained that MTS's Farebox Recovery Ratios all exceed those required by the Transportation Development Act, and Mr. Jablonski advised Mr. Ewin that there is no limit on how high Farebox Recovery Ratios can go. Mr. Rindone requested that staff provide a report to the Committee on college pass use.

In response to a question from Mr. Ewin, Ms. Cooney reported that the process for gathering and reporting this data is very labor intensive and, in current budget times, it is important to be aware of everything staff is being asked to do.

In response to a question from Mr. Roberts, Mr. Cliff Telfer, Chief Financial Officer, reported that a formula (based on a sample) is used to account for pass ridership, where customers can board multiple routes using one fare media, compared to cash ridership where a fare is paid for each trip.

Action Taken

Mr. Rindone moved to receive a report for information. Mr. Ewin seconded the motion, and the vote was 7 to 0 in favor.

D. RECOMMENDED BY THE EXECUTIVE COMMITTEE FOR THE BOARD CONSENT AGENDA

1. MTS: KMD Bus Wash Renovation Project (CIP 11207)

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

2. MTS: Rail Profile-Grinding Services (CIP 11206)

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

3. MTS: Third-Party Administration Services for Workers' Compensation Contract Award (OPS 960.2, 970.2)

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

4. MTS: Southland Transit, Inc. – Contract Option Year (OPS 920.6)

That the Executive Committee forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. B0449.1-06 (in substantially the same format as Attachment A of the agenda item) for: (1) one 12-month option period of central minibus fixed-route with Southland Transit, Inc; and (one 12-month option period for Sorrento Valley Coaster Connection with Southland contingent upon securing sustainable funding for this service.

5. MTS: Increased Authorization for Legl Services – Liebman, Quigley, Sheppard & Soulema, APLC (CIP 11206)

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

Action Taken

The Committee accepted the agenda items listed in this section for the Consent Agenda portion of the November 13, 2008, Board agenda.

E. REVIEW OF DRAFT NOVEMBER 13, 2008, BOARD AGENDA

There were no additional Consent Items other than those indicated in Section D of the minutes.

Recommended Consent Items

There was no additional discussion of the recommended Consent Items.

Recommended Board Discussion Items

There was no discussion of recommended Discussion Items.

F. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Ms. Cooney reported that the SANDAG Transportation Committee would be adopting a mitigated negative declaration for the Mid-City Rapid Bus Project. She also reported that they will have the second reading of their fare ordinance, which is being amended to incorporate a new agreement for revenue sharing for Regional Day Passes. Mr. Jablonski reported that MTS and the North County Transit District have agreed to retain their own revenues, which very closely match the current split ratio for funding. He added that a survey is done every year, and the agreement can be amended to reflect any changes revealed through this process. Ms. Cooney reported that the Transportation Committee will also be approving the use of federal funds currently programmed for the Nobel Drive Coaster Station for enhancements to the University Towne Centre transit center.

Ms. Cooney also reported that the Transportation Committee will be given an update on planning for the I-15 Bus Rapid Transit Stations at El Cajon Boulevard and University Avenue and will be taking action to shift funding from MTS to SANDAG for the installation of additional rail station Compass Card validators.

G. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no Committee Member communications.

H. PUBLIC COMMENTS

There were no Public Comments.

I. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, December 11, 2008, at 9:00 a.m., in the Executive Conference Room.

J. ADJOURNMENT

Chairman Mathis adjourned the meeting at 10:55 a.m.

Chairman

Attachment: A. Roll Call Sheet
gail.williams/minutes

**EXECUTIVE COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) 11/06/08

CALL TO ORDER (TIME) 9:01 a.m.

RECESS _____

RECONVENE _____

CLOSED SESSION _____

RECONVENE _____

ADJOURN 10:55 a.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS <input checked="" type="checkbox"/> (Young) <input type="checkbox"/>	9:06 a.m. during AI C1	
EMERY <input checked="" type="checkbox"/> (Cafagna) <input type="checkbox"/>		
EWIN <input checked="" type="checkbox"/> (Clabby) <input type="checkbox"/>		
MATHIS <input checked="" type="checkbox"/>		
MONROE <input checked="" type="checkbox"/> (McLean) <input type="checkbox"/>		
RINDONE <input checked="" type="checkbox"/> (Emery) <input type="checkbox"/>	9:03 a.m. during AI C1	
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:06 a.m. during AI C1	

SIGNED BY OFFICE OF THE CLERK OF THE BOARD

Gail Williams

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

[Signature]



Recommended
for Board Consent
on 12/11/08

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101
619.231.1466 Fax: 619.234.3407

Agenda

Item No. D1

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

OPS 960.6

December 4, 2008

SUBJECT:

MTS: BUS OPERATOR UNIFORMS - CONTRACT AWARD

RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0509.0-09 (in substantially the same format as Attachment A) to Kingsbury Uniforms, Inc. for bus operator uniforms for up to a five-year period.

Budget Impact

Kingsbury Uniform Inc.'s bid prices per year are as follows:

➤	Year 1	\$136,976.39
➤	Year 2	\$135,431.40
➤	Year 3	\$147,767.44
➤	Year 4	\$144,003.72
➤	Year 5	\$139,278.68

This contract would cover up to a five-year period, and the total cost would not exceed \$703,457.63. The cost is based on the estimated quantities of uniforms budgeted annually under MTS Bus operations using local funds.

DISCUSSION:

Background

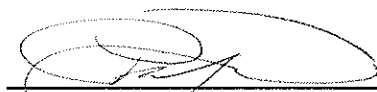
MTS Policy No. 52 governing procurement of goods and services requires a formal competitive bid process for procurements exceeding \$100,000.



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

On October 9, 2008, MTS issued an Invitation for Bids (IFB) to interested parties for bus operator uniforms. The annual uniform replacement amount is stipulated in the Collective Bargaining Agreement with Amalgamated Transit Union Local 1309 and for the issuance of uniforms for new hires. We anticipate providing uniforms for approximately 540 bus operators every year. This contract would provide the initial provision of three shirts and three pants for approximately 150 new hires per year. It would also include the annual replacement allowance of bus operators at \$200 per full-time bus operator (approximately 524 operators) and \$100 per part-time bus operator (approximately 16 operators).

A total of three bids were received on November 5, 2008 (see Bid Summary - Attachment B)—two responsive bids and one nonresponsive bid. Ace Uniforms submittal was deemed nonresponsive because its bid was incomplete (several pages of the required pricing forms were not submitted). Kingsbury Uniforms, Inc. was the lowest responsive, responsible bidder for the five-year period at \$703,457.63, therefore; pursuant to MTS policy, staff recommends award of the contract to Kingsbury Uniforms, Inc.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Jim Byrne, 619.238.0100, Ext. 6420, jim.byrne@sdmts.com

DEC4-08.D1.BUS UNIFORMS.KINGSBURY.CAQUINO.doc

Attachments: A. Draft Agreement for Kingsbury Uniforms, Inc. (MTS Doc. No. B0509.0-09)
B. Bid Summary

STANDARD PROCUREMENT AGREEMENT

B0509.0-09
CONTRACT NUMBER
OPS 960.2
FILE NUMBER(S)

DRAFT

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

Name: Kingsbury Uniforms, Inc. Address: 112 West 9th Street, #301
 Form of Business: Corporation Los Angeles, CA 90015
 (Corporation, partnership, sole proprietor, etc.) Telephone: 213.623.3386

Authorized person to sign contracts: Catherine Brown President
 Name Title

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

Provide operator uniforms for MTS Bus operations as stipulated in MTS's Invitation for Bid (IFB) for Bus Operator Uniforms, MTS Doc. No. B0509.0-09; including Addendum Nos. 1 and 2, MTS's Responses to Written Questions/Clarifications; and in accordance with the Standard Procurement Agreement, including the Standard Conditions Procurement, Safety Department's Standard Operating Procedure (SOP) (SAF-016), and Kingsbury Uniform, Inc.'s Bid Proposal dated 11/5/08. If there are inconsistencies between the IFB and Addendum, Responses to Questions/Clarifications, Standard Procurement Agreement, and/or the Standard Conditions Procurement, the following order of precedence will govern the interpretation of this contract:

1. MTS's Bus Operator Uniform IFB, Addendum No. 1 and 2, MTS's Responses to Written Questions/Clarifications, and Kingsbury Uniform Inc.'s Bid Proposal dated 11/5/08.
2. Standard Procurement Agreement, including the Standard Conditions Procurement.

This contract shall remain in effect for three full years with two 1-year options exercisable at MTS's sole discretion (January 1, 2009, through December 31, 2013). The total contract amount shall not exceed \$703,457.63.

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

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$703,457.63	213-52610	09-13

By: _____ Date
 Chief Financial Officer



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

BID SUMMARY

MTS IFB NO. B0509.0-09 BUS OPERATOR UNIFORMS

COMPANY NAME	BID AMOUNT
Kingsbury Uniforms, Inc. * 112 W. 9 th Street, #301 Los Angeles, CA 90015	\$ 703,457.63
Ace Uniforms ** 633 16 th Street San Diego, CA 92101	\$ 675,674.31
Western Pacific Union 1975 Diamond Street San Marcos, CA 92078	\$ 1,243,922.85

* Lowest responsive, responsible bidder

** Nonresponsive bidder



Recommended
for Board Consent
Calendar on 12/11/08

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

Agenda

Item No. D2

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

OPS 970.6

December 4, 2008

SUBJECT:

MTS: WEED ABATEMENT SERVICES – CONTRACT AWARD

RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to execute a contract (in substantially the same form as Attachment A – MTS Doc No. PWL107.0-09) with DeAngelo Brothers, Inc. for weed abatement services for a five-year period.

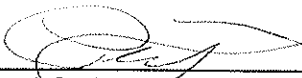
Budget Impact

This contract would be for a five-year period with a total cost not to exceed \$210,575.00. Funding would come from San Diego Trolley, Inc.'s (SDTI's) operating budget (FY 09 through FY 13) comprised of 80% federal and 20% local funds.

DISCUSSION:

Background

MTS Policy No. 52 (Procurement of Goods and Services) requires a formal competitive bidding process for procurements exceeding \$100,000. MTS issued an Invitation for Bids on October 10, 2008, for weed abatement services for a five-year period to conduct an annual roadbed and right-of-way herbicide program for SDTI. A total of three responsive bids were received on November 5, 2008 (see Bid Summary - Attachment B). DeAngelo Brothers, Inc. was the lowest responsive, responsible bidder for the five-year period at \$210,575.00; therefore, pursuant to MTS policy, staff recommends award of the contract to DeAngelo Brothers, Inc.



Paul C. Jablonski
Chief Executive Officer

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

DEC4-08.D2.WEEDABATEMT.MYNIGUEZ.doc

- Attachments: A. Draft MTS. Doc. No. PWL107.0-09
B. Bid Pricing



STANDARD SERVICES AGREEMENT

PWL107.0-09
CONTRACT NUMBER
OPS 970.2
FILE NUMBER(S)

DRAFT

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

Name: DeAngelo Brothers, Inc. Address: 4863 Cheyenne Way
 Form of Business: Corporation Chico, California 91710
 (Corporation, partnership, sole proprietor, etc.) Telephone: 909.590.1529

Authorized person to sign contracts: Kevin Scrivner General Manager
 Name Title

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

Provide weed abatement services for San Diego Trolley, Inc. (SDTI) right-of-way, including furnishing equipment, materials and labor as stipulated in MTS's Invitation for Bids (IFB), MTS Doc No. PWL107.0-09, including Responses to Approved Equals/Clarifications; and in accordance with the Standard Services Agreement, including the Standard Conditions Services, Federal Requirements, MTS's Safety Program, and DeAngelo Brother, Inc.'s bid proposal dated November 5, 2008 (hereinafter "Contract Documents"). The Contractor shall pay prevailing wages as required by the California Labor Code and the federal Davis-Bacon Act. If there are any inconsistencies between the contract documents, the following order of precedence will govern the interpretation of the contract:

1. MTS's Weed Abatement IFB, MTS's Responses to Approved Equals/Clarifications, MTS's Safety Program, and DeAngelo Brother, Inc.'s bid proposal dated November 5, 2008.
2. Standard Services Agreement, including the Standard Conditions Services and Federal Requirements.

This contract shall be for a five-year base period effective January 1, 2009, through December 31, 2013. The total contract amount shall not exceed \$210,575.00.

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

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$210,575.00	371-53710	09-13

By: _____ Date
 Chief Financial Officer

BID SUMMARY

WEED ABATEMENT SERVICES IFB

DeAngelo Brothers, Inc.	\$210,575.00*
Allied Weed Control	\$265,250.00
Quality Sprayers	\$291,250.00

*Lowest Responsive and Responsible Bidder



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Agenda

Item No. C1

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

OPS 920

December 4, 2008

SUBJECT:

MTS: 4S RANCH PILOT PROJECT – ROUTE 880 EXPRESS SERVICE TO
SORRENTO VALLEY/UTC

RECOMMENDATION:

That the Executive Committee receive a report on the plan to establish an express service between 4S Ranch and Sorrento Valley/University Towne Centre (UTC). The route will be a pilot project funded with developer mitigation fees.

Budget Impact

\$709,631 in unbudgeted revenue will be used to fund the service.

DISCUSSION:

Background

Based on a condition of its development agreement, 4S Kelwood General Partnership (the developer of 4S Ranch) entered into a Transit Service Agreement with MTS on December 31, 2005, where 4S Kelwood would contribute \$500,000 to the County's Transit Trust Account for providing transit services in 4S Ranch (there is currently over \$709,631 in the account).

The agreement between MTS and 4S Kelwood stated that MTS was required to administer (1) an initial survey of 4S Ranch residents to determine travel patterns and travel needs, and (2) a follow-up survey with specific transit proposals developed from the initial survey.

The first survey was conducted in June 2006 and showed that residents preferred a fast, comfortable trip, catering to various employment sites around the county. The two most-requested sites were downtown San Diego and the Sorrento Valley/UTC/UC San Diego areas.



Consequently, a second survey was distributed in February 2007. Given the responses to the first survey, a few options were developed for the second survey:

- 1) Express service to downtown San Diego
- 2) Express service to UTC/UCSD
- 3) Express service to Mira Mesa/Sorrento Valley/UTC/UCSD

A total of 313 residents returned surveys to MTS. Of these, 82 indicated that they would use an express service to downtown San Diego; 80 indicated that they would use the UTC/UCSD express service; and 82 indicated that they would use the Mira Mesa/Sorrento Valley/UTC/UCSD service.

Service Plan

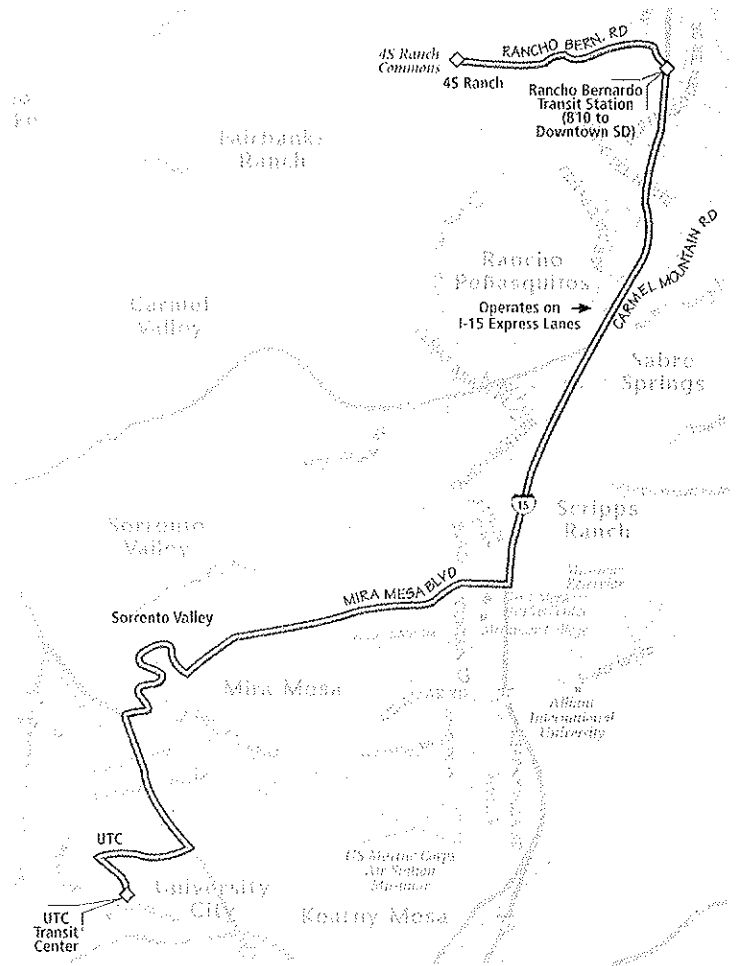
Using the survey results as a guide, MTS staff recommends an express route from 4S Ranch to Sorrento Valley and UTC (Route 880). Given that a number of routes already operate to downtown San Diego, an express route to Sorrento Valley and UTC would provide 4S Ranch residents, as well as those in the Rancho Bernardo area and points north, more public transportation options.

FIGURE 1. Route 880 Map

Route 880 is proposed to originate at the 4S Commons shopping center where dedicated park-n-ride spots have been provided. The route will travel east on Rancho Bernardo Road and serve the Rancho Bernardo Transit Station. It will then use the I-15 Express Lanes traveling south to Mira Mesa Boulevard. Route 880 will make limited stops on its way to Sorrento Valley, stop in Sorrento Valley, and then serve UTC via I-805 and La Jolla Village Drive. Passengers would be able to make quick connections to UCSD at the UTC Transit Center.

Route 880 will initially operate three southbound trips in the morning and three northbound trips in the afternoon. The route will take roughly 35 minutes to reach Sorrento Valley from 4S Ranch and 50 minutes to UTC.

Trips into the Rancho Bernardo Transit Station would be timed with Route 810 trips in order to provide better connections for residents of both 4S Ranch and the northern I-15 corridor.



Expenditure of Funds

Beginning in late 2012 or early 2013, a new Bus Rapid Transit (BRT) route – following a similar alignment as proposed here – is scheduled to start service. This BRT route will be funded as part of TransNet.

Ideally, Route 880 will operate until the BRT route is implemented. Consequently, MTS budgeted the route to operate from January 2009 through December 2012 after which the BRT route would be implemented.

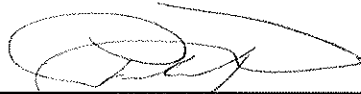
The projected expenditure of funds is shown in Table 1.

TABLE 1. Projected Expenditure of Funds

	Days of Service	Operating Costs	Expected Revenues	Operating Subsidy	Cumulative Subsidy
Project Start-up		\$20,000	\$0	\$20,000	\$20,000
FY09	110	\$106,495	\$37,273	\$69,222	\$89,222
FY10	252	\$251,456	\$88,009	\$163,446	\$252,668
FY11	252	\$259,203	\$90,721	\$168,482	\$421,150
FY12	252	\$266,904	\$93,416	\$173,488	\$594,638
FY13	126	\$135,660	\$47,481	\$88,179	\$682,817

Table 1 shows MTS's best estimates of how much service the funding will provide. A number of factors could increase costs (such as higher-than-anticipated fuel prices or changes within the contract with the operator, Veolia Transportation) or decrease anticipated fare revenues.

As a pilot project, MTS reserved the right to make adjustments to the route in the future for service-efficiency purposes. MTS also reserved the right to cancel the route at any time and use any unused portion of the funds for other transit-related projects that would benefit 4S Ranch residents.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Brent Boyd, 619.557.4983, brent.boyd@sdmts.com

DEC4-08.C1.4SRANCHRT800PILOT.BBOYD.doc



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Agenda

Item No. C2

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

CIP 11457

December 4, 2008

SUBJECT:

MTS: COMPASS CARD UPDATE

RECOMMENDATION:

That the Executive Committee receive a status report on development and implementation of the Compass Card fare system.

Budget Impact

None.

DISCUSSION:

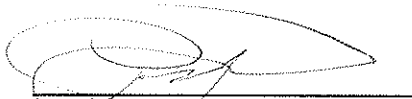
Compass Card (SANDAG Capital Improvement Program [CIP] 1145700) is a multiyear project that will create a regional fare collection system for the San Diego region's fixed-route bus and rail operations. Formerly known as "Smart Card," the Compass Card is being designed by Cubic to provide a better fare product for the transit customer and to allow the area's transit operators to collect enhanced ridership and revenue data. The plastic cards will be reusable and reloadable and will eventually replace all paper fare media for MTS and North County Transit District (NCTD) operations. Riders will be able to reload the cards at transit stores and all ticket vending machines.

The Compass Card will be accepted on all MTS or NCTD fixed-route bus, Trolley, Coaster, or Sprinter services; however, not on Americans with Disabilities Act (ADA) Paratransit. The embedded technology will require riders to have their fares validated by touching the card to a specially designed validator on the rail platforms or bus fare boxes. All fare media will be available on the Compass Card. Cardholders will be able to purchase monthly and multiday passes and store them on the Compass Card; they



can also load cash values or link them to a credit card for automatic renewal. Compass Cards can be registered to a specific user; if the cards are ever lost or stolen, they can be deactivated and a new one issued by SANDAG.

Currently, the Regional Fare Ordinance designates a rollout of the Compass Card in stages to ensure optimum performance and customer satisfaction with a start date of January 1, 2009. At that time, the Compass Card would replace paper passes for MTS Express Bus Services, and riders on other services could voluntarily choose to move to the Compass Card. In addition, the SANDAG Board determined that eventually all monthly passes would be eliminated and replaced with a 14- or 30-day rolling pass. However, equipment installation is continuing, and the system will need to be tested prior to rollout to ensure a smooth transition. Therefore, MTS staff recommends that SANDAG delay implementation until testing demonstrates that the system is 100% operational and there is adequate time to educate the customer.



Paul C. Jablonski
Chief Executive Officer

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

DEC4-08.C2.COMPASSCARD.COONEY.doc



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Agenda

Item No. C3

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

CIP 10465

December 4, 2008

SUBJECT:

MTS: SORRENTO VALLEY COASTER CONNECTION

RECOMMENDATION:

That the Executive Committee receive a report on the Sorrento Valley Coaster Connection.

Budget Impact

The total budgeted cost for the Sorrento Valley Coaster Connection is \$1,045,598.

DISCUSSION:

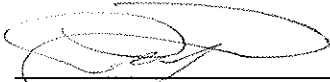
The Metropolitan Transit System (MTS) has provided connecting service since 1997 to employment centers in Sorrento Valley for North County Transit District (NCTD) Coaster patrons. The Sorrento Valley Coaster Connection (SVCC) operates on Routes 971-978 and Route 89 during peak commute times; combined, these services carried an average of 892 passengers a day in October of 2008. FY 2008 was the last year that MTS received funding for this service from the Air Pollution Control District (APCD) (\$539,000). MTS, NCTD, and the San Diego Association of Governments (SANDAG) agreed to seek additional funding sources as a replacement.

MTS budgeted \$1,045,598 for this service for FY 2009 with the understanding that the agency would only support the service using fare revenue, \$300,000 in MTS Transportation Development Act (TDA) funding, and any additional funding sources that could be found. A \$1 per-passenger fare was established to partially offset the lost APCD subsidy, and MTS staff began an organized effort to seek funding from employers that benefit from the service. MTS, with the assistance of Move San Diego, attended multiple meetings with



representatives of Sorrento Valley employers. Attachment A shows a sample letter of intent that was circulated to gain employer buy-in.

After implementation of the SVCC fare and the increase in the Coaster fare, ridership on these routes dropped 31% to 644. Subsidy per passenger has risen since FY 2008 to \$5.18 per passenger.



Paul C. Jablonski
Chief Executive Officer

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

DEC4-08.C3.SVCC.COONEY.doc

Attachment: A. Sample Letter of Intent

September XX, 2008

Mr. Paul Jablonski
Chief Executive Officer
San Diego Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

Dear Mr. Jablonski:

(Company Name) views public transportation as an important service for its employees in Sorrento Valley. We understand that the Coaster Connection service is in danger of being discontinued due to a significant drop in the subsidy that has helped pay for it since it began.

(Company Name) is interested in helping to sustain this service by committing to the purchase of (number) \$40 pre-paid monthly Coaster Connection passes for six months, October 2008 through March 2009. In exchange, we understand that MTS will provide (Company Name) with an equal number (number) of passes to be distributed to (Company Name's) employees that use the Coaster Connection service. (Company Name) will not reduce the number it agrees to purchase during the six month period, but may at any time increase that number as the service becomes more popular with its employees.

This commitment does not bind MTS to continue the service, but (Company Name) hopes that our effort combined with the other employers in Sorrento Valley may help to fund the service sufficiently to make it viable in the long term.

Sincerely,

(Company Authorized Official)



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619.231.1466 FAX 619.234.3407

DRAFT

Agenda

JOINT MEETING OF THE BOARD OF DIRECTORS

for the

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

December 11, 2008

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. | <u>Roll Call</u> | |
| 2. | <u>Approval of Minutes</u> - November 13, 2008 | Approve |
| 3. | <u>Public Comments</u> - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board. | |
| 4. | <u>MTS: Modify MTS Policy No. 22 to Allow Former Board Members to Sit on MTS Committees</u>
Action would modify MTS Policy No. 22 to allow former Board members to sit on MTS Committees. | Approve |

Please turn off cell phones and pagers
during the meeting



CONSENT ITEMS

6. MTS: Federal Transit Administration 5311 Program of Projects Approve
Action would approve Resolution No. 08-25 authorizing the use of \$242,804 of FTA Section 5311 funds for operating assistance in nonurbanized areas.
7. MTS: Audit Report - The Transit Store Receive
Action would receive a report for information.
8. MTS: Audit Report - Procurement Process Receive
Action would receive a report for information.

The Executive Committee will determine if the following items will be on the Board agenda as Consent or Discussion (see Executive Committee items under Section D).

9. MTS: Bus Operator Uniforms - Contract Award Approve
Action would authorize the CEO to execute MTS Doc. No. B0509.0-09 to Kingsbury Uniforms, Inc. for bus operator uniforms for up to a five-year period.
10. MTS: Weed Abatement Services - Contract Award Approve
Action would authorize the CEO to execute a contract with DeAngelo Brothers, Inc. for weed abatement services for a five-year period.

CLOSED SESSION

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

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. MTS: Disadvantaged Business Enterprise (DBE) Semiannual Report Receive
Action would receive a report for information.
31. MTS: FY 08 Final Budget Comparison Possible Action
Action would receive a report comparing final FY 2008 actual results to budget and approve transfer of excess revenues over expenses to the contingency reserves.

REPORT ITEMS

- | | | |
|-----|---|-------------|
| 45. | <u>MTS: Annual Service Performance Monitoring Report</u>
Action would receive a report for information. | Receive |
| 46. | <u>MTS: Compass Card</u>
Action would receive a report for information. | Receive |
| 47. | <u>MTS: Sorrento Valley Coaster Connection</u>
Action would receive a report for information. | Receive |
| 48. | <u>MTS: Padres Baseball 2008 Year-End Summary</u>
Action would receive a report for information. | Receive |
| 49. | <u>MTS: Padres Pilot Programs</u>
Action would receive a report for information. | Receive |
| 50. | <u>MTS: Investment Report - October 2008</u>
Action would receive a report for information. | Receive |
| 51. | <u>MTS: Employee Suggestion Program Update</u>
Action would receive a report for information. | Receive |
| 60. | <u>Chairman's Report</u> | Information |
| 61. | <u>Audit Oversight Committee Chairman's Report</u> | Information |
| 62. | <u>Chief Executive Officer's Report</u> | Information |
| 63. | <u>Board Member Communications</u> | |
| 64. | <u>Additional Public Comments Not on the Agenda</u>
If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments. | |
| 65. | <u>Next Meeting Date:</u> January 15, 2009 | |
| 66. | <u>Adjournment</u> | |



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Agenda

Item No. 6

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

OPS 950.7 (PC 50451)

**Draft for
Executive Committee
Review Date: 12/4/08**

December 11, 2008

SUBJECT:

MTS: FEDERAL TRANSIT ADMINISTRATION 5311 PROGRAM OF PROJECTS

RECOMMENDATION:

That the Board of Directors approve Resolution No. 08-25 (Attachment A) authorizing the use of \$242,804 of FTA Section 5311 funds for operating assistance in nonurbanized areas.

Budget Impact

None at this time.

DISCUSSION:


The Federal Transit Administration (FTA) provides funds for capital and operating assistance to agencies providing rural transportation through the Section 5311 Nonurbanized Area Formula Program. These funds do not come directly to the region but are apportioned to the states. The California Department of Transportation (Caltrans), on behalf of the state, in turn reapportions the funds to the region based solely on the regional rural population as a share of the state total rural population. San Diego Association of Governments (SANDAG) allocates the funds to both North County Transit District (NCTD) and MTS. As shown within Attachment A, FTA 5311 funding would provide \$242,804 in operating assistance for MTS.

Recommendation

Grant requirements include submission of a resolution by the Board of Directors authorizing its submittal and project programming. Therefore, staff recommends



that the Board approve, by resolution, submission of a grant application and project programming. Caltrans requires that SANDAG certify that it would amend the Regional Transportation Improvement Program in the event of a grant award.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Nancy Dall, 619.557.4537, nancy.dall@sdmts.com

DEC11-08.6.FTA 5311.NDALL.doc

Attachment: A. Resolution No. 08-25

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 08-25

Resolution Authorizing Federal Funding Under FTA Section 5311
(49 U.S.C. Section 5311) with the California Department of Transportation

WHEREAS, the U.S. Department of Transportation is authorized to make grants to states through the Federal Transit Administration (FTA) to support capital and operating assistance projects for nonurbanized public transit services under Section 5311 of the Federal Transit Act; and

WHEREAS, the California Department of Transportation has been designated by the Governor of the State of California to administer Section 5311 grants for public transportation projects; and

WHEREAS, MTS desires to apply for said financial assistance to operate rural transit service in San Diego County; and

WHEREAS, MTS has, to the maximum extent feasible, coordinated and consulted with other transportation providers and users in the region, including consultation with San Diego County Health and Human Services; NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that MTS does hereby authorize the Chief Executive Officer, or designated representative, to file and execute any actions necessary on behalf of MTS with the California Department of Transportation to aid in financing operating or capital assistance projects pursuant to Section 5311 of the Federal Transit Act of 1964, as amended.

1. General Counsel, or designated representative, is authorized to execute and file all assurances or any other documents required by the California Department of Transportation.

2. The Chief Financial Officer, or designated representative, is authorized to provide additional information as the California Department of Transportation may require in connection with the application for Section 5311 projects.

PASSED AND ADOPTED, by the Board of Directors this _____ day of ____ 2008, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

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2008\DEC11-08.6AttA.FTA 5311.NDALL.doc



Metropolitan Transit System

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Agenda

Item No. 7

JOINT MEETING OF THE BOARD OF DIRECTORS

LEG 492

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

December 11, 2008

**Draft for
Executive Committee
Review Date: 12/4/08**

SUBJECT:

MTS: AUDIT REPORT - THE TRANSIT STORE

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

During August 2008, the MTS Internal Auditor performed a review of internal controls and operational procedures at The Transit Store. The objective of the review was to assess the adequacy of internal controls over The Transit Store's operations. As a result of the review, two recommendations were made for management's consideration. Management has accepted the recommendations and is taking action to address the issues noted.

Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Mark Abbey, 619.557.4573, mark.abbey@sdmts.com

DEC11-08.7.TRANSITSTOREAUDIT.MABBEY.doc

Attachment: A. The Transit Store Audit Report (Unredacted Copy is Board Only)





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

Memorandum

DATE: October 27, 2008

LEG 492 (PC 50121)

TO: Mark Lowthian
Olivette Burties

FROM: Mark Abbey

SUBJECT: AUDIT REPORT: THE TRANSIT STORE

EXECUTIVE SUMMARY

I have completed a review of The Transit Store's (Store's) internal control procedures. The audit was performed in accordance with the approved audit plan.

Audit Objectives and Scope

The objectives of the audit were to review controls in place to manage Store activities and to assess corrective action taken since the 2006 internal audit.

I reviewed Store controls in the following areas:

- Consignment sales
- Cash-handling controls
- Exchanges and storage of fare media
- Lost and found
- Physical security
- Promotions and promotional items

Observations and Recommendations

Progress has been made in strengthening control procedures over the areas mentioned in the 2006 internal audit report. To further improve controls over Store processes, the following recommendations are offered for management's consideration.

- 



- [REDACTED]

A more detailed explanation of these recommendations is provided in "Detailed Observations" below. I wish to thank Store personnel for their cooperation and assistance during the course of this review.

BACKGROUND

The Store is located at 102 Broadway in downtown San Diego. Staff consists of one supervisor and four full-time clerks. Store hours are Monday through Friday from 9 a.m. to 5 p.m. Fare media is consigned to the Store by the San Diego Association of Governments (SANDAG) and North County Transit District (NCTD). Items sold at the Store include the following:

- Monthly passes for MTS and NCTD
- Semimonthly passes for MTS
- Universal tokens
- MTS Access and County Transit Services (CTS) paratransit passes
- Day Tripper tickets
- MTS merchandise
- Gift certificates

Customers pay for media and merchandise by cash, check, federal vouchers, credit and debit cards, or purchase orders. Recent monthly sales have been averaging about \$430,000; approximately 65 percent of the sales are in cash.

The Store reports to the Passenger Services Department of San Diego Transit Corporation (SDTC). Monthly sales reports are forwarded to SANDAG, MTS, and NCTD by the Store. SANDAG and NCTD invoice SDTC monthly for media sold during the preceding month. MTS's Accounting Department reviews monthly Store reports and compares these reports to SANDAG's and NCTD's invoices. MTS's Accounting Department also compares bank deposits reported by the Store against deposits reported by the bank.

Since the 2006 audit, a new security camera system has been installed, which provides greatly enhanced camera coverage. In addition, plans have been approved to install bulletproof glass to separate cashiers from the public.

DETAILED OBSERVATIONS

Cash-Handling Procedures

During my review, the cashier's cash was [REDACTED]

Recommendation

Ensure that cashiers [REDACTED].

Management Response

We will ensure closer adherence to the SOP.

Daily Bank Deposit Procedures

In observing procedures followed for the daily bank deposits, I noted that the clerk [REDACTED].

Recommendation

Keep [REDACTED].

Management Response

This is the SOP at The Transit Store. We have instituted more rigid controls to ensure adherence to the policy. New cameras and equipment were strategically installed throughout at The Transit Store for added security in December 2007. A camera was placed in the second office specifically for the purpose of overseeing the bank deposit process. The camera is angled to clearly see the cash being handled as well as anyone entering or leaving the office. In addition, the recommendation that the door to the office to be closed and locked whenever cash is left unattended has been added to The Transit Store's SOP as standard procedure. We have discussed with staff the importance of adhering to this policy—violations will be subject to disciplinary action.

JGardetto/
M-FINAL.TRANSIT STORE 08.MABBEY.doc
9/23/08

cc: Paul Jablonski, Tiffany Lorenzen, Cliff Telfer - MTS
Claire Spielberg - SDTC



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Agenda

Item No. 8

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

LEG 492

**Draft for
Executive Committee
Review Date: 12/4/08**

December 11, 2008

SUBJECT:

MTS: AUDIT REPORT - PROCUREMENT PROCESS

RECOMMENDATION:

That the Board of Directors receive a report on the procurement process.

Budget Impact

None.

DISCUSSION:

During September 2008, the MTS Internal Auditor performed a review of the procurement process. The objective of the review was to assess the adequacy of internal controls over procurement. As a result of the review, five recommendations were made for management's consideration. Management has accepted the recommendations and is taking action to address the issues noted.

Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Mark Abbey, 619.557.4573, mark.abbey@sdmts.com

DEC11-08.8.PROCUREMENT AUDIT.MABBEY.doc

Attachment: A. Procurement Audit Report





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

Memorandum

DATE: October 23, 2008
TO: Cliff Telfer
FROM: Mark Abbey
SUBJECT: AUDIT REPORT: MTS PROCUREMENT

LEG 492

EXECUTIVE SUMMARY

I have completed a review of internal controls over the procurement process at MTS. The review was performed in accordance with the approved audit plan.

Audit Objectives and Scope

The objective of the review was to assess the adequacy of controls over the procurement process in the following areas:

- Requisitioning
- Bidding
- Ordering
- Receiving
- Procurement card process

Background

The MTS Procurement Department consists of an approved staff complement of 11 positions (3 of which were vacant at the time of this review). The Procurement Department is responsible for the procurement of MTS materials, parts, supplies, and services as supported by the annual operating and capital budgets.

Requisitions for the bus and rail divisions are initiated and approved by various departmental managers utilizing the Ellipse system. Purchase requisition approvals are made on-line by managers based on assigned approval dollar limits consistent with MTS Policy No. 41. MTS administrative staff generates manual requisitions that are approved in writing and processed using the IFAS system.

Based on requisitions received, the Procurement Department generates purchase orders. Orders are generated in compliance with MTS's procurement policy with respect to approvals and competitive bidding requirements. All goods and services received are performed by bus and rail warehouse personnel.



Procurement procedures are conducted in conformance with MTS Policy No. 52. Purchase requisition approval dollar limits are governed by MTS Policy No. 41. The Procurement Department has a comprehensive Procurement Manual, which explains how procurement procedures are to be conducted with specific direction on federal requirements, emergency orders, etc.

Observations and Recommendations

Overall, adequate controls are in place over the MTS procurement process. To further improve controls over procurement, the following recommendations are offered for management's consideration:

- Minimize the use of standing purchase orders.
- Ensure all monthly procurement card transactions are approved in writing by employees' managers.
- Incorporate the procurement card procedures into the MTS Procurement Manual.
- Finance should review all Ellipse purchase requisition approval limits and ensure limits are consistent with MTS Policy No. 41.
- The MTS Chief Financial Officer should provide a written delegation of authority to the Senior Buyer to approve fuel purchase orders.

A detailed explanation of these recommendations is provided in *Detailed Observations* below.

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

DETAILED OBSERVATIONS

1.0 Standing Purchase Orders

Both the bus and rail divisions frequently use "standing purchase orders." Standing purchase orders are used to facilitate the purchase of smaller items and routine services, which may be of a repetitive nature. For example, a tree-cutting or janitorial service may be procured using a standing purchase order. One purchase order is generated for the entire year. Monthly invoices are paid by the Finance Department based on one purchase order number.

At the time of this audit, San Diego Trolley, Inc. had a total of 108 standing purchase orders while San Diego Transit Corporation had 41 standing purchase orders. The major concern is that these standing purchase orders do not necessarily require the same level of controls as formal contracts.

Efforts should be made to minimize the use of these standing purchase orders and, where appropriate, formal contracts should be used in their place.

Recommendation

Minimize the use of standing purchase orders.

Management Response

Agree. Procurement Department staff has been directed to consolidate previous standing purchase orders into longer-term contracts where feasible. This process started in May 2008 and will continue. Our goal is to consolidate 10% of the remaining standing purchase orders per year until at least 50% of the current standing purchase orders are consolidated.

1.1 Procurement Cards

MTS has assigned Bank of America Visa cards to a total of 11 employees. The purpose of the cards is to facilitate smaller purchases without the need to go through a formal procurement process. Most of the purchases are made for small amounts. Monthly dollar limits are placed on the cards, and each card has a set credit limit. Only specific categories of purchases are allowed. Each month, the bank invoices the MTS Finance Department for each cardholder's transactions. MTS has written procedures that require each cardholder to complete a log of every transaction completed. This log must be approved in writing by the employee's manager and turned into MTS's Finance Department. The Finance Department matches the log to the bank statement prior to paying the bill.

During my review of recent transactions, I noted that one cardholder was approving his own transaction log. An independent manager should be approving these transactions in order to provide satisfactory control and to comply with procedures.

I also noted that the procurement card procedures are not incorporated into the MTS Procurement Manual.

Recommendations

- Ensure that all monthly procurement card transactions are approved in writing by employees' managers.
- Incorporate the procurement card procedures into the MTS Procurement Manual.

Management Response

- Changes to the current purchase card procedures are now in progress. One of the proposed changes would create a new responsible position of Approving Official (AO). Every card holder would have an AO responsible for giving initial purchase authorization and subsequent review and certification of purchase card purchases. This change should improve controls.
- Changes to the procurement manual have been proposed, which would reference the purchase card procedures. These changes are under review. Administratively, it is more efficient to have a separate procurement card procedure manual as it will require frequent updates as the program expands.

1.2 Ellipse Purchase Requisition Approval Dollar Limits

MTS Policy No. 41.2 sets out "authorized signatories on purchase requisitions" for MTS supervisory and management staff. I compared the dollar limits established in Policy No. 41.2 with the limits set up in the Ellipse system. My review revealed a number of inconsistencies between the two; for example, the Chief Operating Officer-Bus Division has an approval limit in

Ellipse of \$99,000 while Policy 41.2 shows only \$50,000. The General Manager of Trolley has an approval limit in Ellipse of \$99,000 while the policy shows only \$50,000.

The Finance Department needs to review all approval limits established within Ellipse and ensure that they are consistent with MTS's policy. The risk exists that staff could approve purchases outside of their established authority limits.

Recommendation

The Finance Department should review all Ellipse purchase requisition approval limits and ensure that limits are consistent with MTS Policy No. 41.

Management Response

We will work with the Human Resources Department to correct the approval levels and how to maintain monitoring of the system in the future.

1.3 Purchase Order Approvals

The Senior Buyer performs weekly procurements of diesel fuel. These purchases may amount to about \$30,000. A purchase order is created and is signed by the Senior Buyer. The Senior Buyer does not have formal authority to sign purchase orders of this amount. A formal written delegation of signing authority needs to be arranged by the MTS Chief Financial Officer delegating sufficient signing authority to the Senior Buyer.

The risk exists that employees without adequate authority can approve procurements without authorization. I was advised that the delegation given by the MTS CFO had been verbal.

Recommendation

The MTS Chief Financial Officer should provide a written delegation of authority to the Senior Buyer to approve fuel purchase orders.

Management Response

Agree. There should be a written documentation of authority in MTS Board Policy No. 41 designating the Manager of Procurement with the authority to purchase fuel with the power of redelegation to subordinate staff.

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cc: Paul Jablonski, Tiffany Lorenzen, Procurement Manager