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Agenda

JOINT MEETING OF THE BOARD OF DIRECTORS

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

February 21, 2008

Board Room
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 - January 17, 2008
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.

Approve

Please turn off cell phones and pagers
during the meeting



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

CONSENT ITEMS

- | | | |
|-----|---|---------|
| 6. | <u>MTS: San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratifications of Actions Taken by the SD&AE Board of Directors at its January 22, 2008, Meeting</u>
Action would: (1) receive the San Diego and Imperial Valley (SD&IV) Railroad, Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports; and (2) ratify actions taken by the SD&AE Railway Company Board of Directors at its meeting on January 22, 2008. | Ratify |
| 7. | <u>MTS: CCTV Surveillance Equipment Project - Contract Award</u>
Action would authorize the CEO to execute a contract (MTS Doc. No. G1157.0-08) with Electro Specialty Systems, Inc. for the procurement and installation of closed-circuit television (CCTV) surveillance equipment at the San Diego Trolley, Inc. (SDTI) Maintenance Yard. | Approve |
| 8. | <u>SDTC: Dissolution of San Diego Transit Leasing Corporation</u>
Action would approve Resolution No. 08-2 granting the CEO the authority to wind up the affairs of San Diego Transit Leasing Corporation (SDLC). | Approve |
| 9. | <u>MTS: Increased Authorization for Legal Services</u>
Action would authorize the CEO to enter into contract amendments with the Law Offices of David C. Skyer (MTS Doc. No. G1108.2-07) for legal services and ratify prior amendments entered into under the CEO's authority. | Approve |
| 10. | <u>MTS: Investment Report</u>
Action would receive a report for information. | Receive |
| 11. | <u>MTS: Excess Liability Insurance Renewal</u>
Action would authorize the CEO to ratify and confirm the placement of the liability insurance policy (limits of \$75 million less a \$2 million self-insurance retention) at an annual cost of approximately \$2,260,000, effective March 1, 2008, through March 1, 2009. | Approve |

CLOSED SESSION

- | | | |
|-----|--|-----------------|
| 24. | a. MTS: CLOSED SESSION – PUBLIC EMPLOYEE PERFORMANCE EVALUATION (<u>CHIEF EXECUTIVE OFFICER</u>) Pursuant to California Government Code Section 54957 | Possible Action |
| | b. MTS: CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a) <u>Metropolitan Transit System v. San Diego State University</u> (Case No. 37-2007-00083692-CU-WM-CTL) | Possible Action |

- c. SDTI: CONFERENCE WITH LABOR NEGOTIATORS
Pursuant to California Government Code Section 54957.6
Agency-Designated Representative - Jeff Stumbo
Employee Organizations - International Brotherhood of Electrical
Workers Local 465 and Amalgamated Transit Union Local 1309

Possible Action

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. MTS: Public Hearing on Discontinuance of route 966 and Restructure of Route 965 Approve
Action would: (1) conduct a public hearing on the recommended restructuring of Route 965 and discontinuance of Route 966; and (2) approve the changes for implementation in June 2008.

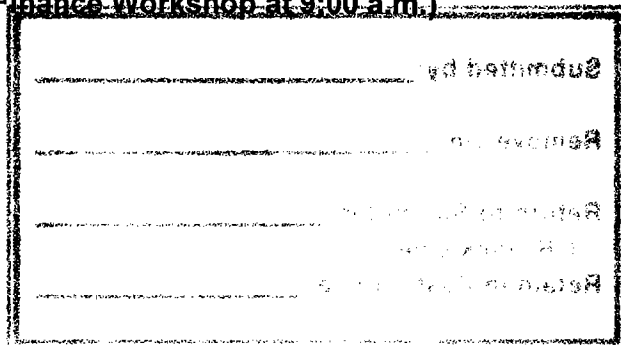
DISCUSSION ITEMS

30. MTS: Public Employee Salary Increase - Chief Executive Officer Possible Action
Action would increase the salary and award a bonus to the Chief Executive Officer (CEO) consistent with the provisions of the Executive Employment Agreement (EEA).
31. MTS: Proposed Amendments to Board Policy No. 22 (Rules of Procedure for the Metropolitan Transit System [MTS]) Adopt
Action would adopt the proposed amendment to Board Policy No. 22, and, at the request of Board members Monroe and Young, discuss the composition of the Audit Oversight Committee (AOC).
32. MTS: FY 2008 Midyear Adjustment and FY 2009 Budget Development Approve
Action would: (1) approve the combined MTS FY 2008 midyear adjustment, which includes the additional usage of \$1.321 million in nonrecurring revenues to the original budget-approved usage of \$4.137 million in nonrecurring revenues (Resolution No. 08-3); and (2) receive the following MTS reports: FY 2009 Preliminary Operating Revenue, FY 2009 Preliminary Assumptions, and FY 2009 Preliminary Issues/Policy Decisions.
33. MTS: Vehicle Advertising Services Approve
Action would authorize the CEO to award a contract (MTS Doc. No. G1140.0-08) to Michael-Allen & Associates for vehicle advertising services (contingent upon not receiving any protests).

- | | | |
|-----|---|-----------------|
| 34. | <u>MTS: Substation Rehabilitation Project - Fund Transfer</u>
Action would forward a request to the San Diego Association of Governments (SANDAG) Board of Directors to transfer funds from the High-Voltage Breaker Replacement Project (CIP 112800) to the Substation Standardization Project (CIP 1142100) as shown in the Fund Transfer Summary. | Approve |
| 35. | <u>MTS: Financial Perspective on the Metropolitan Transit System</u>
Action would receive the white paper and discuss potential next steps. | Possible Action |

REPORT ITEMS

- | | | |
|-----|---|-------------|
| 45. | <u>MTS: Service Performance Monitoring Report (Winter 2007 Service Period)</u>
Action would receive a report on the performance of bus and trolley services for the service change period between September 2, 2007, and January 27, 2008. | Receive |
| 46. | <u>MTS: June 2008 Proposed Service Changes</u>
Action would: (1) receive a report on service changes proposed for June 2008 implementation; and (2) receive an update on efforts to replace Direct Access to Regional Transit (DART) with a community-based alternative. | 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: March 13, 2008 (Finance Workshop at 9:00 a.m.)</u> | |
| 66. | <u>Adjournment</u> | |



**METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL**

MEETING OF (DATE): 2/21/08

CALL TO ORDER (TIME): 9:00 a.m.

RECESS: _____

RECONVENE: _____

PUBLIC HEARING: 9:12 a.m.

RECONVENE: 9:23 a.m.

CLOSED SESSION: 9:33 a.m.

RECONVENE: 10:58 a.m.

ORDINANCES ADOPTED: _____

ADJOURN: 11:40 a.m.

BOARD MEMBER (Alternate)				PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS	☒	(Hueso)	☐		
CLABBY	☒	(Selby)	☐		
EMERY	☐	(Cafagna)	☐		☒
EWIN	☒	(Allan)	☐		
FAULCONER	☐	(Hueso)	☐		☒
LEWIS	☒	(Hanson-Cox)	☐		
MAIENSCHIN	☐	(Hueso)	☐		☒
MATHIS	☒	(Vacant)	☐		
MCLEAN	☐	(Bragg)	☒		
MONROE	☒	(Downey)	☐		
RINDONE	☒	(McCann)	☐		
ROBERTS	☒	(Cox)	☐	9:12 a.m. during AI 25	11:21 a.m. during AI 32
RYAN	☐	(B. Jones)	☐		☒
YOUNG	☒	(Hueso)	☐		11:30 a.m. during AI 32
ZARATE	☐	(Parra)	☐		☒

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

Gail Williams

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

Diff. Hurry

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

January 17, 2008

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

1. Roll Call

Chairman Mathis called the meeting to order at 9:00 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Lewis moved to approve the minutes of the December 13, 2007, Board of Directors meeting. Mr. Emery seconded the motion, and the vote was 10 to 0 in favor.

3. Public Comment

Fernando Hernandez, Principal, Perkins Elementary: Mr. Hernandez expressed his appreciation and gratitude to MTS employees, organized by SDTI employee Joe Martinez, who raised money to purchase bicycles for all 67 first graders at Perkins Elementary. Mr. Hernandez also recognized SDTI employees Roberta Montijo, who assisted with this project, and Mr. Scott Donnell and Mr. Peter Tereschuck for their support. Mr. Hernandez read two letters from first-grade students expressing their appreciation for the bikes and saying what great gifts they were. He offered to provide free car washes to MTS employees during their next car-wash event and stated that he would send information to Mr. Martinez regarding the dates. Mr. Paul Jablonski, MTS CEO, stated that he addressed the kids during this event and that it was an uplifting experience. He stated that MTS is proud to have such employees.

Clive Richard: Mr. Richard wished everyone a Happy New Year and stated that he looked forward to working toward getting funding for the rehabilitation of the Orange and Blue Lines and a full funding grant for the Mid Coast line.

CONSENT ITEMS
(*Taken Out of Order*)

6. MTS: Armored-Transport Services Contract Award (OPS 970.2, 970.2)

Recommend that the Board of Directors authorize the CEO to execute MTS Doc. No. G1133.0-08 (in substantially the same format as Attachment A of the agenda item) with Sectran Security, Inc. for armored-transport services for a five-year period.

7. MTS: Ratification of Resolution 08-1 for the East Village Station Improvements Project Cooperative Work Agreement (AG 220.2.1)

Recommend that the Board of Directors ratify the adoption of Resolution No. 08-1 (Attachment A of the agenda item) requesting an extension from the California Department of Transportation of the completion date to December 30, 2008, for the East Village Station Improvements Project, which is funded by lapsing Transportation Enhancement Activities funds.

8. MTS: Investment Report (FIN 300)

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

9. MTS: Regional Scheduling System – Contract Amendments (CIP 10940)

Recommend that the Board of Directors (1) receive a report on the status of the Regional Scheduling System (RSS) Project and identify the basis of staff's change order recommendations; (2) ratify Amendment No. 4 (MTS Doc. No. G0856.4-03) (Attachment A of the agenda item) to the GIRO, Inc. contract as executed by the Chief Executive Officer (CEO) for an amount not to exceed \$56,881; (3) ratify Amendment No. 5 (MTS Doc. No. G0856.5-03) (Attachment B of the agenda item) to the Memorandum of Understanding (MOU) between the San Diego Association of Governments (SANDAG), MTS, and North County Transit District (NCTD), and the Regional Scheduling System as executed by the CEO for an amount not to exceed \$0.00; (4) ratify Amendment No. 6 (MTS Doc. No. G8056.6-03) (Attachment C of the agenda item) to the GIRO, Inc. contract as executed by the CEO for an amount not to exceed \$15,290; (5) ratify Amendment No. 7 (MTS Doc. No. G0856.7-03) (Attachment D of the agenda item) to the GIRO, Inc. contract in amount not exceed \$60,363.00 with an MTS cost of \$47,527 and NCTD cost of \$12,836; (6) authorize the CEO to execute Amendment No. 8 (Attachment E of the agenda item) to the GIRO, Inc. contract (MTS Doc. No. G0856.8-03), in an amount not to exceed \$47,364, with an MTS cost of \$40,518 and an NCTD cost of \$6,846; (7) authorize the CEO to execute Amendment No. 9 (Attachment F of the agenda item) to the GIRO, Inc. contract (MTS Doc. No. G0856.9-03), in an amount not to exceed \$9,000; and (8) authorize the CEO to execute Amendment No. 10 (Attachment G of the agenda item) to the GIRO, Inc. contract (MTS Doc. No. G0856.10-03), in an amount not to exceed \$118,069, with an MTS cost of \$103,832 and an NCTD cost of \$14,237.

10. MTS: Increased Authorization for Legal Services (LEG 491)

Recommend that the Board of Directors authorize the CEO to enter into contract amendments with the law firm of Hanson Bridgett Marcus Vlahos & Rudy, LLP (MTS Doc. No. G1066.2-07) for legal services (in substantially the same form as Attachment A of the agenda item) and ratify prior amendments entered into under the CEO's authority.

Action on Recommended Consent Items

Mr. Rindone moved to approve Consent Agenda Items No. 6, 7, 8, 9, and 10. Mr. Emery seconded the motion, and the vote was 12 to 0 in favor.

CLOSED SESSION:

(Taken Out of Order)

24. Closed Session Items (ADM 122)

The Board convened to Closed Session at 9:08 a.m.

- a. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to California Government Code 54956.9(a) MTDB v. RV Communities, (California Supreme Court Case No. S133786)
- b. MTS: PUBLIC EMPLOYEE PERFORMANCE EVALUATION (CHIEF EXECUTIVE OFFICER) Pursuant to California Government Code section 54957
- c. MTS: CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to California Government Code Section 54956.8
Property: 1341 Commercial Street and 1501 National Avenue, San Diego, California
Agency Negotiators: Paul Jablonski and Tim Allison
Negotiating Party: Merlone Geier Partners
Under Negotiation: Price and Terms of Payment
- d. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to California Government Code Section 45956.9(a): Metropolitan Transit System v. San Diego State University (Case No. 37-2007-0083692-CU-WM-CTL)

The Board reconvened to Open Session at 9:58 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Tiffany Lorenzen, MTS General Counsel, reported the following:

- a. The Board received a report from outside counsel.
- b. The Board continued this item to the February 21, 2008, Board meeting.
- c. The Board received a report from agency negotiators and MTS General Counsel.
- d. The Board received a report and gave direction to MTS General Counsel.

DISCUSSION ITEMS:

(Taken Out of Order)

30. MTS: Proposed Amendments to Board Policy No. 22 (Rules of Procedures for the Metropolitan Transit System) (ADM 110.2)

It was suggested by Mr. Monroe and the Board agreed that that Agenda Item 30 should be taken before Agenda Item No. 4 because Board amendment of Policy 22 could have an affect on the slate of nominations as presented in Agenda Item No. 4 and should occur prior to consideration of that slate.

Mr. Monroe stated that Executive Committee alternates should be sitting Board members with experience in MTS issues and suggested that the alternates for South Bay Cities and East County Cities be the sitting Board members next in the rotation for each of those groups. He pointed out that the alternates on Executive Committee are representing the Board member rather than the cities themselves and should therefore be a sitting Board member. Mr. Clabby stated that, at one time, this was how alternates were assigned to the Executive Committee. Mr. Rindone supported this approach agreeing that Executive Committee alternates should be members who have experience dealing with Board issues. He also pointed out that Policy 22 states that, if an alternate cannot attend, then the Vice Chair of the Board serves as the alternate. Ms. Lorenzen stated that she would revise Policy 22 to reflect this change if approved by the Board. In response to a question from Ms. Atkins, Mr. Monroe stated that he has already discussed this change with his current alternate, Carrie Downey, and she expressed no objections.

Chairman Mathis suggested that the Executive Committee's nonvoting representative on the Transportation Committee as well as the Vice Chair, who will also be serving as a nonvoting member on the Committee, be made voting members. He stated that because these individuals have no voting privileges, they are not allowed to participate in Closed Sessions, and the Committee is therefore unable to take advantage of their experience in Board matters. He stated that giving a vote to each of these positions means that the size of the Executive Committee may vary from five to seven members, depending on whether the representatives in these two positions are also Executive Committee members under the rotation provision of Policy 22. Mr. Roberts stated that he felt that granting voting privileges to these two individuals would disrupt the balance of the Committee in terms of representation. He stated that, this year, four of the seven members would be representatives from suburban cities. He felt that these two positions serve in an advisory capacity and that Closed Sessions are a small part of the Executive Committee's business. He stated that he would not vote for this change.

In response to a question from Mr. Monroe, Ms. Lorenzen stated that Section 54956.8 of the Brown Act specifically precludes nonvoting Board members from participating in Closed Sessions and that there are two Attorney General opinions directly on point with this particular issue. She added that the Brown Act also defines elected officials and staff members and allows staff member to participate.

Chairman Mathis pointed out that the Executive Committee has never had issues with balance of power and that the input of the Vice Chair is important during Closed Sessions. He also pointed out that the suburban city representatives are from different regions of San Diego. He added that the Executive Committee simply forwards recommendations to the full Board and does not set policy. He felt that extending voting privileges to these two positions was important to the effective functioning of the Committee.

In response to a question from Mr. Ewin, Ms. Lorenzen stated that achievement of a quorum would depend on the size of the Executive Committee from year to year and that she would change the section of Policy No. 22 that deals with that matter accordingly.

Action Taken

Mr. Monroe moved to have Executive Committee alternates for the East County Cities and South Bay Cities representatives be the next Board member in the Executive Committee rotation. He stated that this motion does not apply to the City or County of San Diego. Mr. Ewin seconded the motion, and the vote was 14 to 0 in favor.

Ms. Atkins moved to modify Policy No. 22 to allow the City of San Diego to appoint a sitting Board member as its alternate to the Executive Committee. Mr. Faulconer seconded the motion, and the vote was 14 to 0 in favor.

Ms. Atkins moved to approve the proposed revisions (Attachment A of the agenda item) to Board Policy No. 22. Chairman Mathis seconded the motion, and the vote was 11-2 in favor, with Mr. Young and Mr. Roberts opposed and Mr. Rindone abstaining.

4. MTS: Election of Vice Chair and Chair Pro Tem and Appointments to Committees for 2008
(ADM 100)

Chairman Mathis pointed out that the procedures for handling this item are outlined in the agenda item. Ms. Lorenzen stated that there have been questions regarding how the Political Reform Act affects these types of actions. She stated that the Act only requires members to leave the room during this vote if a candidacy is contested. She reminded Board members that they cannot vote for themselves.

Action Taken

Mr. Monroe moved to modify the slate to reflect that Executive Committee alternates from the South Bay Cities and East County Cities groups are the next member in the Executive Committee rotation for each of these cities, which would be Mr. McLean and Mr. Clabby, respectively. Mr. Emery seconded the motion, and the vote was 13 to 0 in favor.

Ms. Atkins moved to modify the slate to recommend that Mr. Young serve as the City of San Diego alternate on the Executive Committee as desired by the San Diego City Council. Mr. Maienschein proposed to modify the motion to include the designation of Mr. Young as an alternate for the Taxicab Committee as well. Ms. Atkins accepted the proposed modification. Mr. Monroe seconded the motion, and the vote was 13 to 0 in favor.

Mr. Clabby nominated Mr. Rindone as Vice Chair and Mr. Emery as Chair Pro Tem. The vote was 11 to 0 in favor, with Mr. Rindone abstaining on the vote for Vice Chair and Mr. Emery abstaining on the vote for Chair Pro Tem.

Mr. Monroe asked if the two additional members added as voting members to the Executive Committee (Transportation Committee representative and the Vice Chair) should also be on the Audit Oversight Committee (AOC). He felt that including them on the AOC might cause quorum problems, and he didn't feel their input at AOC would be needed the same way it would be needed during Executive Committee closed sessions. Mr. Young stated that he was always uncomfortable with having the AOC consist of the same members as the Executive Committee and that excluding these two individuals from the AOC would address that concern. Chairman Mathis suggested that this be addressed as a separate issue at a later date.

Mr. Emery moved to approve the modified slate. Mr. Monroe seconded the motion, and the vote for the slate was as follows with Mr. Young objecting to the composition of the Audit Oversight Committee:

Accessible Services Advisory Committee

Thomas Clabby, Chairman: 12 to 0 in favor, with Mr. Clabby abstaining.

Ad Hoc Railroad Subcommittee

Bob Emery, Chairman: 12 to 0 in favor, with Mr. Emery abstaining.
Harry Mathis, Vice Chair: 12 to 0 in favor, with Mr. Mathis abstaining.
Thomas Clabby, Committee Member: 12 to 0 in favor, with Mr. Clabby abstaining.
Jerry Rindone, Committee Member: 12 to 0 in favor, with Mr. Rindone abstaining.

Budget Development Committee

Jerry Rindone, Chairman: 12 to 0 in favor, with Mr. Rindone abstaining.
Harry Mathis, Vice Chairman: 12 to 0 in favor, with Mr. Mathis abstaining.
Thomas Clabby, Committee Member: 12 to 0 in favor, with Mr. Clabby abstaining.
Ron Roberts, Committee Member: 12 to 0 in favor, with Mr. Roberts abstaining.
Tony Young, Committee Member: 12 to 0 in favor, with Mr. Young abstaining.

Executive Committee

Harry Mathis, Chairman: 12 to 0 in favor, with Mr. Mathis abstaining.
Toni Atkins, Committee Member/Tony Young, Alternate: 11 to 0 in favor, with Ms. Atkins and Mr. Young abstaining.
Ernie Ewin, Committee Member/Tom Clabby, Alternate: 11 to 0 in favor, with Mr. Ewin and Mr. Clabby abstaining.
Phil Monroe, Committee Member/Fred McLean, Alternate: 11 to 0 in favor, with Mr. Monroe and Mr. McLean abstaining.
Ron Roberts, Committee Member/Greg Cox, Alternate: 12 to 0 in favor, with Mr. Roberts abstaining.
Bob Emery, E/C Representative on SANDAG Transportation Committee (Voting Member): 12 to 0 in favor, with Mr. Emery abstaining.
Jerry Rindone, Vice Chair Representative: 12 to 0, with Mr. Rindone abstaining.

Joint Committee on Regional Transit (JCRT)

Bob Emery, Committee Member: 12 to 0 in favor, with Mr. Emery abstaining.
Harry Mathis, Committee Member: 12 to 0 in favor, with Mr. Mathis abstaining.
Ernie Ewin, Committee Member: 12 to 0 in favor, with Mr. Ewin abstaining.
Alternates:
Thomas Clabby, Committee Member: 12 to 0 in favor, with Mr. Clabby abstaining.
Brian Maienschein, Committee Member: 12 to 0 in favor, with Mr. Maienschein abstaining.

Los Angeles-San Diego Rail Corridor Agency (LOSSAN)

Jerry Rindone, Committee Member: 12 to 0 in favor, with Mr. Rindone abstaining.
Alternate: Harry Mathis, Committee Member: 12 to 0 in favor, with Mr. Mathis abstaining.

SANDAG Board

Harry Mathis, Advisory Member: 12 to 0 in favor, with Mr. Mathis abstaining.
Alternate: Jerry Rindone, Advisory Member: 12 to 0 in favor, with Mr. Rindone abstaining.
Second Alternate: Bob Emery, Advisory Member: 12 to 0 in favor, with Mr. Emery abstaining.

SANDAG Regional Planning Committee

Harry Mathis, Committee Member: 12 to 0 in favor, with Mr. Mathis abstaining.
Alternate: Bob Emery, Committee Member: 12 to 0 in favor, with Mr. Emery abstaining.

Taxicab Committee

Brian Maienschein, Chairman: 12 to 0 in favor, with Mr. Maienschein abstaining.
Tony Young, Alternate: 12 to 0 in favor, with Mr. Young abstaining.

Mr. Rindone requested that staff bring back to the Board a complete list of committee assignments. Ms. Lorenzen stated that she would also bring back Policy 22 with the changes recommended by the Board incorporated into the policy.

NOTICED PUBLIC HEARINGS

There were no noticed public hearings.

DISCUSSION ITEMS (continued)

31. MTS: Bus Procurement (SANDAG CIP 10415; MTS CIP 11181, 11238, 11239)

Mr. Jablonski explained that this bus procurement is the culmination of one year of work and is a novel approach for MTS. He stated that instead of preparing specifications and going out to bid each time a bus purchase is needed, the recommended contract is a multiyear contract for a minimum and maximum number of buses. He thanked Mr. Paul Kaufman, a SANDAG consultant who assisted with the project, and SDTC staff members Tom DeLuca and Mike Ceragioli.

Mr. Cliff Telfer, MTS Chief Financial Officer, reviewed the basic terms of the contract, the evaluation criteria used, and benefits of this approach. He reported that Super Loop buses were included in the contract. He reported on the responses to the Request for Proposals and reviewed the terms of the agreement with New Flyer for this contract. He stated that MTS will realize a savings of \$937,000 for the first-year purchase of 40-foot buses. He then discussed the gasoline-hybrid-electric buses that are included in the contract, reviewed the lower emissions of these buses, and reported that they are also quieter. He stated that if these buses are assigned to the East County Bus Maintenance Facility, MTS will be able to save the expense of installing a compressed natural gas fueling station at this site.

In response to a question from Mr. Monroe, Mr. Telfer reported that there are no buses in this contract for I-15 Bus Rapid Transit. Mr. Jablonski stated that the operating plan for this service has not yet been developed, and service will not be implemented until 2012. He stated that the type of buses that will be used for this service has not yet been determined and added that over-the-road coaches, articulated buses, and double-decker buses have all been discussed. Mr. Jablonski also reported that the funding for these buses will be provided by TransNet II.

Mr. Emery supported this contract saying that this new concept gives MTS control over long-term purchases and provides the flexibility to shift vehicle types.

Action Taken

Mr. Emery moved to (1) authorize the CEO to execute a contract (MTS Doc. No. G1101.0-07 in substantially the same format as Attachment A of the agenda item) with New Flyer of America, Inc. for the purchase of 35-foot and 40-foot low-floor transit buses for a five-year period contingent upon the successful completion of the federally required preaward audit; and (2) authorize the CEO to purchase the initial order of up to fifty 40-foot buses and twelve 35-foot buses contingent upon the receipt of funding from the San Diego Association of Governments for Super Loop vehicle acquisitions. Any subsequent order placed by means of this contract will be subject to Board authorization on a case-by-case basis. Mr. McLean seconded the motion, and the vote was 11 to 0 in favor.

32. MTS: FY 2007 Final Budget Comparison (FIN 310)

Mr. Tom Lynch, MTS Controller reviewed year-end results for FY 2007, reporting that MTS ended the year with a surplus of \$7,467,000 and that the Contingency Reserve balance is now \$24,031,000. Mr. Lynch then reviewed the history of sales tax projections for the current budget year and reported that a further reduction of \$6.3 million for MTS is now being projected contingent upon sign-off by the County of San Diego. He stated that this represents 7 percent of MTS's overall operating budget and brings the total reduction from the initial FY 2008 projection for Transportation Development Act and TransNet revenue to \$14.4 million. Mr. Lynch advised the Board that, with the current surplus in this year's budget of \$3.5 million, this creates an additional shortfall for FY 2008 of \$2.8 million.

Mr. Jablonski reported that staff will be presenting a midyear budget adjustment to the Board in February. He stated that staff and the Budget Development Committee will begin the process of identifying measures that can be implemented to address the projected \$2.8 million shortfall. Mr. Jablonski stated that MTS also expects to lose FasTrak funding of approximately \$700,000 (\$500,000 in FY 2009) and funding for the Sorrento Valley Coaster Connection. Mr. Telfer cautioned that the sales tax projections mentioned above are for the first two quarters of the year only and projections have the potential to worsen. Mr. Rindone pointed out that all of these elements should be discussed with the Budget Development Committee and that staff should be prepared to present options. Mr. Rindone requested that staff keep the Board informed regarding these matters.

Action Taken

Mr. Rindone moved to (1) commit \$7,467,000 from FY 2007 operations to the Contingency Reserve and (2) commit \$4,643,000 related to prior years' subsidy revenue on capital projects to the Contingency Reserve. Mr. Emery seconded the motion, and the vote was 10 to 0 in favor.

33. MTS: SDTI Yard Fence Project – Contract Award (CIP 11210)

Mr. Bill Burke, SDTI Director of Security, reported that the funding for this project will come from a federal grant for yard hardening that the Department of Homeland Security approved in 2005 and for which an extension was just received. He reported that the protest period ends January 21, 2008.

Action Taken

Mr. Young moved to authorize the CEO to execute MTS Doc. No. G1161.0-08 (in substantially the same format as Attachment A of the agenda item) with Select Electric, Inc. for trolley hard security upgrades under the SDTI Yard Fence Project contingent upon expiration of the two-week protest period (without receiving any protests), which ends January 21, 2008. Mr. McLean seconded the motion, and the vote was 10 to 0 in favor.

REPORT ITEMS

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

Mr. Larry Marinesi, MTS Budget Manager, reviewed financial results for FY 2008 through November of 2007.

Action Taken

Mr. Monroe moved to receive the MTS Year-to-Date Operations Budget Status Report through November 2007. Mr. Rindone seconded the motion, and the vote was 11 to 0 in favor.

60. Chairman's Report

Chairman Mathis had nothing to report.

61. Audit Oversight Committee Chairman's Report

Chairman Ewin pointed out that the December 13, 2008, minutes outline the questions pertaining to MTS's Comprehensive Annual Financial Report that were asked by Ms. Atkins and answered by the outside auditors during the last Board meeting.

62. Chief Executive Officer's Report

Mr. Jablonski reported that he recently attended a one-day California Transit Association Executive Committee retreat.

He also reported that he sent a fax to the Board outlining the details of a fatality in Old Town involving a pedestrian and an Amtrak train. He provided the details for Mr. Roberts, who had not seen the fax. He stated that the train was traveling about 40 mph and that the pedestrian, who was walking in an eastward direction on the south-side sidewalk, failed to observe his surroundings, including the fully activated grade crossing warning device, and walked into the path of the northbound train. He added that the pedestrian had no identification.

In response to a question from Mr. Roberts, Mr. Jablonski reported that modifications to this station are still being discussed with the California Public Utilities Commission (CPUC). In response to a comment from Mr. Young, Mr. Jablonski reported that there was a fatality two weeks ago at a mid-city bus stop.

63. Board Member Communications

Marketing Event: Mr. Young recognized MTS's Marketing Department for the event they staged in his district recently. He stated that entertainment at the trolley station consisted of carolers, a choir, and bands. He stated that he received many calls from constituents saying that this was a nice touch to the holiday season. He thanked staff for their efforts and said that they did a good job.

64. Additional Public Comments on Items Not on the Agenda

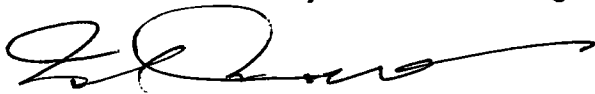
There were no additional public comments.

65. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, February 21, 2008, at 9:00 a.m. in the same location.

66. Adjournment

Chairman Mathis adjourned the meeting at 11:13 a.m.

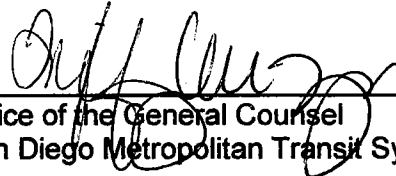


Chairperson
San Diego Metropolitan Transit System
Filed by:



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

Approved as to form:



Office of the General Counsel
San Diego Metropolitan Transit System

Attachment: A. Roll Call Sheet

[gail.williams/minutes](#)

METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL

MEETING OF (DATE): 1/17/08

CALL TO ORDER (TIME): 9:00 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:08 a.m.

RECONVENE: 9:58 a.m.

ORDINANCES ADOPTED: _____

ADJOURN: 11:13 a.m.

BOARD MEMBER (Alternate)				PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS	☒	(Hueso)	☐	9:20 a.m. during AI 24	10:40 a.m. after AI 4
CLABBY	☒	(Selby)	☐		
EMERY	☒	(Cafagna)	☐		
EWIN	☒	(Allan)	☐		
FAULCONER	☒	(Hueso)	☐		10:20 a.m. during AI 30
LEWIS	☒	(Hanson-Cox)	☐		
MAIENSCHIN	☒	(Hueso)	☐		
MATHIS	☒	(Vacant)	☐		
MCLEAN	☒	(Janney)	☐		
MONROE	☒	(Downey)	☐		
RINDONE	☒	(McCann)	☐		
ROBERTS	☒	(Cox)	☐		
RYAN	☐	(B. Jones)	☒		
YOUNG	☒	(Hueso)	☐	9:18 a.m. during AI 24	
ZARATE	☐	(Parra)	☐		☒

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

Gail Williams
[Signature]



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

Agenda

Item No. 6

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

SDAE 710 (PC 50771)

February 21, 2008

SUBJECT:

MTS: SAN DIEGO AND ARIZONA EASTERN (SD&AE) RAILWAY COMPANY
QUARTERLY REPORTS AND RATIFICATION OF ACTIONS TAKEN BY THE SD&AE
RAILWAY COMPANY BOARD OF DIRECTORS AT ITS JANUARY 22, 2008, MEETING

RECOMMENDATION:

That the Board of Directors:

1. receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports (Attachment A); and
2. ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on January 22, 2008.

Budget Impact

None.

DISCUSSION:

Quarterly Reports

Pursuant to the Agreement for Operation of Freight Rail Services, SD&IV, Museum, and Carrizo have provided the attached quarterly reports of their operations during the fourth quarter of calendar year 2007 (Attachment A).

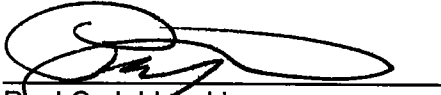


Metropolitan Transit System (MTS) is a California public agency and is comprised of San Diego Transit Corporation and San Diego Trolley, Inc. nonprofit public benefit corporations, in cooperation with Chula Vista Transit and National City Transit. MTS is the taxicab administrator for eight cities and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

SD&AE Property Matters

Under its adopted policy for dealing with the SD&AE Railway, the MTS Board of Directors must review all property matters acted on by the SD&AE Board. At its meeting of January 22, 2008, the SD&AE Board approved:

- S200-08-345: Right of entry permit to Ninyo and Moore for soils investigations at the San Ysidro Yard in connection with the Yard Expansion Project.
- SD&AE: CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to California Government Code section 54956.8
Property: 1100 El Cajon Boulevard, El Cajon, California
Agency Negotiators: Tiffany Lorenzen and Tim Allison
Negotiating Parties: The Oshana Family
Under Negotiation: Price and Terms of Payment
Action Taken: The SD&AE Board received a report and gave direction to agency negotiators.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tiffany Lorenzen, 619.557.4512, tiffany.lorenzen@sdmts.com

FEB21-08.6.SDAE RPTS.TLOREN.doc

Attachment: A. Operators' Quarterly Reports



AGENDA

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

SDAE 710.1
(PC 50771)

January 22, 2008

9:00 a.m.

Executive Committee Room
James R. Mills Building
1255 Imperial Avenue, 10th Floor

San Diego & Arizona Eastern
Railway Company

A Nevada Nonprofit
Corporation

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

BOARD OF DIRECTORS
Ray Stephens, Chairman
Peter Jespersen
Paul Jablonski

OFFICERS
Paul Jablonski, President
Ray Stephens, Secretary
Alejandro De La Torre,
Treasurer

OF COUNSEL
Tiffany Lorenzen

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 prior to the meeting and are to be returned at the end of the meeting.

RECOMMENDED ACTION

1. Approval of the Minutes of November 6, 2007
Action would approve the SD&AE Railway Company minutes of November 6, 2007. Approve
2. Statement of Railway Finances (Linda Musengo)
Action would receive a report for information. Receive
3. Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Matt Domen)
Action would receive a report for information. Receive
4. Report on Pacific Southwest Railway Museum (Jim Lundquist)
Action would receive a report for information. Receive
5. Report on the Desert Line (Byron Wear)
Action would receive a report for information and updates on: (1) the bridge inspection conducted by Osmose; (2) property tax payments to San Diego and Imperial Valley Railroad; (3) outstanding invoices to Burlington Northern Santa Fe Railway; (4) internal and Federal Railroad Administration incident reports; and (5) the 2007 fourth quarter MTS revenue payment. Receive
6. Real Property Matters (Tim Allison)
 - a. Summary of SD&AE Documents Issued Since November 6, 2007
Action would receive a report for information. Receive

- | | |
|---|------------------------|
| <p>b. MTS: CLOSED SESSION - CONFERENCE
 WITH REAL PROPERTY NEGOTIATORS
 Pursuant to California Government Code section
 54956.8
 <u>Property:</u> 1100 El Cajon Boulevard, El Cajon,
 California
 <u>Agency Negotiators:</u> Tiffany Lorenzen and
 Tim Allison
 <u>Negotiating Parties:</u> The Oshana Family
 <u>Under Negotiation:</u> Price and Terms of Payment</p> | <p>Possible Action</p> |
| <p>7. <u>Agreement for Operation of Passenger Excursion
 Services and for Custody and Control of a Portion of
 SD&AE Right-of-Way as Between SD&AE Railway
 Company and the Pacific Railway Museum (PSRM)</u>
 Action would: (1) direct PSRM to provide a three-year
 summary of revenue and expenses to the Board for
 review and consideration of the operating fee to be
 charged to PSRM; (2) provide comments on the draft
 contract (attached to the agenda item); and (3) authorize
 an additional temporary extension of the existing
 contract until the next SD&AE meeting.</p> | <p>Approve</p> |
| <p>8. Old Business</p> | |
| <p>9. New Business</p> | |
| <p>10. Public Comments</p> | |
| <p>11. Next Meeting Date: April 22, 2008</p> | |
| <p>12. Adjournment</p> | |

JGardetto/
A-SDAE-JAN22-08..doc

Agenda

Item No. 2

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

SDAE 710.1 (PC 50771)

January 22, 2008

SUBJECT:

STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

That the SD&AE Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

An update will be given during the meeting.

2-RAILWYFINANCES.doc

Attachments: FY 08 Operating Statement

SD&AE operating statement FY2008

	Q1	Q2	YTD
Revenue			
Right of entry permits	\$ 5,000	\$ 8,650	\$ 13,650
Lease income	5,047	8,568	13,615
Interest income	-	-	-
Other income	570	44,416	44,986
	<u>10,617</u>	<u>61,634</u>	<u>72,251</u>
Expense			
Admin wages	16,636	15,753	32,389
Workers' compensation	1,005	1,005	2,010
Professional services	3,898	10,631	14,529
Outside services	1,250	-	1,250
Telephone	145	-	145
Insurance premium	10,533	10,373	20,906
Other miscellaneous expense	543	845	1,388
Depreciation	-	-	-
	<u>34,010</u>	<u>38,607</u>	<u>72,617</u>
Net loss	<u>\$ (23,393)</u>	<u>\$ 23,027</u>	<u>\$ (366)</u>

Reserve balance 2007	\$ 448,354
Allocated interest earnings - estimated	1,190
Operating loss	(366)
Improvement expense 2008	-
Reserve balance 2008 - estimated	\$ 449,178

Other income includes 1% freight fee from SD&IV (annual), payments from Carrizo Gorge, and proceeds from the sale of scrap materials

Professional services consist primarily of charges from Bureau Veritas for services related to right of entry permits.

Agenda

Item No. 3

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

SDAE 710.1 (PC 50771)

January 22, 2008

SUBJECT:

REPORT ON SAN DIEGO AND IMPERIAL VALLEY (SD&IV) RAILROAD OPERATIONS

RECOMMENDATION:

That the SD&AE Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

An oral report will be given during the meeting.

Attachment: Periodic Report for the 4th Quarter of 2007



January 22, 2008

SD&AE Board
C/O MTS
1255 Imperial Avenue, Suite 1000
San Diego, California 92101

Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company; activities of interest for the 4th Quarter of 2007 are listed as follows:

1. Labor

At the end of December 31, 2007 the San Diego & Imperial Railroad had 13 employees:

- 1 General Manager
- 1 Trainmaster
- 1 Manager - Marketing & Sales
- 1 Office Manager
- 1 Mechanical Employee
- 2 Maintenance of Way Employees
- 6 Transportation Specialists

2. Marketing

In the 4th Quarter of 2007 versus 2006, US lumber and paper carloads declined. Mexican traffic remained steady, with a slight increase in LPG and grain.

3. Reportable Injuries/Environmental

Through year to date, December 31, 2007, there were no FRA Reportable injuries on the SDIY Railroad.

Days FRA Injury Free: 3149

Days FRA Incident Free: 3129

4. Summary of Freight

	2007	2006	2005
Total rail carloads that moved by SDIY Rail Service in the quarter.	1,800	1,908	2,156
Total railroad carloads Terminating/Originating Mexico in the quarter.	1,461	1,509	1,533
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	339	399	623
Total customers directly served by SDIY in the quarter	12	12	12
Regional Truck trips that SDIY Railroad Service replaced in the quarter	11,800	12,593	14,230

Respectfully,

Pete Jespersen

General Manager

Agenda

Item No. 4

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

SDAE 710.1 (PC 50771)

January 22, 2008

SUBJECT:

REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM

RECOMMENDATION:

That the SD&AE Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Fourth Quarter Report for 2007

Pacific Southwest Railway Museum

4695 Nebo Drive
La Mesa, CA 91941-5259

January 7, 2008

SD&AE Board
C/O MTS
1255 Imperial Av. #1000
San Diego, CA 92101

FOURTH QUARTER REPORT FOR 2007

There are several proposals which await action for the past several years from the SD&AE Board. A response by the SD&AE Board as to interest and direction to us and SD&AE staff is requested.

A. A property trade between PSRM and the SD&AE, whereby PSRM gives an easement on the access road to the Campo depot to SD&AE and the SD&AE gives the Campo Depot parking lot, structures and property 10 feet away from the existing tracks to existing museum Campo Junction switch to the Museum. This trade allows the SD&AE highway access to their property at Campo, and, brings the historic Campo Depot and Section House into the ownership of the railroad museum, thereby saving this historic area for future generations.

B. CZRy and PSRM have jointly requested the operation of a train and motorcar event over the SD&AE from Campo towards Plaster City and return sometime in the spring. Details of the event have been passed along via email to the SD&AE years ago. We understood that consideration of this event was awaiting the inspection of the SD&AE by an outside company, which has now been accomplished. We would hope that the SD&AE approves this joint cooperative effort.

A California Non-Profit, Public Benefit Corporation, IRS Tax # 95-2374478

Owners and operators of the Campo Railroad Museum,
San Diego & Arizona Railway and the La Mesa Depot Museum

C. The installation a brick platform. This effort requires a cooperative effort between the Museum and CZRy as we need to install new ties and rail on the house track in front of the depot, and new ties on the main, with a slight regrading of the tracks to fall away from the depot. The current condition of the ties and the rail on the house track remains critical.

D. We have had a multiyear request for extension of our passenger trains east towards HiPass, Jacumba and Carriso Gorge. We would appreciate direction from the SD&A Board on how we can accomplish this goal.

E. Last year we operated a year-end special train for our volunteers to HiPass. May we repeat that trip on Saturday, February 2nd, perhaps this time to Jacumba?

F. The issue of dead storage of surplus railway equipment at the Campo Depot has been discussed between CZRy and PSRM, and should be addressed by the SD&AE Board. Not only does this stored equipment get in the way of both operators at the depot, it also prohibits the views of the Campo valley from the depot, a MAJOR benefit to our visitors and a MAJOR purpose of saving the historic site. The ability to relive a historic site surrounded by open spaces and Camp Lockett buildings is compromised when equipment is dead stored at Campo. Another location should be made available for this stored equipment. We understand that the Museum provides a fenced yard with security people overseeing the site, but, that is to benefit our equipment and facilities, not someone else's.

Here are the highlights for this quarter and year:

1. Using all volunteer crews, in the fourth quarter, we ran 31 passenger trains carrying 4,160 passengers with no FRA reportable accidents or incidents. Our check for the 4th quarter 2007 revenue is being sent under separate cover.

2. For the 2007 year, our volunteers operated 150 trains covering 1,900 miles and carried 14,091 passengers with no FRA reportable accidents or incidents.

3. Our Tecate trains remain popular, although the new requirements for US Customs of a birth certificate and then the requirement for a passport which goes in effect in the summer could impact these train sales.

4. We sold out our eight North Pole Limited trains and all these trains ran without any incidents. Our goal is to put additional coaches into service for next year's trains.

SD&AE

January 7, 2008

5. As reported last quarter, an automatic gate opening and closing machine for the private property connecting Forrest Gate Road to the Campo Depot has been ordered. Installation will take place over the next few months. Our request for donations from CZRy and MTS to match private donations is still pending.

6. Progress was made on the new public bathrooms with the slab poured.

7. There was some discussion of professional dispatching services on the SD&AE which did not progress past the discussion stages.

Sincerely,

Jim Lundquist

President, Pacific Southwest Railway Museum

Agenda

Item No. 5

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

SDAE 710.1 (PC 50771)

January 22, 2008

SUBJECT:

REPORT ON THE DESERT LINE

RECOMMENDATION:

That the SD&AE Board of Directors receive a report for information and updates on:

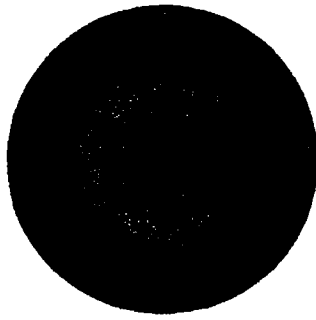
1. the bridge inspection conducted by Osmose;
2. property tax payments to San Diego and Imperial Valley Railroad;
3. outstanding invoices to Burlington Northern Santa Fe Railway;
5. internal and Federal Railroad Administration incident reports; and
6. the 2007 fourth quarter MTS revenue payment.

Budget Impact

None.

5-DESERTLINE.doc

Attachment: 4th Quarter Report for 2007



Periodic Report

to the San Diego & Arizona Eastern Railway Company

4th Quarter 2007

Carrizo Gorge Railway, Inc.
2295 Fletcher Parkway #101
El Cajon, CA 92020
(619) 938-1943

© 2008
Carrizo Gorge Railway, Inc.

The Periodic Report to the SD&AE Railway Company
is produced quarterly by the *Carrizo Gorge Railway*
for the *SD&AE* Board, in fulfillment of contractual requirements
and to document activity in the restoration of the line to regional service
along with its ongoing improvement for future generations.

© 2008 Carrizo Gorge Railway, Inc.

CONTENTS

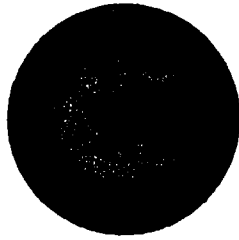
4th QUARTER 2007 ACTIVITIES

Periodic Report

Appendix A MOW Summary

Appendix B Desert Line Track Rehabilitation Offset Financial Summary

Appendix C Desert Line Freight Revenues Financial Summary



CARRIZO GORGE RAILWAY, INC.

2295 Fletcher Parkway, Suite No. 101, El Cajon, CA 92020

Phone (619) 938-1943

Fax (619) 561-4367

January 11, 2008

**Board of Directors, Metropolitan Transit System
Board of Directors, San Diego & Arizona Eastern Railway
1255 Imperial Avenue 10th floor
San Diego, CA 92101**

Pursuant to our reporting agreement, the Summary of the 4th Quarter Activity for 2007 is provided for your review and approval.

PERIODIC REPORT

1. Labor

As of December 31, 2007, the *Carrizo Gorge Railway* had 19 employees to cover overall administration and operation in the U.S. on the Desert Line.

- 3 Administration (covers U.S.A. and Mexico)
- 1 Marketing
- 2 Revenue Freight Administrators
- 6 Maintenance-of-Way
- 1 Mechanical
- 3 Train Service
- 3 Railroad Police

2. Marketing

The Carrizo Gorge Railway marketing team continues to seek new business as the Tijuana and Tecate industrial base continues to expand. Revenue Freight Volumes for the 4th Quarter of 2007 over the Desert Line increased by 28% over revenue freight volumes for the 4th Quarter of 2006. We anticipate steady customer activity in plastic, sugar, lumber, rice and other commodities with significant increases projected for 2008.

3. Mexican Railroad

Carrizo Gorge Railway is the rail freight operator for the State of Baja California, México and interchanges railcars with the San Diego & Imperial Valley Railroad (SD&IV) at San Ysidro. There are 25 personnel dedicated to freight service south of the border:

- 1 Manager
- 1 Trainmaster
- 2 Agents
- 6 Train Service Employees
- 1 Carman
- 1 General Track Engineer
- 13 Maintenance-of-Way Employees

4. Desert Line

Carrizo Gorge Railway is the rail freight operator on the Desert Line by contractual agreement with RailAmerica / SD&IV and with the approval of SD&AE / MTDB.

The MOW crews have continued their preparation of the railroad for winter and are now shifting their focus to bridge work. Bridge Repairs on the Desert line will begin on January 15, 2008 with the Bridge at MP 67, just East of Campo.

5. Reportable Injuries / Environmental Incidents

There were no reportable injuries during the 4th Quarter of 2007.

There was one reportable accident in the 4th Quarter of 2007.

There were no environmental incidents during the 4th Quarter of 2007.

6. Freight Activity

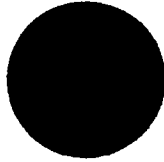
From October 1, 2007 to December 31, 2007

MOW Sand carloads moved on the Desert Line	0
Revenue Sand carloads moved on the Desert Line	0
Revenue Freight carloads moved to/from Seeley via Interchange with <i>UPRR</i>, on the Desert Line	96
Revenue Freight carloads terminating / originating in México to/from San Ysidro via interchange with <i>SD&IV</i> Railroad	1418
Total Overall 4th Quarter 2007 Freight Carloads Moved:	1514

Respectfully,

**Christian J. Woodward
Vice President
Operations/Transportation
Carrizo Gorge Railway, Inc.**

**Byron Wear
Vice President
Business Development & Strategic Planning
Carrizo Gorge Railway, Inc.**



**Appendix A
M.O.W
Desert Line
4th Quarter 2007**

Supplies used for Desert Line of the San Diego & Arizona Eastern Railway by Carrizo Gorge Railway, Inc.

Quantity	Item
1	75 lb rail
4	90 lb rail
25	Tie Plates
175	New Track Spikes
220	Used Track Spikes
	Buckets of Grease for Lubing
3	Rail
5	Angles Bars
	2 90 lb
	2 75 lb
	1 110 lb
325	Ties
2 1/2	Bundles of Tie Plugs
15	Small Washers
5	Large Washers
13	Bolts
	3 75 lb rail
	8 90 lb rail
	2 113 lb rail
2	Gauge Rods (28 lbs ea.)
5	Rail Anchors

.Appendix B
OFFSET FINANCIAL SUMMARY

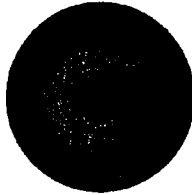


DESERT LINE REHABILITATION

October, November & December 2007

**There was no production or commercial sale of sand from M.O.W. activity on the Desert Line
during 4th Quarter 2007**

Appendix C
FINANCIAL SUMMARY



DESERT LINE FREIGHT REVENUE

October, November & December 2007

REVENUE FREIGHT HAULED

Railcar loads from / to <i>UP</i> Interchange, Seeley	96
---	----

TRACK USE FEES

Interchange freight to / from *UPRR* over Desert Line

<i>SD&AE</i> / <i>MTS</i> 1% payment	\$246.00
--	----------

<i>SD&IV</i> / <i>RailAmerica</i> 6.9% and diversion payment	\$10,497.40
--	-------------

Agenda

Item No. 6a

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

SDAE 710.1 (PC 50771)

January 22, 2008

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE NOVEMBER 6, 2007

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

Since the November 6, 2007, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- **S200-08-345**: Right of entry permit to Ninyo and Moore for soils investigations at the San Ysidro Yard in connection with the Yard Expansion Project.



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

CIP 11166

February 21, 2008

SUBJECT:

MTS: CCTV SURVEILLANCE EQUIPMENT PROJECT - CONTRACT AWARD

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute a contract (MTS Doc. No. G1157.0-08, in substantially the same format as Attachment A) with Electro Specialty Systems, Inc. for the procurement and installation of closed-circuit television (CCTV) surveillance equipment at the San Diego Trolley, Inc. (SDTI) Maintenance Yard.

Budget Impact

Not to exceed \$183,324.52. The funding for the CCTV Surveillance Equipment Project is allocated under a Transportation Safety Administration Grant, MTS Fiscal Year 2008 Capital Improvement Program (CIP) No. 11166-0800 for an amount of \$295,000.00.

DISCUSSION:

Background

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

The U. S. Department of Homeland Security has provided SDTI with funding to improve yard and facilities security. One component of that overall security improvement project is the installation of a closed-circuit television (CCTV) system to monitor the entrances



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

and exits of the facilities and the SDTI property line. The CCTV system has 13 fixed, 11 remote control, and 2 high-resolution cameras strategically located throughout the entire yard and all facilities. All cameras are centrally monitored at SDTI's Operation Control Center.

An Invitation for Bids (IFB) (MTS Doc. No. G1157.0-08) was issued on January 4, 2008, to 44 interested parties for the CCTV Surveillance Equipment Project. On January 30, 2008, three bids were received in response to the IFB (see Attachment B – Bid Summary). The project was advertised for maximum exposure and competition. Electro Specialty Systems, Inc. was the lowest responsive, responsible bidder. Therefore, staff recommends award of the contract to Electro Specialty Systems, Inc.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Russ Desai, 619.595.4908, Rushikesh.Desai@sdti.sdmts.com
Marco Yniguez, 619.238.6494, marco.yniguez@sdmts.com

FEB21-08.7.CCTV PROJ CONTRACT AWARD.MYNIGUEZ.doc

Attachments: A. Draft MTS Doc. No. G1157.0-08
B. Bid Summary

DRAFT

Att. A, AI 7, 2/21/08

STANDARD PROCUREMENT AGREEMENT

MTS Doc. No. G1157.0-08
CONTRACT NUMBER
OPS 970.11, CIP 11166
FILE NUMBER(S)

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

Name: Electro Specialty Systems, Inc. Address: 9474 Chesapeake Drive, Suite 903
Form of Business: Corp San Diego, CA 92123
(Corporation, partnership, sole proprietor, etc.)
Telephone: 858.571.7746

Authorized person to sign contracts: Daniel Brault Owner
Name Title

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

Provide and install closed-circuit television (CCTV) surveillance equipment at the San Diego Trolley Yard, including testing and commissioning the system as stipulated in MTS's Invitation for Bids (IFB) for CCTV Surveillance Equipment Project, MTS Doc. No. G1157.0-08; including Addendum Nos. 1, 2, and 3; and in accordance with the Standard Procurement Agreement, including the Standard Conditions Procurement, TSA Requirements, MTS Safety Department Standard Operating Procedures (SOP) (SAF 16-03), and Electro Specialty System's bid dated January 30, 2008. If there are inconsistencies between the IFB, Addenda, Standard Procurement Agreement and/or the Standard Conditions Procurement, Federal Requirements, or the TSA Requirements, the following order of precedence will govern the interpretation of this contract:

1. MTS's CCTV Surveillance Equipment Project, IFB, Addendum Nos. 1, 2, and 3, Electro Specialty System's Bid Proposal dated January 30, 2008, and MTS Safety Department's SOP (SAF 16-03).
2. Standard Procurement Agreement (including the Standard Conditions Procurement) and TSA Requirements.

This contract shall remain in effect until completion of the project. Total contract expenditure shall not exceed \$183,324.52. Price includes all materials, labor, and sales tax. Payment terms shall be net 30 days from invoice approval date.

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 \$ 183,324.52	BUDGET ITEM 11166-0800	FISCAL YEAR 08

By: _____
Chief Financial Officer

(___ total pages, each bearing contract number)

Date
FEB21-08.7.AttA.ELECTRO SPEC G1157.0-08.MYNIGUEZ.DOC
2/11/08

Att. B, AI 7, 2/21/08

CCTV SURVEILLANCE EQUIPMENT PROJECT

IFB

MTS DOC. NO. G1157.0-08

TOTALS:		AUTOMATED SWITCH & CONTROL 6621 Calle Eva Miranda Irwindale, CA 91702	*ELECTRO SPECIALTY SYSTEMS 9474 Chesapeake Dr., Ste. 903 San Diego, CA 92123	COM-SEC INCORPORATED 2575 Fortuna Way Suite C Vista, CA 92081
CONTRACT AWARD TOTAL:		\$ 356,672.22	\$ 142,296.54	\$ 167,526.34
CA SALES TAX 7.75%:	7.75%	\$ 27,642.10	\$ 11,027.98	\$ 12,983.29
INSTALLATION, TESTING & TRAINING:		\$ 180,708.92	\$ 30,000.00	\$ 50,080.43
GRAND TOTAL:		\$ 565,023.24	\$ 183,324.52	\$ 230,590.06

LOWEST RESPONSIVE, RESPONSIBLE BIDDER: * ELECTRO SPECIALTY SYSTEMS \$183,324.52



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

Agenda

Item No. 8

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

OPS 960.6

February 21, 2008

SUBJECT:

SDTC: DISSOLUTION OF SAN DIEGO TRANSIT LEASING CORPORATION

RECOMMENDATION:

That the Board of Directors approve Resolution No. 08-2 granting the Chief Executive Officer (CEO) the authority to wind up the affairs of San Diego Transit Leasing Corporation (SDLC).

Budget Impact

None.

DISCUSSION:

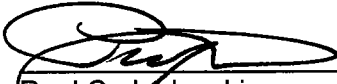
San Diego Transit Leasing Corporation (SDLC) was created as a nonprofit entity in 1969 for the sole purpose of transferring assets from the City of San Diego (City) to San Diego Transit Corporation (SDTC). The specific and primary purpose for which it was formed was to acquire and lease from the City real and personal property to be used in the operation of mass transit. It did incur indebtedness in connection with this purpose but has paid all debts owed since. The Board members of SDTC were elected to serve as the Board members of SDLC. In October of 2003, as part of Senate Bill 1703, MTS transitioned to one joint board of directors, and those currently serving as MTS Board members also became the Board of Directors for SDTC.

SDLC currently has no assets or debts and has fulfilled the purpose for which it was created. There has been no activity by the corporation since 1972 except for an occasional tax return. Staff is therefore recommending that SDLC be dissolved and that a final tax return be filed.



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

In September 2007, the Board approved a resolution for dissolution, and staff filed paperwork with the California Secretary of State. As part of that process, SDLC is required to approve the attached resolution giving Mr. Jablonski the authority to wind up the corporation on behalf of the Board of Directors.


Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tiffany Lorenzen, 619.557.4512, tiffany.lorenzen@sdmts.com

JAN17-08.8.DISSOLUTION SDT LEASING CORP.TLOREN.doc

Attachment: A. Resolution No. 08-2

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 08-2

Resolution Indicating that the Chief Executive Officer (CEO) has the Authority
to Wind Up and Dissolve San Diego Transit Leasing Corporation

WHEREAS, San Diego Transit Leasing Corporation (SDLC) was created for the transfer of assets from the City of San Diego (City) to San Diego Transit Corporation (SDTC);

WHEREAS, the purpose for which SDLC was created has been completed and the assets (if any) have been transferred from the City to SDTC;

WHEREAS, members of the SDTC Board of Directors were elected as the members of SDLC in June 1967;

WHEREAS, the Board members of the San Diego Metropolitan Transit System (MTS) became the Board of Directors for SDTC in October 2003;

WHEREAS, SDTC has determined it is in the best interest of SDLC and its members that the corporation be wound up and dissolved;

WHEREAS, the officers and directors of SDTC are authorized and directed to take appropriate measures to wind up and dissolve this corporation;

WHEREAS, the written consent of the members of this corporation necessary for adoption of the plan of complete liquidation described in these resolutions and for the election to wind up and dissolve the corporation of the corporation is hereby given to the CEO of the Board of Directors, who is authorized and directed to take such other measures as are necessary or appropriate to wind up and dissolve SDLC;

WHEREAS, the CEO of the Board of Directors will sign a certificate to the California Attorney General on behalf of the Board of Directors;

NOW THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that SDTC approves the dissolution of San Diego Transit Leasing Corporation and grants the CEO the power to take all necessary and proper steps to effect the same.

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

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
San Diego Transit Corporation

Filed by:

Approved as to form:

Clerk of the Board
San Diego Transit Corporation

Office of the General Counsel
San Diego Transit Corporation

FEB21-08.8.DISSOLUTION SDT LEASING CORP.AttA.TLOREN.doc



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

LEG 491 (PC 50633)

February 21, 2008

SUBJECT:

MTS: INCREASED AUTHORIZATION FOR LEGAL SERVICES

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to enter into contract amendments with the Law Offices of David C. Skyer (MTS Doc. No. G1108.2-07) for legal services (in substantially the same form as Attachment A) and ratify prior amendments entered into under the CEO's authority.

Budget Impact

Not to exceed \$55,000 for the Law Offices of David C. Skyer. Recommended amounts are contained within the FY 2008 budget.

DISCUSSION:

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

Pursuant to Board Policy No. 52 (Procurement of Goods and Services), the CEO may enter into contracts with service providers for up to \$100,000. The Board must approve all agreements in excess of \$100,000. Mr. Skyer has multiple cases that are or have proceeded to trial, and the total cost of their legal services will exceed the CEO's authority.



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.

Law Offices of David C. Skyer are currently under contract with the Agencies for \$100,000. Attorney David Skyer has successfully defended the Agencies in a number of tort liability cases. Pending invoices for recent and current services are anticipated to exceed current contract authority due to legal defense costs.

The CEO has approved contracts up to the \$100,000 authority level. Staff is requesting Board approval of MTS Doc. No. G1108.2-07 with the Law Offices of David C. Skyer for legal services and ratification of prior contracts/amendments entered into under the CEO's authority.



Raul C. Jablonski
Chief Executive Officer

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

FEB21-08.LEGAL SVCS.JDOW.doc

Attachment: A. MTS Doc. No. G1108.2-07

DRAFT

Att. A, AI 9, 2/21/08

February 21, 2008

MTS Doc. No. G1108.2-07
LEG 491 (PC 50633)

Mr. David Skyer
Law Offices of David C. Skyer
401 West A Street, Suite 1740
San Diego, CA 92101-7994

Dear Mr. Skyer:

Subject: AMENDMENT NO. 2 TO MTS DOC. NO. G1108.0-07: LEGAL SERVICES – GENERAL
LIABILITY

This letter will serve as Amendment No. 2 to MTS Doc. No. G1108.0-07. This contract amendment authorizes additional costs not to exceed \$55,000 for professional services. The total value of this contract, including this amendment, is \$155,000. Additional authorization is contingent upon MTS approval.

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

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

David Skyer
Law Offices of David C. Skyer

FEB21-08.9.AttA.LEGAL SVCS.JDOW.doc

Date: _____



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

Agenda

Item No. 10

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

FIN 300 (PC 50601)

February 21, 2008

SUBJECT:

MTS: INVESTMENT REPORT

RECOMMENDATION:

Action would receive a report for information.

Budget Impact

None.

DISCUSSION:

Attachment A is a report of MTS investments as of December 2007. The report is broken into two columns; the first column relates to investments restricted for capital support or debt service, and the second column is the unrestricted portion. As the schedule shows, the overwhelming bulk of investments are restricted primarily for debt service related to payments on the 1989/1990 and 1995 lease and leaseback transactions. The second column (unrestricted assets) provides the working capital for MTS operations for employee payroll and for vendors' goods and services.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tom Lynch, 619.557.4538, tom.lynch@sdmts.com

FEB21-08.10.DEC INVESTMT RPT.LMUSENGO.doc

Attachment: A. MTS Investment Report as of December 2007



**San Diego Metropolitan Transit System
Investment Report
12/31/2007**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Avg. Rate of Return</u>
<u>Cash and Cash Equivalents</u>	\$ 8,565,855	22,600,114	2.99%
<u>Investments - Working Capital</u>	-	38,873,764	4.96%
<u>Cash - Restricted for Capital Support</u>	5,586,088	-	N/A
<u>Investments - Restricted for Debt Service</u>	119,592,208	-	N/A
Total Cash and Investments	\$ 133,744,151	\$ 61,473,878	

Controller: _____ Date: _____



San Diego, CA 92101-7490
619.231.1466, FAX 619.234.3407

Agenda

Item No. 11

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

LEG 491 (PC 50633)

February 21, 2008

SUBJECT:

MTS: EXCESS LIABILITY INSURANCE RENEWAL

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to ratify and confirm the placement of the liability insurance policy (limits of \$75 million less a \$2 million self-insurance retention) at an annual cost of approximately \$2,260,000, effective March 1, 2008, through March 1, 2009.

Budget Impact

The proposed premium, including taxes and fees, would be approximately \$2,260,000. The total premium for excess liability insurance coverage, including terrorism coverage and excess workers' compensation, represents a 0 percent decrease (\$0). The specific allocation among MTS, San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), and San Diego and Arizona Eastern (SD&AE) Railway Company would be based on the underwriting exposure. Costs associated with the excess insurance policies are allocated across two fiscal years. For fiscal year 2008, staff estimates that SDTI, SDTC, and MTS will be within budget. No budget adjustment is proposed at this time. Fiscal year 2009 budgets are being developed, and funds should be designated and included within them.

The approximate annual breakdown between agencies is noted within the table below.

COMBINED TOTAL EXCESS INSURANCE PREMIUMS					
Estimated Annual Budget Impact					
Agency	MTS	SD&AE	SDTC	SDTI	TOTAL
Excess Insurance Costs	\$325,440	\$45,200	\$901,740	\$989,880	\$2,262,260
	14.4%	2.0%	39.9%	43.8%	



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

DISCUSSION:

MTS, SDTC, SDTI, and SD&AE jointly purchase commercial insurance in order to finance large catastrophic awards for bodily injury and other damage claims. Existing policies will expire on March 1, 2008, with limits up to \$75 million, including \$2 million in self-insurance retention per general liability loss occurrence. MTS's insurance broker, John Burnham Insurance Services, has contacted interested insurance companies to obtain the best coverage for a tolerable premium. This report outlines the proposal for renewing MTS's liability insurance and staff's recommendations.

Current Program. MTS currently has excess liability coverage contained in five layers of insurance limits from various insurance companies. These layers provide for a total general liability limit of \$75 million. These policies contain coverage for war or warlike action, including specific forms of terrorism. The cost of these policies, including taxes and fees, is approximately \$2,243,370.

Proposed Program. The proposed liability program is anticipated to include five policy layers and would carry self-insurance retention of \$2 million for general liability and director/officer and employment practices liability. The self-insurance retention for workers' compensation was required to be lowered to \$1 million. Additional coverage to include terrorism is being proposed. This coverage would provide full limits up to \$75 million at an annual cost of approximately \$2,260,000. Terrorism coverage has become critical due to the potential of a catastrophic loss from the occurrence of one event. The need to obtain terrorism coverage rests with the importance of avoiding the broadly worded terrorism exclusion.

The total premium for excess liability insurance coverage, including terrorism coverage and excess workers' compensation, represents a 0 percent increase.

An underlying policy just for workers' compensation has been retained for the limits between \$1 million and \$2 million. This policy will offer the required policy outline form for which the layers above will follow in coverage format. The premium coverage cost for this policy is approximately \$224,000, which is due to reported payroll. This premium has been incorporated in the total recommended insurance cost request.

RENEWAL ISSUES

Underwriting Base. Some of the factors influencing the premium rates are payroll for excess workers' compensation and construction costs, car miles, and revenue miles. Calculated in for the policy period was a modest payroll adjustment, which is anticipated to have potential adjustments at audit. Overall annual passenger counts and revenue miles submitted were marginally changed.

Insurance Market. A favorable competitive market remains opened up due to a business tie split between insurance entities. The open competition between these companies allowed MTS to obtain favorable rates and still maintain the necessary connections within the industry to assure the level of service that MTS expects.



Paul C. Jablonski
Chief Executive Officer

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

FEB21-08.11.LIABILITY INS RENEWAL.JDOW.doc



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

Agenda

Item No. 25

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

SRTP 830

February 21, 2008

SUBJECT:

MTS: PUBLIC HEARING ON DISCONTINUANCE OF ROUTE 966 AND
RESTRUCTURE OF ROUTE 965

RECOMMENDATION:

That the Board of Directors:

1. conduct a public hearing on the recommended restructuring of Route 965 and discontinuation of Route 966; and
2. approve the changes for implementation in June 2008.

Budget Impact

If approved, implementation of the proposed service changes is expected to result in no net budget savings. Savings associated with the discontinuation of Route 966 would be reinvested in the community through Route 965 enhancements.

DISCUSSION:

MTS Policy No. 42 states that any service change affecting more than 25 percent of a route's weekly in-service miles or hours is considered a "major service change" and requires a properly noticed public hearing prior to Board action. The following proposal is recommended for public hearing.

Route 966 serves the community of North Park connecting the Altadena neighborhood with local and regional bus routes. Originally, the area was served



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by Route 965. Since it was the lower-performing segment of the route, the original recommendation of the 2005 Comprehensive Operational Analysis (COA) was to discontinue Route 965 service in the area; however, in response to community requests, Route 966 was created to backfill the area as a trial route with limited hours to attempt a more productive service.

Unfortunately, since its inception, Route 966 has been the lowest performing MTS fixed route. In the past year, without any service or schedule changes, productivity has dropped 20% to 25% and now only carries approximately five riders per revenue hour. The hours are too limited to be convenient enough for most people, but the demand in this low-density neighborhood is insufficient to warrant the cost of any additional service. Proximity to very frequent service on University Avenue and 30th Street also limits the potential ridership of Route 966 except for the few who are too far to walk to those other routes. As a result, MTS staff recommends discontinuing the trial in June 2008 after 21 months of service.

During the COA, Route 965 was reconfigured to serve several neighborhoods of City Heights that were previously served by deviations of regional routes, such as Route 13. Route 965 is currently a large one-way loop that uses one minibus to serve nine local neighborhoods and provide connections to three major regional routes on University and Fairmount Avenues. Ridership has been steady and is average with other minibus routes but is likely hindered from further growth by the one-way loop, which requires nearly all passengers to travel around an extensive distance in one direction of their trip. The current route configuration also delays passengers transferring to routes on University Avenue.

Given the potential for ridership increases on Route 965 with additional investment, MTS staff proposes to reallocate revenues from Route 966 to enhance Route 965. Specifically, a loop in the opposite direction would be added during peak hours, and the route would be slightly modified to speed connections to University Avenue routes.

Rider Alert flyers were placed on the affected bus routes to notify passengers of the proposals for Routes 965 and 966. The public has been invited to comment on these proposals at the public hearing or before (via telephone, e-mail, or U.S. mail). Comments received by MTS in advance will be provided to the MTS Board for consideration on the day of the public hearing.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Conan Cheung, 619.515.0933, conan.cheung@sdmnts.com

FEB21-08.25.PUBLIC HRG SVC CHGS.CCHEUNG.doc

Attachment: A. Rider Alert

RIDER ALERT

Post 2/6/08 – 2/21/08

PUBLIC HEARING FOR PROPOSED CHANGES TO MTS BUS SERVICES

THIS INFORMATION WILL BE MADE AVAILABLE IN ALTERNATIVE FORMATS UPON REQUEST. To request this notice in an alternative format, please call (619) 231-1466. The Metropolitan Transit System operators adhere to a nondiscrimination policy with regard to both services and facilities.

At a public hearing on February 21, 2008, the Metropolitan Transit System (MTS) Board of Directors will hear public input on the proposed discontinuation of Route 966 and DART (Rancho Bernardo and Scripps Ranch), and proposed modifications to Route 965.

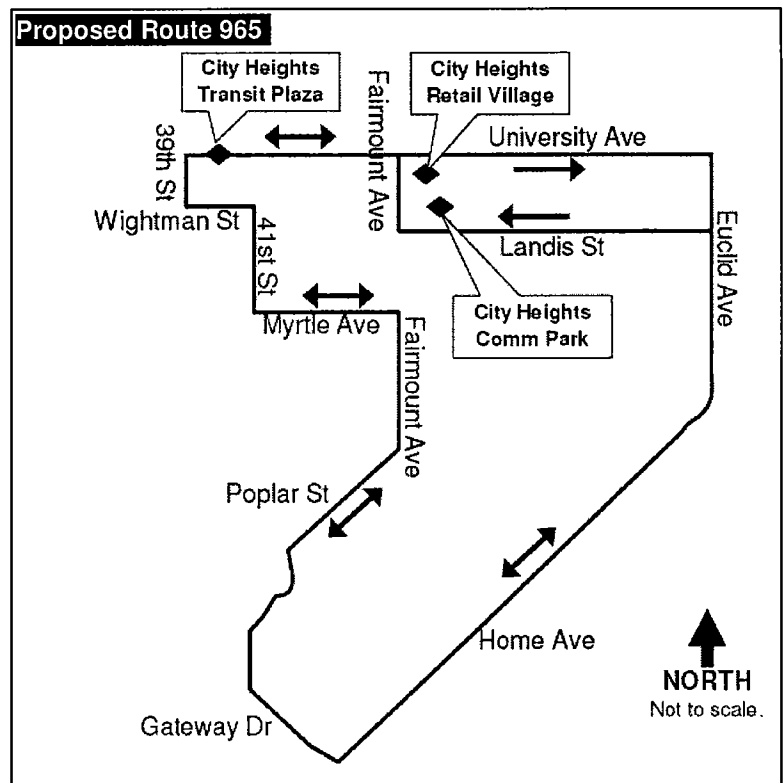
- **Routes 966** was implemented in Sept. 2006 on a trial basis to provide service to the Altadena area of North Park that was formerly part of Route 965. Ridership and efficiency are the lowest of all MTS fixed-routes. This proposal would discontinue all service on Route 966. For Route 966 passengers, alternate transit service would include Route 2 on 30th St. or Routes 7 or 10 on University Ave.
- **DART:** As a result of budget reductions, all Rancho Bernardo and Scripps Ranch DART service is recommended for discontinuation due to low productivity. Alternative demand-response services may be available in Rancho Bernardo through local non-profit organizations.
- **Route 965** currently provides a one-way loop through City Heights, Azalea Park, Fairmount Park, and Chollas Creek. This proposal would improve service by adding a second loop operating in the opposite direction during certain hours, and change the routing of both loops on the north end to better serve University Avenue. Please see the map below for more details.

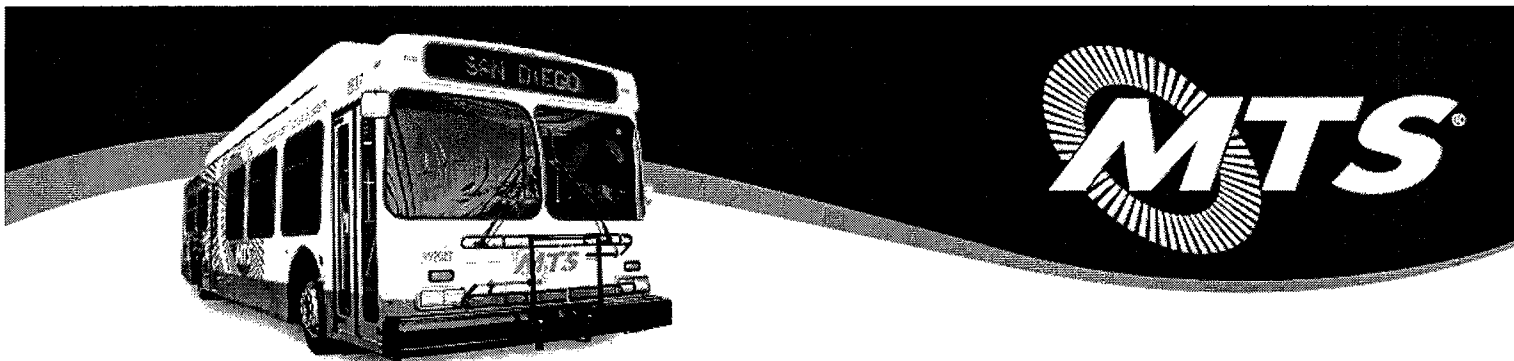
Members of the public are invited to provide input on the proposals. The MTS Board of Directors will not make a decision on these changes until public testimony is received and considered. Please review the proposed changes and, if you wish, provide any relevant comments by one of the four means listed below. All changes are proposed to take effect in June 2008.

Comments will be received via:

- **PUBLIC HEARING**
Thursday, February 21, 2008, 9am
1255 Imperial Avenue, 10th Floor
(at the 12th/Imperial Transit Center)
San Diego, CA 92101
- Telephone Hotline: (619) 595-4912 (Voicemail)
- E-Mail: mts.planning@sdmts.com
- Mail: MTS Public Hearing Comments
1255 Imperial Avenue, Suite 1000,
San Diego, CA 92101

Comments by telephone, e-mail, or mail must be received at MTS by Wednesday, February 20, 2008, for consideration by the Board at the public hearing.



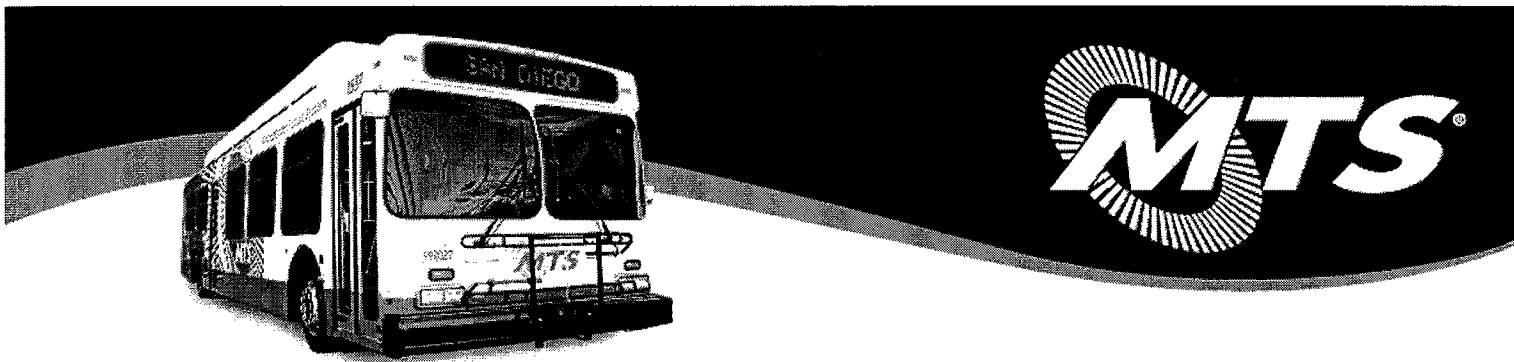


AVISO AL PASAJERO (audencia pública sobre los servicios DART)

La audencia pública sobre la discontinuación de DART se ha cambiado al
jueves 10 de abril. Este Aviso al Pasajero reemplaza el aviso con fechas
de publicación de 06/02/08 a 21/02/08. Si tiene preguntas o quiere comentar,
favor de llamar a (619) 595-4912.

LUGAR: MTS, 1255 Imperial Avenue, piso 10, San Diego, CA 92101

FECHA/HORA: Jueves, el 10 de abril de 2008; 9am



RIDER ALERT (DART Public Hearing)

The public hearing for DART's discontinuation has been postponed to Thursday, April 10.

This notice supersedes that published in the Take One Notice dated 2/6/08 - 2/21/08.

If you have any questions, or would like to provide comment, please call (619) 595-4912.

LOCATION: MTS Headquarters, 10th floor (1255 Imperial Avenue; San Diego, CA 92101)

DATE/TIME: Thursday, April 10, 2008; 9am



AGENDA ITEM NO.

25

REQUEST TO SPEAK FORM

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

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 any written statement to this form). Communications on hearings and agenda items are generally limited to three 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 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.

(PLEASE PRINT)

Date	02-21-08
Name	Katherine Vienna
Address	3394 Myrtle Ave. S.D. Ca 92104
Telephone	
Organization Represented	Bus 946 on Nile St. North Park
Subject of Your Remarks	Bus to continue running
Regarding Agenda Item No.	
Your Comments Present 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 speakers with three 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.



AGENDA ITEM NO.

25

REQUEST TO SPEAK FORM

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

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 any written statement to this form). Communications on hearings and agenda items are generally limited to three 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 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.

(PLEASE PRINT)

Date	2008-02-21		
Name	Cline Richard		
Address	5153 La Dorna St, San Diego		
Telephone	615.582.4036		
Organization Represented	Self		
Subject of Your Remarks			
Regarding Agenda Item No.			
Your Comments Present 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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REMEMBER: Subjects of previous hearings or agenda items may not again be addressed under General Public Comments.

REQUEST TO SPEAK FORM

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

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 any written statement to this form). Communications on hearings and agenda items are generally limited to three 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 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.

(PLEASE PRINT)

Clive Richard on behalf.

Date	2-21-08		
Name	Leighton, Lorraine M.		
Address	1097 Emerald Ave. E.C., CA. 92020		
Telephone	<i>(scribble)</i>		
Organization Represented	<i>(scribble)</i>		
Subject of Your Remarks	#30 due to the fact that he has not proven his amount of being worth the salary there.		
Regarding Agenda Item No.	#30		
Your Comments Present 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 speakers with three 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.

Metropolitan Transit System

PUBLIC HEARING ROUTES 965 & 966

Board of Directors
February 21, 2008



Public Hearing

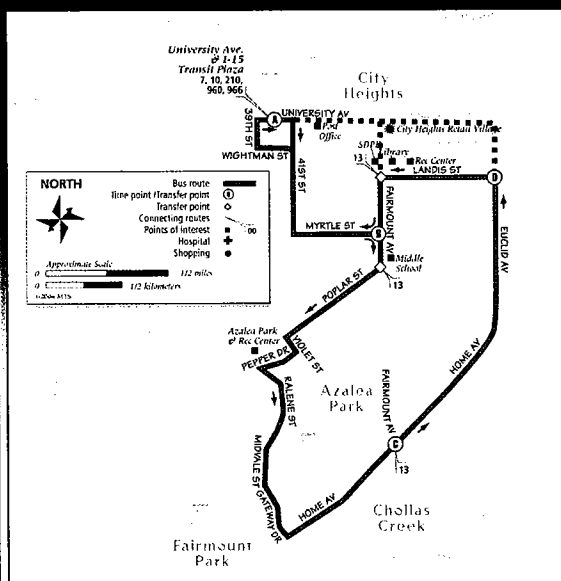
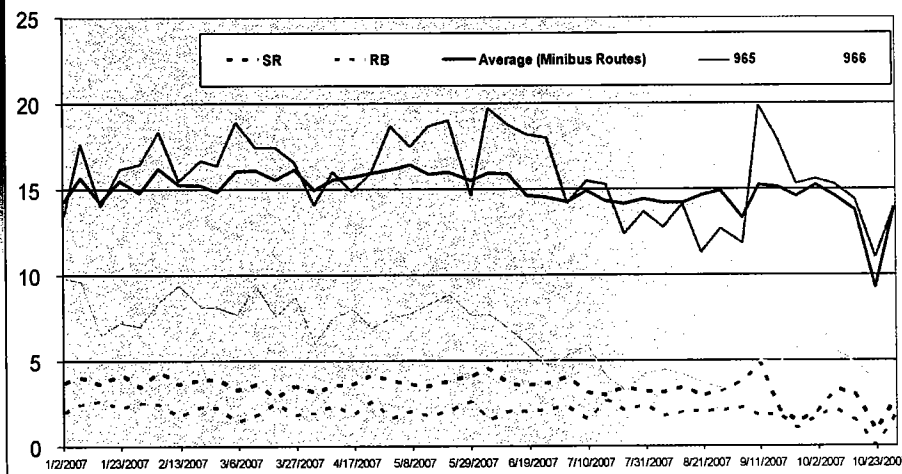
Route 965: Add second loop &
revise route

~~Route 966: Discontinue~~

- Route 966 resources to be re-invested in Route 965, as originally proposed in COA.
- Implementation: June 2008

Route Efficiency

Passengers/Revenue Hour



Route 965

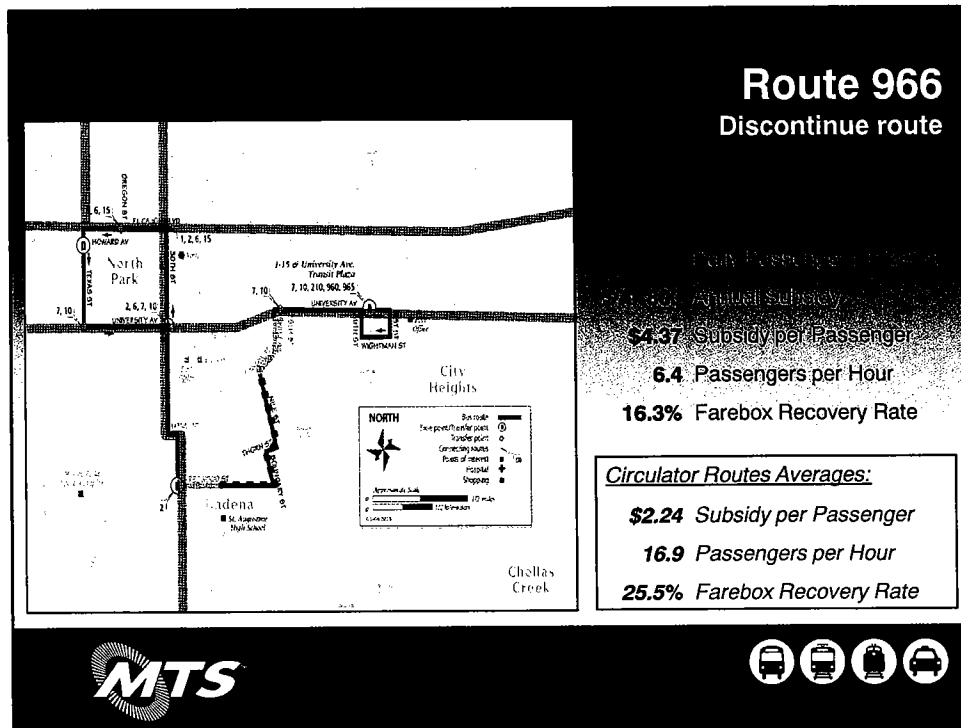
Add second loop and modify north side

Additional Daily Passengers:
50 Current Annual Subsidy
\$2.32 Subsidy per Passenger
15.8 Passengers per Hour
26.8% Farebox Recovery Rate

Circulator Routes Averages:

\$2.24 Subsidy per Passenger
16.9 Passengers per Hour
25.5% Farebox Recovery Rate





Public Comments

Comments Received in Advance of Public Hearing

Comments Received in Advance of Public Hearing

- 1 letter supporting Rt. 965 changes
- 2 voicemails supporting Rt. 965 changes
- 1 comment opposed to Rt. 966 discontinuation

Recommendation

Approve the recommendation of the Board of Directors to approve proposed changes to Route 965.

Metropolitan Transit System

PUBLIC HEARING ROUTES 965 & 966

Board of Directors
February 21, 2008





Metropolitan Transit System

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

ADM 150.3

February 21, 2008

SUBJECT:

MTS: PUBLIC EMPLOYEE SALARY INCREASE – CHIEF EXECUTIVE OFFICER

RECOMMENDATION:

That the Board of Directors increase the salary and award a bonus to the Chief Executive Officer (CEO) consistent with the provisions of the Executive Employment Agreement (EEA).

Budget Impact

Contingent upon the amount awarded.

DISCUSSION:

The EEA specifies that the Board of Directors shall annually review the performance of Mr. Jablonski and survey the compensation of other CEOs in the San Diego region. Based upon the Board of Directors' evaluation of Mr. Jablonski's performance and the survey results, the Board then determines an appropriate salary adjustment and whether to award a performance bonus.

Jeff Stumbo
Director of Labor Relations and Human Resources

Key Staff Contact: Tiffany Lorenzen, 619.557.4512, tiffany.lorenzen@sdmts.com

FEB21-08.30.CEO SALARY.TLOREN.doc



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.



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

Agenda

Item No. 31

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

ADM 110.2

February 21, 2008

SUBJECT:

MTS: PROPOSED AMENDMENTS TO BOARD POLICY NO. 22 (RULES OF
PROCEDURE FOR THE METROPOLITAN TRANSIT SYSTEM [MTS])

RECOMMENDATION:

That the Board adopt the proposed amendments to Board Policy No. 22 (Attachment A), and, at the request of Board members Monroe and Young, discuss the composition of the Audit Oversight Committee (AOC).

Budget Impact

\$150 per person per meeting depending upon the composition of the committee and the dates that the meetings are held.

DISCUSSION:

At the January 17, 2008, meeting the Board approved adding the San Diego Association of Governments (SANDAG) Transportation Committee representative, Bob Emery, and the Vice Chairman, Jerry Rindone, if he is not already a sitting member, as voting members of the Executive Committee. Those changes are reflected in the amended Board Policy No. 22 (Attachment A).

In addition, the Board also approved modifying the Executive Committee alternates for the East County cities' representative and the South Bay cities' representative to include a sitting Board member rather than the individual city's appointed Board alternate. Changes were not made to the alternates for the City of San Diego or the County of San Diego. Those changes are reflected in the amended Board Policy No. 22 (Attachment A).

At the request of Vice Chairman Rindone, the Board may wish to discuss the Executive Committee alternates for the SANDAG Transportation Committee and the Vice Chairman. Those positions were not discussed during the last Board meeting (see *page A-8, section 22.8.3*).



Finally, at the request of Board members Young and Monroe, staff is seeking direction on the composition of the AOC. Currently the members sitting on the AOC are as follows:

Ernie Ewin – Chairman
Harry Mathis
Tony Atkins
Bob Emery
Phil Monroe
Jerry Rindone
Ron Roberts

Staff is seeking direction on whether the composition of the AOC should be modified.


Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tiffany Lorenzen, 619.557.4512, Tiffany.Lorenzen@sdmts.com

FEB21-08.31.POLICY 22.TLOREN.doc

Attachments: A. Proposed Revisions to Policy No. 22
B. Committee List 2008



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

Att. A, AI 31, 2/21/08

Policies and Procedures

No. 22

Board Approval: ~~7/19/07~~ 2/21/08

SUBJECT:

RULES OF PROCEDURE FOR THE METROPOLITAN TRANSIT SYSTEM (MTS)

PURPOSE:

To define and clarify Board Rules of Procedure and incorporate them in Board Policy.

BACKGROUND:

In 1977, the Board adopted Rules of Procedure by resolution and from time to time amendments have been adopted. The Rules shall be contained in Board Policy for ease of reference and periodic updating.

22.1 Membership and Organization

- 22.1.1 Membership in this Board is established by Division 11, Chapter 1, Section 120050 through 120051.6 of the California Public Utilities Code.
- 22.1.2 The Board consists of 15 members selected as follows:
 - a. One member of the County of San Diego Board of Supervisors appointed by the Board of Supervisors.
 - b. Four members of the City Council of the City of San Diego, one of whom may be the mayor, appointed by the City Council.
 - c. One member of each city council appointed individually by the City Councils of the Cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee.



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

- d. One person, a resident of San Diego County, elected by a two-thirds vote of the Board, a quorum being present, who shall serve as chairperson of the Board.
- 22.1.3 Any person who is a member of the Board may be appointed by his or her appointing authority to continue to serve as a member of the Board after the termination of his or her term of office for a period not to exceed four years after the date of termination of his or her term of elected office.
- 22.1.4 Alternate members of the Board shall be appointed as follows:
 - a. The County of San Diego Board of Supervisors shall appoint any other county supervisor who qualifies for appointment to serve as an alternate member.
 - b. The City Council of the City of San Diego shall appoint a member of the City Council not already appointed to serve as an alternate member.
 - c. The City Councils of the Cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee shall each individually appoint a member of their respective city councils not already appointed to serve as an alternate member.
- 22.1.5 This Board shall exercise all powers authorized by the laws of the State of California.
- 22.1.6 Only the duly selected official representative, or in his or her absence his or her duly selected alternate, shall be entitled to represent a member agency in the deliberations of the Board.
- 22.1.7 Names of the official representatives and alternates shall be communicated in writing to the Board by each participating member agency and shall thereafter be annually communicated or reaffirmed prior to the February meeting of the Board and at such other times as changes in representation are made by member agencies.
- 22.1.8 The Board shall have the authority to appoint committees or subcommittees and may provide for the appointment of alternates to these committees or subcommittees.
- 22.1.9 Standing committees shall be appointed by the Board as may be required to carry out general and continuing functions and shall be abolished only upon specific action by the Board.
- 22.1.10 Ad hoc specialized subcommittees may be appointed by the Board as the need arises to accomplish specific tasks. Upon

completion of its assignment, each ad hoc subcommittee shall disband.

- 22.1.11 Board members serving on such subcommittees shall be compensated as provided by Board ordinance. The Chief Executive Officer is authorized to enter into agreements to compensate individuals who were Board members at the time of their appointments to such subcommittees and who continue to serve on such subcommittees after their terms of office as Board members, subject to the same limitations as exist for compensation of Board members, and subject to replacement by the Board.

22.2 Meetings

- 22.2.1 On or before the first regular meeting of the Board in December of each year, the Board shall adopt a schedule of its meetings by date, time, and location for the coming year. The Board shall conduct at least one regular meeting in each of the subsequent twelve months. The schedule of the meetings shall be published in the local newspaper of general circulation prior to the next regular meeting.
- 22.2.2 The Board may, when necessary, change the time and place of regular meetings. Notice of such change shall be posted pursuant to the Ralph M. Brown Act.
- 22.2.3 The Clerk of the Board shall forward written notice of the annual schedule of regular meetings and any changes thereto stating the dates, times, and locations to each member's agency and to the respective members and alternates of the Board and the standing committees.
- 22.2.4 Special meetings may be called and noticed under the provisions of the Ralph M. Brown Act as applicable and, specifically, Section 54956 of the California Government Code. The call and notice shall be posted in an area accessible to the public at least 24 hours prior to the meeting.

Special meetings normally shall be called by a majority of the Board or Executive Committee only upon a finding that extraordinary circumstances require Board action prior to the next scheduled Board meeting, such as to discuss a work stoppage or significant litigation, or that a special meeting is necessary to hold a workshop, a joint meeting with another agency, or for other special purposes at a future date beyond the next Board meeting. The Chair may call such meetings only when such extraordinary circumstances arise after the last Board or Executive Committee meeting and Board action is required prior to the next regularly scheduled Board or Executive Committee meeting.

- 22.2.5 A majority of the members of the Board shall constitute a quorum for the transaction of business, and all official acts of the Board shall require the affirmative vote of a majority of the members of the Board.
- 22.2.6 Parliamentary procedure at all meetings shall be governed by Robert's Rules of Order Newly Revised except as otherwise modified herein.
- 22.2.7 Prior to each regular meeting, the Clerk of the Board shall forward a copy of the agenda to each member in accordance with the schedule adopted by the Board. The agendas shall also be mailed to each person or entity previously requesting such in writing. The Clerk shall post the agenda in an area accessible to the public at least 72 hours before the meeting in accordance with the Ralph M. Brown Act. Agenda materials shall be available as public record in accordance with the Ralph M. Brown Act and, specifically, Section 54957.5 of the California Government Code.
- 22.2.8 The Board may take action on items of business not appearing on the posted agenda in accordance with the Ralph M. Brown Act.
- 22.2.9 Requests for Board action may be initiated by any member of the Board or any staff officer.
- 22.2.10 Communication requests may be initiated by an individual and submitted to the Clerk by letter or on forms provided by the Clerk and must state the subject matter and the action which the writer wishes the Board to take. The Clerk shall review all communication requests so received and shall list them on the Board's docket under those items which the Clerk deems to be proper areas of discussion or action by the Board. When a Communications item is listed on the docket, it is not debatable and must be referred to an appropriate committee, other public agency, or to staff to prepare a report or response.
- 22.2.11 Any permanent rule of the Board as set forth herein and unless otherwise established by law may be suspended temporarily by a two-thirds vote of the members present.
- 22.3 Amendments
- 22.3.1 The Board shall be responsible for making all amendments to these rules.
- 22.3.2 Proposed amendments may be originated by the Board, or any member of such, or by the Chief Executive Officer.
- 22.3.3 Each proposed amendment shall be considered by the Board and a copy thereof forwarded by the Clerk of the Board to the official representative of each member agency.

22.4 Ordinances

- 22.4.1 Every ordinance shall be signed by the Chairman of the Board and attested by the Clerk of the Board.
- 22.4.2 On the passage of all ordinances, the votes of the several members of the Board shall be entered on the minutes.
- 22.4.3 Ordinances shall not be passed within five days of their introduction nor at other than a regular meeting or at an adjourned regular meeting. However, an urgency ordinance may be passed immediately upon introduction either at a regular or special meeting. Except when, after reading the title, further reading is waived by regular motion adopted by unanimous vote of the Board members present, all ordinances shall be read in full either at the time of introduction or passage. When ordinances, other than urgency ordinances, are altered after introduction, they shall be passed only at a regular or at an adjourned regular meeting held at least five days after alteration. Corrections of typographical or clerical errors are not alterations within the meaning of this section.
- 22.4.4 The Clerk of the Board shall cause a proposed ordinance or proposed amendment to an ordinance, and any ordinance adopted by the Board, to be published at least once, in a newspaper of general circulation published and circulated in the Board's area of jurisdiction.
- 22.4.5 The publication of an ordinance, as required by subdivision, may be satisfied by either of the following actions:
- a. The Board may publish a summary of a proposed ordinance or proposed amendment to an ordinance. The summary shall be prepared by the Clerk of the Board and General Counsel. The summary shall be published and a certified copy of the full text of the proposed ordinance or proposed amendment shall be posted in the office of the Clerk of the Board at least five (5) days prior to the Board meeting at which the proposed ordinance or amendment is to be adopted. Within 15 days after adoption of the ordinance or amendment, the Board shall publish a summary of the ordinance or amendment with the names of those Board members voting for and against the ordinance or amendment, and the Clerk of the Board shall post in the office of the clerk a certified copy of the full text of the adopted ordinance or amendment along with the names of those Board members voting for and against the ordinance or amendment.

- b. If the person designated by the Board determines that it is not feasible to prepare a fair and adequate summary of the proposed ordinance or amendment, and if the Board so orders, a display advertisement of at least one-quarter of a page in a newspaper of general circulation in the Board's area of jurisdiction shall be published at least five (5) days prior to the Board meeting at which the proposed ordinance or amendment is to be adopted. Within 15 days after adoption of the ordinance or amendment, a display advertisement of at least one-quarter of a page shall be published. The advertisement shall indicate the general nature of, and provide information regarding, the adopted ordinance or amendment, including information sufficient to enable the public to obtain copy of the complete text of the ordinance or amendment and the name of those Board members voting for and against the ordinance amendment.

22.4.6 Ordinances shall take effect thirty days after their final passage. An ordinance takes effect immediately, if it is an ordinance for the immediate preservation of the public peace, health, or safety, containing a declaration of the facts constituting the urgency and is passed by a four-fifths vote of the Board.

22.5 Public Comment

22.5.1 At a public hearing of the Board, persons wishing to provide comment and testimony shall be permitted to address the Board after submitting a written request to speak to the Clerk identifying the person and the subject agenda item. The Chairman may limit the time for each presentation and may permit additional time to speakers representing a group of individuals or organizations to avoid duplicative testimony. Ordinarily, each speaker will be allowed no more than three minutes.

22.5.2 Persons wishing to comment on agenda items other than a public hearing must submit a written request to speak in advance to the Clerk identifying the person and the subject agenda item. Comments must be limited to issues relevant to the particular agenda item. The Chairman may limit the time for each presentation and may permit additional time to speakers representing a group of individuals or organizations to avoid duplicative testimony. Ordinarily, each speaker will be allowed no more than three minutes.

22.5.3 Public comment on matters not on the agenda will be permitted on items of interest to the public that are within the subject matter jurisdiction of the Board. Persons wishing to comment must submit a written request in advance to the Clerk identifying the person and subject matter. The Chairman may limit the time for each speaker. Ordinarily, each speaker will be allowed no more than three minutes.

22.6 Chairperson

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

22.7 Election of Board Officers and Appointments to Committees

- 22.7.1 On or before the Board's first meeting in November, the Board shall appoint less than a quorum of members to an Ad Hoc Nominating Committee. The Ad Hoc Nominating Committee shall review the list of MTS committees and make recommendations to the Board with respect to the appointment of members of the Board to serve on each committee.
- 22.7.2 The Ad Hoc Nominating Committee shall also review the list of outside boards and/or committees and make recommendations to the Board with respect to the appointment of members of the Board to represent MTS on each outside board or committee, except for the Board representative appointed to the San Diego Association of Governments (SANDAG) Transportation Committee, which shall be appointed by the Executive Committee.
- 22.7.3 The Ad Hoc Nominating Committee shall also make a recommendation to the Board with respect to the appointment of the Vice Chairman and the Chair Pro Tem and any other board officers.
- 22.7.4 The Ad Hoc Nominating Committee shall forward its recommendations for appointments of officers and committee members on or before the first Board meeting in January.
- 22.7.5 At its first meeting in January, the Board shall elect a Vice Chairman and a Chair Pro Tem from amongst its members. The Vice Chairman shall preside in the absence of the Chairman. In the event of the absence or inability to act by the Chairman and Vice Chairman, the Chair Pro Tem shall preside.
- 22.7.6 The Board shall then vote on the recommendations made by the Ad Hoc Nominating Committee with respect to all other committee appointments.
- 22.7.7 In the event that a Board member vacates his or her position on the Board, at the next meeting, the Chairperson shall take nominations from the floor to fill any opening in any Committee positions vacated by that Board member.

22.8 Executive Committee

22.8.1 The Executive Committee of the Board shall consist of the Chairman, the Vice Chairman (if he or she is not already a voting member) a member from the County of San Diego, a member from the City of San Diego, the Transportation Committee Representative (if he or she is not already a voting member), one member who represents the cities of Chula Vista, National City, Coronado, and Imperial Beach (the “South Bay Cities’ representative”), and one member who represents the cities of Lemon Grove, La Mesa, El Cajon, Poway, and Santee (the “East County Cities’ representative”). The South Bay Bay Cities’ representative and the East County Cities’ representative shall serve as members of the Executive Committee for a term of two years each. The terms of these two members shall be staggered so as to avoid replacement of both members at the same time.

22.8.2 The East County and South Bay representatives shall serve in the following order:

East County: El Cajon, La Mesa, Lemon Grove, Santee, Poway—each serving a two year term.

South Bay: Chula Vista, Coronado, Imperial Beach, National City—each serving a two year term; however, the representative must have been the primary Board member for two years in order to serve as the Executive Committee representative. In the event that the South Bay representative has not been the primary Board member for two years, the rotation schedule shall be adjusted so that the next city in the rotation serves as the representative, and the city whose member has not yet served two years as the primary Board member would serve the term immediately thereafter; i.e., if Imperial Beach lacked two years of experience, National City would serve first, then Imperial Beach and then the rotation would continue on as set forth above. The requirement for two years of service as the primary Board member shall only apply to the South Bay representative.

After each member has served as either the East County or South Bay representative, the rotation schedule shall repeat.

22.8.3 The alternates to the Executive Committee members shall be as follows:

22.8.3.1 The alternate for the County of San Diego shall be the alternate appointed by the particular city or agency to County of San Diego to serve as the alternate for the Board.

2.8.3.2 The alternate for the City of San Diego shall be selected from amongst the three remaining City of San Diego Board members.

2.8.3.3 The alternates for the East County Cities' and the South Bay Cities' representatives shall be the representative from the city that is next in the rotation order set forth in section 22.8.3 above (for example, if the City of El Cajon is currently the primary Executive Committee member, then the City of La Mesa member shall be the alternate Executive Committee member). The second alternate at large shall be the Vice Chairman. Alternates shall be appointed for a term of two years or such lesser term as necessary to coincide with the term of the member for whom the alternate is appointed.

22.8.4 The Vice Chairman shall attend each Executive Committee meeting as a nonvoting member. The Vice Chairman shall serve as the alternate to the Chairman in his or her absence and as a second alternate at large for any of the Executive Committee representatives and shall be a voting member when serving in this capacity. ~~The Vice Chairman shall be entitled to compensation for attendance at all Executive Committee meetings whether serving as a voting or nonvoting member. The Chair Pro Tem may also serve as an alternate at large for any of the Executive Committee representatives if necessary for the Executive Committee to establish or maintain a quorum at any meeting. The Chair Pro Tem shall be a voting member when serving in this capacity. The Chair Pro Tem shall be entitled to compensation when serving in this capacity.~~

22.8.5 On or before its first meeting in January, the Executive Committee shall appoint one of its members to serve as the representative and one of its members to serve as the alternate to the San Diego Association of Governments (SANDAG) Transportation Committee to serve for a term of one year. In the event that the Executive Committee feels a member of the Board who does not serve on the Executive Committee is their preferred representative or alternate for the SANDAG Transportation Committee, the Executive Committee shall have the ability to select the representative or alternate from the full Board. In that instance, the SANDAG Transportation Committee representative, or the alternate in his or her absence, shall attend the Executive Committee meetings as a nonvoting member. ~~The SANDAG Transportation Committee representative, or the alternate in his or her absence, shall be entitled to compensation for attendance at all Executive Committee meetings.~~

- 22.8.6 The primary purpose of the Executive Committee shall be to review and recommend consent items for the agenda of the next MTS Board of Directors meeting; add or delete items as appropriate; and provide input and direction on emerging policies, plans, and issues, in advance, for Board consideration. The Executive Committee shall have the authority to create ad hoc subcommittees for purposes of carrying out its duties and responsibilities.
- 22.8.7 Three members shall constitute a quorum of the Executive Committee, and a majority vote of the members present shall be required to approve any item. In the absence of a quorum, the Chairman may review and recommend consent items for the agenda, establish the order of items, and add or delete items.
- 22.8.8 The Executive Committee shall adopt operating procedures as are necessary for the conduct of its business.

22.9 Audit Oversight Committee

- 22.9.1 The Audit Oversight Committee shall be comprised of the same members that make up the Executive Committee. The Chairman of the Audit Oversight Committee shall be appointed from amongst its members at the first meeting held during each calendar year. The Chairman of the Audit Oversight Committee shall be another member other than the member who serves as the Executive Committee Chairman. Additional members of the MTS Board may be appointed on an annual basis at the first MTS Board meeting in January at the discretion of the MTS Board. The Board may appoint individuals who are not members of the Board to serve as non-voting advisory members to the Audit Oversight Committee.
- 22.9.2 No additional compensation shall be paid to the members of the Audit Oversight Committee unless a meeting takes place on a day other than a regularly scheduled MTS Board meeting or MTS Executive Committee meeting. Compensation shall be paid to any additional members of the MTS Board who are appointed to serve on the Audit Oversight Committee meeting. No compensation shall be paid to any non-voting advisory member appointed by the MTS Board.
- 22.9.3 The primary duties and responsibilities of the Audit Oversight Committee shall be to ensure that management is maintaining a comprehensive framework of internal control, to ensure that management's financial reporting practices are assessed objectively, and to determine to its own satisfaction that the financial statements are properly audited and that any problems disclosed in the course of the audit are properly resolved.

22.9.4 The tasks to be performed by the Audit Oversight Committee shall be as follows:

- a. Review the appropriate scope of the annual independent audit and any other audit the committee feels is appropriate.
- b. Review the appropriate scope of nonaudit services to be performed by the independent auditor.
- c. Oversee the procurement of outside auditor services with final approval by the Board.
- d. Review and oversee the preparation of annual financial statements, the annual financial reporting process, internal controls, and independent auditors using an appropriate degree of professional skepticism.
- e. Assess the performance of any independent auditors.
- f. Provide a forum for MTS internal auditors to report findings.
- g. Provide at least an annual written and oral report to the Board on how the committee discharged its duties and responsibilities.
- h. Establish a procedure for receipt, retention, and treatment of complaints regarding accounting, internal controls, or auditing matters.

22.9.5 The annual scheduled functions to be performed by the Audit Oversight Committee shall be as follows:

- a. In June of each year or as soon as reasonably practicable, review the independent audit engagement letter.
- b. In March or April of each year or as soon as reasonably practicable, establish a plan for review of the audits with independent auditor.
- c. In September of each year or as soon as reasonably practicable, receive report on the status of any audit(s).
- d. In October of each year or as soon as reasonably practicable, receive a report on the preliminary audit findings.
- e. In December of each year or as soon as reasonably practicable, receive a report and provide feedback on financial and compliance statements to Board, and provide

the annual report to the Board on the committee's activities.

- f. In March of each year or as soon as reasonably practicable, review the management letter and management's response to the letter.

22.9.6

On a periodic basis the Audit Oversight Committee shall perform the following functions:

- a. Establish procedure for handling complaints.
- b. Receive reports from MTS internal auditor.
- c. Report to the Board in addition to annual report.
- d. Review the appropriate scope of any nonaudit services recommended for performance by the independent auditor.
- e. Review the procurement of independent auditor services and make a recommendation to the Board.
- f. Request procurement of outside independent advisor(s) with Board concurrence.
- g. Meet with the independent auditor without MTS management present.

22.9.7

At a minimum, the Audit Oversight Committee shall ask the following questions of MTS Staff, the Internal Auditor and/or the independent auditors:

- a. What is the name of the audit firm performing the audit, and how long has such firm been under contract to perform such audits?
- b. Was the audit performed in accordance with generally accepted auditing standards (AICPA GAAS standards) or generally accepted government-auditing standards (GAO GAGAS)? If not, why?
- c. Has the independent auditor(s) prepared an unqualified opinion regarding the financial statements? If not, what type of opinion was issued and why?
- d. Was the audit performed independently? The Audit Oversight Committee should ask how the audit firm maintained its independence during the course of the audit.

- e. The Audit Oversight Committee should have the independent auditor(s) describe, in general, the audit procedures performed.
- f. The Audit Oversight Committee should have the independent auditor(s) discuss whether any new accounting principles were adopted, whether any changes were made, or whether the independent auditor(s) recommends any changes in the accounting policies used or their application. In particular, the relevant issue is whether the audit applied best or merely permissible principles.
- g. The Audit Oversight Committee should have the independent auditor(s) describe any significant accounting adjustments affecting the financial statements (prior year as well as current year).
- h. Did the independent auditor(s) encounter any difficulties in dealing with management in performing the audit, including whether there were any disagreements with management regarding any accruals, estimates, reserves, or accounting principles? Did the independent auditor(s) have the full cooperation of MTS management and staff?
- i. The Audit Oversight Committee should ask the audit firm about the quality of the component unit's accounting, internal controls, and the competency of staff. Did the independent auditor(s) issue a management letter? What nonmaterial weaknesses or reportable conditions has the independent auditor(s) noted?
- j. Were there any accounting issues on which the audit firm sought the advice of other audit firms or regulatory bodies?
- k. The Audit Oversight Committee should ask the audit firm whether there are new pronouncements and/or areas of potential financial risk affecting future financial statements of which the Audit Oversight Committee should be aware.

22.9.8

Three members shall constitute a quorum of the Audit Oversight Committee, and a majority vote of the members present shall be required to approve any item. In the absence of a quorum, the Chairman may review and recommend consent items for the agenda, establish the order of items, and add or delete items.

22.9.9

The Audit Oversight Committee shall adopt operating procedures as are necessary for the conduct of its business.

22.10 Board Member Standards of Conduct

- 22.10.1 The purpose of this policy is to emphasize that each Board member occupies a position of public trust that demands the highest moral and ethical standard of conduct.
- 22.10.2 This policy shall be supplemental and in addition to the Conflict of Interest Code of the Board and is not intended to supersede such Code or any provisions thereof.
- 22.10.3 Board members shall not engage in any business or transaction or have a financial or other personal interest, actual, potential, or apparent, which is incompatible with the proper discharge of his or her official duties or would tend to impair his or her independence of judgment or action in the performance of such duties. Such business, transaction, or interest shall constitute a conflict of interest.
- 22.10.4 No Board member shall engage in any enterprise or activity that shall result in any of the following:
- a. Using the prestige or influence of the Board office for private gain or advantage of the member or another person.
 - b. Using time, facilities, equipment, or supplies of the Board for the private gain or advantage of the member or another person.
 - c. Using official information not available to the general public for private gain or advantage of the member or another person.
 - d. Receiving or accepting money or other consideration from anyone other than the Board for the performance of acts done in the regular course of duty.
 - e. Receiving or accepting, directly or indirectly, any gift or favor from any one doing business with the Board under circumstances from which it could reasonably be inferred that such was intended to influence such person in such person's duties or as a reward for official action.
 - f. Soliciting any gift or favor in such person's official capacity, either directly or indirectly, when such solicitation might reasonably be inferred as to have a potential effect on such person's duties or decision, or when the individual's position as a Board member would in any way influence the decision of the person being solicited.

- g. Engaging in or accepting private employment or rendering services for private interest, direct or indirect, which may conflict with such person's responsibility or duty, or which, because of that person's position, may influence a decision to the benefit of the organization in which such person has an interest.

- 22.10.5 If a Board member has an actual, potential, or apparent conflict of interest in the subject of an agenda item, and the Board will make a decision regarding this agenda item during an open session meeting, the Board member must recuse himself or herself or, in the case of uncertainty, request a binding determination from the Board's General Counsel. If the Board member has a conflict, he or she may observe, but not participate, in the decision-making process.
- 22.10.6 If a Board member has an actual, potential, or apparent conflict of interest in the subject of an agenda item to be discussed during a closed session meeting, the Board member shall be disqualified and not present during such discussion so as not to make, participate in making, or in any way attempt to use his or her official position to influence the discussion or decision. In such case, the Board member must recuse himself or herself or, in the case of uncertainty, request a binding determination from the Board's General Counsel. In accordance with the Brown Act, the Board member would be entitled to any information that is publicly reported. The Board member would not, however, be privy to any confidential or privileged information or communications pertaining to the closed session agenda item.
- 22.10.7 No Board member shall disclose to any person, other than members of the Board and other Board staff designated to handle such confidential matters, the content or substance of any information presented or discussed during a closed session meeting unless the Board authorizes such disclosure by the affirmative vote by a majority of the Board.
- 22.10.8 No Board member may disclose confidential or privileged information or communications to any person other than a Board member, General Counsel to the Board, or other Board staff designated to handle such matters, unless disclosure is mandated by law or the Board authorizes such disclosure by the affirmative vote of a majority of the Board.
- 22.10.9 A Board member shall not be privy to confidential or privileged information or communications concerning threatened, anticipated, or actual litigation affecting the Board where the Board member has an actual, potential, or apparent conflict of interest. In the case of uncertainty as to whether a conflict of interest exists, the Board's General Counsel shall issue a binding determination.

- 22.10.10 No Board member shall represent a position on an issue to be the Board's unless the Board has formally adopted such position at a public meeting.
- 22.10.11 Any violation of this policy shall constitute official misconduct if determined by an affirmative vote of the majority of the Board in an open and public meeting. The Board may elect to censure the Board member and the violation may be subject to criminal and/or civil penalties as provided for by applicable law.

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Original Policy approved on
4/5/84.

Policy revised on 1/12/84.

Policy revised on 7/11/85.

Policy revised on 1/8/87.

Policy revised on 1/11/90.

Policy revised on 8/23/90.

Policy revised on 1/10/91.

Policy revised on 3/24/94.

Policy revised on 1/14/99.

Policy revised on 6/14/01.

Policy revised on 1/10/02.

Policy revised on 1/24/02.

Policy revised on 5/8/03.

Policy revised 2/26/04.

Policy revised 1/12/06.

Policy revised 3/9/06.

Policy revised 3/23/06.

Policy revised 6/14/07.

Policy revised 7/19/07.

Policy revised 2/21/08.

TABLE OF MTS COMMITTEES FOR 2008

Att. B, AI 31, 2/21/08

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



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Agenda

Item No. 32

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

FIN 310 (PC 50601)

February 21, 2008

SUBJECT:

MTS: FY 2008 MIDYEAR ADJUSTMENT AND FY 2009 BUDGET DEVELOPMENT

RECOMMENDATION:

That the Board of Directors:

1. approve the combined MTS FY 2008 midyear adjustment, which includes the additional usage of \$1.321 million in nonrecurring revenues to the original budget-approved usage of \$4.137 million in nonrecurring revenues (Resolution No. 08-3, Attachment A); and
2. receive the following MTS reports:
 - FY 2009 Preliminary Operating Revenue
 - FY 2009 Preliminary Assumptions
 - FY 2009 Preliminary Issues/Policy Decisions

Budget Impact

None at this time.

DISCUSSION:

Combined MTS FY 2008 Midyear Adjustment

Late in the fiscal year 2008 operating budget development, MTS's share of TransNet and Transportation Development Act (TDA) revenues dropped approximately \$8.1 million due to a slowing economy and lower-than-expected sales tax receipts.



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.

In June 2007, the MTS Board approved a short-term solution using \$4.1 million in nonrecurring revenues to balance the fiscal year 2008 operating budget and directed staff to meet with the Budget Development Committee (BDC) to determine long-term solutions for the funding shortfall with the goal of identifying recurring revenues to balance future operating budgets.

Over the summer, staff reviewed with the BDC and Board all potential avenues of revenue increases or expense decreases. In August 2007, the Board approved comprehensive adjustments in nonfare revenue, expense savings, benefits, fares, and service.

MTS staff met with San Diego Association of Governments (SANDAG) staff over the first half of the 2008 fiscal year to monitor the progress of sales taxes. Unfortunately, with the continued slowing of the economy, sales tax receipts have dipped below the latest projections from May. The \$8.1 million downward projection in TDA and TransNet, which equated to a 2.5% growth compared to fiscal year 2007 levels, has been adjusted lower. TDA and TransNet are projected to drop an additional \$6.3 million totaling \$14.4 million compared to fiscal year 2007 levels.

MTS experienced a significant reduction in subsidy revenues. Because of changes to nonsubsidy revenues and expenses, and also strong fiscal budget management by staff, MTS needs \$5.46 million in nonrecurring funds to balance the budget. The additional \$6.3 million subsidy reduction has been covered with only an additional need of \$1.3 million from nonrecurring revenues.

Combined MTS FY 2008 Midyear Adjustment – Category Details

Revenues. Passenger fare revenues resulted in a \$1,870,000 positive midyear adjustment primarily due to fare adjustments approved by the Board in August 2007. Changes in cash and pass fares and reducing discounted fares produced a projected \$1,375,000 favorable adjustment. Strong performance (prefare change) within bus operations and Multimodal Operations contribute approximately \$535,000 to the operating revenue midyear projection.

Advertising revenues are projected to increase by approximately \$511,000. This increased revenue is directly attributed to the Board's recommendation to extend advertising to East County and South Bay buses (with the older MTS paint scheme) and wrapping five older U2 light rail trolley vehicles. The initial projection for additional advertising revenues totaled \$757,000; however, due to the timing of the Board's approval of wrapping trolley vehicles, advertisers had already obligated their advertising budgets; therefore, MTS was unable to meet this goal.

Other revenue is projected to increase \$2,989,000. This is primarily due to an adjustment to interest income on MTS cash balances as they are significantly higher than projected (\$2.1 million), Chula Vista being under budget for fiscal year 2007 (\$664,000), consulting revenue on planning studies for SANDAG (\$150,000), and right-of-entry permits at the El Cajon Transit Center (\$89,700). During the summer review, MTS projected \$172,000 in additional short-term revenues generated from MTS properties. Several long-term projects have required more staff time than originally projected, and short-term revenues will not be realized by the end of the fiscal year. Subsidy revenues decreased by \$6,643,000 due to additional TDA and TransNet reductions over and above the initial \$8.1 million shortfall as well as the elimination of FasTrak funding of service along the Interstate 15 corridor (\$400,000).

Reserve revenue increased to \$5,620,000 up \$1.3 million from the original fiscal year 2008 budget. These reserve needs include \$5,459,000 in balancing the MTS budget as well as \$105,000 and \$56,000 to balance the self-funded operations of San Diego and Arizona Eastern (SD&AE) Railway Company and Taxicab Administration, respectively.

Expenses. Personnel-related expenses resulted in a \$1,754,000 favorable midyear adjustment. This is primarily due to:

- Board-approved changes in service, freezing of some additional positions, modifying some management benefits, and freezing of the Performance Incentive Program (PIP) (+\$868,000);
- Sick and vacation adjustments (+\$637,000);
- Workers' compensation adjustments (+\$470,500);
- overhead reimbursements higher than expected (+\$350,200) partially offset by;
- health and welfare adjustments within bus operations due to higher claims within administration and the inclusion of nonactive employees in the represented health and welfare calculation (-\$415,000); and
- other wage adjustments (-\$157,000).

The number of positions in the 2008 midyear budget has increased by 1.5 full-time equivalents (FTE). When MTS consolidated its liability claims administration internally as part of the fiscal year 2008 budget, it aggressively budgeted for only one additional staff member replacing four outside consultants. An additional position is required to complete consolidating the Risk Department, which now includes liability claims. In analyzing the total MTS costs preconsolidation and postconsolidation, MTS has still saved \$323,000. A part-time employee was added to the MTS Procurement Department as a Disadvantaged Business Enterprises (DBE) Analyst. This position was previously contracted out, and no additional funding sources are needed to fund this position.

Total outside services produced a favorable midyear adjustment of \$737,000. This is due to savings within purchased transportation costs (\$1.1 million) and expense savings approved by the Board over the summer review (\$583,000) partially offset by additional security (\$412,000) and engine and transmission needs (\$415,000).

An unfavorable midyear adjustment of \$233,000 for materials and supplies expenses was primarily due to additional materials needs (particularly engine parts needs) within bus operations.

Total additional energy adjustments for the 2008 fiscal year are \$2,631,000. As part of the fiscal year 2009 Capital Improvement Program (CIP), the MTS Board approved shifting \$3 million in compressed natural gas (CNG) rebates from the operating budget to the capital budget. The residual \$369,000 reduction in energy-related expenses is primarily due to CNG energy rates trending lower than expected over the first half of the fiscal year. Amended rates for diesel and CNG for fiscal year 2008 are \$2.62 per gallon and \$1.29 per therm, respectively. This compares to the original budgeted rates of \$2.45 per gallon for diesel and \$1.36 per therm for CNG.

General and administrative costs, risk management-related expenses, and vehicle/facility leases are resulting in a favorable midyear adjustment of \$401,000. This is primarily due to lower liability claim payouts and reduced insurance premiums.

The above-mentioned adjustments result in a consolidated favorable adjustment of \$27,000.

- Attachment B provides the total combined MTS consolidated midyear budget adjustments.
- Attachment C includes the total combined administrative proposed adjustments.
- Attachment D provides the total combined other activities proposed adjustments.
- Attachment E supplies the combined operating budget adjustments.
- Attachments F - L provide supporting operating adjustments for each individual operator.
- Attachments M - N supply the nonoperating funding sources by activity and type.

FY 2009 Preliminary Operating Revenue/Operating Statistics

Attachments O - P provide a preliminary look at MTS's projected fiscal year 2009 operating revenues and statistics. Due to the timing of the MTS Board calendar and BDC meetings, MTS staff will report on MTS nonoperating revenues at its late February BDC meeting and mid-March Finance Workshop.

Fiscal Year 2009 Preliminary Operating Revenue

See Attachment O for detailed preliminary operating revenue projections by operator for fiscal year 2009, which are based upon the March 2008 service changes.

Combined passenger revenues are projected to increase \$2,477,000, or 3.3 percent, compared to fiscal year 2008 projections. Transit services are projected to contribute \$734,000, rail operations are projected to produce an additional \$1,166,000, Multimodal Operations is projected to add \$53,000, and Chula Vista Transit is adding \$47,000.

Fiscal Year 2009 Preliminary Assumptions/Statistics

See Attachment P for detailed fiscal year 2009 preliminary statistics, including passenger levels, revenue miles, total miles, revenue hours, total hours, and average fares.

In terms of energy rates, MTS is preliminarily projecting CNG and diesel rates of \$1.30 per therm and \$2.56 per gallon, respectively. This again is a preliminary projection and will continue to be monitored and analyzed throughout the budgetary process. Attachment Q provides a historical perspective on energy prices and fiscal year 2009 projections.

MTS's position regarding budget compilation includes a "bottoms-up" approach to create a projection. Given that information, the general inflationary assumption for MTS as a whole for fiscal year 2009 is 2.5 to 3.0 percent.

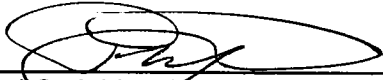
Fiscal Year 2009 Preliminary Policy Issues

MTS Reserves. The BDC requested an analysis of up-to-date restricted and nonrestricted reserves. Attachment R represents a listing of MTS reserves as requested.

Fiscal Year 2009 Balancing. In May 2007, MTS was informed that subsidy levels for TDA and TransNet had dropped significantly by \$8.1 million. Staff immediately began work internally and received guidance from the BDC and Board on strategies to align recurring revenues with recurring expenses. Changes across the board were immediately implemented, including benefits, expenses, fare and nonfare revenues, and service adjustments.

With the additional \$6.2 million cut in TDA and TransNet and the utilization of \$5.5 million in nonrecurring revenues to balance the fiscal year 2008 budget, balancing the fiscal year 2009 operating budget will be a challenge.

Sorrento Valley Coaster Connection/APCD Funding. Fiscal year 2008 is the last year of the agreement between the Air Pollution Control District (APCD) and MTS for subsidizing the Sorrento Valley Coaster Connection routes. This service costs MTS approximately \$1,139,000 per fiscal year to operate and, in fiscal year 2008, MTS received \$539,000 and \$193,000 in subsidy from APCD and Caltrans, respectively. With the potential elimination of this funding source, MTS staff would like to discuss options on the service with the BDC.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Larry Marinesi, 619.557.4542, larry.marinesi@sdmts.com

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- Attachments:
- A. Proposed Resolution No. 08-3
 - B. MTS Consolidated FY 08 Proposed Budget Amendment
 - C. Consolidated Administration FY 08 Proposed Budget Amendment
 - D. Consolidated Other Activities FY 08 Proposed Budget Amendment
 - E. Consolidated Operations FY 08 Proposed Budget Amendment
 - F. Transit Services FY 08 Proposed Budget Amendment
 - G. Rail Operations FY 08 Proposed Budget Amendment
 - H. Multimodal Operations – Fixed-Route FY 08 Proposed Budget Amendment
 - I. Multimodal Operations – Paratransit FY 08 Proposed Budget Amendment
 - J. CVT FY 08 Proposed Budget Amendment
 - K. Coronado Ferry FY 08 Proposed Budget Amendment
 - L. Administration Pass-Through FY 08 Proposed Budget Amendment
 - M. Nonoperating Funding Sources by Activity FY 08
 - N. Operating Budget - FY 08 Funding Sources by Activity MTS Consolidated
 - O. Operating Budget Revenue Summary FY 09
 - P. Operating Budget Operating Statistics FY 09
 - Q. Energy Rate Charts
 - R. Reserve Analysis

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 08-3

Resolution Approving Amendments to FY 2008 Budget

WHEREAS, the MTS Board of Directors adopted Resolution No. 07-6 on June 14, 2007, approving the FY 2008 budgets for MTS, San Diego Transit Corporation, San Diego Trolley, Inc., MTS Contract Services, Chula Vista Transit, and Coronado Ferry;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors approves changes to the FY 2008 Operating Budget per the proposed Budget Amendments (Attachments B-R to the agenda item).

PASSED AND ADOPTED, by the MTS Board of Directors this 21st day of February 2008, by the following vote:

AYES:

NAYES:

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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**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MTS CONSOLIDATED
FY 2008 PROPOSED BUDGET AMENDMENT**

	FY08 BUDGET	FY 08 ACTUAL THROUGH 11/30	FY08 PROJECTED	FY 08 BUDGET CHANGE FAVORABLE (UNFAVORABLE)
REVENUE:				
Passenger Fares	73,361,866	31,977,083	75,231,715	1,869,849
Advertising	955,000	417,396	1,466,000	511,000
Contracted Service Revenue	30,000	-	30,000	-
Other	2,902,179	2,593,821	5,890,848	2,988,669
Total Operating Revenue	77,249,045	34,988,300	82,618,564	5,369,518
Subsidy Revenue	157,401,733	-	150,758,546	(6,643,187)
Reserve Revenue	4,374,153	-	5,620,405	1,246,252
Other Income	-	-	-	-
Total Combined Revenue	239,024,932	34,988,300	238,997,515	(27,417)
EXPENSES:				
<u>Personnel</u>	101,699,315	40,301,339	99,945,670	1,753,645
<u>Outside Services:</u>				
Security	5,083,162	2,436,926	5,495,154	(411,991)
Repair/Maintenance Services	4,052,555	1,578,345	4,109,333	(56,778)
Engines and Transmissions	1,790,962	583,180	2,206,097	(415,135)
Other Outside Services	5,690,400	1,593,447	5,188,085	502,315
Purchased Transportation	56,549,790	22,641,677	55,431,652	1,118,138
Total Outside Services:	73,166,868	28,833,576	72,430,320	736,548
<u>Materials & Supplies:</u>				
Lubricants	396,959	170,147	396,959	-
Tires	740,996	310,909	740,996	-
Other Materials & Supplies	6,214,837	2,650,868	6,448,336	(233,499)
Total Maint. Parts & Supplies:	7,352,792	3,131,923	7,586,291	(233,499)
<u>Energy:</u>				
Fuel	7,589,236	3,357,472	8,781,399	(1,192,163)
CNG	7,743,753	3,775,603	9,162,047	(1,418,294)
Traction Power	6,826,251	3,089,347	7,001,251	(175,000)
Utilities	3,344,436	1,308,591	3,189,673	154,763
Total Energy:	25,503,677	11,531,014	28,134,371	(2,630,694)
<u>Risk Management</u>	4,634,442	1,714,193	4,407,912	226,530
<u>General & Administrative</u>	1,104,842	374,426	1,029,548	75,294
<u>Debt Service</u>	25,116,648	-	25,116,648	-
<u>Vehicle/Facility Leases</u>	446,348	124,416	346,754	99,594
TOTAL OPERATING EXPENSES	239,024,932	86,010,887	238,997,514	27,418
Overhead Allocation	(0)	3	0	(0)
Total Revenues Less Total Expenses	(0)	(51,022,584)	1	2
Net Operating Subsidy	(161,775,887)	(51,022,584)	(156,378,950)	5,396,937

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONSOLIDATED ADMINISTRATION
FY 2008 PROPOSED BUDGET AMENDMENT**

	FY08 BUDGET	FY 08 ACTUAL THROUGH 11/30	FY08 PROJECTED	FY 08 BUDGET CHANGE FAVORABLE (UNFAVORABLE)
REVENUE:				
Passenger Fares	-	-	-	-
Advertising	30,000	-	9,000	(21,000)
Contracted Service Revenue	-	-	-	-
Other	1,581,679	1,909,368	3,827,465	2,245,786
Total Operating Revenue	1,611,679	1,909,368	3,836,465	2,224,786
Subsidy Revenue	27,303,570	-	27,303,570	-
Reserve Revenue	-	-	-	-
Other Income	-	-	-	-
Total Combined Revenue	28,915,249	1,909,368	31,140,035	2,224,786
EXPENSES:				
<u>Personnel</u>	11,638,582	4,032,187	10,651,382	987,200
<u>Outside Services:</u>				
Security	2,000	4,516	2,000	-
Repair/Maintenance Services	46,466	14,978	37,900	8,566
Engines and Transmissions	-	-	-	-
Other Outside Services	3,159,154	982,093	3,089,598	69,556
Purchased Transportation	-	-	-	-
Total Outside Services:	3,207,620	1,001,587	3,129,498	78,122
<u>Materials & Supplies:</u>				
Lubricants	-	-	-	-
Tires	-	-	-	-
Other Materials & Supplies	49,500	-	34,500	15,000
Total Maint. Parts & Supplies:	49,500	-	34,500	15,000
<u>Energy:</u>				
Fuel	4,000	2,287	4,000	-
CNG	-	886	-	-
Traction Power	-	-	-	-
Utilities	417,624	154,126	394,935	22,689
Total Energy:	421,624	157,299	398,935	22,689
<u>Risk Management</u>	444,296	194,162	461,221	(16,925)
<u>General & Administrative</u>	575,115	237,740	544,979	30,136
<u>Debt Service</u>	21,610,620	-	21,610,620	-
<u>Vehicle/Facility Leases</u>	-	-	-	-
TOTAL OPERATING EXPENSES	37,947,358	5,622,976	36,831,136	1,116,222
Overhead Allocation	9,032,108	3,763,380	5,691,100	3,341,008
Total Revenues Less Total Expenses	-	49,773	-	-
Net Operating Subsidy	(27,303,570)	49,773	(27,303,570)	-

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONSOLIDATED OTHER ACTIVITIES
FY 2008 PROPOSED BUDGET AMENDMENT**

	FY08 BUDGET	FY 08 ACTUAL THROUGH 11/30	FY08 PROJECTED	FY 08 BUDGET CHANGE FAVORABLE (UNFAVORABLE)
REVENUE:				
Passenger Fares	-	-	-	-
Advertising	-	-	-	-
Contracted Service Revenue	-	-	-	-
Other	785,000	188,905	785,000	-
Total Operating Revenue	785,000	188,905	785,000	-
Subsidy Revenue	-	-	-	-
Reserve Revenue	236,717	-	161,256	(75,460)
Other Income	-	-	-	-
Total Combined Revenue	1,021,717	188,905	946,256	(75,460)
EXPENSES:				
<u>Personnel</u>	643,503	218,914	637,003	6,500
<u>Outside Services:</u>				
Security	-	-	-	-
Repair/Maintenance Services	32,150	11,358	32,150	-
Engines and Transmissions	-	-	-	-
Other Outside Services	118,264	9,412	78,764	39,500
Purchased Transportation	-	-	-	-
Total Outside Services:	150,414	20,771	110,914	39,500
<u>Materials & Supplies:</u>				
Lubricants	-	-	-	-
Tires	-	-	-	-
Other Materials & Supplies	5,000	(250)	12,700	(7,700)
Total Maint. Parts & Supplies:	5,000	(250)	12,700	(7,700)
<u>Energy:</u>				
Fuel	3,200	1,263	3,200	-
CNG	-	-	-	-
Traction Power	-	-	-	-
Utilities	11,575	3,634	11,575	-
Total Energy:	14,775	4,897	14,775	-
<u>Risk Management</u>	43,605	17,502	43,605	-
<u>General & Administrative</u>	124,350	35,564	110,850	13,500
<u>Debt Service</u>	-	-	-	-
<u>Vehicle/Facility Leases</u>	-	-	-	-
TOTAL OPERATING EXPENSES	981,647	297,397	929,847	51,800
Overhead Allocation	(40,070)	(16,696)	(16,409)	(23,660)
Total Revenues Less Total Expenses	(0)	(125,189)	-	0
Net Operating Subsidy	(236,717)	(125,189)	(161,256)	75,460

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONSOLIDATED OPERATIONS
FY 2008 PROPOSED BUDGET AMENDMENT**

	FY08 BUDGET	FY 08 ACTUAL THROUGH 11/30	FY08 PROJECTED	FY 08 BUDGET CHANGE FAVORABLE (UNFAVORABLE)
REVENUE:				
Passenger Fares	73,361,866	31,977,083	75,231,715	1,869,849
Advertising	925,000	417,396	1,457,000	532,000
Contracted Service Revenue	30,000	-	30,000	-
Other	535,500	495,548	1,278,383	742,883
Total Operating Revenue	74,852,366	32,890,027	77,997,098	3,144,732
Subsidy Revenue	130,098,163	-	123,454,976	(6,643,187)
Reserve Revenue	4,137,436	-	5,459,149	1,321,712
Other Income	-	-	-	-
Total Combined Revenue	209,087,966	32,890,027	206,911,223	(2,176,743)
EXPENSES:				
<u>Personnel</u>	89,417,230	36,050,237	88,657,285	759,945
<u>Outside Services:</u>				
Security	5,081,162	2,432,409	5,493,154	(411,991)
Repair/Maintenance Services	3,973,939	1,552,009	4,039,283	(65,344)
Engines and Transmissions	1,790,962	583,180	2,206,097	(415,135)
Other Outside Services	2,412,982	601,942	2,019,723	393,259
Purchased Transportation	56,549,790	22,641,677	55,431,652	1,118,138
Total Outside Services:	69,808,834	27,811,218	69,189,908	618,926
<u>Materials & Supplies:</u>				
Lubricants	396,959	170,147	396,959	-
Tires	740,996	310,909	740,996	-
Other Materials & Supplies	6,160,337	2,651,118	6,401,136	(240,799)
Total Maint. Parts & Supplies:	7,298,292	3,132,173	7,539,091	(240,799)
<u>Energy:</u>				
Fuel	7,582,036	3,353,922	8,774,199	(1,192,163)
CNG	7,743,753	3,774,717	9,162,047	(1,418,294)
Traction Power	6,826,251	3,089,347	7,001,251	(175,000)
Utilities	2,915,237	1,150,832	2,783,163	132,074
Total Energy:	25,067,278	11,368,818	27,720,661	(2,653,383)
<u>Risk Management</u>	4,146,541	1,502,529	3,903,086	243,455
<u>General & Administrative</u>	405,377	101,122	373,719	31,658
<u>Debt Service</u>	3,506,028	-	3,506,028	-
<u>Vehicle/Facility Leases</u>	446,348	124,416	346,754	99,594
TOTAL OPERATING EXPENSES	200,095,927	80,090,514	201,236,531	(1,140,604)
Overhead Allocation	(8,992,039)	(3,746,681)	(5,674,691)	(3,317,348)
Total Revenues Less Total Expenses	(0)	(50,947,167)	1	2
Net Operating Subsidy	(134,235,600)	(50,947,167)	(128,914,123)	5,321,476
Revenue Miles	31,446,337	13,324,763	31,287,600	(158,737)
Total Miles	36,096,727	15,020,031	35,804,719	(292,008)
Revenue Hours	2,490,037	1,025,116	2,478,729	(11,308)
Total Hours	2,650,392	1,147,852	2,661,695	11,303
Passengers (Boardings)	87,952,742	39,058,836	91,194,700	3,241,958
Farebox Recovery Ratio	38.4%	41.9%	38.5%	0.1%
Average Fare	0.834	0.819	0.825	-0.9%
Cost per Revenue Mile	6.65	6.29	6.61	(0.04)
Cost per Revenue Hour	83.97	81.78	83.47	(0.50)

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TRANSIT SERVICES
FY 2008 PROPOSED BUDGET AMENDMENT**

	FY08 BUDGET	FY 08 ACTUAL THROUGH 11/30	FY08 PROJECTED	FY 08 BUDGET CHANGE FAVORABLE (UNFAVORABLE)
REVENUE:				
Passenger Fares	22,644,928	9,683,611	23,514,897	869,969
Advertising	925,000	385,406	925,000	-
Contracted Service Revenue	30,000		30,000	-
Other	10,000	7,933	10,000	-
Total Operating Revenue	23,609,928	10,076,950	24,479,897	869,969
Subsidy Revenue	51,773,010		50,158,253	(1,614,758)
Reserve Revenue	4,137,436		5,459,149	1,321,712
Other Income	-		-	-
Total Combined Revenue	79,520,375	10,076,950	80,097,298	576,923
EXPENSES:				
<u>Personnel</u>	57,097,660	22,816,560	56,406,660	691,000
<u>Outside Services:</u>				
Security	180,600	80,578	180,600	-
Repair/Maintenance Services	874,190	337,747	931,190	(57,000)
Engines and Transmissions	718,462	219,969	1,102,462	(384,000)
Other Outside Services	436,008	102,646	490,808	(54,800)
Purchased Transportation	-	9,566	-	-
Total Outside Services:	2,209,259	750,505	2,705,059	(495,800)
<u>Materials & Supplies:</u>				
Lubricants	219,009	70,883	219,009	-
Tires	736,496	308,630	736,496	-
Other Materials & Supplies	3,368,350	1,564,876	3,590,749	(222,399)
Total Maint. Parts & Supplies:	4,323,856	1,944,389	4,546,255	(222,399)
<u>Energy:</u>				
Fuel	2,548,969	870,783	2,709,332	(160,363)
CNG	2,677,270	2,260,454	5,374,741	(2,697,471)
Traction Power	-		-	-
Utilities	589,909	224,229	559,909	30,000
Total Energy:	5,816,148	3,355,467	8,643,982	(2,827,834)
<u>Risk Management</u>	1,956,235	630,457	1,606,235	350,000
<u>General & Administrative</u>	180,831	61,522	191,682	(10,851)
<u>Debt Service</u>	3,506,028		3,506,028	-
<u>Vehicle/Facility Leases</u>	79,966	39,426	79,966	-
TOTAL OPERATING EXPENSES	75,169,983	29,598,326	77,685,867	(2,515,884)
Overhead Allocation	(4,350,392)	(1,812,663)	(2,411,431)	(1,938,961)
Total Revenues Less Total Expenses	(0)	(21,334,039)	(0)	0
Net Operating Subsidy	(55,910,447)	(21,334,039)	(55,617,401)	293,045

Revenue Miles	9,612,949	4,184,483	9,570,407	(42,542)
Total Miles	11,242,665	4,685,694	11,197,376	(45,289)
Revenue Hours	880,612	366,573	872,208	(8,404)
Total Hours	923,353	386,571	924,540	1,187
Passengers (Boardings)	26,719,679	11,738,431	27,710,841	991,162
Farebox Recovery Ratio	32.0%	34.9%	31.2%	-0.7%
Average Fare	0.848	0.825	0.849	0.1%
Cost per Revenue Mile	8.27	7.51	8.37	0.10
Cost per Revenue Hour	90.30	85.69	91.83	1.53

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
RAIL OPERATIONS
FY 2008 PROPOSED BUDGET AMENDMENT**

	FY08 BUDGET	FY 08 ACTUAL THROUGH 11/30	FY08 PROJECTED	FY 08 BUDGET CHANGE FAVORABLE (UNFAVORABLE)
REVENUE:				
Passenger Fares	28,616,012	12,575,464	28,976,993	360,981
Advertising	-	31,990	157,000	157,000
Contracted Service Revenue	-	-	-	-
Other	525,500	487,616	646,500	121,000
Total Operating Revenue	29,141,512	13,095,069	29,780,493	638,981
Subsidy Revenue	28,485,704	-	27,048,360	(1,437,344)
Reserve Revenue	-	-	-	-
Other Income	-	-	-	-
Total Combined Revenue	57,627,216	13,095,069	56,828,853	(798,363)
EXPENSES:				
<u>Personnel</u>	30,724,869	12,766,753	30,780,403	(55,534)
<u>Outside Services:</u>				
Security	4,839,362	2,326,340	5,239,362	(400,000)
Repair/Maintenance Services	2,977,449	1,172,034	2,999,749	(22,300)
Engines and Transmissions	-	-	-	-
Other Outside Services	730,625	195,909	463,625	267,000
Purchased Transportation	-	-	-	-
Total Outside Services:	8,547,436	3,694,284	8,702,736	(155,300)
<u>Materials & Supplies:</u>				
Lubricants	177,950	99,264	177,950	-
Tires	4,500	2,279	4,500	-
Other Materials & Supplies	2,781,986	1,086,179	2,805,386	(23,400)
Total Maint. Parts & Supplies:	2,964,436	1,187,722	2,987,836	(23,400)
<u>Energy:</u>				
Fuel	432,736	199,379	472,212	(39,477)
CNG	-	-	-	-
Traction Power	6,826,251	3,089,347	7,001,251	(175,000)
Utilities	2,186,583	875,203	2,096,583	90,000
Total Energy:	9,445,570	4,163,929	9,570,046	(124,477)
<u>Risk Management</u>	2,165,306	872,072	2,271,851	(106,545)
<u>General & Administrative</u>	177,228	37,608	151,228	26,000
<u>Debt Service</u>	-	-	-	-
<u>Vehicle/Facility Leases</u>	85,382	33,451	85,382	-
TOTAL OPERATING EXPENSES	54,110,227	22,755,818	54,549,483	(439,256)
Overhead Allocation	(3,516,989)	(1,465,410)	(2,279,370)	(1,237,618)
Total Revenues Less Total Expenses	0	(11,126,159)	(0)	(1)
Net Operating Subsidy	(28,485,703)	(11,126,159)	(27,048,360)	1,437,343
Revenue Miles	7,959,350	3,388,859	7,959,350	-
Total Miles	8,083,887	3,435,179	8,083,887	-
Revenue Hours	468,155	184,327	468,155	-
Total Hours	477,493	187,607	477,493	(1)
Passengers (Boardings)	35,994,984	16,780,820	38,313,765	2,318,781
Farebox Recovery Ratio	56.6%	59.1%	55.4%	-1.1%
Average Fare	0.795	0.749	0.756	-3.9%
Cost per Revenue Mile	7.24	7.15	7.14	(0.10)
Cost per Revenue Hour	123.09	131.40	121.39	(1.71)

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MULTIMODAL OPERATIONS - FIXED ROUTE
FY 2008 PROPOSED BUDGET AMENDMENT**

	FY08 BUDGET	FY 08 ACTUAL THROUGH 11/30	FY08 PROJECTED	FY 08 BUDGET CHANGE FAVORABLE (UNFAVORABLE)
REVENUE:				
Passenger Fares	17,663,366	7,783,829	18,216,940	553,575
Advertising	-		375,000	375,000
Contracted Service Revenue	-		-	-
Other	-		-	-
Total Operating Revenue	17,663,366	7,783,829	18,591,940	928,575
Subsidy Revenue	32,691,022		30,733,909	(1,957,113)
Reserve Revenue	-		-	-
Other Income	-		-	-
Total Combined Revenue	50,354,387	7,783,829	49,325,849	(1,028,538)
EXPENSES:				
<u>Personnel</u>	397,200	114,484	316,556	80,644
<u>Outside Services:</u>				
Security	61,200	25,491	73,191	(11,991)
Repair/Maintenance Services	-	2,294	3,641	(3,641)
Engines and Transmissions	1,015,500	347,905	1,015,500	-
Other Outside Services	686,340	167,469	545,496	140,844
Purchased Transportation	39,853,363	16,096,542	39,562,093	291,270
Total Outside Services:	41,616,403	16,639,701	41,199,922	416,481
<u>Materials & Supplies:</u>				
Lubricants	-		-	-
Tires	-		-	-
Other Materials & Supplies	-		-	-
Total Maint. Parts & Supplies:	-	-	-	-
<u>Energy:</u>				
Fuel	2,810,137	1,456,992	3,361,959	(551,822)
CNG	4,354,145	1,382,705	3,456,211	897,934
Traction Power	-		-	-
Utilities	-	1,306	-	-
Total Energy:	7,164,282	2,841,002	6,818,169	346,112
<u>Risk Management</u>	-	-	-	-
<u>General & Administrative</u>	9,540	1,358	6,235	3,305
<u>Debt Service</u>	-	-	-	-
<u>Vehicle/Facility Leases</u>	260,000	51,540	177,156	82,844
TOTAL OPERATING EXPENSES	49,447,424	19,648,085	48,518,039	929,385
Overhead Allocation	(906,963)	(377,901)	(807,810)	(99,152)
Total Revenues Less Total Expenses	0	(12,242,157)	(0)	(0)
Net Operating Subsidy	(32,691,021)	(12,242,157)	(30,733,909)	1,957,113

Revenue Miles	9,196,995	3,878,339	9,068,839	(128,156)
Total Miles	11,025,605	4,604,404	10,793,072	(232,533)
Revenue Hours	821,861	347,221	817,107	(4,754)
Total Hours	867,560	422,203	871,845	4,285
Passengers (Boardings)	21,189,800	8,821,838	21,024,925	(164,875)
Farebox Recovery Ratio	36.4%	40.4%	38.2%	1.8%
Average Fare	0.834	0.882	0.866	3.3%
Cost per Revenue Mile	5.48	5.16	5.44	(0.04)
Cost per Revenue Hour	61.27	57.68	60.37	(0.90)

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MULTIMODAL OPERATIONS - PARATRANSIT
FY 2008 PROPOSED BUDGET AMENDMENT

	FY08 BUDGET	FY 08 ACTUAL THROUGH 11/30	FY08 PROJECTED	FY 08 BUDGET CHANGE FAVORABLE (UNFAVORABLE)
REVENUE:				
Passenger Fares	1,800,985	714,367	1,848,600	47,616
Advertising	-	-	-	-
Contracted Service Revenue	-	-	-	-
Other	-	-	-	-
Total Operating Revenue	1,800,985	714,367	1,848,600	47,616
Subsidy Revenue	11,029,410	-	10,821,512	(207,899)
Reserve Revenue	-	-	-	-
Other Income	-	-	-	-
Total Combined Revenue	12,830,395	714,367	12,670,112	(160,283)
EXPENSES:				
<u>Personnel</u>	244,835	85,431	206,482	38,353
<u>Outside Services:</u>				
Security	-	-	-	-
Repair/Maintenance Services	-	-	-	-
Engines and Transmissions	33,000	1,306	32,401	599
Other Outside Services	232,060	77,569	208,077	23,983
Purchased Transportation	10,648,543	4,185,395	10,173,759	474,785
Total Outside Services:	10,913,603	4,264,270	10,414,237	499,367
<u>Materials & Supplies:</u>				
Lubricants	-	-	-	-
Tires	-	-	-	-
Other Materials & Supplies	-	-	-	-
Total Maint. Parts & Supplies:	-	-	-	-
<u>Energy:</u>				
Fuel	1,610,713	740,499	2,012,620	(401,907)
CNG	-	-	-	-
Traction Power	-	-	-	-
Utilities	-	882	-	-
Total Energy:	1,610,713	741,381	2,012,620	(401,907)
<u>Risk Management</u>	-	-	-	-
<u>General & Administrative</u>	2,940	624	4,948	(2,008)
<u>Debt Service</u>	-	-	-	-
<u>Vehicle/Facility Leases</u>	21,000	-	4,250	16,750
TOTAL OPERATING EXPENSES	12,793,092	5,091,706	12,642,537	150,555
Overhead Allocation	(37,304)	(15,543)	(27,574)	(9,730)
Total Revenues Less Total Expenses	(0)	(4,392,882)	1	2
Net Operating Subsidy	(11,029,411)	(4,392,882)	(10,821,510)	207,900

Revenue Miles	3,339,589	1,342,311	3,431,847	92,258
Total Miles	4,306,855	1,715,270	4,410,370	103,515
Revenue Hours	198,934	78,955	205,725	6,791
Total Hours	255,637	101,217	265,351	9,714
Passengers (Boardings)	601,775	242,568	635,828	34,053
Farebox Recovery Ratio	14.1%	14.1%	14.7%	0.5%
Average Fare	2.993	2.945	2.907	-8.5%
Cost per Revenue Mile	3.84	3.80	3.69	(0.15)
Cost per Revenue Hour	64.50	64.69	61.59	(2.91)

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CHULA VISTA TRANSIT
FY 2008 PROPOSED BUDGET AMENDMENT**

	FY08 BUDGET	FY 08 ACTUAL THROUGH 11/30	FY08 PROJECTED	FY 08 BUDGET CHANGE FAVORABLE (UNFAVORABLE)
REVENUE:				
Passenger Fares	2,636,576	1,219,812	2,674,285	37,709
Advertising	-	-	-	-
Contracted Service Revenue	-	-	-	-
Other	-	-	621,883	621,883
Total Operating Revenue	2,636,576	1,219,812	3,296,168	659,592
Subsidy Revenue	5,631,552	-	4,205,478	(1,426,074)
Reserve Revenue	-	-	-	-
Other Income	-	-	-	-
Total Combined Revenue	8,268,128	1,219,812	7,501,646	(766,482)
EXPENSES:				
<u>Personnel</u>	763,986	267,009	758,504	5,482
<u>Outside Services:</u>				
Security	-	-	-	-
Repair/Maintenance Services	122,300	39,934	104,703	17,597
Engines and Transmissions	24,000	14,000	55,734	(31,734)
Other Outside Services	172,449	58,349	156,217	16,232
Purchased Transportation	5,904,599	2,290,473	5,552,515	352,084
Total Outside Services:	6,223,348	2,402,756	5,869,169	354,179
<u>Materials & Supplies:</u>				
Lubricants	-	-	-	-
Tires	-	-	-	-
Other Materials & Supplies	10,000	62	5,000	5,000
Total Maint. Parts & Supplies:	10,000	62	5,000	5,000
<u>Energy:</u>				
Fuel	179,482	86,270	218,076	(38,594)
CNG	712,339	131,558	331,096	381,243
Traction Power	-	-	-	-
Utilities	138,745	49,212	126,671	12,074
Total Energy:	1,030,566	267,040	675,843	354,723
<u>Risk Management</u>	25,000	-	25,000	-
<u>General & Administrative</u>	34,837	10	19,625	15,212
<u>Debt Service</u>	-	-	-	-
<u>Vehicle/Facility Leases</u>	-	-	-	-
TOTAL OPERATING EXPENSES	8,087,737	2,936,877	7,353,141	734,596
Overhead Allocation	(180,391)	(75,163)	(148,505)	(31,887)
Total Revenues Less Total Expenses	(0)	(1,792,228)	0	1
Net Operating Subsidy	(5,631,552)	(1,792,228)	(4,205,478)	1,426,075

Revenue Miles	1,337,454	530,772	1,257,157	(80,297)
Total Miles	1,437,715	579,484	1,320,014	(117,701)
Revenue Hours	120,475	48,040	115,534	(4,941)
Total Hours	126,349	50,254	122,466	(3,883)
Passengers (Boardings)	3,446,504	1,475,179	3,509,341	62,837
Farebox Recovery Ratio	33.3%	42.6%	37.1%	3.8%
Average Fare	0.765	0.827	0.762	-0.3%
Cost per Revenue Mile	6.18	5.67	5.97	(0.21)
Cost per Revenue Hour	68.63	62.70	64.93	(3.70)

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CORONADO FERRY
FY 2008 PROPOSED BUDGET AMENDMENT**

	FY08 BUDGET	FY 08 ACTUAL THROUGH 11/30	FY08 PROJECTED	FY 08 BUDGET CHANGE FAVORABLE (UNFAVORABLE)
REVENUE:				
Passenger Fares	-		-	-
Advertising	-		-	-
Contracted Service Revenue	-		-	-
Other	-		-	-
Total Operating Revenue	-	-	-	-
Subsidy Revenue	143,285		143,285	-
Reserve Revenue	-		-	-
Other Income	-		-	-
Total Combined Revenue	143,285	-	143,285	-
EXPENSES:				
<u>Personnel</u>	-		-	-
<u>Outside Services:</u>				
Security	-		-	-
Repair/Maintenance Services	-		-	-
Engines and Transmissions	-		-	-
Other Outside Services	-		-	-
Purchased Transportation	143,285	59,702	143,285	-
Total Outside Services:	143,285	59,702	143,285	-
<u>Materials & Supplies:</u>				
Lubricants	-		-	-
Tires	-		-	-
Other Materials & Supplies	-		-	-
Total Maint. Parts & Supplies:	-	-	-	-
<u>Energy:</u>				
Fuel	-		-	-
CNG	-		-	-
Traction Power	-		-	-
Utilities	-		-	-
Total Energy:	-	-	-	-
<u>Risk Management</u>	-		-	-
<u>General & Administrative</u>	-		-	-
<u>Debt Service</u>	-		-	-
<u>Vehicle/Facility Leases</u>	-		-	-
TOTAL OPERATING EXPENSES	143,285	59,702	143,285	-
Overhead Allocation	-		-	-
Total Revenues Less Total Expenses	-	(59,702)	-	-
Net Operating Subsidy	(143,285)	(59,702)	(143,285)	-

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATIVE PASS THROUGH
FY 2008 PROPOSED BUDGET AMENDMENT**

	FY08 BUDGET	FY 08 ACTUAL THROUGH 11/30	FY08 PROJECTED	FY 08 BUDGET CHANGE FAVORABLE (UNFAVORABLE)
REVENUE:				
Passenger Fares	-		-	-
Advertising	-		-	-
Contracted Service Revenue	-		-	-
Other	-		-	-
Total Operating Revenue	-	-	-	-
Subsidy Revenue	344,180		344,180	-
Reserve Revenue	-		-	-
Other Income	-		-	-
Total Combined Revenue	344,180	-	344,180	-
EXPENSES:				
<u>Personnel</u>	188,680		188,680	-
<u>Outside Services:</u>				
Security	-		-	-
Repair/Maintenance Services	-		-	-
Engines and Transmissions	-		-	-
Other Outside Services	155,500		155,500	-
Purchased Transportation	-		-	-
Total Outside Services:	155,500	-	155,500	-
<u>Materials & Supplies:</u>				
Lubricants	-		-	-
Tires	-		-	-
Other Materials & Supplies	-		-	-
Total Maint. Parts & Supplies:	-	-	-	-
<u>Energy:</u>				
Fuel	-		-	-
CNG	-		-	-
Traction Power	-		-	-
Utilities	-		-	-
Total Energy:	-	-	-	-
<u>Risk Management</u>	-		-	-
<u>General & Administrative</u>	-		-	-
<u>Debt Service</u>	-		-	-
<u>Vehicle/Facility Leases</u>	-		-	-
TOTAL OPERATING EXPENSES	344,180	-	344,180	-
Overhead Allocation	-		-	-
Total Revenues Less Total Expenses	-	-	-	-
Net Operating Subsidy	(344,180)	-	(344,180)	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
MID YEAR OPERATING BUDGET - FISCAL YEAR 2008
SECTION 9.01

	Federal	TDA	STA	State - Other	TransNet	Other Local	Other Non Operating	Reserves/ Carryovers	Total
SDTC	15,259,025	14,998,721	9,393,706	-	10,228,800	278,000	-	5,459,149	55,617,401
SDTI	13,349,292	7,699,068	-	-	6,000,000	-	-	-	27,048,360
MCS 801 - South Central	-	18,059,112	-	-	-	-	-	-	18,059,112
MCS 802 - JARC Olaj	409,940	409,940	-	-	-	-	-	-	819,880
MCS 803 - JARC Mid City	117,548	117,549	-	-	-	-	-	-	235,097
MCS 804 - Inland Breeze	-	-	-	-	-	-	-	-	-
MCS 805 - Airport	-	-	-	-	-	-	-	-	-
MCS 820 - East County	-	8,066,198	-	-	-	-	-	-	8,066,198
MCS 825 - Poway	-	567,707	-	-	-	-	-	-	567,707
MCS 830 - Commuter Express	-	1,109,962	-	-	-	-	-	-	1,109,962
MCS 831 - Poway Express	-	-	-	-	-	-	-	-	-
MCS 835 - Central Routes 961-965	-	1,603,801	-	-	-	-	-	-	1,603,801
MCS 836 - Suburban Routes 851,853,874	-	-	-	-	-	-	-	-	-
MCS 840 - Regional Transit Center Maintenance	-	272,152	-	-	-	-	-	-	272,152
MCS 850 - ADA Access	-	6,262,562	-	2,000,000	566,000	150,918	-	-	8,979,480
MCS 855 - ADA Suburban	-	-	-	-	-	-	-	-	-
MCS 856 - ADA Certification	-	159,524	-	-	-	-	-	-	159,524
MCS 870 - DART	-	154,908	-	-	-	-	-	-	154,908
MCS 875 - Coaster Connection	-	264,363	-	-	-	539,000	-	-	803,363
MCS 876 - CalTrans Mitigation	-	-	-	97,051	-	-	-	-	97,051
MCS 880 - Rural	347,022	280,164	-	-	-	-	-	-	627,186
MCS - Poway Mitigation	-	-	-	-	-	-	-	-	-
Chula Vista Transit	-	4,205,478	-	-	-	-	-	-	4,205,478
National City Transit	-	-	-	-	-	-	-	-	-
Coronado Ferry	-	143,285	-	-	-	-	-	-	143,285
Administrative Pass Thru	-	344,180	-	-	-	-	-	-	344,180
Subtotal Operations	29,482,827	64,718,674	9,393,706	2,097,051	16,794,800	967,918	-	5,459,149	128,914,125
Taxicab	-	-	-	-	-	-	-	55,758	55,758
SD&AE	-	-	-	-	-	-	-	105,498	105,498
Subtotal Other Activities	-	-	-	-	-	-	-	161,256	161,256
Administrative	6,435,425	8,047,975	35,000	1,369,984	-	-	11,415,186	-	27,303,570
Debt Service / Lease Leaseback	-	-	-	-	-	-	-	-	-
Grand Total	35,918,252	72,766,650	9,428,706	3,467,035	16,794,800	967,918	11,415,186	5,620,405	156,378,951

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MID YEAR OPERATING BUDGET - FISCAL YEAR 2008
SECTION 9.02 - FUNDING SOURCES BY ACTIVITY
MTS CONSOLIDATED

	FUNDING SOURCE DESCRIPTION	AMOUNT	SUBSIDY SUBTOTALS
<u>MTS Consolidated</u>			
<u>Operating Revenue</u>			
	Passenger Revenue	75,231,716	
	Other Income	7,386,848	
	Total Operating Revenue	<u>82,618,564</u>	
<u>Non Operating/Subsidy Revenue</u>			
Federal	FTA 5304 / 5307 - Planning	114,705	
	FTA 5311(f) - Rural	347,022	
	FTA 5307 - Debt Service	6,320,720	
	FTA 5307/5309 - Preventative Maintenance	23,200,000	
	FTA CMAQ	5,149,292	
	FTA - JARC	<u>786,513</u>	
			35,918,252
TDA	TDA - Article 4.0 MTS Area	66,053,223	
	TDA - Article 4.0 MTS Area - Debt Service	1,580,180	
	TDA - Match	0	
	TDA - Article 4.5 (ADA)	3,880,000	
	TDA - Article 8.0	1,253,247	
	TDA - 10% and Administration	0	
	TDA - Unallocated Funds	<u>0</u>	
			72,766,650
STA	STA - Discretionary	6,758,197	
	STA - Formula	<u>2,670,509</u>	
			9,428,706
State - Other	Caltrans	97,051	
	STIP - Debt Service (AFC)	1,369,984	
	MediCal	<u>2,000,000</u>	
			3,467,035
TransNet	TransNet - 40% Operating Support	16,228,800	
	TransNet - BRT Capital Funds Shift	0	
	TransNet - Access ADA	<u>566,000</u>	
			16,794,800
Other Local	SANDAG - Inland Breeze	0	
	City of San Diego	428,918	
	APCD	<u>539,000</u>	
			<u>967,918</u>
	Total Subsidy Revenue	<u>139,343,360</u>	<u>139,343,360</u>
Other Funds	Lease/Leasback Income	<u>11,415,186</u>	
Reserves	Contingency Reserves	5,459,149	
	Other Reserves	161,256	
	Carryovers	0	
	Total Reserve/Carryover Revenue	<u>5,620,405</u>	
	Total Non Operating Revenue	<u>156,378,951</u>	
Total Revenue		<u>238,997,515</u>	
Total Expenses		<u>238,997,513</u>	
Net of Revenues over Expense		<u>2</u>	

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATING BUDGET
OPERATING REVENUE
FISCAL YEAR 2008**

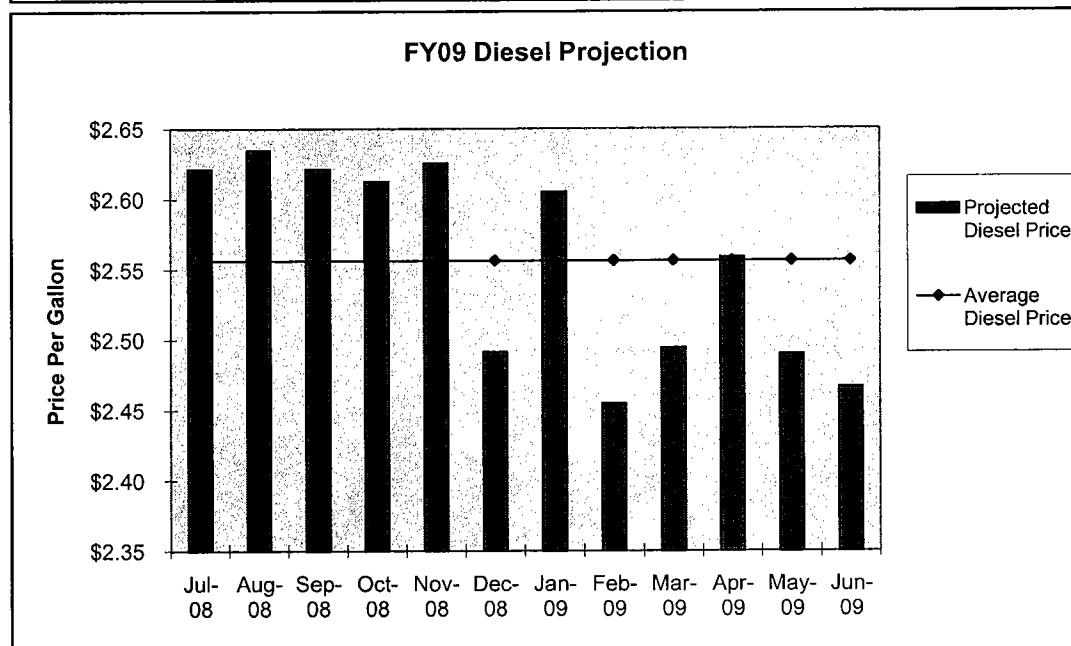
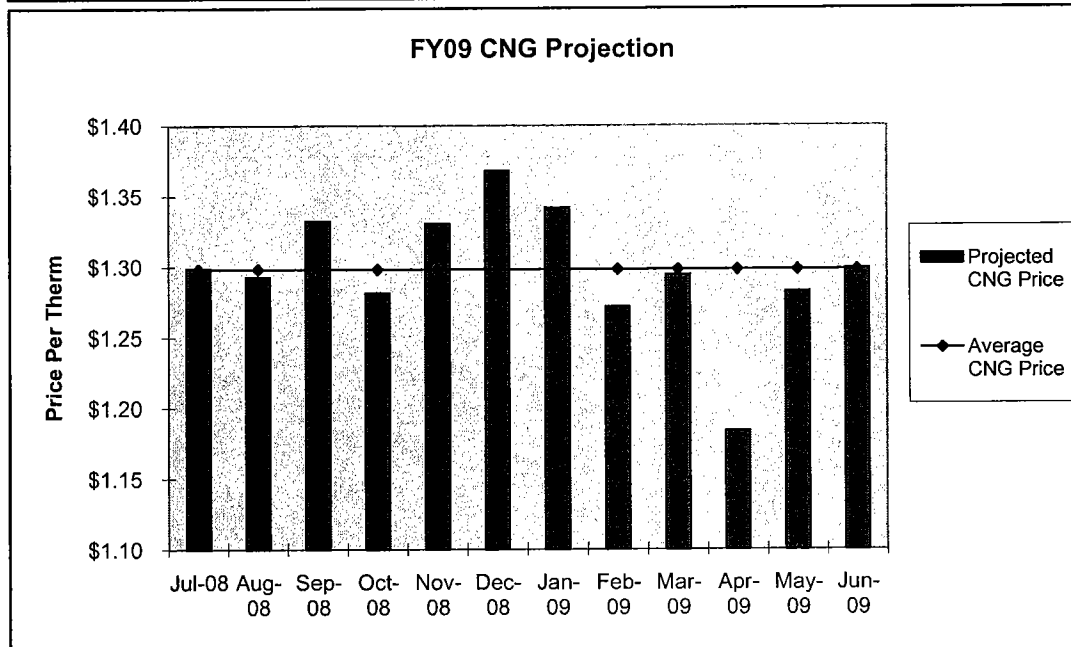
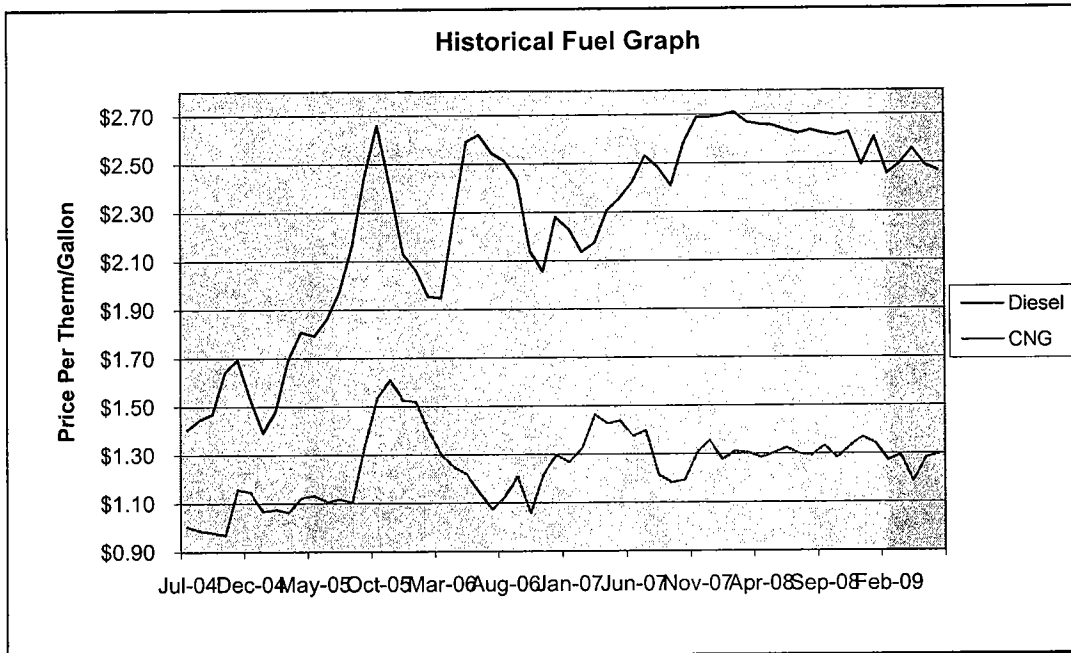
	BUDGET FY08	PROJECTED FY08	INITIAL FY09 BUDGET	DOLLAR CHANGE BUDGET/ PROJECTED	% CHANGE BUDGET/ PROJECTED
<u>Passenger Revenue</u>					
Transit Services	22,644,928	23,514,897	24,249,129	734,232	3.1%
Rail Operations	28,616,012	28,976,993	30,142,787	1,165,794	4.0%
Multimodal Operations - Fixed Route	17,663,366	18,216,940	18,724,038	507,097	2.8%
Multimodal Operations - Paratransit	1,800,985	1,848,600	1,871,400	22,799	1.2%
Chula Vista Transit	2,636,576	2,674,285	2,721,071	46,786	1.7%
Total Passenger Revenue	73,361,866	75,231,715	77,708,424	2,476,709	3.3%
<u>Advertising Revenue</u>					
Transit Services	925,000	925,000	1,000,000	75,000	8.1%
Rail Operations	-	157,000	300,000	143,000	91.1%
Multimodal Operations - Fixed Route	-	375,000	750,000	375,000	100.0%
Administrative	30,000	9,000	15,000	6,000	66.7%
Total Advertising Revenue	955,000	1,466,000	2,065,000	599,000	40.9%
<u>Contract Service Revenue</u>					
Transit Services	30,000	30,000	30,000	0	-
Total Contract Services Revenue	30,000	30,000	30,000	0	-
<u>Other Income</u>					
Transit Services	10,000	10,000	10,000	0	-
Rail Operations	525,500	646,500	653,500	7,000	1.1%
Chula Vista Transit	-	621,883	-	(621,883)	-100.0%
Administrative	612,810	2,896,560	2,854,110	(42,450)	-1.5%
Land Management	968,869	930,905	1,000,000	69,095	7.4%
Taxicab	685,000	685,000	685,000	0	-
SD&AE	100,000	100,000	100,000	0	-
Total Other Income	2,902,179	5,890,848	5,302,610	(588,238)	-10.0%
TOTAL OPERATING REVENUE	77,249,045	82,618,563	85,106,034	2,487,471	3.0%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

**Att. P, AI 32,
2/21/08**

**OPERATING BUDGET
OPERATING STATISTICS
FISCAL YEAR 2008**

	BUDGET FY08	PROJECTED FY08	INITIAL FY09 BUDGET	DOLLAR CHANGE BUDGET/ PROJECTED	% CHANGE BUDGET/ PROJECTED
<u>Passenger Levels</u>					
Transit Services	26,719,679	27,710,841	28,401,733	690,892	2.5%
Rail Operations	35,994,984	38,313,765	40,371,282	2,057,517	5.4%
Multimodal Operations - Fixed Route	21,189,800	21,024,925	21,595,385	570,460	2.7%
Multimodal Operations - Paratransit	601,775	635,828	631,376	(4,452)	-0.7%
Chula Vista Transit	3,446,504	3,509,341	3,600,755	91,414	2.6%
National City Transit	-	-	-	0	-
Coronado Ferry	-	-	-	0	-
	<u>87,952,743</u>	<u>91,194,700</u>	<u>94,600,531</u>	<u>3,405,832</u>	<u>3.7%</u>
<u>Average Fare</u>					
Transit Services	0.848	0.849	0.854	0.005	0.6%
Rail Operations	0.795	0.756	0.747	(0.010)	-1.3%
Multimodal Operations - Fixed Route	0.834	0.866	0.867	0.001	0.1%
Multimodal Operations - Paratransit	2.993	2.907	2.964	0.057	1.9%
Chula Vista Transit	0.765	0.762	0.756	(0.006)	-0.8%
National City Transit	-	-	-	-	-
Coronado Ferry	-	-	-	-	-
	<u>0.834</u>	<u>0.825</u>	<u>0.821</u>	<u>(0.004)</u>	<u>-0.4%</u>
<u>Revenue Miles</u>					
Transit Services	9,612,949	9,570,407	9,407,763	(162,644)	-1.7%
Rail Operations	7,959,350	7,959,350	8,038,944	79,594	1.0%
Multimodal Operations - Fixed Route	9,196,995	9,068,839	8,950,298	(118,541)	-1.3%
Multimodal Operations - Paratransit	3,339,589	3,431,847	3,281,059	(150,788)	-4.4%
Chula Vista Transit	1,337,454	1,257,157	1,248,224	(8,933)	-0.7%
National City Transit	-	-	-	0	-
Coronado Ferry	-	-	-	0	-
	<u>31,446,337</u>	<u>31,287,601</u>	<u>30,926,288</u>	<u>(361,313)</u>	<u>-1.2%</u>
<u>Total Miles</u>					
Transit Services	11,242,665	11,197,376	10,913,005	(284,371)	-2.5%
Rail Operations	8,083,887	8,083,887	8,164,726	80,839	1.0%
Multimodal Operations - Fixed Route	11,025,605	10,793,072	10,655,012	(138,060)	-1.3%
Multimodal Operations - Paratransit	4,306,855	4,410,370	4,213,384	(196,986)	-4.5%
Chula Vista Transit	1,437,715	1,320,014	1,447,940	127,926	9.7%
National City Transit	-	-	-	0	-
Coronado Ferry	-	-	-	0	-
	<u>36,096,727</u>	<u>35,804,719</u>	<u>35,394,066</u>	<u>(410,653)</u>	<u>-1.1%</u>
<u>Revenue Hours</u>					
Transit Services	880,612	872,208	859,378	(12,830)	-1.5%
Rail Operations	468,155	468,154	472,835	4,681	1.0%
Multimodal Operations - Fixed Route	821,861	817,107	806,267	(10,840)	-1.3%
Multimodal Operations - Paratransit	198,934	205,725	193,889	(11,836)	-5.8%
Chula Vista Transit	120,475	115,534	117,209	1,675	1.4%
National City Transit	-	-	-	0	-
Coronado Ferry	-	-	-	0	-
	<u>2,490,037</u>	<u>2,478,728</u>	<u>2,449,578</u>	<u>(29,150)</u>	<u>-1.2%</u>
<u>Total Hours</u>					
Transit Services	923,353	924,540	910,940	(13,600)	-1.5%
Rail Operations	477,493	477,493	482,268	4,775	1.0%
Multimodal Operations - Fixed Route	867,560	871,845	860,376	(11,469)	-1.3%
Multimodal Operations - Paratransit	255,637	265,351	249,152	(16,199)	-6.1%
Chula Vista Transit	126,349	122,466	124,241	1,775	1.4%
National City Transit	-	-	-	0	-
Coronado Ferry	-	-	-	0	-
	<u>2,650,392</u>	<u>2,661,695</u>	<u>2,626,977</u>	<u>(34,718)</u>	<u>-1.3%</u>



SAN DIEGO METROPOLITAN TRANSIT SYSTEM
Reserve Analysis
(in \$000's)

Type of Reserve	Amount	Explanation
<i>Non-Restricted Reserves</i>		
Balance, June 30, 2007	30,309	
FY08 Original Budget Approved Usage	(4,137)	
FY08 Mid Year Proposed Usage	<u>(1,322)</u>	
Projected Balance: June 30, 2008	<u>24,850</u>	
<i>Restricted Reserves</i>		
CCDC	928	Per agreement and in consultation with CCDC, for enhancement of public transit in centre city
Taxicab capital	11	For replacement of office equipment and vehicles
Insurance	2,000	Established for potential future liability claims, minimum \$2 million per policy 46
Billboard San Diego	224	Per agreement with city, used for improvements to right of way
Billboard Chula Vista	728	Per agreement with city, used for improvements to right of way
SD&AE	448	Established from 1984 state payments for storm damage, restricted for repair/improvement of line
MTS JPA residual	497	Established from proceeds of legal settlement, restricted for repairs to MTS Tower
Land management	405	For for repair and maintenance of rental property
Restricted Reserve Balance	<u>5,241</u>	

Metropolitan Transit System FY 2008 Mid Year Adjustment and FY 2009 Budget Development

Board of Directors Meeting
February 21, 2008



MTS FY08 Budget Recap

Time point	Event
May 2007	Projection of TDA/TransNet revenue for FY 2008 reduced by \$8.1M
June 2007	Board approved \$4.1M in non-recurring revenues to balance FY08
Aug 2007	Board approved adjustments in non-fare revenues, expense savings, benefits, fares and service adjustments.
Jan 2008	Revised projection of a further reduction in TDA/TransNet of \$6.3M Total TDA/TransNet reduction of \$14.4M

Due to changes in nonsubsidy revenues and expenses and fiscal management only an additional \$1.3M in reserves is needed.



Combined MTS FY2008 Mid Year Adjustment

(\$000'S)

	Adopted	Proposed		
	Budget	Midyear	Variance	Variance
		Budget		%
Operating Revenues	77,249	82,619	5,370	7.0%
Subsidy Revenues	157,402	150,759	(6,643)	-4.2%
Reserve Revenues	4,374	5,620	1,246	28.5%
Total Revenues	239,025	238,998	(27)	0.0%
Total Expenses	239,025	238,998	27	0.0%
Total Revs less Exps	(0)	0	0	-



Combined MTS FY 2008 Mid-Year Adjustment

Key Adjustments

• TDA/TransNet Subsidy Revenue Decreased	\$ (6,243)
• CNG Rebates to FY09 CIP	(3,000)
• FasTrak (I-15) Subsidy Elimination	(400)
• Interest Income	2,089
• Passenger Revenues	1,870
• Other Operating Revenues	1,411
• Purchased Transportation	1,118
• Wage / Workers Compensation Adjustments	1,033
• Previously Approved Benefit Adjustments	868
• All Other Adjustments	9
Subtotal	(1,246)
• Additional Reserves	1,246
Combined Revenues Less Expenses	\$ 0



FY 2008 MTS Reserve Analysis Non-Restricted Reserves in (\$000s)

Type of Reserve	Balance
Balance, June 30, 2007	30,309
FY08 Original Budget Approved Usage	(4,137)
FY08 Mid Year Proposed Usage	(1,322)
 Projected Balance: June 30, 2008	 <u>24,850</u>



FY 2008 MTS Reserve Analysis Restricted Reserves in (\$000s)

Type of Reserve	Balance	
Insurance	2,000	Established for potential future liability claims, minimum \$2 million per policy 46
CCDC	928	Per agreement and in consultation with CCDC, for enhancement of public transit in centre city
Billboard Chula Vista	728	Per agreement with city, used for improvements to right of way
Billboard San Diego	224	Per agreement with city, used for improvements to right of way
MTS JPA residual	497	Established from proceeds of legal settlement, restricted for repairs to MTS Tower
SD&AE	448	Established from 1984 state payments for storm damage. Restrictd for repair/improvement of line.
Land management	405	For for repair and maintenance of rental property
Taxicab capital	11	For replacement of office equipment and vehicles
 Restricted Reserve Balance	 <u>5,241</u>	



Combined MTS FY 2008 Mid-Year Adjustment Staff Recommendation

Approve Resolution 08-3 (Attachment A), which approves the combined MTS FY 2008 midyear adjustment. This includes the additional usage of \$1.321 million in nonrecurring revenues to the original budget-approved usage of \$4.137 million in nonrecurring revenues.



FY 2009 Preliminary Revenue Operating Revenue (\$000s)

	Projected FY 2008	Budget FY 2009	Variance	Variance Percentage
PASSENGER REVENUE	75,232	77,708	2,477	3.3%
ADVERTISING REVENUE	1,466	2,065	599	40.9%
OTHER INCOME	5,921	5,333	(588)	-9.9%
TOTAL OPERATING REVENUES	82,619	85,106	2,487	3.0%



Other Preliminary Assumptions Other Projections (000's)

	FY08 Projection	FY09 Budget	Variance	Variance Percentage
• Revenue Miles	31,288	30,926	(361)	-1.2%
• Total Miles	35,805	35,394	(411)	-1.1%
• Revenue Hours	2,479	2,450	(29)	-1.2%
• Total Hours	2,662	2,627	(35)	-1.3%
• Passenger Boardings	91,195	94,601	3,406	3.7%



Preliminary Assumptions Energy Projections

	FY08 Budget	FY08 Projection	FY09 Budget
• CNG Price/Therm	1.360	1.290	1.300
• Diesel Price/Gallon	2.450	2.620	2.560



FY09 Preliminary Issues / Policy Decisions
FY09 Budget Balancing

	FY08 Projection	FY09 Budget	Variance	Variance Percentage
Operating Revenues	82,619	85,106	2,487	3.0%
Recurring Subsidy Funding	139,244	140,905	1,661	1.2%
Total Recurring Revenues	221,863	226,011	4,148	1.9%
Less: Recurring Expenses	(225,903)	(232,680)	(6,777)	3.0%
Add: Other NonRecur Revs	(1,580)	-	1,580	-100.0%
Add: Reserves	5,620	-	(5,620)	-100.0%
Total Revs Less Expenses	0	(6,669)	(6,669)	n/a



**Sorrento Valley Coaster Connection (SVCC)
Service**

- Operated by MTS since 1997
- Nine weekday routes
- Shuttle passengers from Coaster to employment sites: Sorrento Valley, Sorrento Mesa, Carroll Canyon, University City, Torrey Pines
- Free to Coaster ticket holders-cost offset by air quality subsidy



SVCC Productivity

- 980 passengers per day
- 249,000 passengers per year
- 14.3 passengers per revenue hour
- Average subsidy per passenger = \$4.15



FY 2008 Budgeted Funding

MTS TDA	\$300,000
Fair-Share Coaster Farebox/Fares*	\$107,100
Caltrans Mitigation	\$192,858
APCD	<u>\$539,000</u>
Total	\$1,138,958

*Included \$3,600 in fare revenue from discontinued segment of Route 89



FY 2009 Funding

- ~\$735,000 needed to replace lost funding
 - Loss of Caltrans funding for Route 89 (- \$193,000)
 - Funding was attached to now-completed project on I-5/805 Merge
 - Loss of APCD air quality funding (-\$539,000)
 - APCD has indicated that funding will not be available after current contract ends June 30
- Coaster fair-share revenue will continue (\$104,000 in FY 2008)
- MTS contributes \$300,000 in agency TDA to subsidize service



Exploring Potential Solutions

- Revisit APCD funding
- Seeking other grant funding
- Coaster/SVCC Fare Increase
- Employer contributions
- Reduce SVCC service
- Employer shuttles
- NCTD, MTS and SANDAG share the cost of subsidy through use of each agency's TDA



MTS Board of Directors

Staff Recommendation

- ▀ 1. Approve Resolution 08-3 (Attachment A): FY08 Mid Year Adj.
- ▀ 2. Receive the following reports:
 - FY 2009 Preliminary Operating Revenue
 - FY 2009 Preliminary Assumptions
 - FY 2009 Preliminary Issues / Policy Decisions



Metropolitan Transit System FY 2008 Mid Year Adjustment and FY 2009 Budget Development

Board of Directors Meeting
February 21, 2008





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

MKPC 660 (PC 50901)

February 21, 2008

SUBJECT:

MTS: VEHICLE ADVERTISING SERVICES

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to award a contract (MTS Doc. No. G1140.0-08 in substantially the same format as Attachment A) to Michael-Allen & Associates for vehicle advertising services (contingent upon not receiving any protests).

Budget Impact

The services would result in a revenue contract for MTS. The net revenue estimated for base contract Years 1 through 3 would be \$7,944,000.

DISCUSSION:

A Request for Proposals (RFP for Vehicle Advertising Services) was issued on October 18, 2007. The proposal was advertised and mailed to 12 contractors, including two disadvantaged business enterprise contractors. Proposals were due on November 21, 2007, and six proposals were received.

MTS staff reviewed the proposals for responsiveness and responsibility in accordance with MTS Policy No. 52 (Procurement of Goods and Services), and a bid summary was prepared (Attachment B).



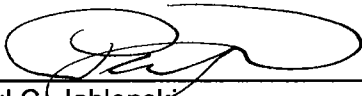
Metropolitan Transit System (MTS) is a California public agency and is comprised of San Diego Transit Corporation and San Diego Trolley, Inc. nonprofit public benefit corporations, in cooperation with Chula Vista Transit and National City Transit. MTS is the taxicab administrator for eight cities and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

An evaluation committee, consisting of representatives from the MTS Finance, Marketing, and Procurement Departments, rated the proposals received (see Attachments C and D). The evaluation criteria were scored on three components, and their respective ratings were:

- | | | |
|----|--|-----|
| 1. | Qualifications of the Firm or Individual | 30% |
| 2. | Management Plan | 30% |
| 3. | Payment Proposal | 40% |

The evaluation of proposals determined a competitive range consisting of two vendors. Utilizing careful consideration, the evaluation committee conducted oral interviews and discussions with the competitive-range vendors. The evaluation committee subsequently requested Best and Final Offers (BAFO) from the two finalists, and then a final evaluation of the BAFO responses was completed.

After conscientious calculation and deliberation, the selection committee determined the Michael-Allen & Associates proposal to be the most advantageous and of the greatest value to MTS. Therefore, staff recommends that MTS award a contract to Michael-Allen & Associates for vehicle advertising services.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Cliff Telfer, 619.557.4532, Cliff.Telfer@sdmts.com
Rob Schupp, 619.557.4511, Rob.Schupp@sdmts.com

FEB21-08.33.VEHICLE AD SVCS.BCalmes.doc

Attachments: A. Draft MTS Doc. No. G1140.0-08
B. Bid Summary
C. Proposal Evaluation Scores **(Board Only)**
D. Source Selection Document **(Board Only)**

DRAFT

STANDARD SERVICES AGREEMENT

MTS Doc. No. G1140.0-08
Contract NumberMKPC 660 (PC 50901)
File/PO Number(s)

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

Name: Michael-Allen & AssociatesAddress: 13053 Signature Point, Suite 229Form of Business: Corporation
(Corporation, Partnership, Sole Proprietor, etc.)San Diego, CA 92130Telephone: 858.724.0775

Authorized person to sign contracts: Jim Cox Vice 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 vehicle advertising on the exteriors and interiors of MTS buses and light rail vehicles as specified in MTS's Request for Proposals (RFP) (MTS Doc. No. G1140.0-08) for vehicle advertising, including Addendum No. 1, dated November 9, 2007; MTS's Response to Questions/Clarifications; and in accordance with the Standard Services Agreement, Standard Conditions Services, Federal Requirements, Scope of Work, and Michael-Allen & Associates' proposal dated November 21, 2007.

Michael-Allen & Associates agrees to 80% retention by MTS of the net amount of all sales under the contract.

This contract shall remain in effect for a three-year term with 2 one-year options, which are exercisable at the sole discretion of MTS. The term of the base contract shall be March 1, 2008, through February 28, 2011, for a total of three years. The terms of Options 1 and 2 shall be one year each. MTS shall have the sole discretion to exercise Options 1 and 2 at the prices set forth in the Contractor's Cost Proposal.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer	Firm: <u>Michael-Allen & Associates</u>
Approved as to form:	By: _____ Signature
By: _____ Office of General Counsel	Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$ <u>N/A (Revenue Contract)</u>	<u>50901</u>	<u>2008</u>

By: _____
Chief Financial Officer Date

(_____ total pages, each bearing contract number)

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Updated: 2/6/2008

**BID SUMMARY
VEHICLE ADVERTISING RFP
11-2007**

A. SALES PROJECTIONS FOR TERM OF THE CONTRACT

CLEAR CHANNEL OUTDOOR				GATEWAY OUTDOOR ADVERTISING				LAMAR TRANSIT ADVERTISING				MICHAEL-ALLEN & ASSOC.			
CONTRACT YEAR	RETENTION %	NET MTS REVENUE		CONTRACT YEAR	RETENTION %	NET MTS REVENUE		CONTRACT YEAR	RETENTION %	NET MTS REVENUE		CONTRACT YEAR	RETENTION %	NET MTS REVENUE	
Year One (1):	61.50%	\$ 1,141,267.00		Year One (1):	60.00%	\$ 870,000.00		Year One (1):	64.46%	\$ 1,473,750.00		Year One (1):	75.00%	\$ 2,400,000.00	
Year Two (2):	61.50%	\$ 1,433,249.00		Year Two (2):	65.00%	\$ 1,040,000.00		Year Two (2):	58.96%	\$ 1,780,263.00		Year Two (2):	77.50%	\$ 2,640,000.00	
Year Three (3):	61.50%	\$ 1,519,044.00		Year Three (3):	65.00%	\$ 1,105,000.00		Year Three (3):	57.65%	\$ 1,994,654.00		Year Three (3):	80.00%	\$ 2,904,000.00	
SUBTOTAL YEARS 1-3:		\$ 4,093,560.00		SUBTOTAL YEARS 1-3:		\$ 3,015,000.00		SUBTOTAL YEARS 1-3:		\$ 5,248,667.00		SUBTOTAL YEARS 1-3:		\$ 7,944,000.00	
Year Four (4):	61.50%	\$ 1,579,806.00		Year Four (4):	65.00%	\$ 1,137,500.00		Year Four (4):	57.65%	\$ 2,127,674.00		Year Four (4):	80.00%	\$ 3,194,400.00	
Year Five (5):	61.50%	\$ 1,642,998.00		Year Five (5):	65.00%	\$ 1,202,500.00		Year Five (5):	57.65%	\$ 2,334,035.00		Year Five (5):	80.00%	\$ 3,513,840.00	
GRAND TOTAL FOR 5 YEARS:		\$ 7,316,364.00		GRAND TOTAL FOR 5 YEARS:		\$ 5,355,000.00		GRAND TOTAL FOR 5 YEARS:		\$ 9,710,376.00		GRAND TOTAL FOR 5 YEARS:		\$ 14,652,240.00	
Average Annual Net Advertising Revenue:		\$ 1,463,272.80		Average Annual Net Advertising Revenue:		\$ 1,071,000.00		Average Annual Net Advertising Revenue:		\$ 1,942,075.20		Average Annual Net Advertising Revenue:		\$ 2,930,448.00	

TITAN OUTDOOR LLC				CBS OUTDOOR			
CONTRACT YEAR	RETENTION %	NET MTS REVENUE		CONTRACT YEAR	RETENTION %	NET MTS REVENUE	
Year One (1):	65.00%	\$ 1,755,000.00		Year One (1):	60.00%	\$ 1,800,000.00	
Year Two (2):	65.00%	\$ 2,015,000.00		Year Two (2):	60.00%	\$ 1,920,000.00	
Year Three (3):	65.00%	\$ 2,275,000.00		Year Three (3):	60.00%	\$ 1,992,000.00	
SUBTOTAL YEARS 1-3:		\$ 6,045,000.00		SUBTOTAL YEARS 1-3:		\$ 5,712,000.00	
Year Four (4):	65.00%	\$ 2,535,000.00		Year Four (4):	60.00%	\$ 2,100,000.00	
Year Five (5):	65.00%	\$ 2,860,000.00		Year Five (5):	60.00%	\$ 2,196,000.00	
GRAND TOTAL FOR 5 YEARS:		\$ 11,440,000.00		GRAND TOTAL FOR 5 YEARS:		\$ 10,008,000.00	
Average Annual Net Advertising Revenue:		\$ 2,288,000.00		Average Annual Net Advertising Revenue:		\$ 2,001,600.00	

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BID SUMMARY
VEHICLE ADVERTISING RFP
11-2007

GRAND TOTALS
SALES PROJECTIONS TOTALS FOR TERM OF THE CONTRACT

CLEAR CHANNEL OUTDOOR		GATEWAY OUTDOOR ADVERTISING		LAMAR TRANSIT ADVERTISING		MICHAEL-ALLEN & ASSOC.	
CONTRACT YEAR 1 TOTAL:	\$ 1,141,267.00	CONTRACT YEAR 1 TOTAL:	\$ 870,000.00	CONTRACT YEAR 1 TOTAL:	\$ 1,473,750.00	CONTRACT YEAR 1 TOTAL:	\$ 2,400,000.00
CONTRACT YEAR 2 TOTAL:	\$ 1,433,249.00	CONTRACT YEAR 2 TOTAL:	\$ 1,040,000.00	CONTRACT YEAR 2 TOTAL:	\$ 1,760,263.00	CONTRACT YEAR 2 TOTAL:	\$ 2,640,000.00
CONTRACT YEAR 3 TOTAL:	\$ 1,519,044.00	CONTRACT YEAR 3 TOTAL:	\$ 1,105,000.00	CONTRACT YEAR 3 TOTAL:	\$ 1,994,654.00	CONTRACT YEAR 3 TOTAL:	\$ 2,904,000.00
CONTRACT YEARS 1-3 SUBTOTAL:	\$ 4,093,560.00	CONTRACT YEARS 1-3 SUBTOTAL:	\$ 3,015,000.00	CONTRACT YEARS 1-3 SUBTOTAL:	\$ 5,248,667.00	CONTRACT YEARS 1-3 SUBTOTAL:	\$ 7,944,000.00
OPTIONS YEARS 4 & 5		OPTIONS YEARS 4 & 5		OPTIONS YEARS 4 & 5		OPTIONS YEARS 4 & 5	
CONTRACT YEAR 4 TOTAL:	\$ 1,579,806.00	CONTRACT YEAR 4 TOTAL:	\$ 1,137,500.00	CONTRACT YEAR 4 TOTAL:	\$ 2,127,674.00	CONTRACT YEAR 4 TOTAL:	\$ 3,194,400.00
CONTRACT YEAR 5 TOTAL:	\$ 1,642,998.00	CONTRACT YEAR 5 TOTAL:	\$ 1,202,500.00	CONTRACT YEAR 5 TOTAL:	\$ 2,334,035.00	CONTRACT YEAR 5 TOTAL:	\$ 3,513,840.00
GRAND TOTAL FOR 5 YR CONTRACT:	\$ 7,316,364.00	GRAND TOTAL FOR 5 YR CONTRACT:	\$ 5,355,000.00	GRAND TOTAL FOR 5 YR CONTRACT:	\$ 9,710,376.00	GRAND TOTAL FOR 5 YR CONTRACT:	\$ 14,652,240.00

TITAN OUTDOOR LLC		CBS OUTDOOR	
CONTRACT YEAR 1 TOTAL:	\$ 1,755,000.00	CONTRACT YEAR 1 TOTAL:	\$ 1,800,000.00
CONTRACT YEAR 2 TOTAL:	\$ 2,015,000.00	CONTRACT YEAR 2 TOTAL:	\$ 1,920,000.00
CONTRACT YEAR 3 TOTAL:	\$ 2,275,000.00	CONTRACT YEAR 3 TOTAL:	\$ 1,992,000.00
CONTRACT YEARS 1-3 SUBTOTAL:	\$ 6,045,000.00	CONTRACT YEARS 1-3 SUBTOTAL:	\$ 5,712,000.00
OPTIONS YEARS 4 & 5		OPTIONS YEARS 4 & 5	
CONTRACT YEAR 4 TOTAL:	\$ 2,535,000.00	CONTRACT YEAR 4 TOTAL:	\$ 2,100,000.00
CONTRACT YEAR 5 TOTAL:	\$ 2,860,000.00	CONTRACT YEAR 5 TOTAL:	\$ 2,196,000.00
GRAND TOTAL FOR 5 YR CONTRACT:	\$ 11,440,000.00	GRAND TOTAL FOR 5 YR CONTRACT:	\$ 10,008,000.00



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Agenda

Item No. 34

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

CIP 11421, 11280

February 21, 2008

SUBJECT:

MTS: SUBSTATION REHABILITATION PROJECT – FUND TRANSFER

RECOMMENDATION:

That the Board of Directors forward a request to the San Diego Association of Governments (SANDAG) Board of Directors to transfer funds from the High-Voltage Breaker Replacement Project (CIP 1128000) to the Substation Standardization Project (CIP 1142100) as shown in the Fund Transfer Summary (Attachment A).

Budget Impact

No change to the overall CIP amount. \$600,000 would be added to the Substation Standardization Project from the High-Voltage Breaker Replacement Project in SANDAG's CIP budget.

DISCUSSION:

Currently SANDAG's CIP budget includes a phased, multiyear project for San Diego Trolley, Inc.'s (SDTI's) substation rehabilitation (CIP 1142100). It also includes another phased project for replacement of high-voltage AC breakers.

In November 2007, SANDAG advertised a substation rehabilitation project for competitive bids. The scope included installing a new substation at Fletcher Parkway as a primary work and rehabilitation of any combination of one to three substations on the Orange Line for added alternate work. In response, SANDAG received four bids. The lowest qualified bid was submitted by Mass Electric Company, a very experienced contractor (having recently worked on similar projects on MTS's system). Based on the low bid prices and available project budget, it was determined that the contract could be awarded for one new substation at Fletcher Parkway and one Orange Line substation for rehabilitation.



In the interest of getting more than one substation rehabilitation done under this project, SDTI reviewed all other traction power-related projects in the capital improvement program and came up with the recommendation to transfer \$600,000 from CIP 1128000 (High-Voltage Breaker Replacement Project) to CIP 1142100 (Substation Standardization Project) so that the contract could be awarded for one new substation and two substation rehabilitations. Staff's recommendation is based on two factors:

1. Replacing old contactors to new breakers, which is a part of substation rehabilitation work, is a very high priority due to performance and safety implications; and
2. More work is needed to identify suitable high-voltage breakers; therefore, the project is not ready to proceed at this time. Transferring funds to the substation rehabilitation project from this project would not hurt the High-Voltage Breaker Replacement Project as staff can request additional funds in future-year capital programs and speed up much-needed substation rehabilitation work.

Since both of these projects are in SANDAG's capital budget, staff is recommending that the MTS Board forward a request to the SANDAG Board to approve the fund transfer.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Russ Desai, 619.595.4908, RDesai@sdmts.com

FEB14-08.34.SUBSTATION REHAB.RDESAI.doc

Attachment: A. Fund Transfer Summary

FUND TRANSFER SUMMARY

PROJECT (CIP NO.)	FY 08 Budget	Proposed Budget	Budget Change
1. Substation Standardization Project (CIP 1142100)	\$3,018,000	\$3,618,000	\$600,000
2. High-Voltage Breaker Replacement Project (CIP 1128000)	\$920,000	\$320,000	-\$600,000



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Agenda

Item No. 35

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

FIN 340

February 21, 2008

SUBJECT:

MTS: FINANCIAL PERSPECTIVE ON THE METROPOLITAN TRANSIT SYSTEM

RECOMMENDATION:

That the Board of Directors receive the white paper and discuss potential next steps.

Budget Impact

None.

Executive Committee Recommendation

At its meeting on February 14, 2008, the Executive Committee recommended forwarding this item to the Board of Directors.

DISCUSSION:

On December 6, 2007, the Executive Committee discussed MTS's overall funding challenges as part of the review of the Fiscal Year 2009 Capital Improvement Program. Members of the Executive Committee urged staff to prepare a white paper detailing the agency's current financial challenges and some potential solutions.

Paul C. Jablonski
Chief Executive Officer

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

FEB21-08.35.FINAN WHITEPAPER.SCOONEY.doc

Attachment: A. Financial Perspective on the MTS



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

Pursuing Sustainability: A Financial Perspective on the Metropolitan Transit System

Prepared by the Staff of the Metropolitan Transit System

January 2008

Like all government services and amenities, public transportation is not self-supporting. While transit is funded in part with customer fares and other income generated from its assets, it survives predominantly through a variety of local, state, and federal taxpayer subsidies. Maintaining a sustainable transit system in San Diego is a shared goal, which will require the efforts of all stakeholders. This paper provides an overview of funding challenges facing the Metropolitan Transit System (MTS) and outlines some potential ways to assist the agency on its road to sustainability.

Background

MTS provides transit services to 3,240 square miles of San Diego County, an area that encompasses ten cities, the international border, and much of the unincorporated county. Each day, more than 270,000 passengers rely on MTS's bus, paratransit, and trolley fleets to get them to their destinations. MTS is experiencing a nearly 6 percent increase in the number of riders overall (with a nearly 10 percent increase on rail), and the quality of service has improved. The rapid increase in riders is occurring for several reasons: services have improved as a result of efficiencies implemented as part of the Comprehensive Operational Analysis (COA), the regional population continues to grow, and the cost of motor fuel has pushed people to rethink their commute choices.

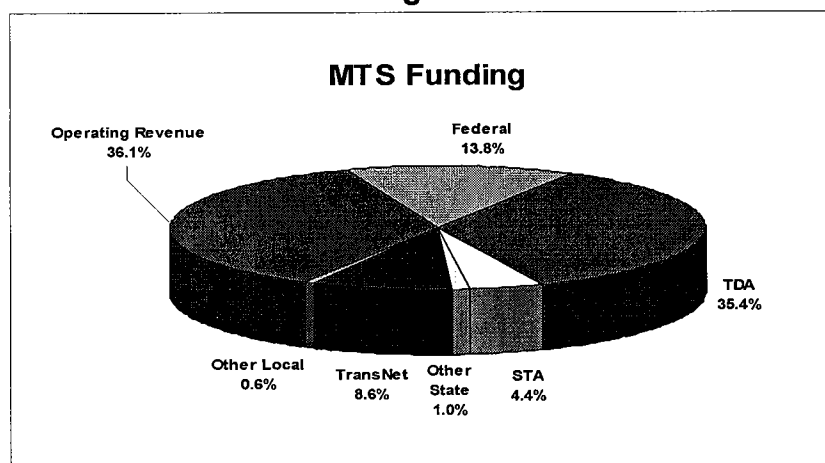
Compare the nearly 6 percent annual increase in riders with the fact that MTS has operated the service under a budget that only increases annually at the rate of inflation (3.1 percent). In addition, quality of service has improved. From 2006 to 2007, on-time performance increased by 6 percent while subsidy per passenger dropped by nearly 5 percent. The conclusion is that efficiencies implemented at MTS have resulted in getting more, better-quality service for less money. Yet despite its efforts to cut the cost of operations, MTS is facing a financial crisis that could jeopardize its ability to continue to provide this invaluable service.

The Nature of Public Transportation Funding

MTS's first objective is to increase the number of customers served by public transportation, yet this goal can run counter to maintaining the system's financial

viability because riders themselves only pay for a small portion of the cost to operate service. The percentage of the cost of a ride covered by customer fares (fare box recovery) is high for the MTS system relative to other similar operations nationwide, yet at 35 percent, it covers little more than one-third of the cost of a ride (Figure 1). When transit service expands or the number of riders increases to a point that requires more buses or trains to run on an existing route, the taxpayer money needed to subsidize the service also increases. In addition, if service is stretched to serve areas with lower demand where ridership will be low, the fare box recovery drops and the subsidy needs to increase to cover the difference.

Figure 1



Fare revenue is complemented by several much smaller sources of income associated with MTS assets and contracts. Approximately 1.5 percent of MTS's annual revenue comes from the aggregate of such things as advertising, concessionaires, entry fees, leases, interest, interagency agreements, and joint development. While these types of smaller funding streams are helpful, they cannot grow enough to make up for significant losses in other categories of funding.

The bulk of MTS's funding comes from a variety of local, state, and federal subsidy programs. These programs usually come with restrictions on funding usage—whether for operating service, rehabilitating or replacing existing infrastructure, or expanding capacity through the construction of new infrastructure. There has historically been a public bias toward funding capital over operations and toward funding capacity-enhancing infrastructure projects over rehabilitation or replacement of existing infrastructure. Limitations built into funding programs present a challenge when attempting to meet the community's needs. The funding bias toward “new” capital projects makes it difficult to maintain the 108 miles of trolley tracks and catenaries, 52 stations, 5 bus maintenance facilities, 15-acre trolley yard, 725 buses, and 134 light rail vehicles while at the same time keeping the service rolling.

The following are some of the primary sources of MTS funding. Each of these is impacted by factors that cause them to be vulnerable to fluctuations at any time.

- *Transportation Development Act (TDA)*. TDA, which is the largest source of MTS subsidy revenue, is generated from a ¼ percent local sales tax that was created by the state legislature in the 1970s to help local communities maintain public transportation. TDA is the most flexible form of revenue since it can be used for capital or operating expenses; however, as a sales tax, it is linked to the local economy and is therefore volatile.
- *Federal Revenue Programs*. The next largest source of MTS subsidy is federal revenue, which derives from a number of programs authorized by the Surface Transportation Act (SAFETEA-LU) and appropriated each year by Congress. Rules for use of these funds are restrictive and include an 80 percent match. Congress has appropriated transit funds at the levels authorized under SAFETEA-LU for the past three years, but this is not guaranteed.
- *TransNet*. TransNet provides public transportation in San Diego County with about 1/3 of a ½ percent local sales tax. MTS receives a portion of that funding for transit operations and for certain capital projects that are considered to be capacity-enhancing. Transit's TransNet portion is shared by MTS, North County Transit District (NCTD), and San Diego Association of Governments (SANDAG). Like TDA, TransNet is a sales tax and can shift dramatically with the local economy.
- *State Transit Assistance (STA)*. STA, which is the largest state subsidy program for transit, derives its revenue from the state sales tax on gasoline, and agencies that qualify for STA can use it for either operations or capital expenses. MTS receives approximately 4.6 percent of the statewide total. Based on various voter-approved initiatives, such as Proposition 42 (2002) and Proposition 1A (2006), this funding must be appropriated for transit purposes unless borrowed during a fiscal crisis. The funding is linked to gasoline sales, which have trended upward in recent years, but the funds have been repeatedly "borrowed" or diverted by the state for other purposes.
- *State Transportation Improvement Program (STIP)*. Half of all gas taxes dedicated to transit are allocated through the STIP. This program provides funding to regional planning agencies like SANDAG based on their project submittals. This funding is only available for capacity-enhancing projects such as light rail expansion or technology advancements. MTS has been successful in the past at receiving this funding, but it is not guaranteed since it requires a state appropriation and a regional submittal. In addition, statements from the current Administration indicate that they perceive that the Proposition 1B funds are a replacement for the gas tax contribution to the Public Transportation Account, an account that funds the transit portion of the STIP. The State is currently involved in litigation regarding the matter of the use of transit gas tax funds for General Fund purposes.

Restrictions on use, requirements for matches, the need for annual appropriation for state and federal funding, and volatility associated with sales tax contribute to uncertainty in the MTS budget. These factors also make it difficult to meet the competing needs of operating service, maintaining or replacing existing facilities and vehicles, and expanding infrastructure.

Funding Challenges

Three years ago, MTS developed a structurally balanced operating budget and turned its attention to the challenge of an underfunded capital budget for rehabilitation and replacement of older infrastructure. Too much of the existing revenue was limited in its use to capacity-enhancing or expansion projects to adequately address the problem of maintaining an established and aging infrastructure. System expansion is a priority for the region in order to meet the growing demand for alternative transportation, and projects funded through TransNet and other programs like the STIP have been steadily expanding operations. However, there has not been enough funding to pay for the types of projects like vehicle replacements and rehabilitation of light rail track and catenaries that are essential for maintaining the system in working order.

A five-year projection of capital needs indicates that there continues to be a considerable unmet need. In early 2007, with the passage of Proposition 1B (2006) and its dedicated and flexible source of capital funding, and the inclusion of Trolley's Blue and Orange Line Improvement Project in the TransNet Early Action Program (December, 2006), the outlook for transit funding appeared to be stabilizing. However, as previously discussed, the Proposition 1B funds may simply replace other state funding, which would mean that improvements to the trolley would continue to be underfunded. Table 1 (on the following page) demonstrates a \$171 million shortfall in capital over five years, but this number is based on the assumption that Proposition 1B and TransNet II will fully fund Blue and Orange Line rehabilitation and low-floor vehicles system wide. If this assumption is not valid, then the five-year unmet need is closer to \$500 million.

Uncertainty also jeopardizes the stability of MTS's operating budget. Sales tax revenue growth began to decline rapidly in 2007 as the economy slowed. By the summer of 2007, MTS grappled with an unbudgeted \$9.2 million drop in subsidy from TransNet and TDA, \$8.1 million of which impacted the Fiscal Year 2008 budget. Through the summer and fall of 2007, MTS set about bridging the budgetary gap with nearly 20 measures meant to shrink costs and increase revenue. New advertising, hiring freezes, cuts in management benefits, creative property management, service cuts, and fare increases combined to help stabilize the operating budget.

This month, MTS learned that growth has not only slowed; sales tax receipts have begun to decline from Fiscal Year 2007 levels. Third quarter sales tax receipts declined 0.4 percent from 2006 levels, and predictions are that Fiscal Year 2008 sales tax will decrease a total of 2.9 percent from 2007 levels. The impact of small percentage decreases on public transportation is staggering. An additional \$6.3 million budgetary

gap on top of the previously addressed \$8.1 million must now be filled for the current budget year, and only a 2.2 percent rebound is projected for Fiscal Year 2009. The measures initiated late in 2007 will not absorb the additional decrease in subsidy.

In addition, the State has continued to divert funding which could be used as operating assistance and to help pay for desperately needed capital improvements. In Fiscal Year 2008, the State diverted nearly \$1.3 billion from the Public Transportation Account into nontransit programs. The Administration's proposed Fiscal Year 2008-2009 budget would similarly divert another \$596 million from the Public Transportation Account. The effect of this proposal is significant: based on MTS's share of STA, this diversion equates to an approximate \$27 million loss to MTS. To put this in perspective, \$27 million could purchase 67 new buses. Table 1 does not take into consideration potential state diversions of dedicated transit funding.

Table 1
Capital Improvement Program (CIP)
Fiscal Years 2009 - 2013

	Proposed FY09	Projected FY10	Projected FY11	Projected FY12	Projected FY13	FY09 to FY13
Total Revenues						
Recurring Dedicated CIP Revenues	57,425.0	59,722.0	62,110.9	64,595.3	67,179.1	311,032.4
Other Nonrecurring Revenues	13,211.8	-	-	-	-	13,211.8
Total Capital Revenues	70,636.8	59,722.0	62,110.9	64,595.3	67,179.1	324,244.2
Less: "Off-the-Top" Expenses						
SANDAG Planning Studies	(772.7)	(803.6)	(835.8)	(869.2)	(904.0)	(4,185.3)
Preventative Maintenance	(29,000.0)	(29,000.0)	(29,000.0)	(29,000.0)	(29,000.0)	(145,000.0)
Total "Off-the-Top" Expenses	(29,772.7)	(29,803.6)	(29,835.8)	(29,869.2)	(29,904.0)	(149,185.3)
Adjusted Available CIP Revenues	40,864.1	29,918.4	32,275.1	34,726.1	37,275.2	175,058.9
Total Project Needs	101,322.6	86,154.8	53,095.0	61,685.2	44,250.8	346,508.4
Total Deficit	(60,458.5)	(56,236.4)	(20,819.9)	(26,959.1)	(6,975.6)	(171,449.5)
% of Funding / Needs	40.3%	34.7%	60.8%	56.3%	84.2%	50.5%
Accumulated Deficit	(60,458.5)	(116,694.9)	(137,514.8)	(164,473.9)	(171,449.5)	
Accumulated % Funding / Needs	40.3%	37.8%	42.8%	45.6%	50.5%	

* CIP excludes Blue Line Rehabilitation and LRV purchases that will be funded with Infrastructure Bond / TNET II

As an agency, MTS has been economizing for several years. Fat has been cut from the budget. Creative approaches to generating nonfare revenue have been implemented. Transit routes and schedules have been streamlined or cut. Fares have been increased. Given the degree of the problem, the fact that the budget is already lean from previous cuts in expenses and that reserves are minimal for a \$240 million budget, the fact that fares have already been increased significantly, and the fact that capital replacement and rehabilitation needs must be addressed, two avenues for filling the

additional \$6.3 million gap in the Fiscal Year 2008 budget appear to remain: substantial service cuts or identification of new revenue resources.

Bridging the Gap

The region's roadmap for future transportation growth, the Regional Transportation Plan (RTP), identifies the need to increase public transportation use in the future in order to maintain acceptable levels of mobility. A policy of continual service contraction runs counter to this plan. Therefore, it would appear that broad service cuts are not the best solution for fixing budgetary deficits caused by economic downturns. This paper will identify some possible ways to expand the available funding for transit.

- *Prioritize Transit Service Operations When Funding Is Discretionary.* In certain cases, a region has the discretion to focus funding to meet external pressures. For instance, statutory authorization for TDA specifies off-the-top allocations for bicycle improvements and transit planning. The percentage of TDA used for transit planning is discretionary up to 3 percent and up to 2 percent for bicycle improvements. TDA provides that the regional planning agency has the discretion to determine if those off-the-top allocations could better serve the current needs of the community by being put into transit service instead. SANDAG has programmed the full 3 percent for transit planning and 2 percent for bicycle programs allowable by law and revised Fiscal Year 2008 allocations for transit planning and bicycle programs, respectively, are \$3.5 million and \$2.3 million.
- *Balance New Construction with Maintenance of Existing Infrastructure and Service.* The region has perhaps the most discretion with the TransNet program of funding since it is an entirely local program. With few exceptions, the region's decision makers at SANDAG could make changes to the way funding is allocated. TransNet II includes a list of projects to be constructed and a Plan of Expenditure, which was devised with only preliminary analysis of what the projects might entail. The Plan of Expenditure could be reviewed to identify areas in which economies could free up some funding to be used to fund transit service. For instance, bus shelters identified for rapid bus projects could be scaled back and the funding diverted to transit service or rehabilitation of existing infrastructure. If at-grade bus stops were just scaled down from \$440,000 each to \$300,000 each, an estimated \$12.7 million could be diverted to other transit programs while still maintaining a significant improvement compared to the waiting environments enjoyed by transit riders today.
- *Recognize Actual Cost and Identify Sufficient Funding to Operate When Constructing New Transit Facilities.* Since public transportation can only cover a portion of its operating costs through fares, any new construction projects will need to have additional public subsidy to maintain operations into the future. In recognition of this fact, SANDAG has programmed Congestion Mitigation and Air Quality Improvement (CMAQ) funds for the initial three years of new service

operation of Mission Valley East Trolley and the Sprinter, which is the maximum allowable by federal guidelines. In addition, TransNet's Plan of Expenditure includes some funding for ongoing operations. However, it is already clear that the \$1.5 million set aside for annual operation of transit services along the Interstate 15 corridor is insufficient to maintain the new facilities and buses while at the same time operating the expanded service called for in the plan. The 50 percent decline in FasTrak revenues, which have historically been used to fund transit service in this corridor, exacerbates the problem.

- *Apply Federal and State Grants to Priority Needs First.* There are a number of competitive state and federal grant programs for which public transportation operations and capital maintenance are eligible. If maintaining transit service is given highest priority in the application process, then the focus of regional applications would be on projects that can fit the guidelines of the program while still helping to backfill a local need. The goal of moving more people should take precedence when choosing projects for regional submittal to the state for funding and when an award is at SANDAG's discretion. An example of an opportunity to practice this type of prioritization is with the federal Jobs Access Reverse Commute (JARC) Program. No other eligible form of transportation could carry as many people as existing reverse-commute fixed bus routes. When those routes are funded through the JARC Program, additional funds are made available to increase transit service elsewhere.
- *Emphasize the Need for Full-Funding of State and Federal Transit Programs.* Agencies in San Diego continue to lobby together for the region's fair share of funding from the state and federal governments. Advocacy on behalf of full funding of public transportation programs would need to be continued if the goals of the RTP are to be met.
- *Consider Transit When Creating Transportation Impact Programs, Dedicated Sales Tax Initiatives, or Other New Funding Sources.* The RTP indicates that significant increases in public transportation would be needed to meet minimal mobility needs; public transportation is likely to decline without newly identified funding. Transportation impact fees, dedicated sales tax initiatives, new fees, and other suggestions have been discussed to augment the public revenues available in the region. If public transportation is a regional priority, then it should be considered for future funding programs.

Metropolitan Transit System

FINANCIAL PERSPECTIVE WHITEPAPER

MTS Board of Directors
February 21, 2008



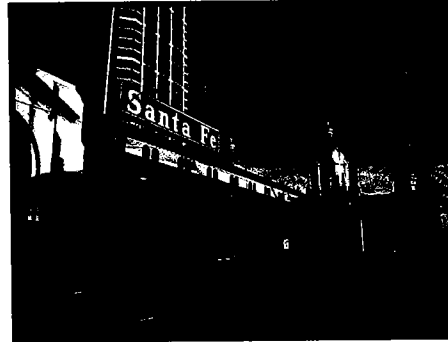
Whitepaper

- On December 6, Executive Committee members expressed interest in having a whitepaper prepared to explain the financial challenges facing the agency
- Suggested that specific alternatives for bridging the funding gap be discussed



Improved Service and Efficiency

- 6 % increase in riders in 2007
- Only 3.1% increase in operating budget
- Improved quality of service
 - 5 % decline in subsidy per passenger
 - 6% increase in on-time performance
- Implementation of COA efficiencies

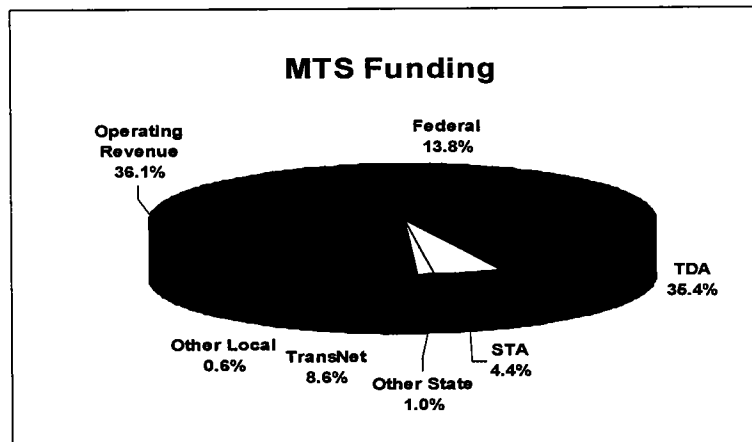


Funding Challenges

- Restrictions on use of funds
 - System expansion versus rehabilitation/maintenance of existing
 - capital versus operations
- Volatility of state and federal funding
 - Annual appropriation required
 - State budgetary crisis means diversion of transit funding
 - Governor's proposed FY 09 budget includes a \$596 million diversion
 - CTA lawsuit
- Diminished sales tax revenues -- 2.9% decline in FY 08
- Diminished FasTrak revenue (\$500,000 versus \$1 million)
- Loss of Caltrans, APCD mitigation funding (\$735,000)
- Competition within the region for grant programs
- Fuel costs



Operating Funding at a Glance



MTS FY08 Operating Budget Issues

Time point	Event
May 2007	Projection of TDA/TransNet revenue for FY 2008 reduced by \$8.1M
June 2007	Board approved \$4.1M in non-recurring revenues to balance FY08
Aug 2007	Board approved adjustments in non-fare revenues, expense savings, benefits, fares and service adjustments.
Jan 2008	Revised projection of a further reduction in TDA/TransNet of \$6.3M
Total TDA/TransNet reduction of \$14.4M	



Capital Needs

- Older, established infrastructure needs rehabilitation, maintenance
 - 108 miles of track and catenary wire
 - 52 stations
 - 5 bus maintenance facilities
 - 15-acre trolley yard
- Vehicle replacement needs must be addressed
 - 725 buses, 134 light rail vehicles
- Need to modernize, increase capacity, enhance safety features



Capital Funding Concerns

- Capital rehabilitation/maintenance eligible for fewer sources of funding
- Proposition 1B infrastructure bonds may be jeopardized by state fiscal crisis
- State diversion of “spillover” and PTA funds means less available for capital program
- Federal appropriation of sec. 5309 through Urban Partnership Agreement means less available for MTS needs
- 5-Year Capital Unmet Need: \$171 million to \$500 million (depends on availability of Prop. 1B, future transit funding diversions)



Capital Improvement Program (CIP) Fiscal Years 2009 - 2013						
	Proposed FY09	Projected FY10	Projected FY11	Projected FY12	Projected FY13	FY09 to FY13
Total Revenues						
Recurring Dedicated CIP Revenues	57,425.0	59,722.0	62,110.9	64,595.3	67,179.1	311,032.4
Non-Recurring Revenues	2,341.1	-	-	-	-	2,341.1
CNG Fuel Credits	4,940.7	-	-	-	-	4,940.7
Shifted Operating Revenues	5,496.4	-	-	-	-	5,496.4
Total Capital Revenues	70,203.1	59,722.0	62,110.9	64,595.3	67,179.1	323,810.5
Less: "Off the Top" Expenses						
SANDAG Planning Studies	(772.7)	(803.6)	(835.8)	(869.2)	(904.0)	(4,185.3)
Preventative Maintenance	(29,000.0)	(29,000.0)	(29,000.0)	(29,000.0)	(29,000.0)	(145,000.0)
Total "Off The Top" Expenses	(29,772.7)	(29,803.6)	(29,835.8)	(29,869.2)	(29,904.0)	(149,185.3)
Adjusted Available CIP Revenues	40,430.4	29,918.4	32,275.1	34,726.1	37,275.2	174,625.2
Total Project Needs	100,888.9	86,154.8	53,095.0	61,685.2	44,250.8	346,074.7
Total Deficit	(60,458.5)	(56,236.4)	(20,819.9)	(26,959.1)	(6,975.6)	(171,449.5)
% of Funding / Needs	40.1%	34.7%	60.8%	56.3%	84.2%	50.5%
Accumulated Deficit	(60,458.5)	(116,694.9)	(137,514.8)	(164,473.9)	(171,449.5)	
Accumulated % Funding / Needs	40.1%	37.6%	42.7%	45.5%	50.5%	
* CIP excludes Blue Line Rehabilitation and LRV Purchases that will be funded with Infrastructure Bond / TNET II						



Bridging the Gap

- Prioritize transit service operations when funding is regionally discretionary
 - Actual transit service operation could be given priority versus transit planning

Example: Transportation Development Act (TDA) allows SANDAG to take up to 3% for planning purposes (FY09 estimate is \$3.5 million)

- Prioritize competitive programs for existing transit services

Examples:

Jobs Access Reverse Commute (JARC) is a competitive process administered by SANDAG. Have used some of these funds to operate service.

TransNet Senior Mini-Grant Program could be used for existing service that helps seniors, or could be used to off-set the cost to provide discounted senior passes.



Bridging the Gap (continued)

- Balanced plan for new construction
 - No “gold-plated” design
 - Review TransNet Plan of Expenditure for potential economies
 - Identification of sufficient funding for operation, maintenance of new facilities
- Seek full funding of state, federal programs
- Include transit in new programs for securing infrastructure funding
 - transportation improvement funds for new construction, parking fees, sales tax initiatives, etc.





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Agenda

Item No. 45

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

SRTP 830 (PC 50451)

February 21, 2008

SUBJECT:

MTS: SERVICE PERFORMANCE MONITORING REPORT (WINTER 2007 SERVICE PERIOD)

RECOMMENDATION:

That the Board of Directors receive a report on the performance of bus and trolley services for the service change period between September 2, 2007, and January 27, 2008).

Budget Impact

None.

DISCUSSION:

MTS Policy No. 42 establishes a process for evaluating existing transit services based on the following vision for MTS services:

- Develop a Sustainable System: Provide appropriate types and levels of service that are consistent with market demands and are maintainable under current financial conditions.
- Develop a Customer-Focused System: Provide services that reflect the travel needs and priorities of our customers.
- Develop a Competitive System: Provide services that are competitive with other travel options by meeting market segment expectations.
- Develop an Integrated System: Develop transit services as part of an integrated network rather than a collection of individual routes.



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

The policy also states that services will be evaluated annually as well as after each regularly scheduled service change. While the annual report provides a comprehensive evaluation of service performance against adopted targets, the service period reports present initial results of service changes and provide an early indication of significant trends. The analysis also provides a basis for tracking the progress of performance throughout the year. This report represents the service evaluation for the fall 2007 service period (September 2, 2007, through January 27, 2008).

DEVELOP A CUSTOMER-FOCUSED AND COMPETITIVE SYSTEM

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

Average Weekday Passengers

ROUTE CATEGORIES	FALL 05	FALL 06	FALL 07	CHG 05-06	CHG 06-07
Premium Express	1,029	909	948	-11.7%	4.4%
Express	7,356	7,306	7,050	-0.7%	-3.5%
Light Rail	101,998	106,728	119,287	4.6%	11.8%
Urban Frequent	96,631	108,024	110,087	11.8%	1.9%
Urban Standard	42,808	38,357	37,539	-10.4%	-2.1%
Circulator	5,301	4,166	3,956	-21.4%	-5.1%
Rural	171	111	150	-35.4%	35.1%
Demand-Responsive	1,234	1,311	1,315	6.2%	0.3%
AVG WEEKDAY PASSENGERS	256,530	266,913	280,332	4.0%	5.0%

Average weekday ridership increased 5% (13,419 passengers) between fall 2006 and fall 2007. (Note: the Comprehensive Operational Analysis [COA] projected an increase of 8,700 passengers per day.) The greatest increase was experienced in the light rail and premium express route categories, while express and circulator services decreased at the greatest rate. While the decrease in ridership in fall 2006 on the rural services may bear relation to the major changes made to that service earlier in the year, the statistics are amplified by the relative volume of the ridership on these routes.

Passengers Per Revenue Hour

ROUTE CATEGORIES	FALL 05	FALL 06	FALL 07	CHG 05-06	CHG 06-07
Premium Express	18.9	18.4	20.9	(2.8%)	13.7%
Express	19.9	21.7	23.2	9.1%	7.1%
Light Rail	197.7	208.0	224.1	5.2%	7.8%
Urban Frequent	31.3	31.4	32.8	0.3%	4.5%
Urban Standard	25.1	23.0	23.1	(8.1%)	0.1%
Circulator	16.8	17.3	14.6	2.8%	(15.5%)
Rural	2.9	5.0	6.3	72.0%	24.6%
Demand-Responsive	2.1	2.2	2.1	4.7%	(4.6%)
MTS SYSTEM	39.9	40.5	42.6	1.7%	5.0%

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

Overall passengers per revenue hour for the system improved by 5% from 40.5 to 42.6 for the service period. Premium Express service again showed the best improvement recovering from a decline to show a 13.7% growth. Light rail showed continued improvement through fall 2007. Fixed-route bus service maintained an improvement from fall 2006 to fall 2007.

Passengers Per In-Service Hour

ROUTE CATEGORIES	FALL 06	FALL 07	CHG 06-07
Premium Express	14.3	19.3	35.2%
Express	27.4	28.7	5.1%
Light Rail	233.9	261.4	11.8%
Urban Frequent	38.7	38.6	-0.1%
Urban Standard	32.2	29.4	-8.5%
Circulator	29.7	22.8	-23.5%
Rural	3.6	5.4	51.1%
Demand-Responsive	N/A	N/A	N/A
MTS System	54.0	55.2	2.3%

Passengers per in-service hour represents a more accurate picture of productivity because in-service hours only include hours of operations dedicated to transporting passengers and does not include recovery time. The route categories overall have shown growth with trends that mirror those of the passenger per revenue hour statistic. The amplified change on rural services is again relative to the numerical size of the statistic.

On-Time Performance

ROUTE CATEGORIES	SEP-06	JAN-07	JUN-07	SEPT-07
Premium Express	68%	90%	64%	79%
Express	72%	84%	82%	81%
Light Rail	95%	97%	97%	96%
Urban Frequent	80%	81%	84%	84%
Urban Standard	83%	79%	83%	85%
Circulator	87%	88%	95%	88%
Rural	N/A	N/A	N/A	N/A
Demand-Responsive	N/A	N/A	N/A	N/A
MTS SYSTEM	81%	82%	85%	85%

MTS system-wide on-time performance has maintained its on-time performance of 85% from summer to fall 2007 service periods. This represents a 5% improvement over fall 2006. Urban frequent routes are slightly lower than their target of 85% while all other fixed-route bus services are below their target of 90%. Light rail service maintains its high on-time performance of 96%.

DEVELOP AN INTEGRATED SYSTEM

The significant service changes implemented during the fall 2007 service period include:

- Combining Routes 25, 926, and 927 through Linda Vista, Tierrasanta, and Serra Mesa.
- Restructuring Route 120 from Downtown San Diego to Kearny Mesa via Fashion Valley.
- New Saturday service on Route 83 in Mission Hills.
- Sunday service reductions in Chula Vista.

Frequency at Major Transfer Points

- Additional connection opportunities on Routes 25 and 120 through Linda Vista more than offset the Route 25 frequency reductions from 30 minutes to 60 minutes.
- Sunday frequency reductions in Chula Vista were implemented to help address the FY 2008 budget deficit. As a result, connection opportunities were reduced.

Span of Service Consistency

- New Saturday service on Route 83 provides additional span of service through Mission Hills.

Transfer Opportunities (improve the number of routes at major transfer points)

- The restructuring of Routes 25, 926, and 927 provides additional connectivity to major destinations, such as Fashion Valley, Sharp Hospital, Stonecrest Shopping Center, and Kearny Mesa Transit Center.
- Restructuring of Route 120 also provides better connections from feeder routes to the regional limited-stop service.

DEVELOP A SUSTAINABLE SYSTEM

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

In-Service Miles

OPERATOR	SEPTEMBER		DIFFERENCE	
	Calendar Year 2006	Calendar Year 2007	Number	Percent
MTS Bus	187,611	185,380	(2,231)	(1.2%)
MTS Contract Service Fixed Route	201,480	201,917	437	0.2%

FY 2008 budget-related service reductions implemented in fall 2007 resulted in a net reduction in bus in-service miles.

In-Service Hours

OPERATOR	FALL		DIFFERENCE	
	Calendar Year 2006	Calendar Year 2007	Number	Percent
MTS Bus	13,496	13,779	283	2.1%
MTS Contract Service Fixed-Route	13,885	14,342	457	3.3%

In-service hours increased from fall 2006 to fall 2007 as a result of the COA implementation and adjustments to running times for schedule reliability. Budget impacts as a result of the increased hours only pertain to MTS bus operations as contract services are paid on a per-mile basis only.

Peak Vehicle Requirement

OPERATOR	SEP-06	JAN-07	JUN-07	SEPT-07
MTS Bus	191	195	200	199
MTS Contract Service Fixed-Route	245	244	242	243

The peak vehicle requirement increased from fall 2006 to fall 2007 as a result of COA implementation and to improve service reliability; however, as of summer 2007, the statistic has stabilized indicating that the resource investment to implement the COA and improve services has fortunately hit a plateau.

In-Service Speeds

OPERATOR	FALL		DIFFERENCE	
	Calendar Year 2006	Calendar Year 2007	Number	Percent
MTS Bus	13.9	13.5	(0.4)	(0.3%)
MTS Contract Service Fixed-Route	14.5	14.1	(0.4)	(0.3%)

In-service speeds declined 0.3% for overall bus operations due to increased running times to account for a slower operating environment as a result of increased traffic, wheelchair boardings, and other variables. This statistic is expected to improve as the San Diego Association of Governments' bus rapid transit projects are implemented.

In-Service/Total Miles

OPERATOR	FALL		DIFFERENCE	
	Calendar Year 2006	Calendar Year 2007	Number	Percent
MTS Bus	89.4%	89.2%	(0.3%)	(0.3%)
MTS Contract Service Fixed-Route	N/A	N/A	N/A	N/A

In-service miles per total miles is only calculated for MTS bus operations as the contract is responsible for bus and driver assignments (run cutting), which determines total

mileage. As evident in the data, MTS bus operations have maintained good scheduling efficiencies from fall 2006 to fall 2007.

In Service/Total Hours

OPERATOR	FALL		DIFFERENCE	
	Calendar Year 2006	Calendar Year 2007	Number	Percent
MTS Bus	77.3%	77.8%	0.4%	0.6%
MTS Contract Service Fixed-Route	N/A	N/A	N/A	N/A

As with the mileage statistic, in-service hours per total hours can only be calculated for MTS bus operations. Again, this statistic shows maintenance of high scheduling efficiencies from fall 2006 to fall 2007.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Conan Cheung, 619.515.0933, conan.cheung@sdmts.com

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Metropolitan Transit System

SERVICE PERFORMANCE MONITORING REPORT (SEPTEMBER 2007 SERVICE PERIOD)

February 21, 2008



September Service Period

	SEPT 05	SEPT 06	SEPT 07
Period	September 4, 2005 – January 29, 2006	September 3, 2006 – January 28, 2007	September 2, 2007 – January 27, 2008
Significant Changes	Pre COA • Downtown terminal changes • Other minor changes	COA Implementation • Major structural changes and increased frequencies to the urban network • Major structural changes to Chula Vista Transit	Post COA • Combining Routes 25, 926, and 927 through Linda Vista, Tierrasanta, and Serra Mesa. • Restructuring Route 120 from Downtown to Kearny Mesa via Fashion Valley. • New Saturday service on Route 83 in Mission Hills. • Sunday service reductions in Chula Vista.



Evaluation Criteria

CUSTOMER FOCUSED/COMPETITIVE		INTEGRATED	SUSTAINABLE	
PRODUCTIVITY	QUALITY	CONNECTIVITY	RESOURCES	EFFICIENCY
• Average Weekday Passengers • Passengers/Revenue Hour • Passengers/In Service Hour	• On Time Performance	• Frequency at Major Transfer Points • Span of Service Consistency • Transfer Opportunities	• In Service Miles • In Service Hours • Peak Vehicle Requirement	• In Service Speeds • In Service/Total Miles • In Service/Total Hours



Productivity and Quality

Average Weekday Passengers

ROUTE CATEGORIES	SEPT 05	SEPT 06	SEPT 07	CHG 05-06	CHG 06-07
Premium Express	1,029	909	948	(11.7%)	4.4%
Express	7,356	7,306	7,050	(0.7%)	(3.5%)
Light Rail	101,998	106,728	119,287	4.6%	11.8%
Urban Frequent	96,631	108,024	110,087	11.8%	1.9%
Urban Standard	42,808	38,357	37,539	(10.4%)	(2.1%)
Circulator	5,301	4,166	3,956	(21.4%)	(5.1%)
Rural	171	111	150	(35.4%)	35.1%
Demand-Responsive	1,234	1,311	1,315	6.2%	0.3%
MTS FR Bus Average	153,126	158,762	159,580	3.7%	0.5%
MTS SYSTEM	256,530	266,913	280,332	4.0%	5.0%

- Trolley posted continuous ridership gains in over the past three years.
- Fixed Route Bus ridership increased 3.7% when comparing pre-COA to COA implementation, and has remained stable post-COA implementation



Productivity and Quality

Passengers per In Service Hour

ROUTE CATEGORIES	SEPT 06	SEPT 07	CHG 06-07
Premium Express	14.3	19.3	35.2%
Express	27.4	28.7	5.1%
Light Rail	233.9	261.4	11.8%
Urban Frequent	38.7	38.6	-0.1%
Urban Standard	32.2	29.4	-8.5%
Circulator	29.7	22.8	-23.5%
Rural	3.6	5.4	51.1%
Demand-Responsive	N/A	N/A	N/A
MTS FR Bus Average	35.6	34.7	(2.5%)
MTS SYSTEM	54.0	55.2	2.3%

- Trolley posted gains of 11.8% over the past two years.
- Fixed Route Bus declined slightly due to increase in running time to address on time performance.



Productivity and Quality

Passengers per Revenue Hour

ROUTE CATEGORIES	SEPT 05	SEPT 06	SEPT 07	CHG 05-06	CHG 06-07
Premium Express	18.9	18.4	20.9	(2.8%)	13.7%
Express	19.9	21.7	23.2	9.1%	7.1%
Light Rail	197.7	208.0	224.1	5.2%	7.8%
Urban Frequent	31.3	31.4	32.8	0.3%	4.5%
Urban Standard	25.1	23.0	23.1	(8.1%)	0.1%
Circulator	16.8	17.3	14.6	2.8%	(15.5%)
Rural	2.9	5.0	6.3	72.0%	24.6%
Demand-Responsive	2.1	2.2	2.1	4.7%	(4.6%)
MTS FR Bus Average	27.7	27.8	28.7	0.2%	3.4%
MTS SYSTEM	39.9	40.5	42.6	1.7%	5.0%

- Trolley posted continuous gains in over the past three years.
- Fixed Route Bus has also experienced a gain indicating that the slight decline in productivity to improve OTP has been mitigated through scheduling and operating efficiencies.



Productivity and Quality

On Time Performance

ROUTE CATEGORIES	SEPT 06	JAN 07	JUN 07	SEPT 07
Premium Express	68%	90%	64%	79%
Express	72%	84%	82%	81%
Light Rail	95%	97%	97%	96%
Urban Frequent	80%	81%	84%	84%
Urban Standard	83%	79%	83%	85%
Circulator	87%	88%	95%	88%
Rural	N/A	N/A	N/A	N/A
Demand-Responsive	N/A	N/A	N/A	N/A
MTS FR Bus Average	81%	82%	85%	84%
MTS SYSTEM	81%	82%	85%	85%

• MTS Systemwide On Time Performance continues to improve.



Network Integration

Frequency at Major Transfer Points

- Additional connection opportunities on Routes 25 and 120 through Linda Vista more than offset the Route 25 frequency reductions from 30 minutes to 60 minutes.
- Sunday frequency reductions in Chula Vista were implemented to help address the FY 2008 budget deficit. As a result, connection opportunities were reduced.

Span of Service Consistency

- New Saturday service on Route 83 provides additional span of service through Mission Hills.

Transfer Opportunities (improve the number of routes at major transfer points)

- The restructuring of Routes 25, 926, and 927 provides additional connectivity to major destinations, such as Fashion Valley, Sharp Hospital, Stonecrest Shopping Center, and Kearny Mesa Transit Center.
- Restructuring of Route 120 also provides better connections from feeder routes to the regional limited-stop service.



Sustainability and Efficiency

In Service Miles

OPERATOR	SEPTEMBER		DIFFERENCE	
	2006	2007	Number	Percent
MTS Bus	187,611	185,380	(2,231)	(1.2%)
MTS CS Fixed Route	201,480	201,917	437	0.2%

In Service Hours

OPERATOR	SEPTEMBER		DIFFERENCE	
	2006	2007	Number	Percent
MTS Bus	13,496	13,779	283	2.1%
MTS CS Fixed Route	13,885	14,342	457	3.3%

- FY 2008 budget related service reductions for September 2007 resulted in a net reduction of in-service miles.
- In-service hours increased as a result of adjustments to running time for on time performance.



Sustainability and Efficiency

Peak Vehicle Requirement

OPERATOR	SEPT 06	JAN 07	JUN 07	SEPT 07
MTS Bus	191	195	200	199
MTS CS Fixed Route	245	244	242	243

In Service Speed

OPERATOR	SEPTEMBER		DIFFERENCE	
	2006	2007	Number	Percent
MTS Bus	13.9	13.5	(0.4)	(0.3%)
MTS CS Fixed Route	14.5	14.1	(0.4)	(0.3%)

- Peak vehicles increased as a result of COA implementation and due to running time increases. However, it has remained stable as of June 2007.
- In Service Speed declined slightly due to increases in running time.



Sustainability and Efficiency

In Service/Total Miles

OPERATOR	FALL		DIFFERENCE	
	CY 2006	CY 2007	Number	Percent
MTS Bus	89.4%	89.2%	(0.3%)	(0.3%)
MTS CS Fixed Route	N/A	N/A	N/A	N/A

In Service/Total Hours

OPERATOR	FALL		DIFFERENCE	
	CY 2006	CY 2007	Number	Percent
MTS Bus	77.3%	77.8%	0.4%	0.6%
MTS CS Fixed Route	N/A	N/A	N/A	N/A

- In Service to Total Miles remained relatively stable.
- Scheduling efficiencies continue to improve the ratio of In Service to Total Hours.



Metropolitan Transit System

SERVICE PERFORMANCE MONITORING REPORT (SEPTEMBER 2007 SERVICE PERIOD)

February 21, 2008





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

Agenda

Item No. 46

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

SRTP 830

February 21, 2008

SUBJECT:

MTS: JUNE 2008 PROPOSED SERVICE CHANGES

RECOMMENDATION:

That the Board of Directors:

1. receive a report on service changes proposed for June 2008 implementation; and
2. receive an update on efforts to replace Direct Access to Regional Transit (DART) with a community-based alternative.

Budget Impact

None with this action. Implementation of the service changes in this report is expected to result in an annual operating subsidy savings of \$920,000.

DISCUSSION:

Minor Budget-Related Service Reductions

Changes to MTS bus and trolley services are implemented three times a year in the fall, winter, and summer. These regularly scheduled service changes provide an opportunity to:

- (1) improve the routing, operation, and schedules of the transit system consistent with service evaluation and customer comments;



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

- (2) implement changes as a result of service plans, including implementing new services;
- (3) optimize service according to the MTS service vision; and
- (4) adjust service levels according to budget constraints.

The next scheduled dates for implementing transit service changes are Sunday, June 15, and Monday, June 16, 2008.

MTS Policy No. 42 states that any service change affecting more than 25% of a route's weekly in-service miles or hours is considered a "major service change" and requires a properly noticed public hearing prior to Board action. Any changes that affect less than 25% of a route's weekly in-service miles or hours are considered "minor service changes" and therefore do not require a noticed public hearing. This report provides information on minor service changes to the routes listed on Attachment A. These changes will be implemented in June 2008 to help address the ongoing budget deficit.

On average, the deleted service carries seven passengers per revenue hour and costs about \$5.81 in subsidy per passenger. Overall, the minor service reductions are anticipated to save \$920,000 in annual operating subsidies. Specific changes include the following:

- Route 14 – This route serves communities between Old Town and La Mesa. Changes would move the eastern terminus to Lake Murray Boulevard and Baltimore Street midweek and to San Diego State University (SDSU) on weekends, reduce midday service to hourly frequency, cut every other trip back to 70th Street Trolley Station, and reduce weekday and Sunday spans.
- Route 20 – Route 20 operates along Broadway as far west as Front Street. This change would truncate service at the City College Trolley Station. Route 20 riders that are currently traveling through the City College Trolley Station would still be able to connect to a variety of other routes along Broadway (Routes 2, 7, 15, 30, 50, 150, 901, 923, and 929). In addition, the Trolley's Blue and Orange Lines operate along C Street, one block north of Broadway.
- Route 25 – This route serves Fashion Valley, Linda Vista, Serra Mesa, Tierrasanta, and Kearny Mesa. Minor reductions in span are recommended.
- Route 855 – Changes would remove service on this route north of the Spring Street Trolley Station in La Mesa.
- Route 874/875 – This bidirectional loop service in El Cajon would reduce service on Sundays.
- Route 871/872 – This bidirectional loop in El Cajon would reduce service on weekends.
- Route 923 – This service from Ocean Beach to Downtown San Diego would have shorter spans (no service after 7 p.m.).

Update on Efforts to Replace Rancho Bernardo/Scripps Ranch DART with a Community-Based Alternative

Due to the nature of the services (door-to-door paratransit services), DART performs at a level well below that of regular fixed-route bus services. The average subsidy per one-way trip is \$14.92, and the fare box recovery rate is roughly 9% (this compares to a \$1.69 subsidy per passenger and 34% fare box recovery rate on fixed-route services). DART serves an average of 38 passengers per day. The discontinuation of DART would save \$146,000 in annual operating subsidies.

Discontinuation of the Rancho Bernardo/Scripps Ranch DART service was originally proposed at the September 27, 2007, Board meeting. At that meeting, the Board directed staff to look for alternative community-based options to replace DART service. City of San Diego District 5 and MTS staffs met with the community to develop an alternative transportation program to replace DART.

The following are efforts conducted by MTS and District 5 staffs:

- Community Forum (October 17, 2007) – Rancho Bernardo Library
- Presentation to Jewish Family Services (October 28, 2007) – North County Inland Center
- Community Forum (December 5, 2007) – Rancho Bernardo Library
- Meeting with City of San Diego staff, Jewish Family Service (operators of Rides & Smiles voluntary transportation program), ACT Executive Board, and Chief Executive Officer (CEO) (January 17, 2008)
- Survey of DART riders to determine viability of alternative program (week of January 21, 2008)
- Presentation to Scripps Ranch Planning Group (February 7, 2008)

MTS staff worked with the community and approached two organizations to develop the replacement program, including:

- (1) All Congregations Together (ACT) - operator of a community-based transportation program in southeastern San Diego
- (2) Jewish Family Services - operator of Rides & Smiles, a volunteer-based transportation program in the Rancho Bernardo area

MTS's goal was to help generate momentum for the establishment of a community-based transportation program that would operate similarly to ACT's operation in southeast San Diego. ACT is able to sell time on the buses to senior citizen homes that act as coordinators for group trips.

To determine if such a program in the Rancho Bernardo and Scripps Ranch areas is viable, MTS conducted a survey of existing DART passengers during the week of January 21, 2008. Unfortunately, the results of the survey show very dispersed trip patterns, which are not effectively served by the proposed transportation alternative as efficiencies in combining trips cannot be achieved. In order for an organization to break even on such a program, the fare would have to increase to levels far beyond that of which riders would be willing to pay therefore making it difficult for organizations to commit without a revenue guarantee. Based on results of our efforts, staff will provide a recommendation to the Board in April 2008 regarding DART service.



Paul G. Jablonski
Chief Executive Officer

Key Staff Contact: Conan Cheung, 619.515.0933, conan.cheung@sdmts.com

FEB21-08.46.SERVICE CHGS.CCHEUNG.doc

Attachment: A. Minor Budget-Related Service Reductions

ATTACHMENT A
MINOR BUDGET-RELATED SERVICE REDUCTIONS

FY 2009 SERVICE CHANGE PROJECTIONS

ROUTE	WEEKDAY SERVICE CHANGE	DAILY			ANN SUBSIDY SAVINGS	PASSENGERS/ REV HOUR	SUBSIDY/ PASSENGER
		REV MILES	REV HOURS	PASSENGERS			
25	Minor reductions in span.	(24)	(1.40)	(10)	(\$29,055)	7	\$11.44
14	Reductions: - Move eastern term to Lake Murray/Baltimore - Cut every other trip back to 70th Street - Reduce midday frequencies to hourly - Reduce night service	(353)	(25.18)	(150)	(\$363,593)	6	\$9.54
855	Cut North of Spring St. Trolley	(106)	(10.60)	(86)	(\$116,111)	8	\$5.32
923	Discontinue weekday service after 7 p.m. (4 in/5 out)	(74.7)	(6.75)	(95)	(\$73,925)	14	\$3.08
20	Move downtown terminal to Smart Corner (10th/C-Broadway)		(12.35)	(162)	(\$157,667)	13	\$3.83
	Weekday Subtotal	(558)	(56.28)	(503)	(\$740,351)	N/A	\$5.80
ROUTE	WEEKEND SERVICE CHANGE	DAILY			SUBSIDY	PASSENGERS/ REV HOUR	SUBSIDY/ PASSENGER
		REV MILES	REV HOURS	PASSENGERS			
25	Minor reductions in span.	(10)	(1.00)	(4)	(\$5,327)	4	\$12.00
14	Reductions: - Move eastern term to SDSU - Reduce night service by 1 round-trip	(85)	(6.70)	(100)	(\$36,143)	15	\$3.26
855	Cut North of Spring Street Trolley	(47)	(3.71)	(43)	(\$21,869)	12	\$4.58
874/875	Cut some 30-minute service Sunday only	(56)	(4.96)	(8)	(\$15,926)	2	\$17.93
871/872	Cut some 30-minute service Saturday & Sunday	(53)	(6.15)	(4)	(\$29,625)	1	\$66.72
923	Discontinue SS&H service after 7 p.m.	(66.4)	(6.0)	(42)	(\$33,005)	7	\$7.08
20	Move downtown terminal to Smart Corner (10th/C-Broadway)		(6.42)	(75)	(\$36,759)	12	\$4.42
	Weekend Subtotal	(318)	(35)	(276)	(\$178,653)	8	\$5.83
	TOTAL	(876)	(91)	(779)	(\$919,003)	N/A	\$5.81

Att. A, AI 46,
2/21/08

Metropolitan Transit System

JUNE 2008 SERVICE CHANGES

Board of Directors
February 21, 2008

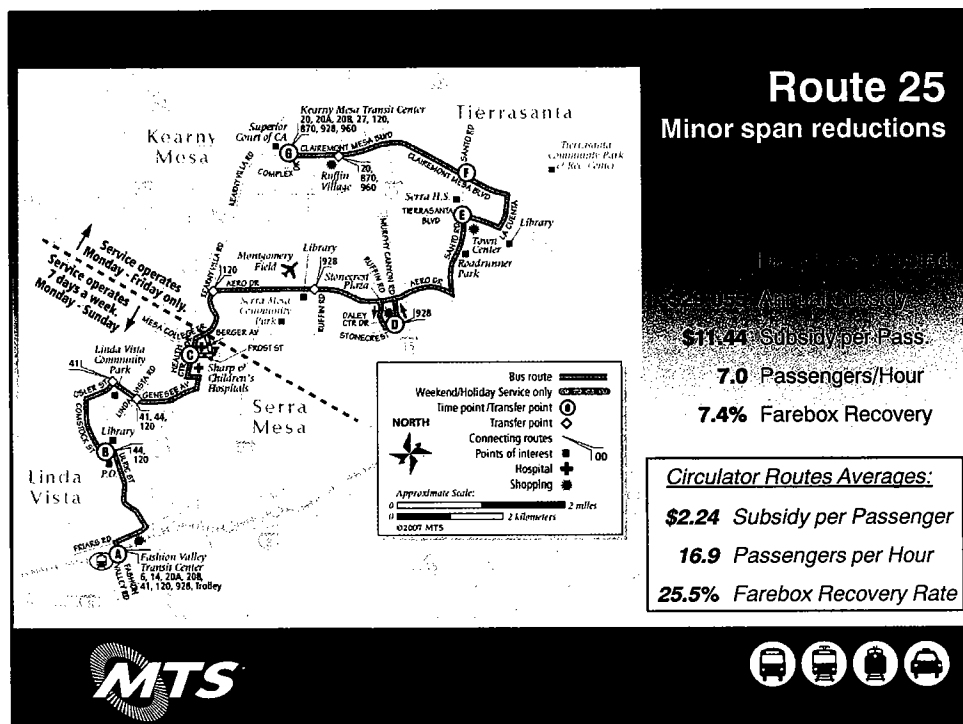
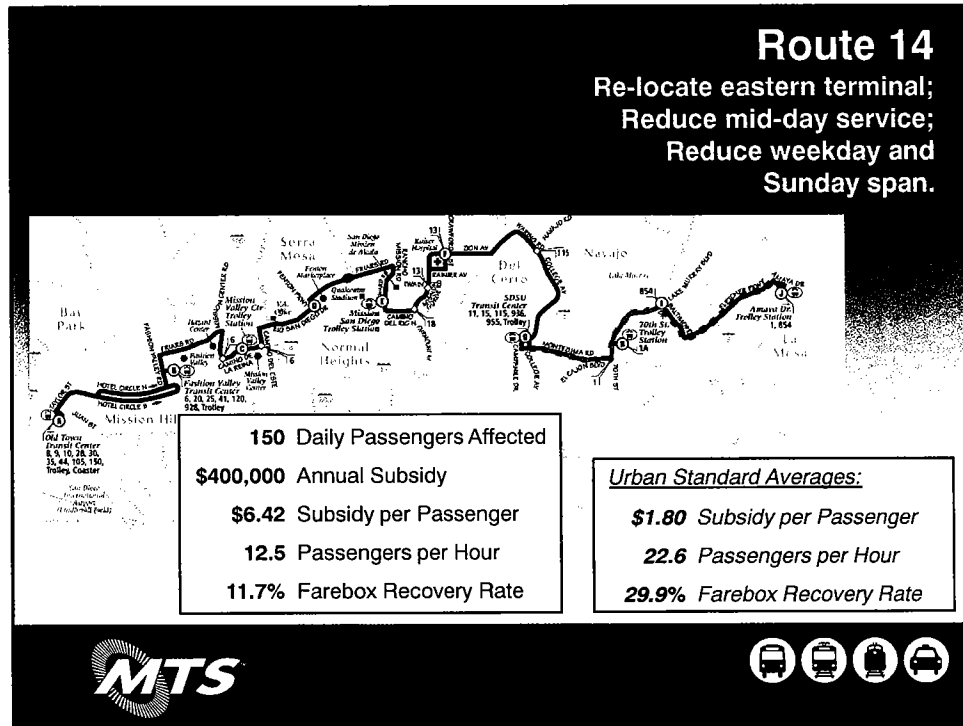


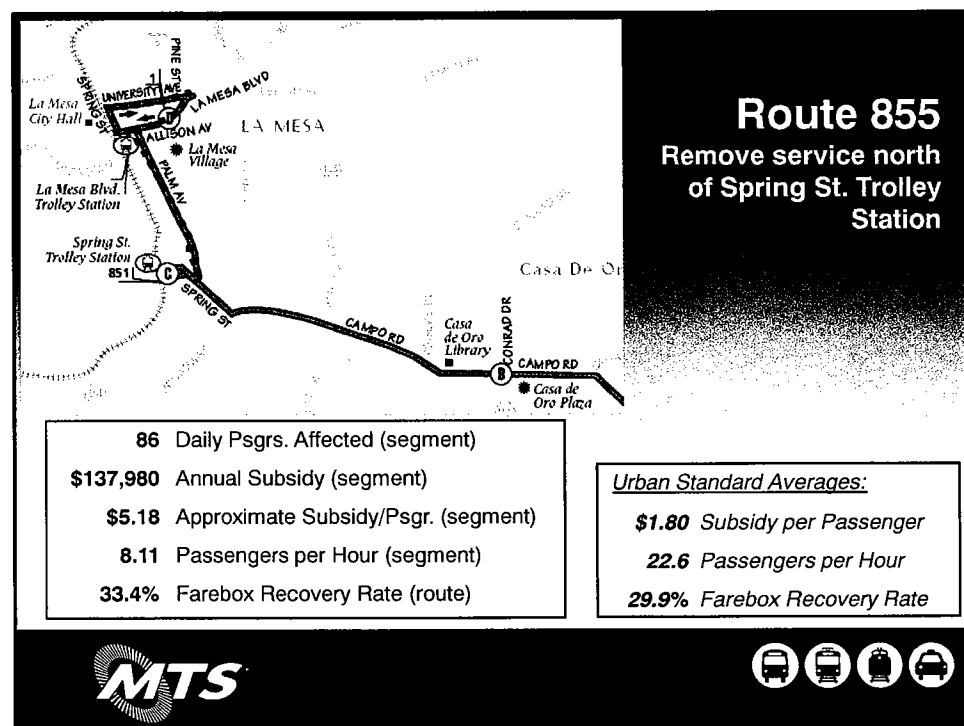
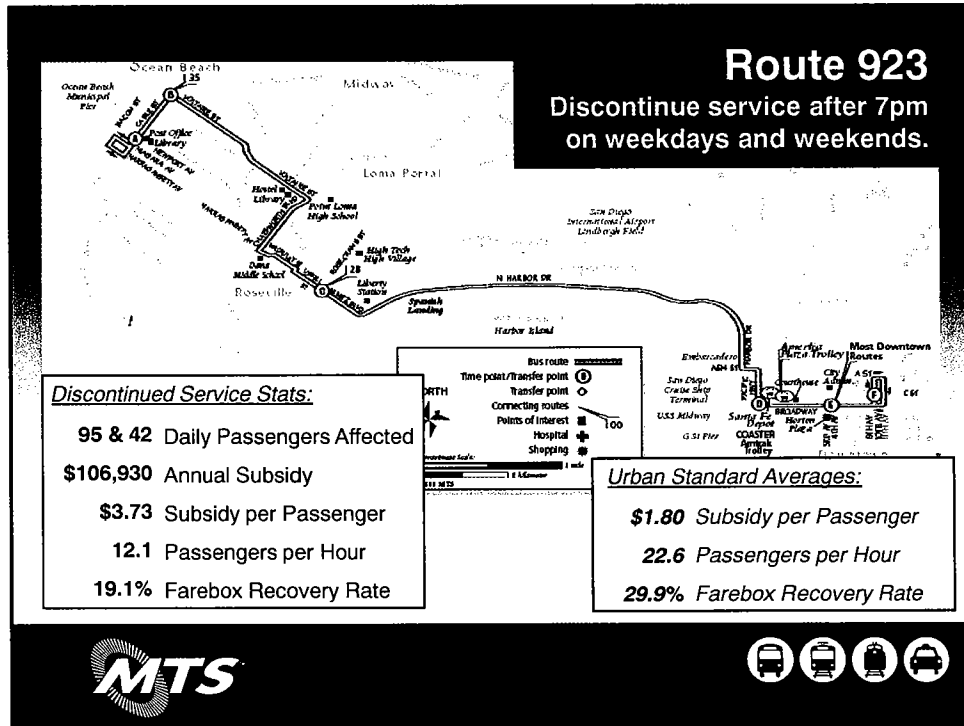
Service Change

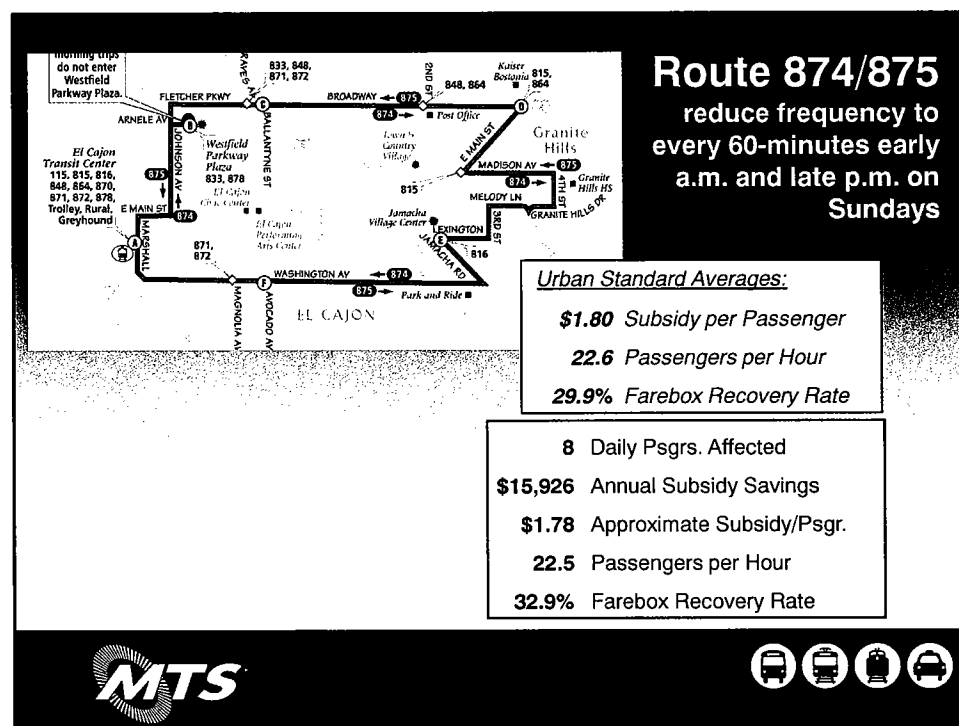
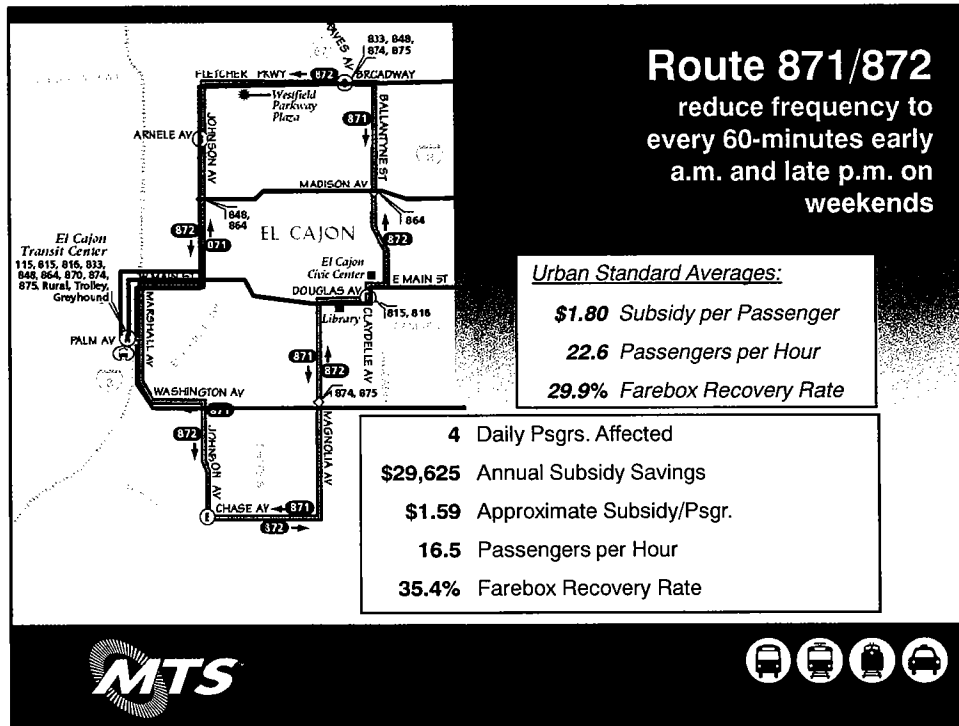
One of three annual service adjustments for implementation in June

Staff plans minor budget-related reductions (\$920,000 savings annually)

- Update on DART







DART Update (Rancho Bernardo and Scripps Ranch)

• Rancho Bernardo and Scripps Ranch
 • Rancho Bernardo and Scripps Ranch
 • Rancho Bernardo and Scripps Ranch
 • Rancho Bernardo and Scripps Ranch

Interact Effects

- Worked with City of San Diego, AGI and Jewish Family Services
- Community Forums in Rancho Bernardo
- Presented to Scripps Ranch Planning Group Meeting

Status

- Appears as though alternative transportation program may not be viable
- Decision delayed from February to April per Board discussion



Minor Budget Related Service Reductions

ROUTE	WEEKDAY SERVICE CHANGE	REV MILES	REV HOURS	PASS- ENGERS	ANNUAL SUBSIDY	PSGRS/ REV HOUR	SUBSIDY/ PER PSGR
25	Minor reductions in span.	(24)	(1.4)	(10)	(\$29,055)	7	\$11.44
14	Reductions: • Move eastern term to Lake Murray/Baltimore • Cut every other trip back to 7th St • Reduce midday freq to hourly • Reduce night service	(353)	(25.2)	(150)	(\$363,593)	5	\$9.84
855	Cut north of Spring St. Trolley	(106)	(10.6)	(86)	(\$116,111)	8	\$5.32
923	Discontinue service after 7pm	(75)	(6.8)	(95)	(\$73,925)	14	\$3.08
20	Move downtown terminal to SmartCenter	(85)	(12.4)	(162)	(\$157,667)	13	\$3.83
	Weekday Subtotal	(643)	(56.3)	(503)	(\$740,351)	9	\$5.80
ROUTE	WEEKEND SERVICE CHANGE	REV MILES	REV HOURS	PASS- ENGERS	ANNUAL SUBSIDY	PSGRS/ REV HOUR	SUBSIDY/ PER PSGR
25	Minor reductions in span.	(10)	(1.0)	(4)	(\$5,327)	4	\$12.00
14	Reductions: • Move eastern term to SDSU • Reduce night service by 1 RT	(85)	(6.7)	(100)	(\$36,143)	15	\$3.26
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871/872	Cut some 30-minute service Sat & Sun	(53)	(6.1)	(4)	(\$29,625)	1	\$66.72
923	Discontinue service after 7pm	(66)	(6.0)	(42)	(\$33,005)	7	\$7.08
20	Move downtown terminal to SmartCenter	(42)	(6.4)	(75)	(\$36,759)	12	\$4.42
	Weekend Subtotal	(360)	(34.9)	(276)	(\$178,653)	8	\$5.83
	TOTAL	(1,003)	(91.2)	(623)	(\$919,003)	7	\$5.81

Metropolitan Transit System

JUNE 2008 SERVICE CHANGES

Board of Directors
February 21, 2008





1255 Imperial Avenue, Suite 1000
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Agenda

Item No. 62

Chief Executive Officer's Report

ADM 121.7 (PC 50101)

February 21, 2008

In accordance with Board Policy No. 52, Procurement of Goods and Services, attached are listings of contracts, purchase orders, and work orders that have been approved within the CEO's authority (up to and including \$100,000) for the period January 8, 2008, through February 11, 2008.

[gail.williams/agenda item 62](#)



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

Chief Executive Officer's Report

February 21, 2008

Contracts

Organization	Subject	Amount
AMERICA PLAZA OWNERS ASSOC	CONSENT TO APPOINT COMMITTEE	\$0.00
FAIRFIELD GROSSMONT TROLLEY	DISPOSITION AND DEVELOPMENT AGREEMENT	\$0.00
SOLONA TECHNOLOGIES	SPAM FILTER SERVER	\$14,982.40
TRI-SIGNAL INC	FIRE ALARM SYSTEM TESTING AND MAINTENANCE	\$26,400.00
AMERICA PLAZA OWNER'S ASSOC	UNANIMOUS WRITTEN CONSENT OF MEMBERS	\$0.00
MANERI SIGN COMPANY	BUS STOP SIGNS	\$42,938.38
SOUTHCOAST HEATING & AIR COND	HVAC PREVENTATIVE MAINTENANCE	\$61,254.00
HITEC ENTERPRISES	SUPPORT ROLLER BRACKET	\$7,520.95
CALTRANS	AMENDMENT TO DBE RACE-NEUTRAL PROGRAM	\$0.00
HANSON AGGREGATES	CLARIFYING LESSEE'S RESPONSIBILITIES	\$0.00
GIM GENERAL ENGINEERING	DEMOLITION OF YARD SUBSTATION	\$35,600.00
OMEGA INDUSTRIAL MARINE	RIGHT OF ENTRY - WIDEN CROSSING ON GOODRICH PROPERTY	-\$2,400.00
ASPLUNDH CORP	TREE TRIMMING SERVICE	\$3,570.00
HIGHFILL TRANSPORTATION	CONSULTANT FOR AMTRAK TRAIN	\$5,000.00
SAN DIEGO RIVER PARK FOUNDATION	RIGHT OF ENTRY TO PAINT MURAL AT MORENA VISTA	-\$500.00
THE TICKET FACTORY	FY07/08 TRANSFER SLIPS	\$68,813.38
SIEMENS TRANSPORTATION	TOOLS AND EQUIPMENT FOR BRAKE SHOP	\$94,229.00
AAA PRINTING	PROVIDE PRINTING SERVICES FOR TAKE ONES	\$93,862.00
MTI TECHNOLOGY CORP	SERVICES FOR STORAGE SYSTEM	\$5,850.00
CITY OF SAN DIEGO	GRANT OF WATER EASEMENT RAIL CT SAN YSIDRO	\$0.00
RAIL AMERICA	EXERCISE SECOND TEN-YEAR OPTION	\$0.00
SAN DIEGO STATE UNIVERSITY	BUS TRANSIT CENTER EASEMENT @ SDSU TO MTS	\$0.00
CITY OF SAN DIEGO	DEDICATION OF PORTION RAIL CT SAN YSIDRO	\$0.00
CARRIZO GORGE RAILWAY, INC	EXERCISE OPTION TO EXTEND CONTRACT	\$0.00
CITY OF SAN DIEGO	DEDICATION OF PORTION OF RAIL CT SAN YSIDRO	\$0.00
SAN DIEGO STATE UNIVERSITY	EASEMENT FOR CAMPUS ENTRANCE FROM MTS TO SDSU	\$0.00
SAN DIEGO STATE UNIVERSITY	LRT EASEMENT FOR SDSU STATION SDSU TO MTS	\$0.00
CARRIZO GORGE RAILWAY	CONFIDENTIALITY AGREEMENT	\$0.00

Chief Executive Officer's Report

February 21, 2008

Contracts

ASBURY ENVIRONMENTAL	OILY WATER/SLUDGE PUMP	\$10,187.50
AMG DEMOLITION	RIGHT OF ENTRY BUILDING DEMO LEMON GROVE CROSSING	-\$1,350.00
DELL	NEW COMPUTERS	\$20,090.71
BOSA DEVELOPMENT CORP	LICENSE FOR TIE BACKS AND PIPELINE	-\$7,000.00
BARRETT PUMP	REPLACE LRV CAR WASH PUMPS	\$3,806.81
COMPUTER MASTERS	4 BLACK AND WHITE PRINTERS	\$6,344.91
BANK OF NEW YORK	ESCROW AGREEMENT DEBT SERVICE PAYOFF	\$9,325.00

Agenda Item No. 62
Chief Executive Officer's Report

February 21, 2008

Purchase Orders

Organization	Subject	AMOUNT
CBS OUTDOOR	OPEN PURCHASE ORDER FOR BUS SHELTERS	\$40,290.00
ZONES COPORATE SOLUTIONS	POWER CORDS	\$5,256.00
FEDEX KINKOS	SAN DIEGO STATE - MTS FLYERS	\$538.75
CLEAR CHANNEL	CHARGERS RADIO SPOTS	\$1,512.50
NORTH COUNT TIMES	AD	\$900.00
SAN DIEGO CONVENTION	FULL-PAGE AD	\$9,491.25
IKON OFFICE SOLUTION	YEARLY MAINTENANCE FOR ONE COPIER	\$847.25
MULTICARD SYSTEMS	COLOR RIBBON KIT	\$2,404.98
TUG TECHNOLOGIES	TOW TRACTOR	\$67,914.32
JMI REALTY INCORPORATED	BUS SHELTER ELECTRICAL SERVICES	\$2,500.00
INDUSTRIAL METAL SUPPLY	STAINLESS STEEL	\$2,449.00

Agenda Item No. 62
Chief Executive Officer's Report

February 21, 2008

Work Orders

Organization	Subject	Amount
BUREAU VERTAS	TIME EXTENSION - ENGINEERING & BID PROCESSING	\$28,473.00
BUREAU VERITAS	STORM WATER MONITORING FOR TWO YARD FACILITIES	\$33,500.00
BERRYMAN	GENERAL ENGINEERING SERVICES - SDTI YARD SECURITY	\$5,020.00