

### **Agenda**

### \*\*JOINT MEETING AND FINANCE WORKSHOP\*\*

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

November 12, 2009

**→** → 9:00 a.m. ← ←

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

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### FINANCE WORKSHOP - 9:00 a.m.

**ACTION RECOMMENDED** 

- 1. Roll Call
- MTS: Fiscal Year 2010 and 2011 Budgets
   Action would: (1) receive the following MTS reports: FY 2010 forecast; FY 2011 preliminary forecast; and (2) provide direction on next steps for addressing projected budget deficits.

Possible Action

- 3. <u>Public Comments</u> Limited to five speakers with three minutes per speaker. If you have a report to present, please give your copies to the Clerk of the Board.
- 4. Adjournment

### Please turn off cell phones and pagers during the meeting



### **BOARD MEETING - Meeting will begin when the Finance Workshop ends.**

- 1. Roll Call
- 2. Approval of the Minutes of October 22, 2009

Approve

Appoint

- 3. <u>Public Comments</u> Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.
- 4. MTS: Appointment of Ad Hoc Nominating Committee for Recommending Appointments to MTS Committees for 2010 (Tiffany Lorenzen) Action would appoint less than a quorum of members to an Ad Hoc Nominating Committee (pursuant to MTS Board Policy No. 22 Rules of Procedure for the Metropolitan Transit System) to make recommendations to the Board with respect to the appointment of members of the Board to serve on MTS and non-MTS committees for 2010.
- 5. MTS: Nomination and Election of the MTS Chairperson (Tiffany Lorenzen)
  Action would receive a recommendation from the Executive Committee for the nomination of the MTS Chairperson and elect the MTS Chairperson.

Elect

### **CONSENT ITEMS**

6. MTS: San Diego Trolley, Inc. Safety Process Audit Report
Action would receive an internal audit report on San Diego Trolley, Inc.'s
(SDTI's) safety process.

Receive

- 7. MTS: Public Transportation Modernization, Improvement, and Service Adopt Enhancement Account Funding
  Action would adopt Resolution No. 09-24 authorizing the CEO or his designee to submit allocation requests for interest earned from fiscal year 2007-2008
  California Public Transportation Modernization, Improvement, and Service Enhancement Account-State Transit Assistance Agencies funding.
- 8. MTS: Semiannual Uniform Report of DBE Awards or Commitments and Payments

  Action would receive the Semiannual Uniform Report of Disadvantaged Business Enterprise (DBE) Awards or Commitments and Payments.
- 9. MTS: San Diego Transit Corporation Warranty Process Audit Report
  Action would receive an internal audit report on San Diego Transit
  Corporation's (SDTC's) warranty process.
- MTS: Investment Report September 2009
   Action would receive a report for information.

Receive

### CONSENT ITEMS - CONTINUED -

11. MTS: Southland Transit, Inc. - Contract Option Year
Action would authorize the CEO to execute MTS Doc. No. B0449.2-06 for: (1)
one 12-month option period for central minibus fixed-route services with
Southland Transit, Inc. (Southland); and (2) one 12-month option period for
Sorrento Valley Coaster Connection (SVCC) services with Southland.

Approve

12. MTS: Capital Improvement Project Grant Award
Action would approve the addition of Federal Grant No. CA-04-0145 to MTS
Capital Improvement Program (CIP) 11239 (40-Foot Compressed Natural Gas
Bus Procurement Project).

Approve

13. <u>MTS: Investment Report - August 2009</u>
Action would receive a report for information.

Receive

14. MTS: Transportation Development Act (TDA) Claim Amendment
Action would adopt Resolution Nos. 09-1, 09-2, and 09-3 approving the revised
FY 2009 Transportation Development Act (TDA) Article 4.0, 4.5, and 8.0
claims.

Adopt

### **CLOSED SESSION**

24. a. MTS: CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION Pursuant to Subdivision (b) of the California Government Code Section 54956.9 (One Potential Case)

Possible Action

b. MTS: CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to California Government Code Section 54956.8; Property: 3650 Main Street, Chula Vista, California (Assessor Parcel No. 623-250-23); Agency Negotiators: Tiffany Lorenzen, General Counsel; Tim Allison, Manager of Real Estate Assets; and Jane Wiggans, Wiggans Group, Inc.; Negotiating Parties: Sav-On Systems, a California Limited Partnership; Under Negotiation: Price and Terms of Payment

Possible Action

Oral Report of Final Actions Taken in Closed Session

### NOTICED PUBLIC HEARINGS

25. None.

### **DISCUSSION ITEMS**

30. None.

### REPORT ITEMS

66.

**Adjournment** 

45.	MTS: 2009 Taxicab Passenger Survey (John Scott) Action would receive a report for information.	Receive
46.	MTS: Fiscal Year 2009 Comprehensive Annual Financial Report (Cliff Telfer) Action would receive the Fiscal Year 2009 Comprehensive Annual Financial Report (CAFR).	Receive
47.	MTS: Semiannual Security Report (January through June 2009) (Bill Burke) Action would receive a report for information.	Receive
48.	MTS: Report on the Creation of a Central MTS Database and Reporting Tool (Devin Braun) Action would receive a report on the new central database and reporting tool.	Receive
49.	MTS: Operations Budget Status Report for September 2009 (Mike Thompson) Action would receive the Metropolitan Transit System (MTS) operations budget status report for September 2009.	Receive
60.	Chairman's Report	Information
61.	Audit Oversight Committee Chairman's Report	Information
62.	Chief Executive Officer's Report	Information
63.	Board Member Communications	
64.	Additional Public Comments Not on the Agenda  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.	Next Meeting Date: December 10, 2009	



### **Agenda**

Item No.  $\underline{2}$ 

MTS OPERATORS FINANCE WORKSHOP

FIN 310.1

November 12, 2009

SUBJECT:

MTS: FISCAL YEAR 2010 AND 2011 BUDGETS

RECOMMENDATION:

That the Board of Directors:

- 1. receive the following MTS reports:
  - FY 2010 forecast;
  - FY 2011 preliminary forecast; and
- 2. provide direction on next steps for addressing projected budget deficits.

**Budget Impact** 

None at this time.

### DISCUSSION:

On November 5, staff presented a variety of revenue and expense updates and their potential impacts on fiscal year 2010 and 2011 operating budgets to the Budget Development Committee (BDC). The BDC recommended that staff move forward immediately with actions to address the budget deficits forecasted for both fiscal years. One recommended action is to prepare a list of service adjustments for public hearing as soon as possible to ensure additional expense reductions that will mitigate the fiscal year 2011 budget deficit. This report will provide updates on sales tax projections (impacting Transportation Development Act [TDA] and TransNet projections), farebox revenue, ridership, and other operating expenses. This report will also present solutions to address the expected budgetary shortfall in fiscal years 2010 and 2011 and provide a set of next steps that staff will pursue based on BDC input. Staff will seek Board direction on policy decisions to address the expected budgetary shortfall.

Paul C. Jablonski Chief Executive Officer

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

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

### **MINUTES**

October 22, 2009

### MTS 1255 Imperial Avenue, Suite 1000, San Diego

### 1. Roll Call

Chairman Mathis called the Board meeting to order at 9:04 a.m. A roll call sheet listing Board member attendance is attached.

### 2. Approval of Minutes

Mr. Ewin moved to approve the minutes of the September 24, 2009, MTS Board of Directors meeting. Mr. Janney seconded the motion, and the vote was 9 in favor with 2 abstentions, by Ms. Denny and Ms. Zarate.

### 3. Public Comments

There were no public comments.

### **CONSENT ITEMS**

- 6. <u>MTS: Federal Legislative Representation</u>. Action would authorize the Chief Executive Officer (CEO) to execute Task Order No. 5 of the triagency contract with Blank Rome Government Relations, LLP (MTS Doc. No. G0980.0-06) effective November 1, 2009.
- 7. MTS: Adoption of 2010 MTS Executive Committee and Board of Directors Meeting Schedule. Action would adopt the 2010 Executive Committee and Board of Directors meeting schedule.
- 8. MTS: Increased Authorization for Legal Services Paul, Plevin, Sullivan & Connaughton LLP. Action would authorize the CEO to execute MTS Doc. No. G1095.2-07 with Paul, Plevin, Sullivan & Connaughton LLP for legal services and ratify prior amendments entered into under the CEO's authority.
- 9. <u>MTS: Increased Authorization for Legal Services Law Offices of Julie Morris Soden</u>. Action would execute MTS Doc. No. G1173.6-08 with the Law Offices of Julie Morris Soden for legal services and ratify prior amendments entered into under the CEO's authority.
- 10. MTS: Increased Authorization for Legal Services Liebman, Quigley, Sheppard & Soulema, APC. Action would authorize the CEO to execute MTS Doc. No. G1087.6-07 with Liebman, Quigley, Sheppard & Soulema, APC for legal services and ratify prior amendments entered into under the CEO's authority.
- 11. <u>MTS: Liability Claims Analysis Report</u>. Action would receive the Liability Claims Analysis Report for MTS, San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI).

- 12. MTS: Approval of the Old Town Transit Center Improvements and Fund Transfer Memorandum of Understanding (MOU) with SANDAG. Action would: (1) authorize the CEO to execute an MOU with the San Diego Association of Governments (SANDAG) for the construction of Public Utilities Code- (PUC)-mandated improvements at Old Town Transit Center; and (2) transfer California Department of Transportation- (Caltrans)-contributed funds to SANDAG for these improvements.
- 13. MTS: Light Rail Vehicle Gearbox Overhaul Kits Contract Award. Action would authorize the CEO to execute MTS Doc. No. L0900.0-10 with Hi-Tec Enterprises to purchase up to 180 light rail vehicle (LRV) gearbox overhaul kits and an option to purchase an additional 40 if needed (contingent upon receipt of a Buy America waiver from the Federal Transit Administration (FTA).
- 14. <u>MTS: Job Access and Reverse Commute Grant</u>. Action would approve Resolution No. 09-23 authorizing the CEO to submit applications for federal fiscal year 2009 Job Access and Reverse Commute (JARC) (5316) "Non-Urban (Rural) Areas Federal Transit Administration" funding.
- 15. MTS: LRV Station CCTV Components (Phase 2) Work Order Amendment. Action would: (1) ratify MTS Doc. No. G1246.0-09 Work Order No. 09.05 for \$99,506.02 with David Evans and Associates for engineering and design services for Capital Improvement Project (CIP) "LRV Station CCTV Components (Phase 2)" previously approved under the CEO's authority; and (2) authorize the CEO to execute MTS Doc. No. G1246.0-09 Work Order Amendment No. 09.05.01 for \$6,553.47 for changes in the scope of design work.

### Comment on Consent Agenda Item #6

Mr. Gloria stated that he noted that this is a shared agreement between MTS, SANDAG, and NCTD. Ms. Lorenzen confirmed that this is the last year of a five-year contract with the existing contractor and that SANDAG will be putting out an RFP region wide for all three of the entities to rebid the contract.

### Comment on Consent Agenda Item #11

Ms. Denny stated that in order to save lives and to cut down on legal costs, consideration should be given to public education on trolley safety at the airport or hotels.

### Comment on Consent Agenda Item #15

Ms. Lorenzen confirmed for Ms. Zarate that the work that is being deleted from this work order is being added to the Blue Line Rehabilitation Program contract.

### Action on Consent Items

Mr. Ewin moved to approve Consent Agenda Item Nos. 6 through 15. Mr. McClellan seconded the motion, and the vote was 11 to 0 in favor.

### **CLOSED SESSION**

24. None

### PUBLIC HEARING

25. There were no public hearings.

### **DISCUSSION ITEMS**

30. MTS: Proposed Changes to MTS Taxicab Administration Administrative Penalty Guidelines Mr. John Scott, MTS Taxicab Administration Manager, gave a PowerPoint presentation on Taxicab Administrative Penalty Guideline revisions. He stated that declines in driver and vehicle compliance were tracked in the City of San Diego. He added that of the total inspections, 80.3% were taken out of service. He reported on inspections that were conducted at the airport on four separate days, which resulted in 43.4% of total inspections taken out of service.

Members discussed the safety violations that include tires, seats, door locks, brakes, wiper blades, excessive oil leaks, batteries that are not secured, nonoperation of two-way radios, safety lights, and windshield wipers.

In response to Mr. Gloria, Mr. Scott stated that this matter was taken to the full Taxicab Committee on August 26, 2009, and to the Workshop on Regulatory Matters (WORM) Subcommittee. At the second WORM meeting held on September 8, 2009, subcommittee members unanimously approved staff's recommended changes.

Mr. Scott reviewed the substantive changes that were made to the guidelines and pointed out that there are multiple scenarios for each offense with subsequent penalties. In response to Mr. Gloria, Mr. Scott stated that taxicab owners are responsible for the maintenance of the vehicles.

In response to Mr. Ewin, Mr. Scott stated that there are 995 taxicab permits in the City of San Diego; currently there are 993 taxicabs operational. Mr. Ewin stated that serious concerns are raised with these violations. He added that the owners should take this seriously because many people entrust themselves to the taxicab drivers. He said that education issues need to be identified and moved on quickly.

Mr. Cunningham stated that this is not a good first impression by visitors to San Diego; the number of taxicabs that are in noncompliance is not a good record. Mr. Scott stated that vehicles were taken out of service on an average of 2-3 days.

### Public Speakers

<u>Antoine Khabbaz</u> – Mr. Khabbaz stated that he has been driving taxicabs since 1994. He added that during this time, he has noticed tremendous safety violations against owners who find loopholes forcing the drivers to pay the penalty creating exploitation and oppression.

Mr. Khabbaz recommended having semiannual inspections, and stated that the inspections should take place at MTS instead of in the field. He also recommended that the guidelines for inspections include taking a test drive on the freeway to assess the integrity of the vehicle. Mr. Khabbaz also made recommendations that the pedicab industry be regulated.

Margo Tanguay – Ms. Tanguay stated that she is the driver representative on the Taxicab Committee. She explained that she has been a taxi driver since 1979 when the lease program went into effect. She stated that in the early years, inspections were handled by the SDPD, adding that the cabs were in bad shape, and there were always problems.

She stated that in 1989, MTDB took over, and mechanical inspections were implemented. She gave examples of violations, sabotage, and regulation violations that caused drivers to be ticketed. She stated that new drivers do not know what to expect, and experienced drivers do not know how to get their cabs inspected. There are a multitude of problems.

Ms. Tanguay urged legal operational guidelines and regulations to include "hail downs," have more cab stands, and implement methods to service the Gaslamp District and special events in a better way.

Mr. Mathis acknowledged and thanked Margo Tanguay for her service as the Taxicab Committee's driver representative and also Mr. Gloria who serves as Chair of that committee.

### Public Speakers

<u>Alfredo Hueso</u> – Mr. Hueso stated that he faxed a letter in support of the changes to the guidelines and acknowledged that the committee did realistic work on the changes. He urged education for the owners and fair treatment.

Mosses Woldemariam – Mr. Woldemariam stated that he is in support of the recommended changes to the guidelines. He urged that more education about Ordinance 11 and safety issues be given to owners through workshops once or twice a year.

Mr. Scott clarified owner qualifications, the application process, vehicle inspection guidelines, driver safety classes, and education opportunities. Mr. Jablonski stated that staff is considering methods to improve communications with drivers to educate them. Mr. Roberts suggested orientation and a certification program through a written examination to test comprehension.

### Action Taken

Mr. Gloria moved to authorize proposed changes to the MTS Taxicab Administration's "Administrative Penalty Guidelines." Mr. Ewin seconded the motion, and the vote was 13 to 0 in favor.

### 31. MTS: update on Siemens Light Rail Vehicle (LRV) procurement

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

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

Ms. Lorenzen summarized the next steps for the procurement:

- 1. By next week, Siemens will provide a draft conformed technical specification. This document will summarize all of the changes made to the specification that the Utah Transit Authority produced. This will combine all of the changes for the new vehicle.
- 2. Major vehicle components will be ordered in 6 months and will continue for the next 12 months.
- 3. The car shells for the LRVs will be delivered in 18 months, and the first car will arrive in August of 2011.

4. A postdelivery audit will be completed by MTS's internal auditor. According to the pre award audit, everything went according to plan, and the certificates of compliance have been signed off.

Mr. Jablonski stated that when discussions began with Siemens about this procurement, it was discovered that Utah and Denver had gone with a Letter of Guaranty from Siemens instead of a performance bond. He added that the cost for the performance bond is estimated to cost \$3.3 million to \$3.4 million.

Mr. Jablonski stated that after discussions with other people in the industry, he feels that the company guaranty is adequate rather than spending \$3.3 million on the performance bond. This issue has been presented to the Budget Development Committee and the Executive Committee and both concurred.

In response to Mr. Ewin, Ms. Lorenzen stated that Mr. Telfer and Mr. Marinesi reviewed the financials of Siemens Corporation as well as Siemens Transportation, which is now Siemens Industry.

Mr. Jablonski stated that if this procurement has to be federalized, the FTA has already approved the company guarantee for both Denver and Utah, and there would be no reason why the company guaranty would not be approved for MTS. In the event that the FTA reverses that decision, a performance bond could be purchased to be in compliance.

### Action Taken

Mr. Roberts moved to receive a report and to approve staff's recommendation for a Letter of Guaranty from Siemens. Mr. McClellan seconded the motion, and the vote was 12 to 0 in favor.

32. MTS: Pension Obligation Bonds – Refinancing Options (Tom Lynch). Action would:

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

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

Mr. Lynch explained that on September 29, 2009, staff made a presentation to the Budget Development Committee that included various options. Staff was instructed to forward two options to the Executive Committee on October 15, 2009. Mr. Lynch described the bond payoff structure, loan amounts and uses, initial funding sources, funding and refinancing details, and total operating costs.

Mr. Lynch stated that in the long-term, the savings over the status quo would be \$55 million, and in the short term, the next three years' savings would be approximately \$4.3 million or \$1.4 million a year.

Mr. Lynch stated that the staff recommendation is to approve Option #2, Resolution No. 09-25, to pay off the \$38.8 million variable bonds, terminate the swap agreement for \$2.8 million, and obtain a 6-year loan from Dexia for \$30 million. This would include amending the FY 2010 CIP

by reducing it by \$5 million to aid in paying off the variable bonds and utilize \$6.8 million of MTS reserves to aid in paying off the variable bonds.

Members continued to discuss use of reserves, reserve balance, the LIBOR, and use of CIP funds.

### Action Taken

Mr. Rindone moved to receive a report and to approve staff's recommendation for Option No. 2, which is the six-year option. Mr. Cunningham seconded the motion, and the vote was13 to 0 in favor.

### REPORT ITEMS

### 45. MTS: SuperLoop Pilot Update

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

Mr. Thomsen continued to explain the design of SuperLoop as a bidirectional loop anchored at UTC Transit Center and serving as a regional distributor and local circulator with UCSD as the major market. He described the days of operation, frequencies, stops, and the vehicles.

Mr. Thomsen added that 92% of SuperLoop ridership are UCSD passengers. He stated that during the first quarter of the fall semester, the SuperLoop averaged 33 passengers per revenue hour. He reported on marketing efforts and outreach efforts. He stated that the ontime performance is 95% and the completion rate is 99.9%.

Mr. Thomsen stated that SANDAG is addressing the neighborhood complaints about the gas engine buses' sound levels..

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

Mr. Jablonski stated that the 35-foot New Flyer gasoline hybrid buses have proven to be one of the most reliable in the fleet getting close to 11,000 miles between road calls.

### Action Taken

Ms. Lightner moved to receive the report. Mr. McClellan seconded the motion, and the vote was 12 to 0 in favor.

### 46. MTS: FY 09 Year-End Rail Operations Report

Wayne Terry, Chief Operating Officer – Rail, gave a PowerPoint presentation on the FY 09 Year End Operating Report. The report covers four primary departments: Transportation, Rail Vehicle Maintenance, Wayside Facilities Maintenance, and Revenue Departments. Superintendants for each division were present.

<u>Transportation Department</u>: Mr. Terry reported on several areas stating that ridership for FY 09 is 36.9 million, which is a decrease of 1.8% over FY 08; this can be attributed to lower gas prices and the rise in unemployment. He stated that operating efficiency is marginally higher at \$58.4 million. He reported that there were 8 fewer accidents in FY 09 and accidents per 100,000 miles compared to last year favorably. He continued to report on operating rule infractions, schedule adherence, lift service, special event service, and centralized train control.

<u>LRV Maintenance Department</u>: Mr. Terry reported that three rail vehicles are currently operated in the system--the U-2, the SD 100, and the S70. Major service failures recorded in FY 09 were fewer than FY 08 with 181,000 train miles between incidents. He reported on the painting program, door failures, and the LRV protective film used on train doors.

<u>Wayside Maintenance Department</u>: Mr. Terry stated that the tie change-out program included 28,000 cross ties last year and 18 miles of track was tamped. He reported on the rail grinding equipment, ultra sounding test equipment, crossing gate protection device, and the retired City College Substation rehabilitation for the new Fletcher Parkway Substation, which produced a savings of over \$900,000.

<u>Revenue Department</u>: Mr. Terry reported on the 107 Cubic fare vending machines that have been deployed system wide. He continued to report on the Smart Card – Platform Card Interface Devices and time between machine failures.

Mr. Terry stated that MTS continues to receive compliments on hosting the APTA Expo that was held in San Diego. The Expo was the most attended conference in the history of APTA expos (15,000 attendees and over 800 exhibitors).

In response to Mr. Roberts, Mr. Terry gave a report on the special event services provided for the Monday night Chargers game. He stated that there were 111 cars available to carry 18,000 people between Old Town and El Cajon to the venue. A lot of emphasis was put on the service and resources in the field.

Ms. Denny stated that public safety could be enhanced through education of "Stop, Look, and Listen." Mr. Terry stated that MTS has been a long-time member of Operation Lifesaver where the phrase comes from. There has been community outreach in the past as well as with the schools.

### Action Taken

Mr. Rindone moved to receive the report. Mr. Ewin seconded the motion, and the vote was 12 to 0 in favor.

### 47. MTS: Transit Services Year-End Report

Ms. Claire Spielberg, Chief Operating Officer – Transit, gave a PowerPoint presentation on the FY 09 year-end transit report for MTS Bus, contract services, and ADA operations.

Ms. Spielberg gave a combined report on paratransit, contract bus, and in-house bus services. She stated that positive trends are reported this year in ridership, riders per hour, fare recovery ratio, and cost per passenger per trip. She added that there was a FTA triennial review that evaluated both contracted services and internal bus systems and found no fault.

She reported on FY 09 milestones, including bus operations having finished favorable to budget and described the implementation of the four-day "rostered" work week, the Request for Proposals for ADA Services, and SuperLoop service.

Ms. Spielberg reported a growth of 4.4% in ridership adding that numbers on revenue miles and hours show that MTS has become far more efficient. Fuel expenses have been reduced by 12.2%, and fully allocated direct expenses have only grown by 1%. Annual fare revenue has grown by 16.1%, and the indicators are going in the right direction. Also reported on were: the annual operating subsidy, cost reductions of 6.5%, and cost per passenger reductions of 3.2%. She stated that there were improvements in fare box recovery, passenger per revenue hour, reductions in contracted services, and in-house service complaints, and also that accidents have been reduced, the cost per revenue hour has increased by 4.9%, and fuel costs have been reduced by 8.9%.

Ms. Spielberg continued her report on ridership growth, combined fixed-route revenue hours, fully allocated expenses, combined fuel expenses, farebox recovery ratio, passengers per revenue hour, costs per revenue hour, combined subsidy, combined cost per passenger, and combined costs less fuel.

### MTS Contract Services – Paratransit

Scott Transue reported that this service operates as a curb-to-curb service for disabled passengers. The passengers qualify to use the service based on their functional inability combined with disability that prevents them from utilizing fixed-route services.

He reported that ridership increased by 1.5% providing 372,373 ADA trips during FY 09. He stated that on-time performance was 92.7%, which is a positive statistic.

Ms. Spielberg continued her report with the Maintenance Department showing improvements in costs per mile in FY 09 due to the purchase of newer buses. She reported on costs per mile by age of bus, mean distance between failures, and distance between failures by age groups. She pointed out that as the buses get younger, the distance between failure gets longer.

Ms. Spielberg completed her report on maintenance of the fleet. Availability is 85%, the Federal Transit Administration requires a 20% spare ratio, which is 80%. MTS is doing better at 15%.

### Action Taken

Mr. Rindone moved to receive the report. Mr. McClellan seconded the motion, and the vote was 11 to 0 in favor.

### 60. Chairman's Report

Mr. Mathis reported that he and Mr. Jablonski and Mr. Rindone were in Orlando for the APTA Conference. MTS was given an award for the Outstanding System of the Year in North America. This award to MTS is in largely due to the efforts of Mr. Jablonski, Mr. Terry, Ms. Spielberg, and all MTS employees.

He reported that he is impressed with the dedication to public transportation by the new APTA administration. He stated that the team will work very hard to support public transportation throughout the country. He added that the bill for public transportation will be a new bill with new policies, which APTA has worked on with members of Congress to promote the needs of public transportation. He also reported on the high speed rail discussions at APTA.

### 61. Audit Oversight Committee (AOC) Chairman's Report

Mr. Ewin reported that the final Audit Oversight Committee meeting is scheduled for November 5, 2009, to review the CAFR, which will be presented to the full Board on November 12, 2009.

### 62. Chief Executive Officer's Report

Mr. Jablonski reported on the APTA conference stating that he attended a number of policy and technical-related sessions. The highlight of the conference was the award ceremony for the Outstanding System of the Year. MTS also received the grand prize in the media category for the NABI bus door hanger.

### 63. Board Member Communications

Mr. Rindone stated that the APTA Outstanding System of the Year award is the result of the diligence of MTS staff. He also commented on the significant improvements in the bus area.

Mr. Ewin thanked Mr. Jablonski, Mr. Mathis, Mr. Burke, and MTS Officer Reynoso for attending a ceremony held in La Mesa to recognize the efforts of the La Mesa officers who apprehended the person who shot the MTS Security officer at the Grossmont platform.

### 64. Additional Public Comments on Items Not on the Agenda

None.

### 65. Next Meeting Date

The next regularly scheduled Board meeting is November 12, 2009.

### 66. Adjournment

Chairman Mathis adjourned the meeting at 11:20 a.m.

Chairperson San Diego Metropolitan Transit System	
Filed by:	Approved as to form:
Office of the Clerk of the Board San Diego Metropolitan Transit System	Office of the General Counsel San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

VRogers/ MINUTES - Board 10-22-09.doc

### METROPOLITAN TRANSIT DEVELOPMENT BOARD ROLL CALL

MEETING OF (DAT	E): _	10/22/09		CALL TO ORDER (1	ГIME): <u>9:04 а.m.</u>
RECESS:		-		RECONVENE:	
CLOSED SESSION	:	-		RECONVENE:	<del>-</del>
PUBLIC HEARING:		-	<del></del>	RECONVENE:	_ <del></del>
ORDINANCES ADO	PTE	D:		ADJOURN:	11:20 a.m.
BOARD MEMBER		(Alternate)		PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BOYACK		(Cunningham)	X	9:05 a.m.	3
EWIN	X	(Allan)			:
FAULCONER	X	(Emerald)		9:07 a.m.	10:37 a.m.
GLORIA	X	(Emerald)			11:02 a.m.
JANNEY	X	(Bragg)			·
LIGHTNER	X	(Emerald)			
MATHIS	X	(Vacant)			
MCCLELLAN	X	(Hanson-Cox)	) 🗆		
OVROM		(Denny)	X		
RINDONE	X	(Castaneda)			
ROBERTS	X	· (Cox)		9:12 a.m.	
RYAN		(B. Jones)			,
SELBY	X	(England)		16, 16	
VANDEVENTER		(Zarate)	X	/	
YOUNG		(Emerald)			
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SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

JGardetto-VRogers/Roll Call Sheets

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

### **Agenda**

Item No. 4

LEG 410 (PC 50101)

JOINT MEETING OF THE BOARD OF DIRECTORS for the

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

November 12, 2009

### SUBJECT:

MTS: APPOINTMENT OF AD HOC NOMINATING COMMITTEE FOR RECOMMENDING APPOINTMENTS TO MTS COMMITTEES FOR 2010 (TIFFANY LORENZEN)

### RECOMMENDATION:

That the Board of Directors appoint less than a quorum of members to an Ad Hoc Nominating Committee (pursuant to MTS Board Policy No. 22 - Rules of Procedure for the Metropolitan Transit System) to make recommendations to the Board with respect to the appointment of members of the Board to serve on MTS and non-MTS committees for 2010.

**Budget Impact** 

None.

### **DISCUSSION:**

Each year, the Board makes appointments to various committees, including the Budget Development Committee, Audit Oversight Committee, Executive Committee, Joint Committee on Regional Transit (JCRT), Taxicab Committee, High-Speed Rail Task Force of SANDAG, Los Angeles-San Diego Rail Corridor Agency (LOSSAN). Accessible Services Advisory Committee (ASAC), and the SANDAG Transportation Committee. Attachment A is a table of committee appointments for 2009.



MTS Board Policy No. 22 specifies that on or before the Board's first meeting in November, the Board shall appoint less than a quorum of members to an Ad Hoc Nominating Committee. The 2009 Ad Hoc Nominating Committee appointed by the Board included Board members Ewin, Mathis, and Roberts.

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

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

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

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

Paul C. Jablønski Chief Executive Officer

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

NOV12-09.4.ADHOCNOMINATINGCOMM.SCOONEY.doc

Attachment: A. Table of MTS Committees for 2009

### Page 1 of 2

May be voted upon by all Representatives	May be voted upon by all Representatives except Harry Mathis May be voted upon by all Representatives except Jerry Rindone	May be voted upon by all Representatives except Tony Young May be voted upon by all Representatives except Ernie Ewin May be voted upon by all Representatives except Fred McLean May be voted upon by all Representatives except Harry Mathis	May be voted upon by all Representatives	*Appointments are governed by MTS Policy No. 22 except for the Chair's position.	May be voted upon by all Representatives except Jerry Rindone May be voted upon by all Representatives except Harry Mathis May be voted upon by all Representatives except Bob McClellan May be voted upon by all Representatives except Ron Roberts May be voted upon by all Representatives except Tony Young
Thomas Clabby - Chair	Harry Mathis – Committee Representative Jerry Rindone - Alternate	Tony Young – Chair Ernie Ewin – Committee Representative Fred McLean – Committee Representative Harry Mathis – Committee Representative *Request nominations for alternate from the floor	Recommended for Discontinuation	Ernie Ewin - Chair Harry Mathis – Committee Representative Sherri Lightner – City of San Diego Representative (Alternate: Tony Young) Lemon Grove, to be appointed 1/20/09 – East Cities Representative (Alternate: Hal Ryan) Fred McLean – South Bay Representative (Alternate: Jerry Rindone) Ron Roberts – County Representative (Alternate: Greg Cox) Jerry Rindone – Vice Chair (recommended)	Jerry Rindone – Chair Harry Mathis – Vice Chair Bob McClellan– Committee Representative Ron Roberts – Committee Representative Tony Young – Committee Representative
Accessible Services Advisory Committee (ASAC)	Ad Hoc Airport Regional Policy Committee	Ad Hoc Public Security Committee	Ad Hoc Railroad Subcommittee	Audit Oversight Committee*	Budget Development Committee

2009 SLATE OF MTS COMMITTEES AND OUTSIDE AGENCY APPOINTMENTS

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*Appointments are governed by MTS Policy No. 22.	May be voted upon by all Representatives except Bob McClellan May be voted upon by all Representatives Harry Mathis May be voted upon by all Representatives Ernie Ewin	May be voted upon by all Representatives except Jerry Rindone May be voted upon by all Representatives except Harry Mathis	May be voted upon by all Representatives except Harry Mathis May be voted upon by all Representatives except Ron Roberts May be voted upon by all Representatives except Ernie Ewin	May be voted upon by all Representatives except Ernie Ewin	*Elected by the Executive Committee at the January 8, 2009, meeting	May be voted upon by all Representatives except Todd Gloria
Harry Mathis – Chair Sherri Lightner– City of San Diego Representative (Alternate: Tony Young) Lemon Grove, to be appointed 1/20/09 – East Cities Representative (Alternate: Hal Ryan) Fred McLean – South Bay Representative (Alternate: Jerry Rindone) Ron Roberts – County Representative (Alternate: Greg Cox) Jerry Rindone – Vice Chair (recommended) (Alternate Chair Pro Tem, Fred McLean recommended)	Bob McClellan – Committee Representative Harry Mathis – Committee Representative Ernie Ewin – Committee Representative *Request nominations for alternate from the floor	Jerry Rindone – Committee Representative Harry Mathis – Alternate	Harry Mathis - Advisory Representative Ron Roberts - Alternate Ernie Ewin – Second Alternate	Ernie Ewin – Committee Representative *Request nominations for alternate from the floor	Harry Mathis – Committee Representative Jerry Rindone - Alternate	Todd Gloria – Chair City of San Diego Representatives' Choice - Alternate *Request nominations for alternate from the floor
Executive Committee Appointment governed by rotation schedule established in MTS Board Policy No. 22	Joint Committee on Regional Transit (JCRT)	Los Angeles-San Diego Rail Corridor Agency (LOSSAN)	SANDAG Board	SANDAG Regional Planning Committee	SANDAG Transportation Committee*	Taxicab Committee



### **Agenda**

Item No. <u>5</u>

**ADM 110** 

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

November 12, 2009

SUBJECT:

MTS: NOMINATION AND ELECTION OF THE MTS CHAIRPERSON (TIFFANY LORENZEN)

### RECOMMENDATION:

That the Board of Directors receive a recommendation from the Executive Committee for the nomination of the MTS Chairperson and elect the MTS Chairperson.

**Budget Impact** 

None.

**Executive Committee Recommendation** 

At its meeting on November 5, 2009, the Executive Committee recommended forwarding this item to the Board for approval.

### DISCUSSION:

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

Prior to the expiration of a Chairperson's term, the Executive Committee shall make a recommendation to the Board on whether to reelect the current Chairpersion. 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.

At its November 5, 2009, meeting, the Executive Committee unanimously voted to forward a recommendation to the Board of Directors to nominate Mr. Harry Mathis to continue his position as Chairman. The Vice Chairman will present a report on the Executive Committee's recommendation during the meeting.

The Chairperson nomination and election procedures pursuant to Robert's Rules of Order are as follows:

- 1. The Vice Chairman of the Board opens the agenda item.
- 2. The Vice Chairman provides a report on the Executive Committee's recommendation. The Vice Chairman then opens the floor to additional nominations. Nominations do not require a second.
- The Vice Chairman closes the nominations.
- 4. The Vice Chairman invites the candidate(s) to address the Board for 3 minutes.
- 5. The Vice Chairman asks for any Board discussion.
- 6. The Vice Chairman calls for the vote on each motion for each candidate.
- 7. The vote is taken on the motion(s) for each candidate based upon the order in which they were nominated. The vote continues until a candidate is elected.

Public Utilities Code section 120050.2 (d) requires that the Chairperson be elected by a two-thirds vote of the members present at the meeting, and the members present must constitute at least a quorum.

Paul C. Jablonski Chief Executive Officer

NOV12-09 5 ECRECOMMENDMTSCHAIR TLOREN.doc

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

NOV12-09.5.EC RECOMMEND MTS CHAIR.TLOREN.doc

Attachment: A. Letter from Chairman Mathis

November 2, 2009

### Dear Members of the MTS Executive Committee:

As you know, my term as your Chairman will be completed on December 31, and I wish to thank each of you for the strong support that you have shown me over the past four years. As the accompanying agenda item indicates, the Executive Committee (under MTS Board Policy No. 22) shall make a recommendation to the full Board relative to the election/reelection of the Chairperson.

I am writing to inform you that I would welcome the opportunity to continue serving you and our agency for another term. Together, we at MTS have accomplished a great deal to arrive at the pinnacle of being recognized as the outstanding transit system in North America. However, we know that many daunting challenges lie ahead. There are many unfinished tasks of great magnitude facing us which are essential to our mission of effectively serving the current and future transportation needs of the public. I ask your support in my desire to continue working with you to successfully meet these challenges.

Sincerely,

Harry Mathis

Chairman



### **Agenda**

Item No. 6

JOINT MEETING OF THE BOARD OF DIRECTORS

LEG 492

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

November 12, 2009

SUBJECT:

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

### **RECOMMENDATION:**

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

**Budget Impact** 

None.

### **DISCUSSION:**

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

Paul C. Jabionski Chief Executive Officer

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

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

Attachment: A. SDTI Safety Process Audit Report





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

### Memorandum

DATE:

September 23, 2009

LEG 492 (PC 50121)

TO:

Nancy Dock

Wayne Terry

FROM:

Mark Abbey

SUBJECT: AUDIT REPORT: SDTI SAFETY PROCEDURES

### EXECUTIVE SUMMARY

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

### **Audit Objectives and Scope**

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

### Background

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

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

The System Safety Manager's duties include the following:

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



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

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

### **Accident Summary**

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

### Observations and Recommendations

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

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

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

### **DETAILED OBSERVATIONS**

### 1.0 PUC Audit

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

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

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

### Recommendation

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

### Management Response

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

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

### 1.1 <u>Safety Manager Training</u>

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

### Recommendation

Consider FTA training courses for the System Safety Manager.

### Management Response

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

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

cc: Paul Jablonski Tiffany Lorenzen Cliff Telfer Bill Burke



### **Agenda**

Item No. 7

AG 220

JOINT MEETING OF THE BOARD OF DIRECTORS for the Metropolitan Transit System,

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

November 12, 2009

SUBJECT:

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

### RECOMMENDATION:

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

**Budget Impact** 

None.

### **DISCUSSION:**

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

Paul C. Jablonski Chief Executive Officer

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

NOV12-09.7.PTMISEA.NDALL.doc

Attachment: A. Resolution No. 09-24



### SAN DIEGO METROPOLITAN TRANSIT SYSTEM

### RESOLUTION NO. 09-24

Resolution Authorizing the Submittal of Applications and Requests for Fiscal Year 2007-2008

California Public Transportation Modernization, Improvement, and
Service Enhancement Interest Funds

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

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

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

PASSED AND ADOPTED, by the Board of following vote:	Directors thisday of 2009, by the
AYES:	,
NAYS:	
ABSENT:	
ABSTAINING:	
Chairperson San Diego Metropolitan Transit System	
Filed by:	Approved as to form:
Clerk of the Board San Diego Metropolitan Transit System	Office of the General Counsel San Diego Metropolitan Transit System



### Agenda

Item No. 8

LEG 430 (PC 50121)

JOINT MEETING OF THE BOARD OF DIRECTORS

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

November 12, 2009

SUBJECT:

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

### RECOMMENDATION:

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

**Budget Impact** 

None.

### DISCUSSION:

### History

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



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

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

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

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

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

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

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

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

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

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

Paul C. Jablonski

Chief Executive Officer

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

NOV12-09.8.UNIFORM DBE RPT.TLOREN.doc

Attachments: A. List of Contracts Available for DBE Participation

B. Semiannual DBE Report

	MTS FTA FY09-10 BUDGETED CONTRACTS	
PROJECT NO.	PROJECT DESCRIPTION	FY09-10 BUDGET
	MINOR CONSTRUCTION	
11183	SDTI Cross Tie Procurement	004.000
11213		224.000
11253	SDTC KMD Building Improvements	106,000
11255	MCS South Bay Division Gas Detection System	120,000
11260	Broadway Wye Switch Machines	600,000
11273	Training Center Rehab	4,500
112/3	El Cajon Transit Center	38,900
<u></u>	Total Construction	1,093,400
PR	I OFESSIONAL, SCIENTIFIC AND TECHNICAL SERV	ICES
11165	LRV Paint and Body Rehab	440,000
11184	Bus Video Cameras	1,122,200
11192	IT Elipse Financial System	280,000
11206	Rail Profile Grinding	280,000
11214	LRV HVAC Overhaul	1,420,000
11219	LRV Propulsion Components	227,200
11241	IT Network Infrastructure	40,000
11254	LRV Brake Overhaul	280,000
11263	Signal Event Recorder Upgrade	62,400
11274	Hastop Module for Planning Hastus Program	62,800
11275	LRV Traction Motor Disconnects	220,000
11276	SDTI Ticket Vending Equipment (TVM)	400,000
	Total Services	4,834,600
	WHOLESALE DURABLE GOODS	
11162	Organizational Desktops	176,200
11167	LRV Tires	392,800
11250	CVT 40 FT CNG BUSES (2)	62,500
11251	LRV Gearbox Overhaul parts	1,200,000
11240	SDTC Support Equipment	84,500
11252	LRV Blower Motor Overhaul	80,000
	Total Wholesale Durable Goods	1,996,000
	Total Budgeted Contracts FY09-10	7,924,000
		.,,,

### Att. B, Al 8, 11/12/09

# DISADVANTAGED BUSINESS ENTERPRISE PROGRAM REPORTING REQUIREMENTS

## AWARDS/COMMITMENTS

A. Subrecipient/Agency: San Diego Metropolitan Transit System

B. DBE Liaison Officer and Phone: Tiffany Lorenzen 619-557-4512

C. Date: October 19, 2009

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

E. Contractor/Subcontractor	F. Type of Contract	G. DBE Y/N	H. DBE Cert Number	I. Amount	Prime or Subcontractor
CANON BUSINESS SOLUTIONS WEST	Service	Š		175000	
CANON BUSINESS SOLUTIONS	Service	8		48573.77	
HECHT, SOLBERG, ROBINSON, GOLD	Service	S S		650000	
MOORE ELECTRICAL CONTRACTING	Construction	Š		59021	
FIRST TRANSIT	Service	<u>0</u>		4234950	
FIRST TRANSIT	Service	N <sub>O</sub>		6588485	
MOTOROLA	Materials	Yes		\$544802 with \$135836 paid to DBF Sub	Primo/DRE Sub
KIMLEY-HORN & ASSOCIATES, INC.	Service	Š		200000	
DAVID EVANS & ASSOC INC	Service	S O N		750000	
THE ARC OF SAN DIEGO	Service	No		1105169	
KNORR BRAKE CORP	Materials	o <sub>N</sub>		475000	
GIRO, INC	Service	ON.		113982	

### Att. B, AI 8, 11/12/09

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM REPORTING REQUIREMENTS

## AWARDS/COMMITMENTS

				2	
E. Contractor/Subcontractor	F. Type of Contract	G. DBE Y/N	H. DBE Cert Number	I. Amount	Prime or
DEPARTMENT OF NAVY	Other			0	
MOTORO! A	Coning	00			Prime
	Service	o <sub>N</sub>		737846.52	
ELECTRO SPECIALTY	Construction	2		2053.19	
HMS CONSTRUCTION	Construction			35650 2	Prime
OMEGA EL EVATOR	Solino	No		Z.00000	Prime
	Service	N <sub>O</sub>		178892	
WESTERN PUMP	Materials	Š		49898	
A TO Z ENTERPRISES	Service	OZ.		71300	
CREATIVE BUS SALES	Materials	2		00000	Prime
B O CONTRACTOR INCITAGO OF DE		8		0.000.1	Prime
BP CORPORATION NORTH AMERICA	Materials	<u></u>		open - CNG Hedging	
NMS MANAGEMENT, INC	Service	2		897575.32	e Line
MOORE ELECTRICAL CONTRACTING	Construction	2 2		19090	Prime
ELECTRO SPECIALTY SYSTEMS, INC	Construction	2		11 0000	Prime
VEHICLE TECHNICAL CONSTITUTANTS	Control	8		2030.43	Prime
	Scivice	N <sub>O</sub>		14178	o Liso
SIEMENS	Materials	- CZ		489202.09	
CARLOS GUZMAN, INC	Materials	2		1920000	Prime
DION INTERNATIONAL TRUCK LLC	Materials	2		20 22 02 02 02	Prime
KNORR BRAKE CORP	100000	8		134841.21	Prime
	ivateriais	. o		200000	o, i
					]

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# DISADVANTAGED BUSINESS ENTERPRISE PROGRAM REPORTING REQUIREMENTS

## AWARDS/COMMITMENTS

				<b>)</b>	
E. Contractor/Subcontractor	F. Type of Contract	G. DBE Y/N	H. DBE Cert Number	l. Amount	Prime or Subcontractor
ANGUS ASPHALT, INC	Construction	S <sub>Z</sub>		0699	
SELECT ELECTRIC	Construction	oN N		13280	
DAPCO TECH	Service	S S		22040	
iACCESS, INC	Service	0;4		18938.11	Prima
AUDIO VISUAL INIA	Materials	o <sub>N</sub>		31634.29	Prime
KONE ELEVATOR	Service	No		47160.2	Prime
CREATIVE BUS SALES	Materials	No		348348.93	Prime
SIEMENS TRANSPORTATION	Materials	O.		200000	Prime
RED ROCK SECURITY	Construction	o N		64158.49	Prime
KAM INDUSTRIAL	Service	No		3171484.75	Prime

## ACTUAL PAYMENTS

V. Subrecipient/Agency: San Diego Metropolitan Transit System

Tiffany Lorenzen (619)557-4512 B. DBE Liaison Officer and Phone: \_\_\_

4512 C. Date: October 19, 2009

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

Ö

E. Contractor/Subcontractor					
	F. Type of Contract G. DBE Y/N	G. DBE Y/N	H. DBE Cert Number	l. Amount	Prime or Subcontractor
VEHICLE TECHNICAL CONSULTANTS	Service				
		No		23630	Prime
COK-O-VAN STORAGE	Other				
		No		22000	Prime
GIRO INC	Service				
		ON N		62700	Prime
EDCO DISPOSAL CORPORATION S	Service	2		2000	
ELECTRO SPECIAL TY	Construction	2		183300	Prime
		S.		58360 58	Origo
WASHINGTON GROUP INTERNATIONAL S	Service				
		No		328650	Prime
OMEGA ELEVATOR	Service				
		No		72904	Prime
SIEMENS TRANSPORTATION	Materials				
		ON		462965.12	Prime
MOORE ELECTRICAL CONTRACTING	Construction	CN		0000	C
SOFT CHOICE GOVERNMENT	Service			OBO B	rime
		N <sub>O</sub>		365128.16	Prime
VEHICLE TECHNICAL CONSULTANTS S	Service				
		No		14178	Drine
ELECTRO SPECIALTY	Construction				
		S		114516.17	Prime
ELECTING SPECIAL IT STSTEMS, INC.	Construction				
		No		2830.45	Prime

# **ACTUAL PAYMENTS**

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM REPORTING REQUIREMENTS

H. DBE Cert Number \$544802 with \$135836 paid						
Service No Construction No Service No Service No Service No Service No Construction No Service No Construction No Service No Service No	E. Contractor/Subcontractor	F. Type of Contract	G. DBE Y/N	H. DBE Cert Number	l. Amount	Prime or Subcontractor
Construction No Service No Service No Service No Service No Service No CK LLC Materials No Construction No Service No Service No Service No Service No Service No Service	GIRO, INC.	Service				
Service No Service No Service No Service No Service No Service No Construction No Service No Servic	CIAL E IVI GOV OF DIAV		S N		79035	Prime
Service No Service No CK LLC Materials No Service Yes Materials No Construction No Service No Service No	ANGOO ASPHALL, INC	Construction	•			
Service No Service No Service Yes Materials No Construction No Service No Service No	CADI OS CITARAN INO		02		0699	Prime
Service No CK LLC Materials No Service Yes Materials No Construction No Service No	CARLOS GOZIMAN, INC	Service	7			
Service No  CK LLC Materials No  Service Yes  Materials No  Construction No  Service No			ON I		458280	Prime
CK LLC Materials No Service Yes Materials No Construction No Service No	CARLOS GUZMAN, INC	Service	:			
CK LLC Materials No Service Yes Materials No Construction No Service No			ON		507000	Prime
CK LLC Materials No Service No Construction No Service No Service No Service No Service	CARLOS GUZMAN, INC.	Service				
CK LLC Materials No Service Yes Materials No Construction No Service No			No		4000000	Prime
Service Yes Materials No Construction No Service No	DION INTERNATIONAL TRUCK LLC	Materials				
Service Yes Materials No Construction No Service No			No		134841.21	Prime
Materials No Construction No Service No	MOTOROLA	Service				
Materials No Construction No Service No			Yes	\$544802 with \$13	5836 paid to DBE Subcontractorli	ime with DRF Sub
Construction Service Service	AUDIO VISUAL INN	Materials				
Construction Service Service			S S		31634.29	Prime
Service	SELECT ELECTRIC	Construction				
Service			No		13280	Prime
Service	AZ I EC LANDSCAPING, INC.	Service				
Service			No.		33132	Prime
	ACCESS, INC	Service				
			No		18938	Prime



# **Agenda**

Item No. 9

**LEG 492** 

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

November 12, 2009

SUBJECT:

MTS: SAN DIEGO TRANSIT CORPORATION WARRANTY PROCESS AUDIT REPORT

# RECOMMENDATION:

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

**Budget Impact** 

None.

# DISCUSSION:

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

Paul & Jabloriski Chief Executive Officer

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

NOV12-09.9.SDTC WARRANTY PROCESS.MABBEY.doc

Attachment: SDTC Warranty Process Audit Report





# Memorandum

DATE:

October 21, 2009

**LEG 492** 

TO:

Claire Spielberg

FROM:

Mark Abbey

SUBJECT: AUDIT REPORT: SDTC WARRANTY MANAGEMENT

### EXECUTIVE SUMMARY

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

# Audit Objectives and Scope

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

- warranty management on new buses
- storeroom parts warranty

# Observations and Recommendations

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

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

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

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



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

## **BACKGROUND**

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

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

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

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

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

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

# DETAILED OBSERVATIONS

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

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

# Recommendation

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

# Management Response

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

# 1.1 Flagging Warranty Repair Work Orders

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

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

# Recommendations

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

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

# Management Response

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

JGardetto/ M-FINAL-SDTC WARRANTY 09.MABBEY.doc

cc: Paul Jablonski, Tiffany Lorenzen, Cliff Telfer - MTS Ray Thompson - SDTC 1255 Imperial Avenue, Suite 1000 San Diego, CA 92101-7490 619.231.1466, FAX: 619.234.3407

# **Agenda**

Item No. <u>10</u>

JOINT MEETING OF THE BOARD OF DIRECTORS for the

FIN 305

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

November 12, 2009

SUBJECT:

MTS: INVESTMENT REPORT - SEPTEMBER 2009

RECOMMENDATION:

That the Board of Directors receive a report for information.

**Budget Impact** 

None.

### DISCUSSION:

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

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

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



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

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

Other restricted funds are designated for various capital improvement projects.

Paul C. Jablonski Chief Executive Officer

Key Staff Contact: Linda Musengo, 619.557.4531, <a href="mailto:linda.musengo@sdmts.com">linda.musengo@sdmts.com</a>

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

Attachment: A. Investment Report

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

Restricted	IJ	nrestricted		Total	Average rate of return
 					or return
\$ 5,718,275	\$	7,708,465	\$	13,426,740	0.00%
5,718,275		7,708,465		13,426,740	
2,515,455	-			2,515,455	N/A *
3,088,650				3,088,650	N/A *
2,699,000				2,699,000	0.75%
8,303,106		-		8,303,106	
		17,331,053		17,331,053	0.75%
		40		40	
		17,331,093		17,331,093	
33,717,981		-		33,717,981	
 84,951,545		-		84,951,545	7.69%
118,669,526				118,669,526	
 <del>-</del>		35,630,000		35,630,000	
-		35,630,000	,	35,630.000	
\$ 132,690,906			\$	· · · · · · · · · · · · · · · · · · ·	
	5,718,275  2,515,455  3,088,650  2,699,000  8,303,106  33,717,981  84,951,545  118,669,526	\$ 5,718,275 \$ 5,718,275  2,515,455 3,088,650  2,699,000 8,303,106  33,717,981  84,951,545 118,669,526	\$ 5,718,275 \$ 7,708,465 5,718,275 7,708,465 2,515,455 3,088,650 2,699,000 8,303,106 -  17,331,053 - 40 17,331,093 33,717,981 -  84,951,545 -  118,669,526 -  35,630,000 - 35,630,000	\$ 5,718,275 \$ 7,708,465 \$ 5,718,275 7,708,465  2,515,455 3,088,650  2,699,000 8,303,106  - 40 17,331,053  - 40 17,331,093  33,717,981 - 84,951,545 118,669,526 - 35,630,000  - 35,630,000	\$ 5,718,275 \$ 7,708,465 \$ 13,426,740 5,718,275 7,708,465 13,426,740 2,515,455 2,515,455 3,088,650 3,088,650 2,699,000 2,699,000 8,303,106 - 8,303,106 17,331,053 17,331,053 - 40 40 - 17,331,093 17,331,093 33,717,981 - 33,717,981 84,951,545 - 84,951,545 118,669,526 - 118,669,526 - 35,630,000 35,630,000 - 35,630,000 35,630,000

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



# **Agenda**

Item No. <u>11</u>

**OPS 920.6** 

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

November 12, 2009

SUBJECT:

MTS: SOUTHLAND TRANSIT, INC. - CONTRACT OPTION YEAR

# RECOMMENDATION:

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

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

## **Budget Impact**

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

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

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



# DISCUSSION:

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

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

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

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

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

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

Paul C. Jablonski Chief Executive Officer

Key Staff Contact: Lisa Madsen, 619.595.7038, <u>lisa.madsen@sdmts.com</u>

NOV12-09.11.SOUTHLAND TRANSIT.LMADSEN.doc

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

# DRAFT

November 12, 2009

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

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

Dear Mr. Snow:

Subject: AMENDMENT NO. 2 TO MTS DOC. NO. B0449.0-06 FOR MTS CENTRAL MINIBUS

FIXED-ROUTE AND SORRENTO VALLEY COASTER CONNECTION SERVICES

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

# SCOPE OF SERVICES

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

# **SCHEDULE**

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

## **PAYMENT**

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

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

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

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

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

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

Sincerely,	Accepted:
Paul C. Jablonski Chief Executive Officer	Jason Snow Southland Transit, Inc.
NOV12-09.11.AttA.B0449.0-06.LMADSEN.doc	Date:



# **Agenda**

Item No. 12

CIP 11239

JOINT MEETING OF THE BOARD OF DIRECTORS for the Metropolitan Transit System,

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

November 12, 2009

SUBJECT:

MTS: CAPITAL IMPROVEMENT PROJECT GRANT AWARD

## RECOMMENDATION:

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

# **Budget Impact**

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

### DISCUSSION:

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

C. Jablopski Chief Executive Officer

Key Staff Contact: Lisa Fowler, 619.557.4510, lisa.fowler@sdmts.com

NOV12-09.12.CIP GRANT AWARD.LFOWLER.doc





# **Agenda**

Item No. <u>13</u>

FIN 300

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

November 12, 2009

SUBJECT:

MTS: INVESTMENT REPORT - AUGUST 2009

## **RECOMMENDATION:**

Receive a report for information.

**Budget Impact** 

None.

# **DISCUSSION:**

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

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

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



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

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

Other restricted funds are designated for various capital improvement projects.

Paul & Jablonski Chief Executive Officer

Key Staff Contact: Linda Musengo, 619.557.4531, linda.musengo@sdmts.com

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

Attachment: A. Investment Report

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

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

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



# **Agenda**

Item No. <u>14</u>

FIN 340.2

JOINT MEETING OF THE BOARD OF DIRECTORS for the

t System

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

November 12, 2009

SUBJECT:

MTS: TRANSPORTATION DEVELOPMENT ACT (TDA) CLAIM AMENDMENT

# RECOMMENDATION:

That the MTS Board of Directors adopt Resolution Nos. 09-1 (Attachment A), 09-2 (Attachment B), and 09-3 (Attachment C) approving the revised FY 2009 Transportation Development Act (TDA) Article 4.0, 4.5, and 8.0 claims.

# **Budget Impact**

The TDA claim amendments would result in the reduction of receipts by \$7,234,706 in TDA Article 4.0 funds and a reduction of \$384,397 in TDA Article 4.5 funds for MTS. The claim for Article 8.0 would remain unchanged. Article 4.0 provides authority for claiming funds for general transit operations and capital. Article 4.5 funds are set aside by the San Diego Association of Governments (SANDAG) for Americans with Disabilities Act (ADA) Access services. Article 8.0 funds are used for the ferry/commuter express.

# **DISCUSSION:**

Sales tax revenues have fallen by 9.2% from fiscal year 2009, and SANDAG projections indicate further decreases in TDA revenue. SANDAG recommends that the fiscal year 2010 TDA revenues be reduced by 6.5% from the actual fiscal year 2009 receipts. As a result of these decreasing revenues, the SANDAG Board of Directors approved a reduction in total fiscal year 2010 TDA allocations for MTS by \$7,619,103 at its November 6, 2009, meeting.

Paul C. Jablonski Chief Executive Officer

Key Staff Contact: Lisa Fowler, 619.557.4510, <a href="mailto:lisa.fowler@sdmts.com">lisa.fowler@sdmts.com</a>

NOV12-09.14.TDA CLAIM AMDMT.LFOWLER.doc

Attachments: A. Resolution No. 09-1

B. Resolution No. 09-2

C. Resolution No. 09-3



## SAN DIEGO METROPOLITAN TRANSIT SYSTEM

# **RESOLUTION NO. 09-1**

# Resolution Amending Fiscal Year 2010 Transportation Development Act

WHEREAS, effective August 10, 2000, the MTS-area consolidated Transportation Development Act (TDA) claim process provides that MTS will be responsible for submitting a single claim for each article of the TDA for all MTS operators; and

WHEREAS, consistent with the intent of consolidating all transit funding for MTS-area operators, the San Diego Association of Governments (SANDAG) approved MTS's FY 2010 TDA claim, and

WHEREAS, MTS and SANDAG Boards must approve any alternate use of said balances differing from that for which they were originally claimed; and

WHEREAS, MTS and SANDAG staffs have analyzed this amendment and found it to be warranted pursuant to Section 6659 of Title 21 of the California Code of Regulations (CCR); NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors does hereby approve an amendment revising the FY 2010 TDA Article 4.0 decreasing MTS TDA claims by \$7,234,706 to \$61,186,859 as a result of the continuing reduction in sales tax revenues for the San Diego area. The allocation of the newly revised TDA allocation is included in the attached table.

2009 by the	PASSED AND ADOPTED by the Board of Directors thisfollowing vote:	day of November
	AYES:	
	NAYS:	
	ABSENT:	
	ABSTAINING:	

Chairperson San Diego Metropolitan Transit System	
Filed by:	Approved as to form:
Clerk of the Board San Diego Metropolitan Transit System	Office of the General Counsel San Diego Metropolitan Transit System

NOV12-09.14.Att A.RESO 09-1.TDA CLAIM.LFOWLER.doc

Attachment: Table - Approved FY 09 Article 4.0 Claims Amounts

-2- **A-2** 

**TABLE** 

# APPROVED FY 09 TDA ARTICLE 4.0 CLAIM AMOUNTS

\$58,651,162
\$3,532,851
<u>\$6,482,835</u>
\$68.666.848

# SAN DIEGO METROPOLITAN TRANSIT SYSTEM

### RESOLUTION NO. 09-2

# Resolution Amending Fiscal Year 2010 Transportation Development Act

WHEREAS, effective August 10, 2000, the MTS-area consolidated Transportation Development Act (TDA) claim process provides that MTS will be responsible for submitting a single claim for each article of the TDA for all MTS operators; and

WHEREAS, consistent with the intent of consolidating all transit funding for MTS-area operators, the San Diego Association of Governments (SANDAG) approved MTS's FY 2010 TDA claim, and

WHEREAS, MTS and SANDAG Boards must approve any alternate use of said balances differing from that for which they were originally claimed; and

WHEREAS, MTS and SANDAG staffs have analyzed this amendment and found it to be warranted pursuant to Section 6659 of Title 21 of the California Code of Regulations (CCR); NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors does hereby approve an amendment revising the FY 2010 TDA Article 4.5 decreasing MTS TDA claims by \$384,397 to \$3,312,575 as a result of the continuing reduction in sales tax revenues for the San Diego area. The allocation will be used to fund the MTS Access/CTS Paratransit services.

by the followir	PASSED AND ADOPTED by the Board of Directors this ng vote:	day of November 2009,
	AYES:	
	NAYS:	
	ABSENT:	
	ABSTAINING:	

Chairperson San Diego Metropolitan Transit System	
Filed by:	Approved as to form:
Clerk of the Board San Diego Metropolitan Transit System	Office of the General Counsel San Diego Metropolitan Transit System

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-2- **B-2** 

### SAN DIEGO METROPOLITAN TRANSIT SYSTEM

### RESOLUTION NO. 09-3

# Resolution Amending Fiscal Year 2010 Transportation Development Act

WHEREAS, effective August 10, 2000, the MTS-area consolidated Transportation Development Act (TDA) claim process provides that MTS will be responsible for submitting a single claim for each article of the TDA for all MTS operators; and

WHEREAS, consistent with the intent of consolidating all transit funding for MTS-area operators, the San Diego Association of Governments (SANDAG) approved MTS's FY 2010 TDA claim, and

WHEREAS, MTS and SANDAG Boards must approve any alternate use of said balances differing from that for which they were originally claimed; and

WHEREAS, MTS and SANDAG staffs have analyzed this amendment and found it to be warranted pursuant to Section 6659 of Title 21 of the California Code of Regulations (CCR); NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors does hereby approve an amendment revising the FY 2010 TDA Article 8.0 with no change, and funding levels will remain at \$366,758. The allocation will be used to fund the ferry/commuter express services.

2009, by the	PASSED AND ADOPTED by the Board of Directors this following vote:	day of November
	AYES:	
	NAYS:	
	ABSENT:	
	ABSTAINING:	

Chairperson San Diego Metropolitan Transit System	
Filed by:	Approved as to form:
Clerk of the Board San Diego Metropolitan Transit System	Office of the General Counsel San Diego Metropolitan Transit System

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-2- C-2



# **Agenda**

Item No. <u>4</u>5

TAXI 550

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

November 12, 2009

SUBJECT:

MTS: 2009 TAXICAB PASSENGER SURVEY (JOHN SCOTT)

**RECOMMENDATION:** 

That the Board of Directors receive a report for information.

**Budget Impact** 

MTS Taxicab Administration's budgeted cost is \$75,000.

# DISCUSSION:

Periodically, the MTS Taxicab Administration conducts studies of the taxicab industry in the City of San Diego. Previous studies were done in 1994 and 1999. The 2009 Taxicab Passenger Survey is included as Attachment A.

The purpose of the survey was to gather performance data regarding trip origins, destinations, distances, times, and fares and to profile passenger characteristics, access trip characteristics, provide subjective performance measures of taxicab service, and track 1994 and 1999 study findings. The survey was conducted by True North Research, and Tim McLarney will present the findings.

Paul C. Jablonski Chief Executive Officer

Key Staff Contact: John A. Scott, 619.595.7034, john.scott@sdmts.com

NOV12-09.45.TAXICAB PASSENGER SURVEY.JSCOTT.doc

Attachment: A. 2009 Taxicab Passenger Survey (Board Only Due to Volume)







2009 Taxicab Passenger Study
Final Survey Report

# San Diego

Commissioned by the Metropolitan Transit System (MTS)

Conducted by SANDAG and True North Research



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# I N T R O D U C T I O N

The Metropolitan Transit System (MTS) owns, operates, and plans transit services in south San Diego County. Through a combination of light rail, bus, vintage trolleys, and paratransit, MTS' transit operations service approximately 570 square miles, three million San Diego residents, and carry approximately 100 million passengers annually.

In addition to providing traditional transit services, one of MTS' key functions is to license and regulate the taxicab industry in the City of San Diego. MTS' Taxicab Administration determines owner eligibility, issues permits, inspects vehicles to ensure they are in good working order, monitors compliance with administrative and operational regulations, and investigates compliments and complaints—all toward the end of ensuring that the taxicab industry meets the needs of residents and visitors alike.

MOTIVATION FOR RESEARCH Successfully fulfilling its role in regulating the taxicab industry requires that MTS have up-to-date and reliable information regarding the travel experiences of taxicab passengers, including objective performance measures (such as response time and trip duration), passenger characteristics (e.g., location of residence, gender, reasons for using a taxi), as well as a variety of subjective performance indicators from the passenger's perspective (such as perceived vehicle condition, promptness of service, and driver courtesy). To assist it in this research effort, MTS selected the team of True North Research and the San Diego Association of Governments (SANDAG) to design and conduct the 2009 Taxicab Passenger Survey. Briefly, the study was designed to:

- · Gather objective performance data including trip origin and destination, trip distance, response time, and fare amount.
- Profile passenger characteristics including ethnicity, gender, household income, location of residence, and age.
- · Assess trip characteristics including purpose of trip, availability of alternative forms of transportation, and time of trip.
- Provide subjective performance measures from the passenger's perspective including perceived driver knowledge, appearance and courtesy, promptness of service, vehicle condition, and availability of taxicabs during the day and at night.

By analyzing the results of the 2009 survey in conjunction with the results of prior surveys and other secondary data, this report provides MTS' Taxicab Administration with statistically reliable information regarding performance trends and significant changes in the taxicab industry in the City of San Diego.

METHODOLOGY OVERVIEW A full description of the methodology used for this study is included later in this report (see *Methodology* on page 59). In brief, interviewing staff offered self-administered surveys to taxicab passengers while riding along with the passenger(s) in the taxicab. Two versions of the questionnaire were employed—one for residents of San Diego County and one for those visiting the County—and were offered in English or Spanish depending on the passenger's preference. A total of 896 surveys were completed during the data collection period, which lasted from May 4, 2009 to June 27, 2009. Interviewers also collected information

for each trip on a log sheet regardless of whether the passenger chose to complete a survey. A total of 988 trip logs were completed during the study.

For trips originating at San Diego International Airport, taxicabs were selected at random from Terminal 1 and Terminal 2 based on the cab happening to be at the front of the queue. Once a trip was completed and the taxicab returned to the airport, the interviewer once again went to the front of the queue to select the next taxicab for surveying. For taxicabs that did not operate at the airport, surveyors were assigned to particular taxicabs for the duration of a shift (typically eight hours) and solicited passengers as they entered the taxi. To adjust for the differences in sampling designs and the unnaturally high productivity experienced at the airport due to the ability of interviewers to skip to the front of the queue when selecting the next taxicab, the data presented in this report were weighted to be representative of taxicab trips originating in the City of San Diego.

STATISTICAL SIGNIFICANCE The 2009 Taxicab Passenger Survey is not the first survey of its kind conducted by MTS. Similar studies have been conducted periodically as far back as 1979, with the most recent prior studies being completed in 1999 and 1994. Because there was a natural interest in tracking key performance indicators over time, where appropriate the results of the current study are compared with the results of identical questions used in the prior surveys. Where possible, True North conducted the appropriate tests of statistical significance to identify changes that likely reflect actual changes in performance or passenger opinion during this period—as opposed to being due to chance associated with selecting two samples independently and at random. Differences between the most recent studies are identified as statistically significant if we can be 95% confident that the differences reflect an actual change in performance or passenger opinion between the two studies. Statistically significant differences within response categories over time are denoted by the † symbol which appears in the figure next to the appropriate value for 2009.

ORGANIZATION OF REPORT This report is designed to meet the needs of readers who prefer a summary of the findings as well as those who are interested in the details of the results. For those who seek an overview of the findings, the sections titled *Just the Facts* and *Conclusions* are for you. They provide a summary of the most important factual findings of the survey in bullet-point format and a discussion of their implications. For the interested reader, this section is followed by a more detailed question-by-question discussion of the results from the survey by topic area (see *Table of Contents*), as well as a description of the methodology employed for collecting and analyzing the data. And, for the truly ambitious reader, the *Surveyor Instruction Guide* contains copies of the questionnaires, trip logs, and details the protocols used during data collection (see *Surveyor Instruction Guide* on page 62).

ACKNOWLEDGEMENTS True North Research thanks John Scott and Alexis Dizon at MTS, Kristen Rohanna and Debbie Correia at SANDAG, and Jim Myhers at the San Diego International Airport for their contributions to the design and administration of this study. Their expertise, local knowledge, and insight improved the overall quality of the research presented here. We also thank the principals at each of the following taxicab companies for agreeing to participate in this study, listed here by the order in which they were surveyed: Yellow Cab, Orange Dispatch,

American Cab, Red Top, USA Cab, Red Cab, West Coast Cab, San Diego Dispatch, Taxi Radio Service.

DISCLAIMER The statements and conclusions in this report are those of the authors at True North Research, Inc. (Dr. Timothy McLarney and Richard Sarles) and not necessarily those of MTS or SANDAG. Any errors and omissions are the responsibility of the authors.

ABOUT TRUE NORTH True North is a full-service survey research firm that is dedicated to providing public and private agencies with a clear understanding of the opinions, perceptions, priorities and concerns of their constituents and customers. Through designing and implementing scientific surveys, focus groups and one-on-one interviews, as well as expert interpretation of the findings, True North helps its clients to move with confidence when making strategic decisions in a variety of areas—such as planning, policy evaluation, performance management, organizational development, establishing fiscal priorities, and developing effective public information campaigns. During their careers, the principals at True North (Dr. McLarney and Mr. Sarles) have designed and conducted over 500 survey research studies for public agencies in California, including dozens for transportation planning and performance measurement purposes.

# JUST THE FACTS

The following is an outline of the main factual findings from the 2009 Taxicab Passenger Survey. For the reader's convenience, we have organized the findings according to the section titles used in the body of this report. Thus, to learn more about a particular finding and how it may compare to findings from prior surveys (where applicable), simply turn to the appropriate report section.

#### TRIP INITIATION DETAILS

- The most common methods by which taxi trips were initiated in San Diego were a call from the dispatch center (37%) or use of a taxicab stand at designated locations within the City (28%) or at the airport (17%). Street hails (9%), personal calls to the driver (6%), and standing reservations (4%) collectively accounted for less than 20% of all trip initiations.
- Keeping in mind that data collection for the study occurred between 8 A.M. and 7 P.M., calls to initiate a trip were received at a relatively even distribution throughout the day. The most common time slot to receive calls was between noon and 1:59 P.M. (29%), followed by between 2 P.M. and 3:59 P.M. (20%).
- Similarly, the most common times for taxi trips to begin were between noon and 1:59 P.M. (26%), 10 A.M. to 11:59 A.M. (21%), and 2 P.M. to 3:59 P.M. (21%).
- For trips that were initiated by a telephone call, most taxicabs surveyed (61%) responded to the call within 10 minutes, with one-third (33%) arriving in five minutes or less. Approximately 20% arrived between 10.1 and 15 minutes of the initiating call, whereas it took more than 15 minutes to respond for 19% of trips initiated by a telephone call.
- From the passenger's perspective, taxicabs were perceived to respond to their calls for service a bit quicker than they actually did respond. The average response time for a trip initiated by a resident was 12.1 minutes, whereas the average *perceived* response time was 11.1 minutes. Similarly, the average response time as measured by the clock for a trip initiated by a visitor was 8 minutes, although the average perceived response time was 7.2 minutes.
- More than half (62%) of all trips that originated at a location other than the airport started in the Central San Diego subregion, which encompasses downtown San Diego. Other common locations for originating taxicab trips were the Peninsula subregion including Point Loma (12%), Kearny Mesa subregion (8%), and Coastal subregion including Mission Bay (6%). None of the other subregional areas individually accounted for more than 4% of trip originations.
- Nearly two-thirds of all trips (64%) surveyed involved a single passenger, and an additional 27% had two passengers. The remaining trips held three (6%), four (2%), or at least five passengers (1%). 1
- Few taxi trips surveyed (4%) included one or more passengers 12 years of age or younger.
- For more than half (56%) of all trips surveyed, the passenger entered the vehicle without any additional items other than a purse, briefcase or small backpack. Approximately 35% carried additional luggage, 4% a cane or walker, 3% brought additional packages, 1% an infant seat, and less than 1% brought a wheel chair and/or pet into the cab.

<sup>1.</sup> Because the surveyor would also need to ride in the vehicle, it should be noted that some larger groups (four or more passengers) may not have been eligible to be included in the study in some cases because all of the seats in the vehicle would be occupied by passengers and there would not be a seat available for the surveyor.

### TRIP DESTINATION DETAILS

- Although more than 60% of taxicab trips that did not originate at the airport began in the Central San Diego subregion, the *destinations* for these types of trips were more dispersed. Overall, 42% of trips that did not originate at the airport were destined for the Central San Diego subregion, 31% for the Peninsula subregion, 6% for the Kearny Mesa subregion, and 6% to the Coastal subregion including Mission Bay. Other subregions that were the destination for at least 1% of taxicab trips that did not originate at the airport included South Bay (3%), Southeastern San Diego (1%), Mid-City (1%), Elliott-Navajo (1%), La Mesa (1%), Chula Vista (1%), and National City (1%).
- Trips that originated at the airport were more concentrated in their destinations. Nearly two-thirds (65%) of airport-originated trips concluded in the Central San Diego subregion, followed by the Coastal (8%), Kearny Mesa (7%), Peninsula (5%), and Coronado (5%) subregions. Other subregions that were the destination for at least 1% of airport-originated trips were the University (2%), Del Mar-Mira Mesa (2%), and Mid City (1%) subregions.
- Analyzing the relationship between trip origin and destination reveals that a large percentage of taxicab trips in San Diego begin and end within two adjoining subregions. More than one-quarter (27%) of taxicab trips in the City of San Diego begin and end in the Central San Diego subregion. Moreover, two-thirds (68%) of all trips both begin an end in either the Central San Diego or Peninsula subregions.
- Most taxicab trips that originate in the City of San Diego are relatively short. Twenty percent (20%) were less than 2 miles, and nearly half (49%) were between 2 and 4.9 miles in length. Combining these two categories reveals that more than two-thirds (68%) of taxicab trips surveyed traveled a distance of less than five miles. Longer trips of 5 to 9.9 miles, 10 to 19.9 miles, and 20 miles or more accounted for 23%, 8% and 2% of all trips surveyed, respectively. The average trip was 4.6 miles in length.
- Although two-thirds of taxicab trips covered a distance of less than five miles, less than 7% of taxicab trips lasted less than five minutes. Approximately 29% of trips were completed in 5 to 9 minutes, 37% lasted between 10 and 14 minutes, and 15% lasted between 15 and 19 minutes. Overall, 12% of taxicab trips that originated in the City of San Diego took at least 20 minutes to complete.
- Approximately half (49%) of all taxi trips resulted in a fare that was less than \$12, one-third (31%) resulted in a fare of \$12 to \$19.99, and 21% cost \$20 or more. The average fare for taxicab trips surveyed in 2009 was \$14.79.<sup>2</sup>

#### TRIP PURPOSE

- Among all trips surveyed, the most common origin was the respondents' home/residence (27%), followed by a hotel (20%), airport (18%), recreational/dining activity (8%), work/business related site (7%), and shopping (6%). No other locations or specific purposes were mentioned by at least 5% of passengers.
- · With respect to where the passenger was going, the most common destination was the airport (24%), followed by a hotel (21%), going out for a recreational/dining activity (17%), returning to a home/residence (14%), going to work/business related site (7%), running errands (6%), and a medical appointment (5%).<sup>3</sup>

<sup>2.</sup> Shortly after this survey was conducted, the maximum allowable taxicab fare rates within the City were raised, as were the rates at the airport.

<sup>3.</sup> The differences within some categories between the origin and destination percentages—i.e., recreational/dining out—likely reflects to some degree the timing of the data collection window each day and the absence of late-evening data collection.

#### WHY TAKE A TAXI?

- · When asked what form of transportation they would have taken had they *not* chosen a taxi for the trip, approximately one-quarter (27%) of respondents would have opted for public transportation, 14% a ride from a friend or family member, 13% would have walked, a similar percentage indicated they would have hired a paid shuttle service (13%), 12% would have rented a car, and 12% would have taken a personal vehicle. Overall, 6% indicated that if a taxi had not been available they would not have made the trip, 5% would have opted for a courtesy van, and 3% offered some other mode of transportation.
- A minority (44%) of resident passengers reported that they did have access to a personal vehicle for the trip they were taking by taxi, whereas 56% reported that this was not an option.
- · When asked why they chose a taxi over a paid shuttle service, approximately two-thirds (65%) of passengers cited the greater convenience of taking a taxi as their reason, whereas 11% specifically mentioned the better response time of a taxi, 11% offered that a shuttle was not available, 8% chose a taxi based on cost, 5% preferred the privacy of a taxi, and 6% offered another reason not previously cited.
- · Overall, the aspect that was identified most often as being among the top *two* most important aspects of taxi service was that a cab be easy to find on the street (43%), followed by it being prompt in responding to a call for service (30%), that it is easy to communicate with the driver (26%), and that drivers are safe (24%). Interestingly, characteristics of the vehicle were far less often cited as being among the most important aspects of service.

#### PERCEPTIONS OF TAXI SERVICE

- Resident passengers were asked to rate taxi service in San Diego on a variety of performance dimensions or aspects. At the top of the scale, the most favorable assessments were with respect to taxi availability during the day (81% good), driver courtesy (75%), and promptness of service (75%).
- At the other end of the spectrum, fewer residents rated taxi fares (40%), taxi availability at night (59%), and driver knowledge (65%) as good.
- · Seventy-two percent (72%) of residents rated taxi service in San Diego overall as good.
- · Although 27% of passengers indicated that they were not familiar with taxicab service in other communities and thus were not capable of making the comparison, one-quarter (25%) rated San Diego's taxicab service as better, and an additional 45% stated that it is similar to that offered in other areas. Just 3% of respondents perceived that taxicab service in San Diego was worse than that provided in other areas with which they were familiar.

#### AWARENESS OF VARYING TAXI RATES

- Just one-quarter (25%) of passengers reported that they were aware that fare rates are the same for all taxis operating from the airport, but vary in other areas of the City.
- · When those who were aware that taxi rates vary across the City were subsequently asked how they became aware of this fact, more than half (56%) reported that the rate sign posted on the inside of the taxi was the source, 23% indicated that they learned about it from a friend or associate, 11% some other source, 5% from taxi company advertisements, and 5% called different taxi companies and discovered the difference in rates.
- The vast majority of passengers (75%) exhibited a preference for rates being the same in all areas of the City.

### PREFERENCES FOR PARTICULAR TAXI COMPANIES

- Most resident taxi passengers surveyed (56%) stated that they do have a preference for a particular taxi company.
- More than half (59%) of respondents with a preference reported that they prefer Yellow Cab, 18% preferred Orange Cab, 8% preferred Red Cab, 3% mentioned San Diego Cab, and 11% mentioned other cab companies that individually did not account for at least 3% of responses.
- When asked why they have a preference for a particular taxi company, the most frequently mentioned reason was response time (28%), followed by simply being familiar with the company (25%), the quality of the drivers (23%), and that the company serves the areas to which they tend to travel (14%).

#### PAID SHUTTLE SERVICE

• Overall, just over one-quarter (26%) of passengers indicated that they had previously used a paid shuttle service in San Diego.

#### ANNUAL TAXI TRIP ESTIMATE

• The total number of taxicab trips per year that originate in the City of San Diego is 3,691,493—inclusive of the 779,749 trips that originate at the San Diego International Airport.

### CONCLUSIONS

As noted in the *Introduction*, the purpose of this study was to provide MTS with up-to-date and statistically reliable information regarding the travel experiences of taxicab passengers in the City of San Diego. By analyzing the results of the 2009 survey in conjunction with the results of prior surveys and other secondary data, this study better enables MTS to measure performance trends, identify significant changes in the industry, and consider adjustments to how it regulates the taxicab industry so that it best serves the needs of San Diego residents and visitors alike.

Whereas subsequent sections of this report are devoted to conveying the detailed results of the study, in this section we attempt to 'see the forest through the trees' and note how the collective results of the survey answer some of the key questions that motivated the research.

How well is the taxicab industry performing based on objective indicators of performance?

Objective performance indicators are those that can be assessed without relying on the perspective of the passenger or customer. The 2009 study results indicate that the industry's *objective* performance has declined somewhat over the past decade with respect to response time, the speed with which trips are completed, and the expense of a trip for the passenger.

Response time is a key performance indicator that can be measured both objectively and subjectively. That is, from the time the driver receives a call for service, how quickly are they able to meet the passenger at their designated pick-up location? Although the vast majority (61%) of taxis responded to a passenger's call for service within 10 minutes, a sizeable minority (19%) took at least 15 minutes to respond. Moreover, the time it takes on average for a taxi to respond to a call has increased over the past decade—from an average 7.3 minutes in 1999 to 10.5 minutes in 2009.

Trip distance, trip duration and the relationship between the two are additional objective performance indicators for the industry. Although clearly the ability to complete a trip in a timely fashion is influenced by factors (such as traffic congestion) that are not within the industry's ability to control, the speed with which a trip is completed is nevertheless a useful performance measure.

Most taxicab trips that originate in San Diego are relatively short. Two-thirds (68%) of all taxi trips are less than five miles, and the average trip distance (4.6 miles) has remained unchanged since the 1999 study. Despite the relatively short trip distances, however, the time it took to complete the trip was often longer than what might be expected, averaging 12.5 minutes in 2009. This is slightly longer than the 11.4 minutes that taxi trips averaged in 1999. Translating these figures into trip speed, the average taxi trip that originated in San Diego proceeded at 21 miles per hour in 2009, which is slightly slower than the 1999 average of 24 miles per hour.<sup>4</sup>

The final objective performance indicator measured in the study was trip fare. The average fare for a taxicab trip in 2009 was \$14.79, which is substantially higher than the inflation-adjusted \$11.21 it cost in 1999. On a per mile basis, the average cost in 2009 was \$3.23, compared to an inflation-adjusted \$2.43 in 1999.

In summary, the objective measures of performance estimated in this study show that the industry's performance has declined somewhat over the past decade. Put simply, taxis are taking longer to respond to calls, longer to complete trips, and the cost of the trip per mile is more expensive even after adjusting for inflation.

How well is the taxicab industry performing based on subjective indicators of performance?

Although there are several useful objective indicators of performance for San Diego's taxicab industry (as discussed above), arguably the most important performance indicators are the *subjective* kind. That is, how do those who choose to use the service evaluate its performance—by specific performance dimensions, over time, and when compared to their experiences in other cities. In contrast to the patterns found with respect to objective measures of performance, the subjective measures of performance were generally positive and suggest an improving trend in the industry.

When asked to evaluate the taxicab industry in San Diego on a variety of performance dimensions, more than two-thirds of residential passengers provided the highest rating (good) to taxi availability during the day (81%), driver courtesy (75%), promptness of service (75%), overall taxi service (72%), and the safety of driving (71%). A clear majority also rated the vehicle condition (67%), appearance of the driver (66%), knowledge of the driver (65%), and the availability of a taxi at night (59%) as good. For only one performance dimension (taxi fares) did less than a majority (40%) rate the industry's performance as good.

Moreover, when compared to 1999, residents' ratings of taxi service improved on every dimension tested. The greatest improvements were with respect to perceived promptness of service (+15% good), ratings of taxi service overall (+11%), taxi availability during the day (+11%), taxi vehicle condition (+8%), and driver courtesy (+7%).

Passengers also generally held favorable opinions of San Diego's taxicab service relative to that in other cities. Although 27% indicated that they were not familiar with taxicab service in other communities and thus were not capable of making the comparison, one-quarter (25%) rated San Diego's taxicab service as better, and an additional 45% stated that it is similar to that offered in other areas. Just 3% of respondents perceived

<sup>4.</sup> The average duration and speed figures were not provided in the 1999 study report. However, True North was able to access the 1999 survey data and derive these objective performance measures.

that taxicab service in San Diego was worse than that provided in other areas with which they were familiar. It should be noted, however, that the percentage who felt that San Diego's taxicab industry performs better than those in other cities has declined by 10% since 1999—indicating that its perceived performance advantage has eroded somewhat during this period.

Finally, passengers were also inclined to perceive that taxicabs respond to their calls for service somewhat quicker than they actually do. Whereas the average *actual* response time was 12.1 minutes for residents and 8 minutes for visitors, the *perceived* response time was a somewhat faster 11.1 minutes and 7.2 minutes, respectively. Among visitors, the perceived response time also appears to have improved by 1 minute when compared to the 1999 study.

Are all areas of the City being served equally?

MTS and the City of San Diego have an interest in ensuring that all areas of the City are adequately served by the taxicab industry. Arguably the most striking pattern revealed in the 2009 study is that taxicab service is clearly not provided equally throughout the City.

The most obvious indication of this pattern is the geographic concentration of taxi trips in both origin and destination. Although there are eight subregional areas within the City of San Diego, two-thirds of all taxicab trips both originate *and* conclude within two neighboring subregions: the Central San Diego subregion (which encompasses downtown San Diego) and the Peninsula subregion (which includes the airport and Point Loma).

The tendency for the taxicab industry to concentrate service in these two subregions leads to inequities in terms of other key performance indicators. For example, whereas the average response time for a call for taxicab service in the Central San Diego subregion was 7.5 minutes, it was nearly double that (14.5 minutes) in several other subregions. Passengers who originated taxi trips outside of the Central San Diego and Peninsula subregions also held less favorable opinions regarding the taxicab industry's performance with respect to availability of taxis during the day and promptness of service.

Has demand for taxicab service changed in recent years?

Despite having a larger fleet of taxicabs in 2009 (993) than in 1999 (945), as well as a larger resident population,<sup>5</sup> the estimated annual number of taxicab trips in 2009 was *lower* than the 1999 estimate by 544,521 trips. This pattern is due to the rate of trips per hour being substantially lower in 2009 (0.744) when compared to that found in the 1999 study (1.08).

<sup>5.</sup> In 1999, there were an estimated 1,189,885 residents in the City of San Diego. The comparable figure for 2009 is 1,353,993 (Source: California Department of Finance).

Of course, it is important to keep in mind that 2009 study was conducted during the worst recession since the Great Depression, and there is both quantitative and anecdotal evidence that indicates the economic slowdown has negatively impacted the demand for taxicab service in the San Diego region in the short-term. Taxicab trips originating at the San Diego International Airport, for example, declined by 14% between Fiscal Year 2007/2008 (907,506 trips) and Fiscal Year 2008/2009 (779,749 trips). Thus, although there is clearly less demand for taxicab service in today's economy when compared to the 1999 study, one can expect that as the economy regains its footing the demand for taxicab service will rebound to some degree.

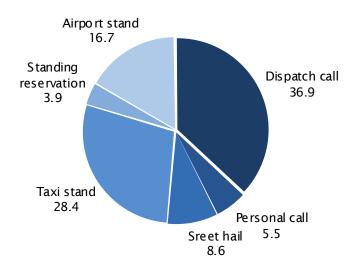
# TRIP INITIATION DETAILS

As noted in the *Introduction*, one of the primary goals of this study was to develop a statistically reliable profile of taxicab trips that originate within the City of San Diego. In this section of the report, we present details that were collected as the trip was initiated—including how it was initiated, the time and location where it was initiated, as well as the number of passengers who entered the vehicle.

HOW WAS THE TRIP INITIATED? Taxicab trips can be initiated through a variety of means. Passengers can call a dispatch center to have a taxicab meet them at a certain location, they may have a standing reservation or make a personal call to the driver, or they can initiate a trip by hailing a taxicab from the street or walking to a designated taxi stand. Figure 1 shows that the dominant methods of trip initiation in San Diego were a call from the dispatch center (37%), or use of a taxicab stand at designated locations within the City (28%) or at the airport (17%). Street hails (9%), personal calls to the driver (6%), and standing reservations (4%) collectively accounted for less than 20% of all trip initiations.

Question L5 How was the trip initiated?

FIGURE 1 TRIP INITIATION



For the interested reader, Figure 2 shows how trip initiations varied according to the weather and the type of passenger (resident or visitor), whereas Figure 3 displays how the results for this question compare to the distributions reported for the 1999 and 1994 studies. As one might expect, dispatch calls were somewhat more common (and taxi stand initiations less common) when the weather was foggy or rainy. Residents were also far more apt than their visitor counterparts to call a dispatch center to initiate a trip, whereas visitors primarily relied on taxi stands on the street or at the airport. When compared to the prior two studies, trips initiated by a telephone call (to the dispatch center or the driver) were less common in 2009, whereas taxi stand initiations were more common.

FIGURE 2 TRIP INITIATION BY WEATHER & SURVEY VERSION

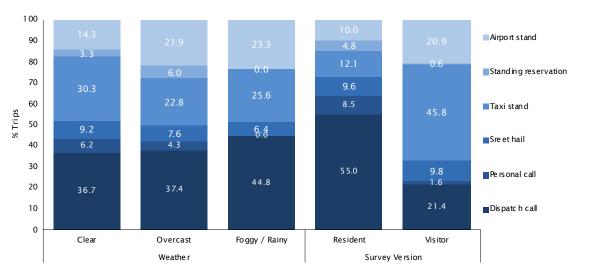
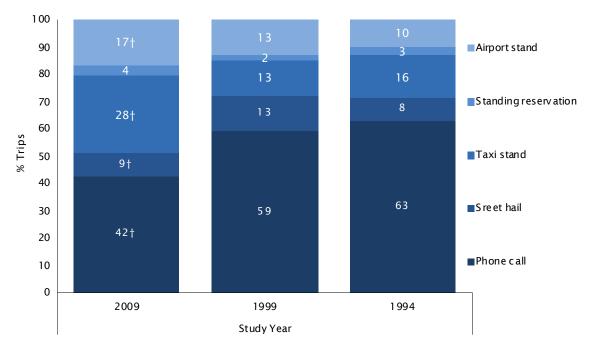


FIGURE 3 TRIP INITIATION BY STUDY YEAR

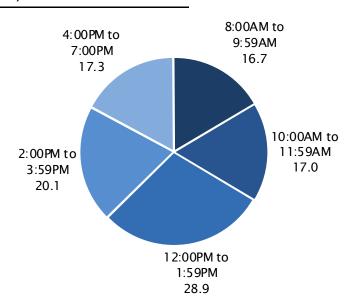


† Statistically significant change (p < 0.05) between the 1999 and 2009 studies.

WHEN DID THE DRIVER RECEIVE THE CALL? For trips that were initiated by a telephone (either from the dispatch center or directly from the passenger), the study recorded the time of the call. Keeping in mind that data collection for the study occurred between 8 A.M. and 7 P.M., Figure 4 shows that calls were received at a relatively even distribution throughout the day. The most common time slot to receive calls was between noon and 1:59 P.M. (29%), followed by between 2 P.M. and 3:59 P.M. (20%).

Question L6 When did (dispatch/personal) call come in?

FIGURE 4 TIME OF DISPATCH/PERSONAL CALL



WHAT TIME DID THE TRIP ACTUALLY START? Regardless of how the trip was initiated, surveyors recorded the time that the trip began as the point at which the passenger entered the taxicab. Figure 5 displays the distribution of start times for all trips surveyed during the study period. Although they were relatively evenly distributed throughout the 8 A.M. to 7 P.M. daily data collection window, the most common times for trips to begin were between noon and 1:59 P.M. (26%), 10 A.M. to 11:59 A.M. (21%), and 2 P.M. to 3:59 P.M. (21%). Figure 6 on the next page shows that visitors were somewhat more likely than residents to initiate a trip between noon and 1:59 P.M., but otherwise the two subgroups behaved similarly in this respect.

**Question L10** What time did trip start?

FIGURE 5 TRIP START TIME

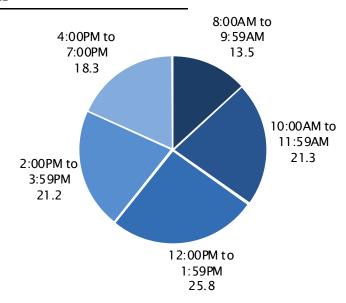
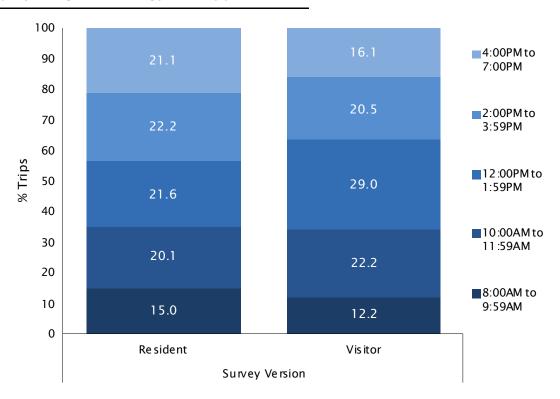


FIGURE 6 TRIP START TIME BY SURVEY VERSION



RESPONSE TIME TO INITIATING CALL By comparing the time that the driver received the initiating call and the time the passenger entered the vehicle one can calculate a key performance indicator for the industry: response time. That is, how quickly do taxicabs respond to passenger calls for a pick-up? As shown in Figure 7 below, most taxicabs surveyed (61%) responded to the call within 10 minutes, with one-third (33%) arriving in five minutes or less. Approximately 20% arrived between 10.1 and 15 minutes of the initiating call, whereas it took more than 15 minutes to respond for 19% of trips initiated by a telephone call.

FIGURE 7 MINUTES BETWEEN CALL TIME AND TRIP START TIME

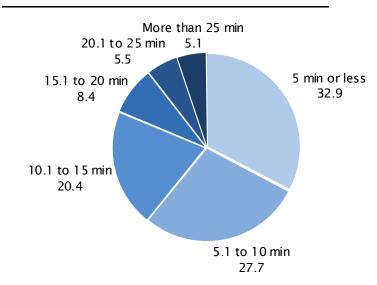
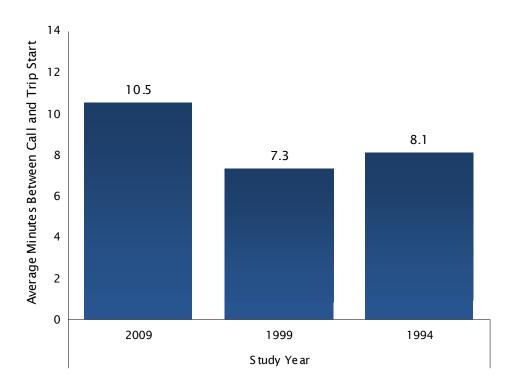


Figure 8 on the next page shows that the average response time in 2009 was 10.5 minutes, and that response times appear to have increased since the prior two studies. By comparison, the average response times in 1999 and 1994 were 7.3 minutes and 8.1 minutes, respectively.





**PERCEIVED RESPONSE TIME BY PASSENGER** The analysis presented above for response time was based on the difference between the time the driver received the call and the passenger entering the vehicle, as recorded by the surveyor. From a passenger's perspective, however, the *perceived* response time is based on the time they placed their initial call—which is always prior to the driver receiving the follow-up call from the dispatch center notifying the driver where to pick-up the passenger. Accordingly, in addition to measuring the actual response time noted above, the survey also asked passengers to report their perceived response time.

Figure 9 on the next page reports the perceived response time separately for residents and visitors. It also incorporates the actual response time as recorded by the surveyor for comparison purposes. Interestingly, the actual response time as measured by the 'clock' was in both cases greater than the perceived response time. The average 'clock' time for a trip initiated by a resident was 12.1 minutes, whereas the average perceived response time was 11.1 minutes. Similarly, the average response time as measured by the 'clock' for a trip initiated by a visitor was 8 minutes, although the average perceived response time was 7.2 minutes.

Figure 10 provides a similar comparison of both actual and perceived response time by subregional area for the trip origin. As shown in the figure, response times varied considerably depending on where the trip originated. At the extremes, the actual response time was 7.6 minutes for trips originating in the Central San Diego subregion, and nearly double that (14.5 minutes) for trips originating in the areas combined into the Outer San Diego subregion.

Question R5 & V6 If you telephoned for a taxi for this trip, how long did it take for the taxi to arrive?

FIGURE 9 MINUTES BETWEEN CALL TIME AND TRIP START TIME BY SURVEY VERSION SHOWING CLOCK TIME & PERCEIVED TIME

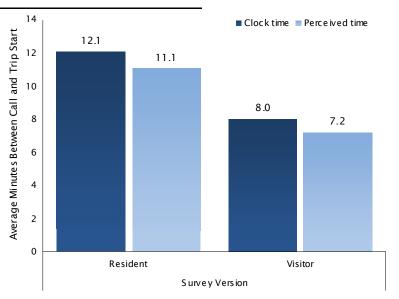
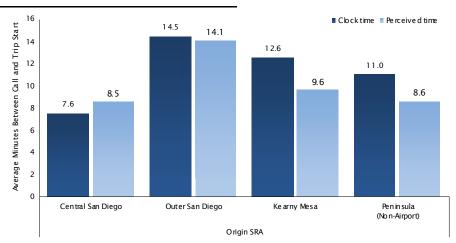


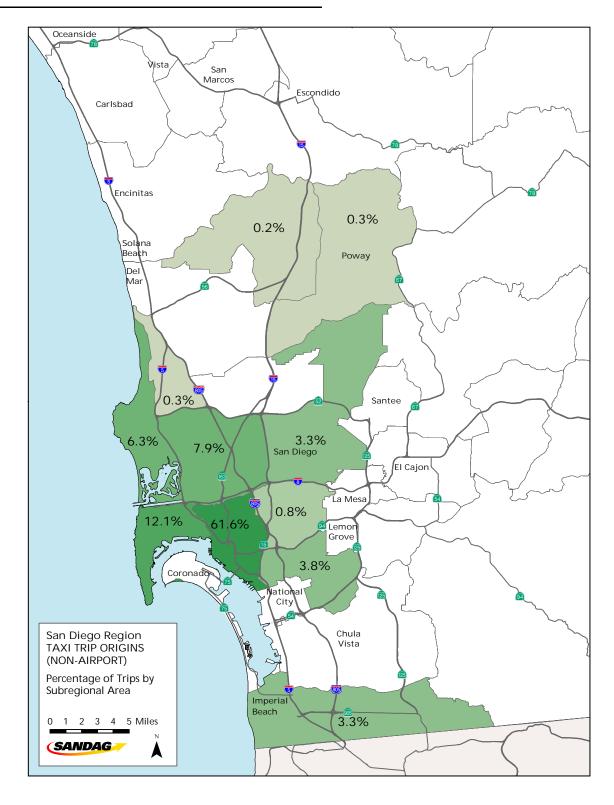
FIGURE 10 MINUTES BETWEEN CALL TIME AND TRIP START TIME BY TRIP ORIGIN SUBREGIONAL AREAS



TRIP ORIGIN Surveyors recorded the location at which each trip began, regardless of whether the passenger(s) ultimately completed a survey. SANDAG staff subsequently geocoded the data and were able to match 89% of all trip origins to a specific geocodable location. The map shown in Figure 11 on the next page groups all taxicab trips that originated at a location other than the airport into one of 11 subregional areas the are encompassed (in whole or in part) within the City of San Diego.

More than half (62%) of all trips that originated at a location other than the airport started in the Central San Diego subregion, which encompasses downtown San Diego. Other common locations for originating taxicab trips were the Peninsula subregion including Point Loma (12%), Kearny Mesa subregion (8%), and Coastal subregion including Mission Bay (6%). None of the other subregional areas individually accounted for more than 4% of trip originations.

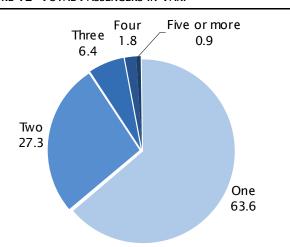
FIGURE 11 MAP OF TAXI TRIP NON-AIRPORT ORIGINS



NUMBER OF PASSENGERS IN TAXICAB Figure 12 shows how the number of passengers that entered the cab varied for all taxicab trips included in the study. Nearly two-thirds of all trips (64%) surveyed involved a single passenger, and an additional 27% had two passengers. The remaining trips held three (6%), four (2%), or at least five passengers (1%).<sup>6</sup>

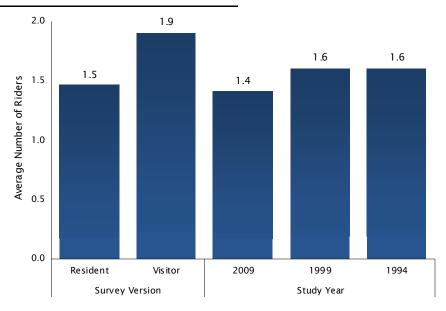
**Question L8** How many total passengers got in the cab?

FIGURE 12 TOTAL PASSENGERS IN TAXI



Overall, the average number of passengers per trip was higher for visitors (1.9) when compared to residents (1.5), and was slightly lower in 2009 (1.4) when compared to prior studies (see Figure 13).<sup>7</sup>

FIGURE 13 AVERAGE NUMBER OF RIDERS BY SURVEY VERSION & STUDY YEAR



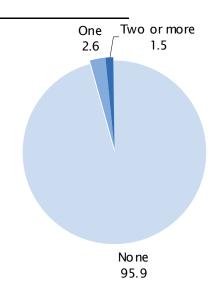
<sup>6.</sup> Because the surveyor would also need to ride in the vehicle, it should be noted that some larger groups (four or more passengers) may not have been eligible to be included in the study in some cases because all of the seats in the vehicle would be occupied by passengers and there would not be a seat available for the surveyor.

<sup>7.</sup> The number of passengers per trip was recorded for all trips, although not all trips were associated with a completed passenger survey. Hence, some of the trips factored into the 2009 average shown in Figure 13 could not be labeled as a visitor or resident trip. This explains why the 2009 average is lower than either the visitor or resident average.

In addition to recording the total passengers who entered the taxicab, surveyors also identified the number of passengers who were 12 years of age or younger. Figure 14 shows that very few trips (4%) included one or more passengers 12 years or younger.

Question L9 How many passengers are under 12 years of age?

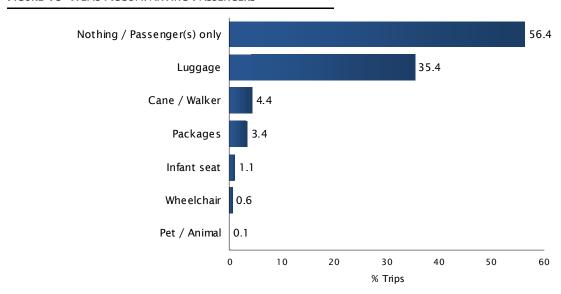
FIGURE 14 PASSENGERS UNDER 12



WHAT DID PASSENGERS BRING INTO CAB? The final data point in the trip origination series identified the types of items that the passenger(s) brought with them into the taxicab. As shown in Figure 15, for more than half (56%) of all trips surveyed, the passenger entered the vehicle without any additional items other than a purse, briefcase or small backpack. Approximately 35% involved additional luggage, 4% a cane or walker, 3% brought additional packages, 1% an infant seat, and less than 1% brought a wheel chair and/or pet into the cab.

**Question L11** Did the passengers have any of the following?

FIGURE 15 ITEMS ACCOMPANYING PASSENGERS



## TRIP DESTINATION DETAILS

Whereas the prior section described *how* and *where* the trip began, as well as certain details about the passenger group size and composition, in this section of the report we present details that were collected at the end of the trip—including trip destination, trip distance and duration, as well as the amount of the fare for the trip.

TRIP DESTINATION Surveyors recorded the location at which each trip ended, regardless of whether the passenger(s) ultimately completed a survey. SANDAG staff subsequently geocoded the data and were able to match 83% of all trip destinations to a specific geocodable location.

Although all taxicab trips included in the study must originate within the City of San Diego, the same was not true for the trip destination. Accordingly, the entire County was divided into 25 subregional areas (SRA) as shown in Figure 16 on the next page for the purposes of representing taxicab trip destinations. The percentage of trips that were destined for each SRA is shown in Figure 17 for trips that did *not* originate at the airport, Figure 18 for trips that did originate at the airport.

Although more than 60% of taxicab trips that did not originate at the airport began in the Central San Diego subregion (see Figure 11 on page 18), the *destinations* for these types of trips were more dispersed (see Figure 17). Overall, 42% of trips that did not originate at the airport were destined for the Central San Diego subregion, 31% for the Peninsula subregion, 6% for the Kearny Mesa subregion, and 6% to the Coastal subregion including Mission Bay. Other subregions that were the destination for at least 1% of taxicab trips that did not originate at the airport included South Bay (3%), Southeastern San Diego (1%), Mid-City (1%), Elliott-Navajo (1%), La Mesa (1%), Chula Vista (1%), and National City (1%).

Trips that originated at the airport were more concentrated in their destinations (see Figure 18 on page 24). Nearly two-thirds (65%) of airport-originated trips concluded in the Central San Diego subregion, followed by the Coastal (8%), Kearny Mesa (7%), Peninsula (5%), and Coronado (5%) subregions. Other subregions that were the destination for at least 1% of airport-originated trips were the University (2%), Del Mar-Mira Mesa (2%), and Mid City (1%) subregions.

FIGURE 16 MAP OF SAN DIEGO REGION AND SUBREGIONAL AREAS

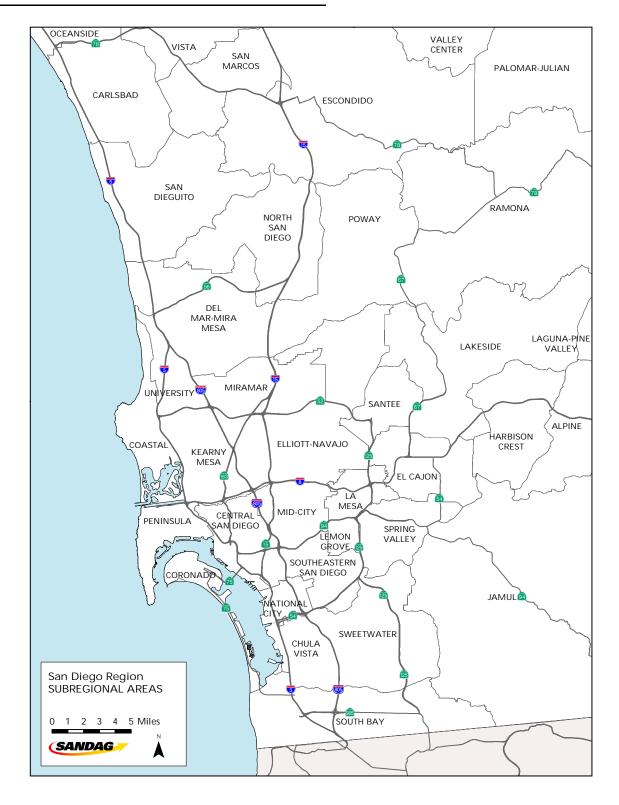


FIGURE 17 MAP OF TAXI TRIP DESTINATIONS WITH NON-AIRPORT ORIGIN

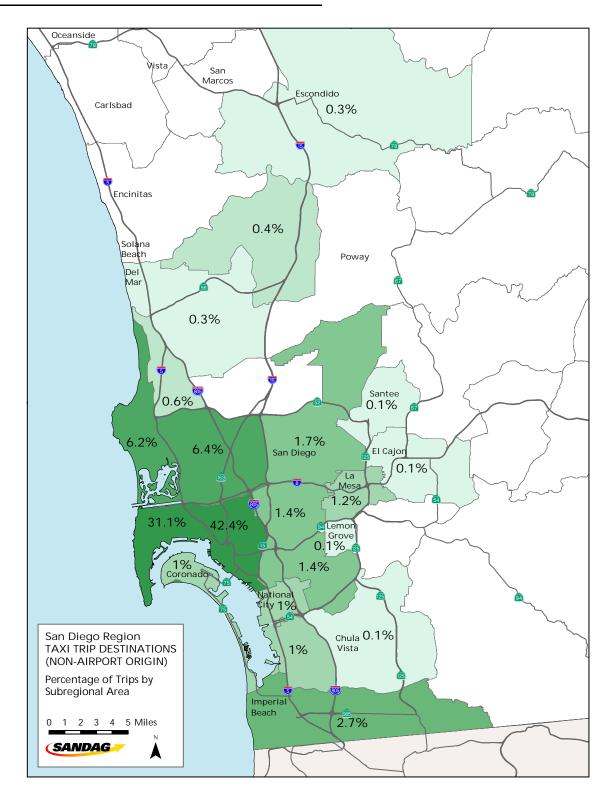
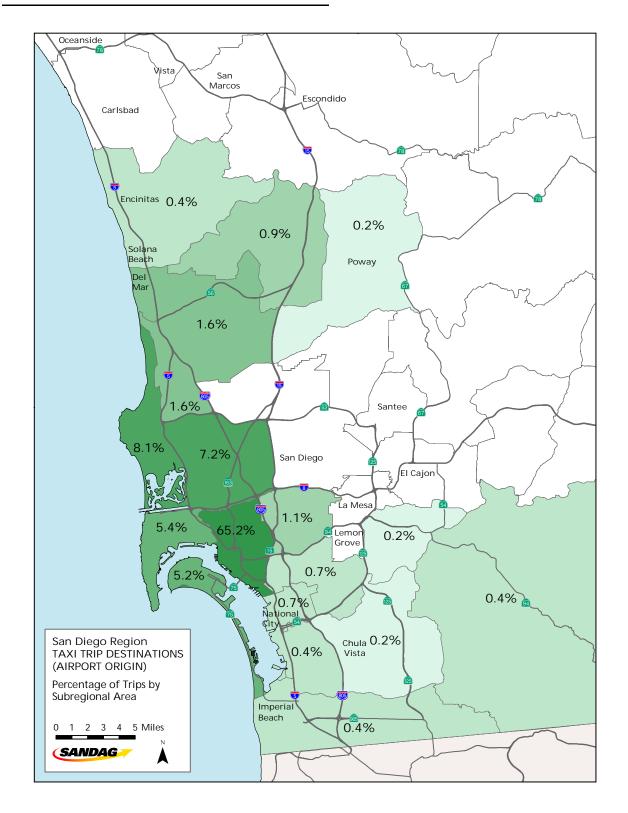


FIGURE 18 MAP OF TAXI TRIP DESTINATIONS WITH AIRPORT ORIGIN



ORIGIN BY DESTINATION For the purposes of analyzing the relationship between trip origins and destinations, the 25 subregions identified in Figure 16 were collapsed into the nine categories shown below in Table 1. Additionally, trips that started or ended in the Peninsula subregion were separated according to whether they did so at the airport or at other locations within the subregion.

TABLE 1 SUBREGIONAL AREA GROUPINGS

Ca te gory	Subregional Area
Central San Diego	Central San Diego
Coastal	Coastal
Coronado	Coronado
Inland	El Cajon, Jamul, La Mesa, Lemon Grove, Mountain Empire, Santee, Spring Valley
Kearny Mesa	Kearny Mesa
North County	Del Mar-Mira Mesa
Outer San Diego	Elliott-Navajo, Mid-City, North San Diego, Poway, South Bay, Southeastern San Diego, University
Peninsula	Peninsula
South Bay	Chula Vista, National City, Sweetwater

Table 2 presents the total weighted percentage of trips that originated in each of the six combined subregional categories in the City of San Diego. To the right of each originating category is shown the corresponding percentage of trips that were destined for one of the 10 area categories countywide. Thus, for example, 51.6% of all taxicab trips surveyed originated in the Central San Diego subregion. Of these trips, 27.3% were also destined for the Central San Diego subregion, 18.7% concluded in the Peninsula subregion (not at the airport), 1.1% concluded in the Outer San Diego area, 1.8% in the Kearny Mesa subregion, 1.6% in the Coastal subregion, 0.5% in South Bay, and 0.7% in Coronado.

TABLE 2 ORIGIN SRA BY DESTINATION SRA SHOWING % TRIPS

						Destina	Destination SRA										
		Central San Diego	Peninsula (Airport)	Outer San Diego	Kearny Mesa	C oa stal	Peninsula (Non-Airport)	South Bay	Coronado	Inland	North County						
	Overall	48.3	21.0	8.2	7.1	5.4	4.5	1.9	1.5	1.5	0.8						
Central San Diego	51.6	27.3	17.8	1.1	1.8	1.6	0.9	0.5	0.7	0.0	0.0						
Peninsula (Airport)	19.3	12.7	0.0			1.5					0.5						
	9.7	1.4		5.4					0.0		0.0						
Peninsula (Non-Airport)	9.7	4.3	1.6	0.0		0.7	2.0		0.0	0.0	0.0						
Kearny Mesa	6.5	2.0			2.0						0.2						
Coastal	3.2	0.7	0.2	0.0	0.5	1.4	0.5	0.0	0.0	0.0	0.0						

The most striking pattern in Table 2 is the high concentration of taxicab trips that begin and end within two adjoining subregions. More than one-quarter (27%) of taxicab trips in the City of San Diego begin *and* end in the Central San Diego subregion. Moreover, two-thirds (67%) of all trips both begin an end in either the Central San Diego or Peninsula subregions.

TRIP DISTANCE In addition to recording the origin and destination of each taxicab trip, surveyors recorded the mileage on the vehicle at each point to the first decimal place. By taking the difference in vehicle mileage at the beginning and end of the trip, we are able to calculate the miles traveled for each trip.

FIGURE 19 TRIP DISTANCE IN MILES

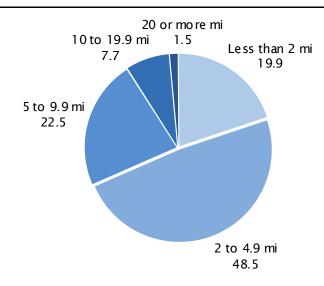
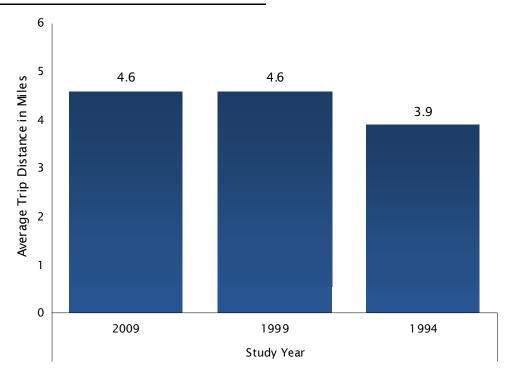


Figure 19 shows that most taxicab trips that originate in the City of San Diego are relatively short. Twenty percent (20%) were less than 2 miles, and nearly half (49%) were between 2 and 4.9 miles in length. Combining these two categories reveals that more than two-thirds (68%) of taxicab trips surveyed traveled a distance of less than five miles. Longer trips of 5 to 9.9 miles, 10 to 19.9 miles, and 20 miles or more accounted for 23%, 8% and 2% of all trips surveyed, respectively.

When compared to the prior 1999 study, the average trip length remained unchanged at 4.6 miles (Figure 20). It is

worth noting, moreover, that trips were typically longer for residents (5.1 miles) when compared to visitors (4.7 miles), and trips that originated at the airport were substantially longer (6.4 miles) when compared to those that originated at other locations (4.2 miles) (see Figure 21).

FIGURE 20 AVERAGE TRIP DISTANCE IN MILES BY STUDY YEAR



7 6.4 6 Average Trip Distance in Miles 5.1 4.7 5 4.2 4 3 2 1 0 Resident Visitor Yes No

FIGURE 21 AVERAGE TRIP DISTANCE IN MILES BY SURVEY VERSION & TRIP ORIGINATED AT AIRPORT

For the interested reader, Table 3 below presents the average trip distance by the origin and destination for the trip. Note that the average distance was calculated only for those cells that included at least five trips.

TABLE 3 ORIGIN SRA BY DESTINATION SRA SHOWING AVERAGE TRIP DISTANCE IN MILES

Survey Version

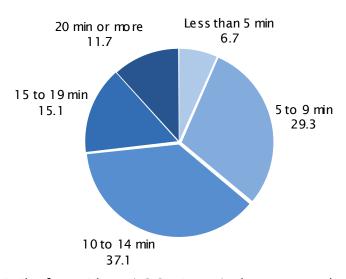
Г			Destination SRA									
			Central San Diego	Coastal	Coronado	Inland	Kearny Mesa	North County	Oute r Sa n Diego	Peninsula (Airport)	Peninsula (Non-Airport)	South Bay
		Overall	3.2	7.0	7.8	4.5	5.6	13.5	<i>5.7</i>	4.3	3.6	6.5
	Central San Diego	3.3	2.2	6.5	7.0	-	7.1	-	8.0	3.8	5.4	-
L₩	Coastal	4.4	7.3	2.8	-	-	4.5	-	-	-	-	-
ιS	Kearny Mesa	5.8	5.3	13.0	-	-	2.5	-	3.0	8.8	5.8	-
igin	Outer San Diego	5.0	10.3	-	-	3.2	-	-	3.2	-	-	3.5
ŏ	Peninsula (Airport)	6.4	3.5	11.0	8.5	19.5	7.7	17.1	16.2	-	3.3	11.8
	Peninsula (Non-Airport)	4.3	4.8	5.7	-	-	5.3	-	-	3.6	2.5	-

TRIP DURATION In a manner similar to that described above for trip distance, surveyors also recorded the time at which the trip began and ended, which allows one to calculate the duration for each trip. Figure 22 on the next page reveals that although the distance traveled for most taxicab trips was relatively short, the time it took to complete the trip was often longer than what might be expected.

Trip Originated at Airport

Although two-thirds of taxicab trips covered a distance of less than five miles (see Figure 19 on page 26), less than 7% of taxicab trips lasted less than five minutes (Figure 22). Approximately 29% of trips were completed in 5 to 9 minutes, 37% lasted between 10 and 14 minutes, and 15% lasted between 15 and 19 minutes. Overall, 12% of taxicab trips that originated in the City of San Diego took at least 20 minutes to complete. The average trip duration in 2009 was 12.5 minutes, which is slightly longer than the 11.4 minute average in 1999.

FIGURE 22 TRIP DURATION IN MINUTES



Trip durations were similar for residents (13.3 minutes) when compared to visitors (13 minutes), while trips that originated at the airport were substantially longer (14.6 minutes) when compared to those that originated at other locations (12.1) (see Figure 23). For the interested reader, Table 4 on the next page presents the average trip duration by the origin and destination for the trip. Note that the average duration was calculated only for those cells that included at least five trips.

FIGURE 23 AVERAGE TRIP DURATION IN MINUTES BY SURVEY VERSION & TRIP ORIGINATED AT AIRPORT

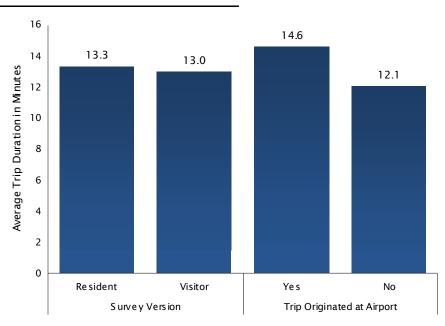


TABLE 4 ORIGIN SRA BY DESTINATION SRA SHOWING AVERAGE TRIP DURATION IN MINUTES

			Destination SRA									
			Central San Diego	Coastal	Coronado	Inland	Kearny Mesa	North County	Outer San Diego	Peninsula (Airport)	Peninsula (Non- Airport)	South Bay
		Overall	9.9	15.5	17.2	13.6	12.9	28.6	14.8	11.6	10.9	16.0
	Central San Diego	10.3	8.5	15.7	15.7	-	13.4	-	18.2	11.3	14.5	-
SRA	Coastal	11.6	20.0	8.2	-	-	12.5	-	-	-	-	-
	Kearny Mesa	13.2	12.6	-	-	-	9.9	-	-	14.4	12.0	-
igi	Outer San Diego	13.1	14.7	-	-	12.3	-	-	12.4	-	-	10.3
Ö	Peninsula (Airport)	14.6	10.8	22.2	18.5	28.5	16.4	34.9	23.1	-	11.4	20.6
	Peninsula (Non-Airport)	11.3	11.4	14.0	-	-	12.4	-	-	10.9	9.5	-

FARE AMOUNT At the conclusion of the trip, surveyors recorded the fare for the trip *not* including the value of the tip that may have been given to the driver. As shown in Figure 24, approximately half (49%) of all trips resulted in a fare that was less than \$12, one-third (31%) resulted in a fare of \$12 to \$19.99, and 21% cost \$20 or more. The average fare for taxicab trips surveyed in 2009 was \$14.79.

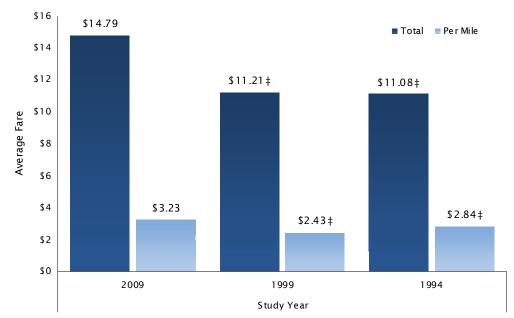
FIGURE 24 FARE AMOUNT



Figure 25 on the next page shows how the average fare recorded in the 2009 survey compares to the average fares recorded in 1999 and 1994. To meaningfully compare the results, the 1999 and 1994 fares presented in the figure were adjusted for inflation to be presented in equivalent 2009 dollars.

Although the average trip distance and duration changed little between 1999 and 2009 as discussed previously, the average fare for taxicab trips has increased faster than inflation resulting in a substantially higher average fare in 2009 of \$14.79 when compared to an inflation-adjusted \$11.21 in 1999. On a per mile basis, the average fare in 2009 was \$3.23, compared to an adjusted \$2.43 in 1999 and \$2.84 in 1994.

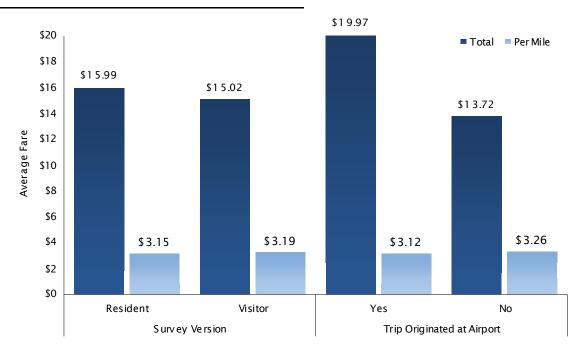
FIGURE 25 AVERAGE FARE AMOUNT BY STUDY YEAR SHOWING TOTAL & PER MILE



‡ 1999 and 1994 dollar amounts adjusted for inflation.

The average fares for residents and visitors were similar at \$15.99 and \$15.02, respectively (Figure 26). Trips that originated at the airport, however, had a substantially higher average fare (\$19.97) when compared to trips that did not originate at the airport (\$13.72).

FIGURE 26 AVERAGE FARE AMOUNT BY SURVEY VERSION & TRIP ORIGINATED AT AIRPORT SHOWING TOTAL & PER MILE



For the interested reader, Table 5 shows how the average fare varied by combinations of trip distance and trip duration. For example, although the average trip that was less than two miles in distance had a fare of \$5.70, the actual average fare varied substantially based on how long the trip took to complete. A trip that was less than 2 miles and lasted less than five minutes had an average fare of \$4.42, whereas a trip of the same distance that took 20 minutes or longer to complete had an average fare of \$8.50.

TABLE 5 TRIP DURATION BY TRIP DISTANCE SHOWING AVERAGE FARE AMOUNT

		Overall Avg \$14.87 \$5.70 \$11.12 \$19.77		-	Trip Duratio	n	
			Less than 5 min	5 to 9 min	10 to 14 min	15 to 19 min	20 min or more
	Overall Avg	\$14.87	\$4.71	\$8.43	\$13.07	\$20.27	\$35.98
	Less than 2 mi	\$5.70	\$4.42	\$5.74	\$7.79	\$8.00	\$8.50
nce	2 to 4.9 mi \$11.12	\$7.06	\$9.53	\$11.63	\$13.54	\$16.66	
Distance	5 to 9.9 mi	\$19.77	-	\$14.71	\$18.07	\$20.66	\$25.04
Trip	10 to 19.9 mi	\$38.19	-	-	\$16.48	\$33.45	\$42.03
	20 or more mi	\$68.28	-	-	-	-	\$68.28

Table 6 displays the average fare for trips that originated and concluded in specific subregional areas. Note that average fares were computed only for cells that had at least five trips in the sample.

TABLE 6 ORIGIN SRA BY DESTINATION SRA SHOWING AVERAGE FARE AMOUNT

			Destination SRA									
			Central San Diego	Coastal	Coronado	Inland	Kea rny Me sa	North County	Outer San Diego	Peninsula (Airport)	Peninsula (Non- Airport)	South Bay
		Overall	\$11.33	\$22.77	\$23.90	\$15.47	\$16.89	\$44.72	\$18.23	\$14.23	\$11.66	\$22.93
	Central San Diego	\$11.56	\$8.63	\$23.23	\$22.93	-	\$17.78	-	\$22.72	\$13.02	\$15.35	
₽ Z	Coastal	\$14.93	\$22.87	\$10.60	-	-	\$16.10	-	-	-	-	-
S	Kearny Mesa	\$18.38	\$17.18	-	-	-	\$10.00	-	-	\$24.96	\$18.50	-
g	Outer San Diego	\$16.39	\$27.47	-	-	\$12.00	-	-	\$12.16	-	-	\$13.38
O.	Peninsula (Airport)	\$18.91	\$12.51	\$33.14	\$24.70	\$55.50	\$23.57	\$55.71	\$41.63	-	\$12.15	\$35.68
	Peninsula (Non-Airport)	\$13.77	\$15.40	\$17.80	-	-	\$15.96	-	-	\$12.31	\$8.91	-

## TRIP PURPOSE

Most of the information presented in the prior sections of this report was collected by the surveyor without assistance from the passenger. At this point, we transition to reporting information that was provided by passengers through the self-administered survey that was completed during their taxicab trip. The first topic: purpose of the trip.

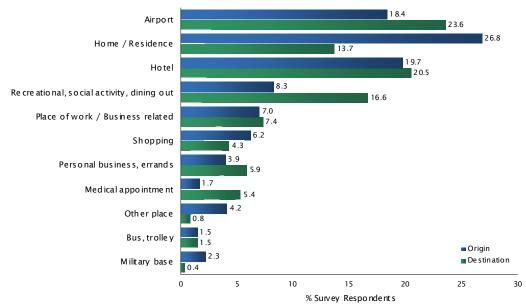
WHERE ARE YOU COMING FROM & WHERE ARE YOU GOING? One of the initial questions in both the resident and visitor versions of the survey asked respondents to indicate where they are coming from, as well as to where they are going. The response options made it clear that the question focused on the general purpose of the trip, rather than specific origin and destination locations.

Figure 27 presents the distribution of responses separately according to the place they were coming from (origin) in blue bars, and where they were going (destination) in green. Among all trips surveyed, the most common origin was the respondents' home/residence (27%), followed by a hotel (20%), airport (18%), recreational/dining activity (8%), work/business related site (7%), and shopping (6%). No other locations or specific purposes were mentioned by at least 5% of passengers.

With respect to where the passenger was going, the most common destination was the airport (24%), followed by a hotel (21%), going out for a recreational/dining activity (17%), returning to a home/residence (14%), going to work/business related site (7%), running errands (6%), and a medical appointment (5%). The differences within some categories between the origin and destination percentages—i.e., recreational/dining out—likely reflects to some degree the timing of the data collection window each day and the absence of late-evening data collection.

Question R1 & V3 Please indicate where you are coming from and where you are going to on this taxi trip.





Figures 28 and 29 show how trip purpose, as well as the type of origins and destinations, varied within the resident and visitor categories, respectively.

FIGURE 28 TRIP ORIGIN-PURPOSE AND DESTINATION-PURPOSE (RESIDENTS)

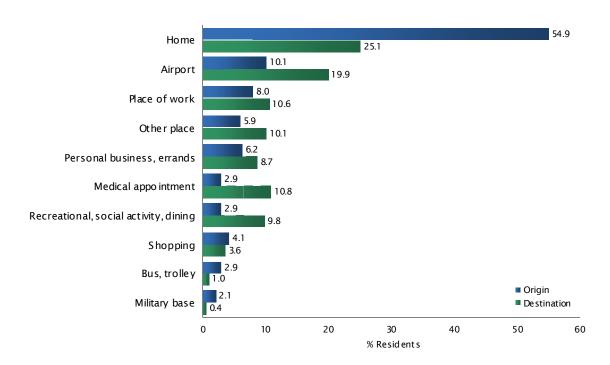
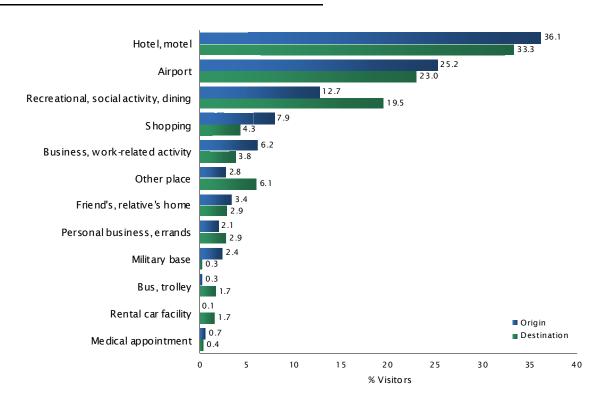


FIGURE 29 TRIP ORIGIN-PURPOSE AND DESTINATION-PURPOSE (VISITORS)



For the interested reader, the following figures show how the average distance traveled (Figure 30), average duration of trip (Figure 31) and average fare (Figure 32) varied by taxicab trip purpose and the type of origin and destination categories.

FIGURE 30 TRIP ORIGIN-PURPOSE AND DESTINATION-PURPOSE SHOWING AVERAGE TRIP DISTANCE IN MILES

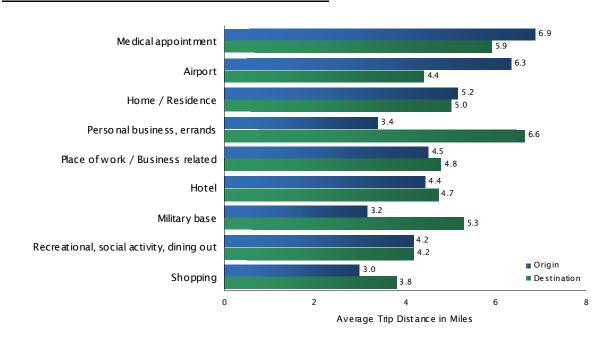


FIGURE 31 TRIP ORIGIN-PURPOSE AND DESTINATION-PURPOSE SHOWING AVERAGE TRIP DURATION IN MINUTES

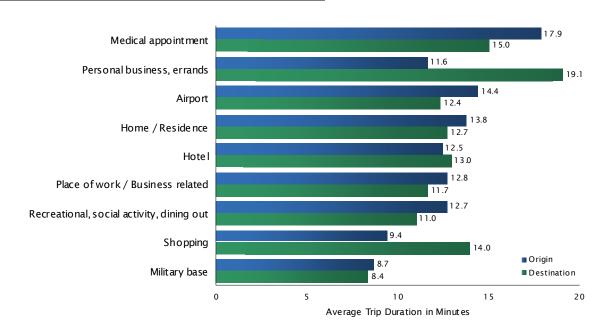
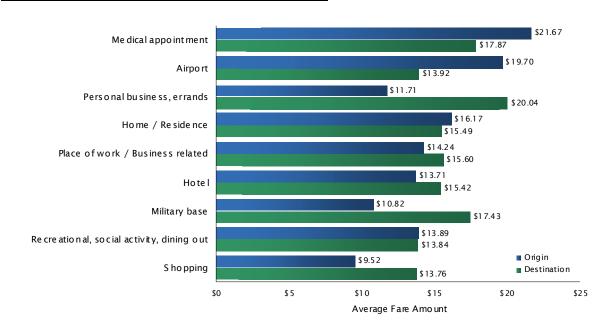


FIGURE 32 TRIP ORIGIN-PURPOSE AND DESTINATION-PURPOSE SHOWING AVERAGE FARE AMOUNT



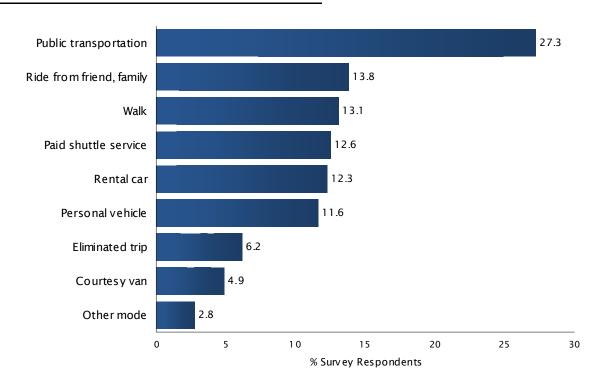
## WHY TAKE A TAXI?

The passenger survey incorporated a series of questions that were designed to profile passengers' reasons for choosing a taxi for their trip, the aspects of taxi service that are most important to them, as well as the availability of alternative forms of transportation.

ALTERNATIVES TO TAXI Although each respondent to the study had chosen a taxi as their means of taking the trip, the survey inquired as to what type of transportation the passenger would have chosen if they had *not* taken a taxi. Figure 33 shows that approximately one-quarter (27%) of respondents would have opted for public transportation, 14% a ride from a friend or family member, 13% would have walked, a similar percentage indicated they would have hired a paid shuttle service (13%), 12% would have rented a car, and 12% would have taken a personal vehicle. Overall, 6% indicated that if a taxi had not been available they would not have made the trip, 5% would have opted for a courtesy van, and 3% offered some other mode of transportation.

Question R2 & V4 If you had not used a taxi for this trip, what type of transportation would you have used?





In general, the responses to this question in 2009 were striking similar to the responses recorded in 1999 (see Figure 34). The key difference is that respondents were somewhat less likely to opt for a rental car as an alternative in 2009 (12%) when compared to 1999 (17%). When viewed by resident and visitor subgroups, however, substantial differences are revealed in the types of transportation that respondents would have used as an alternative to a taxi (see Figure 35). Residents were generally much more likely than visitors to report that they would have

received a ride from a friend or relative or used public transportation, whereas visitors were more apt to use a rental car, paid shuttle service, courtesy van, or simply walk to complete the trip.

FIGURE 34 ALTERNATE FORM OF TRANSPORTATION BY STUDY YEAR

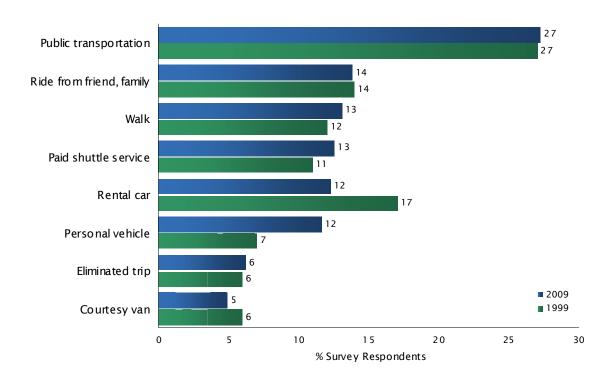
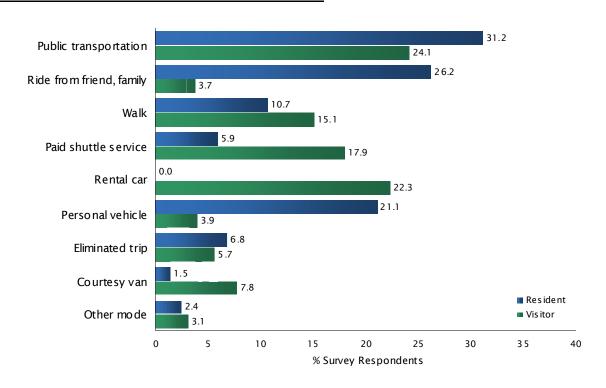


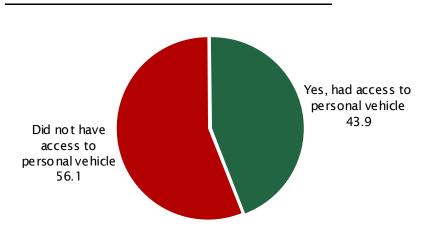
FIGURE 35 ALTERNATE FORM OF TRANSPORTATION BY SURVEY VERSION



DID YOU HAVE ACCESS TO A PERSONAL VEHICLE? All resident passengers were next asked whether they had access to a personal vehicle for the trip they were choosing to make by taxi. As shown in Figure 36 below, a minority (44%) of passengers reported that they did have access to a personal vehicle, whereas 56% reported that this was not an option for them for the trip of interest.

**Question R3** Did you have access to a personal vehicle for this current taxi trip?

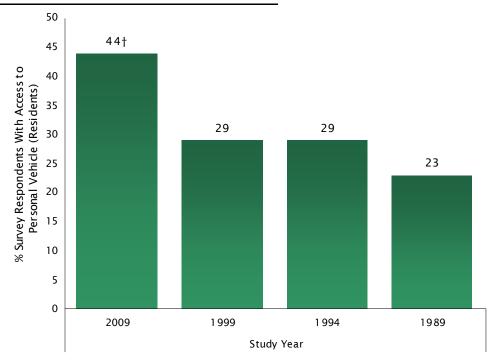
FIGURE 36 ACCESS TO PERSONAL VEHICLE FOR CURRENT TAXI TRIP (RESIDENTS)



Interestingly, access to a personal vehicle among resident taxicab passengers appears to have increased substantially over time, ranging from a low of 23% in 1989 to a high of 44% in the 2009 study (Figure 37). Figure 38, meanwhile, shows that residents who began *or* concluded their trip at the airport were far more likely (71%) to have had access to a

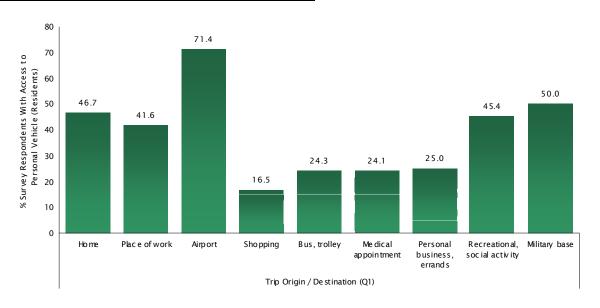
personal vehicle when compared to residents whose trip involved an origin *and* destination other than the airport.

FIGURE 37 ACCESS TO PERSONAL VEHICLE FOR CURRENT TAXI TRIP BY STUDY YEAR



 $\dagger$  Statistically significant change (p < 0.05) between the 1999 and 2009 studies.

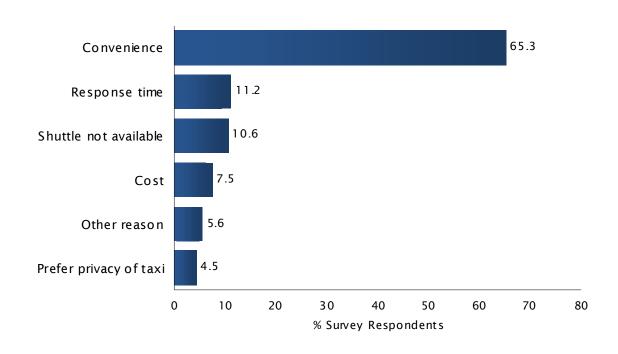
FIGURE 38 ACCESS TO PERSONAL VEHICLE FOR CURRENT TAXI TRIP BY TRIP ORIGIN / DESTINATION



WHY NOT CHOOSE A SHUTTLE SERVICE? Both residents and visitors were questioned directly as to *why* they chose a taxi over a shuttle service for the trip that they were taking at the moment. Approximately two-thirds (65%) of passengers cited the greater convenience of taking a taxi as their reason, whereas 11% specifically mentioned the better response time of a taxi, 11% offered that a shuttle was not available, 8% chose a taxi based on cost, 5% preferred the privacy of a taxi, and 6% offered another reason not previously cited.

Question R4 & V5 Why did you choose a taxi over a shuttle service for this particular trip today?

FIGURE 39 REASONS FOR CHOOSING A TAXI OVER SHUTTLE SERVICE



When compared to their respective counterparts, convenience was more often cited by visitors (Figure 40), passengers who originated trips at the airport (Figure 41), and by those who had used a shuttle service in San Diego in the past (Figure 42) as their reason for selecting a taxi for the present trip.

FIGURE 40 REASONS FOR CHOOSING A TAXI OVER SHUTTLE SERVICE BY SURVEY VERSION

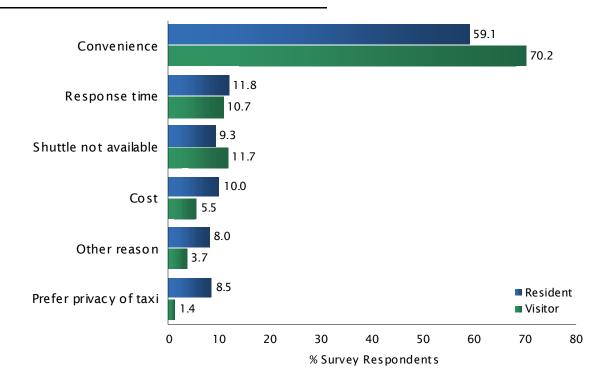
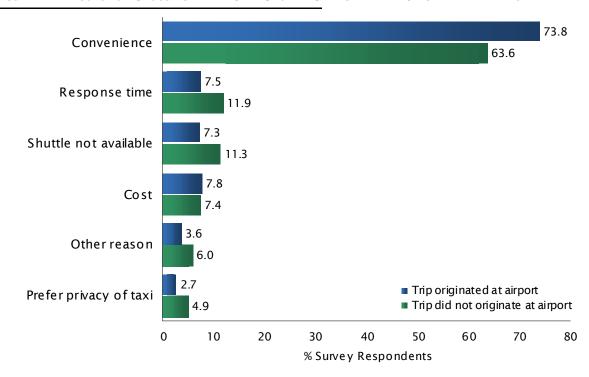


FIGURE 41 REASONS FOR CHOOSING A TAXI OVER SHUTTLE SERVICE BY TRIP ORIGINATED AT AIRPORT



Convenience 64.3 12.3 Response time 11.8 8.6 Shuttle not available 12.0 11.3 Cost 5.9 Other reason 4.4 ■ Used SD shuttle service in past Prefer privacy of taxi ■ Never used SD shuttle service 10 20 30 40 50 60 70 80

FIGURE 42 REASONS FOR CHOOSING A TAXI OVER SHUTTLE SERVICE BY SD SHUTTLE SERVICE USE IN PAST

WHAT ASPECTS OF TAXI SERVICE ARE MOST IMPORTANT TO YOU? The final question in this series was designed to identify the particular aspects of taxi service that are most important to passengers. The structure of the question was straightforward: passengers were presented with each of the aspects shown on the left of Figure 43 and asked to select the two that were most important to them. The percentages shown in the figure reflect the percentage of respondents who selected each as among the top two most important aspects of service.

% Survey Respondents

Question R9 & V9 Check the two aspects of taxi service that are most important to you.

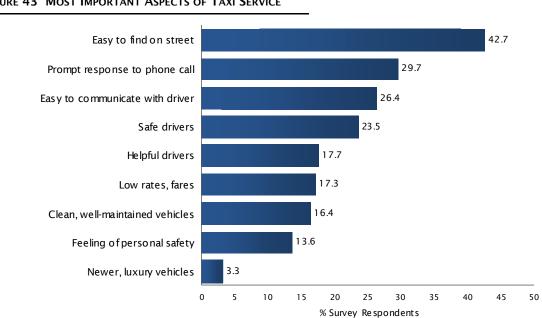


FIGURE 43 MOST IMPORTANT ASPECTS OF TAXI SERVICE

Overall, the aspect that was identified most often as being among the top two most important aspects of taxi service was that a cab be easy to find on the street (43%), followed by it being prompt in responding to a call for service (30%), that it is easy to communicate with the driver (26%), and that drivers are safe (24%). Interestingly, the characteristics of the vehicle were far less often cited as being among the most important aspects of service (see Figure 43). When compared to the 1999 study, the importance of it being easy to find a cab on the street increased substantially, whereas the importance of having safe drivers decreased substantially (Figure 44). Residents were also more likely rank ease of finding a cab on the street as being among the most important issues when compared to visitors, whereas visitors were more likely to view promptness in responding to a call for service as being most important.

FIGURE 44 MOST IMPORTANT ASPECTS OF TAXI SERVICE BY STUDY YEAR

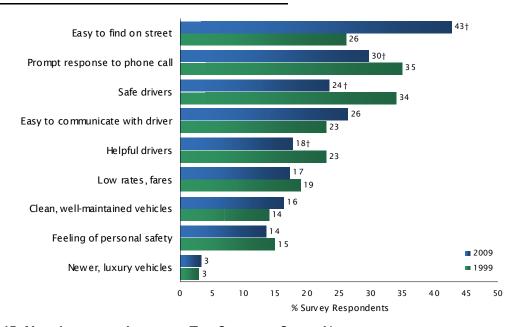
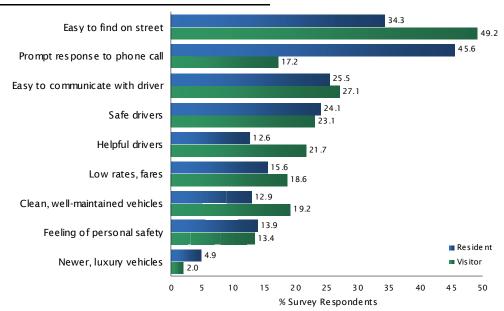
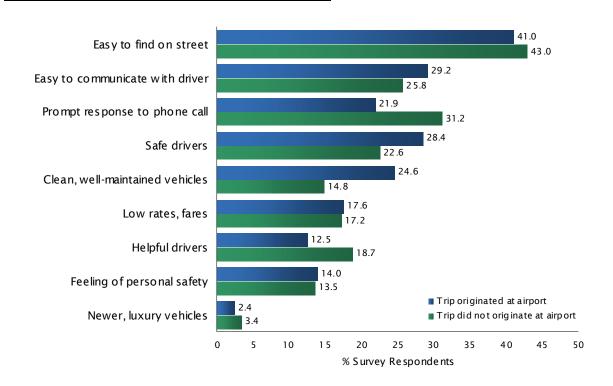


FIGURE 45 MOST IMPORTANT ASPECTS OF TAXI SERVICE BY SURVEY VERSION



Although the importance that passengers assigned to particular aspects of taxi service varied somewhat over time (Figure 44) and by whether the passenger was a resident of San Diego County or visiting the region (Figure 45), the origin of the trip appeared to have little impact. As shown in Figure 46 below, passengers who originated trips at a location other than the airport were somewhat more likely to view prompt response to a call for service and helpful drivers as being among the top two most importance aspects of service, whereas those who originated trips at the airport were more likely to cite the condition of the vehicle and safety of drivers. For the remaining aspects of service, trip origin appeared to not impact the importance that passengers assigned to the aspect.

FIGURE 46 MOST IMPORTANT ASPECTS OF TAXI SERVICE BY TRIP ORIGINATED AT AIRPORT



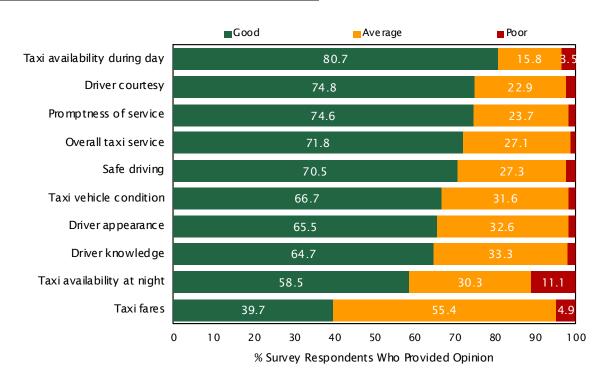
### PERCEPTIONS OF TAXI SERVICE

A key component of evaluating the performance of the taxicab industry in the City of San Diego is understanding how it is performing from the *passenger's* perspective. Indeed, although there are several objective indicators of performance that can be evaluated without speaking to a passenger (such as response time and trip duration), arguably the most important indicators are the *subjective* kind. That is, how do those who choose to use the service evaluate its performance—by specific performance dimensions, over time, and when compared to their experiences in other cities.

RATING OF TAXICAB SERVICE BY ASPECT The first question in this series presented residents with each of the items shown on the left of Figure 47 and simply asked them to rate this aspect of taxi service in San Diego on a scale of good, average or poor. For all but one aspect of service (fares), a majority of respondents rated the aspect as good. At the top of the scale, the most favorable assessments were with respect to taxi availability during the day (81% good), driver courtesy (75%), and promptness of service (75%). At the other end of the spectrum, fewer residents rated taxi fares (40%), taxi availability at night (59%), and driver knowledge (65%) as good. Seventy-two percent (72%) of residents rated taxi service *overall* as good.

**Question R7** Please rate the following aspects of taxi service in San Diego.





When compared to 1999, residents' ratings of taxi service improved on every dimension tested (see Table 7). The greatest improvements were with respect to perceived promptness of service (+15% good), ratings of taxi service overall (+11%), taxi availability during the day (+11%), taxi vehicle condition (+8%), and driver courtesy (+7%).

TABLE 7 RATING SAN DIEGO TAXI SERVICE BY STUDY YEAR SHOWING % GOOD

	Study	/ Year	Difference in % Good
	2009	1999	Rating 1999 to 2009
Promptness of service	75	60	+15†
Overall taxi service	72	61	+11†
Taxi availability during day	81	70	+11†
Taxi vehicle condition	67	59	+8†
Driver courtesy	75	68	+7†
Driver appearance	66	60	+6†
Safe driving	71	66	+5
Taxi availability at night	59	54	+5
Driver knowledge	65	64	+1
Taxi fares	40	40	No change

<sup>†</sup> Statistically significant change (p < 0.05) between the 1999 and 2009 studies.

Table 8 below shows how the percentage of residents who rated each service dimension as 'good' varied according to the number of taxi trips they had taken in the past month in San Diego, whereas Table 9 presents the same analysis by aggregated subregional areas. In general, those who had not taken a trip previously that month were the most positive in their assessments for each performance dimension tested, whereas opinions by subregional area varied depending on the dimension tested.

TABLE 8 RATING SAN DIEGO TAXI SERVICE BY NUMBER OF SD TAXI TRIPS IN PAST MONTH

	Number of	San Diego Tax	ki Trips in Pas	t Month (R6)
	None	1 to 2	3 to 5	6 or more
Taxi availability during day	91.1	74.2	80.1	78.8
Driver courtesy	82.2	75.9	79.5	66.8
Promptness of service	91.2	66.0	76.3	69.4
Overall taxi service	84.5	66.2	76.2	66.6
Safe driving	80.3	63.6	73.9	65.6
Taxi vehicle condition	72.3	66.5	67.0	61.4
Driver appearance	74.5	66.1	64.0	60.8
Driver knowledge	66.6	65.9	62.1	64.1
Taxi availability at night	68.7	54.1	54.2	55.7
Taxi fares	49.8	32.9	27.8	42.5

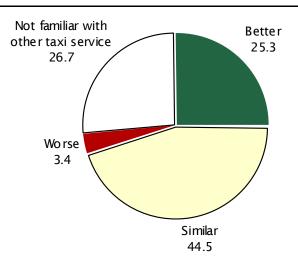
TABLE 9 RATING OF SAN DIEGO TAXI SERVICE BY SUBREGIONAL AREA

			Origin SRA		
	Central San	Outer San		Penins ula	Peninsula
	Diego	Dieg o	Ke arn y Mes a	(Airport)	(Non-
Taxi availability during day	84.6	69.7	66.7	79 .2	96.6
Driver courtesy	76.3	67.7	53.8	71 .0	82.1
Prompt ness of service	73.3	60.0	66.7	75 .0	92.9
Overall taxiservice	71.7	63.3	58.3	63 .9	92.9
Safe driving	68.8	75.0	60.0	69.4	82.1
Taxi ve hicle condition	61.5	70.0	71.4	55 .2	85.7
Driver appearance	62.0	73.3	46.2	61 .5	81.5
Driver knowledge	65.6	67.7	28.6	59 .0	75.0
Taxi availability at night	54.2	52.0	60.0	67.4	73.1
Taxifares	42.5	37.9	28.6	32 .7	37.0

COMPARISON OF TAXI SERVICE IN SAN DIEGO TO OTHER AREAS The final question in this series asked respondents to indicate how well taxi service in San Diego compares with taxi service in other areas that they may be familiar with. Figure 48 on the next page shows that passengers generally had favorable opinions of San Diego's taxicab industry relative to that in other areas. Although 27% indicated that they were not familiar with taxicab service in other communities and thus were not capable of making the comparison, one-quarter (25%) rated San Diego's taxicab service as better, and an additional 45% stated that it is similar to that offered in other areas. Just 3% of respondents perceived that taxicab service in San Diego was worse than that provided in other areas with which they were familiar.

**Question R8 & V8** How does taxi service in San Diego compare with taxi service in other areas you are familiar with?

FIGURE 48 SAN DIEGO TAXI SERVICE COMPARED WITH OTHER AREAS



In general, visitors were somewhat more likely than residents to provide a favorable comparison for San Diego's taxicab industry, as were those who had taken three or more taxicab trips in the City in the prior month (see Figure 49). Interestingly, despite the general improvement in residents' perceptions of many individual aspects of taxi service in San Diego since 1999 (see Table 7), *fewer* respondents in 2009 indicated that San Diego's taxicab industry is better than that offered in other areas (see Figure 50 on page 47).

FIGURE 49 SAN DIEGO TAXI SERVICE COMPARED WITH OTHER AREAS BY STUDY YEAR

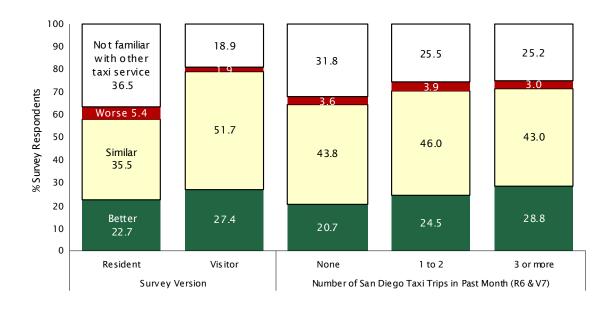
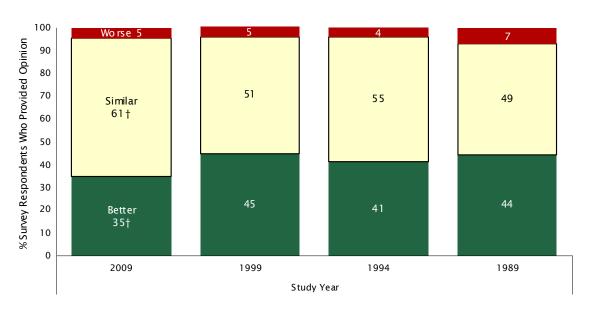


FIGURE 50 SAN DIEGO TAXI SERVICE COMPARED WITH OTHER AREAS BY SURVEY VERSION & NUMBER OF SD TAXI TRIPS IN PAST MONTH



<sup>†</sup> Statistically significant change (p < 0.05) between the 1999 and 2009 studies.

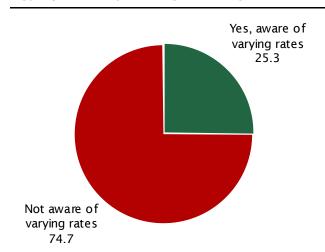
### AWARENESS OF VARYING TAXI RATES

The rates charged for taxi service in the City of San Diego vary. Although a single rate structure applies to all taxis that service the San Diego International Airport, the fares charged for service in other parts of the City vary to some degree. In this section of the report, we present the findings of questions that measured respondent awareness and opinions regarding the differential rate structures.

AWARENESS OF VARYING RATE STRUCTURES Both residents and visitors were initially asked whether—prior to taking the survey—they were aware that rates are the same for all taxis operating from the airport, but vary in other areas of the City. As shown in Figure 51 below, just one-quarter (25%) of respondents indicated that they were aware of the varying rate structure.

**Question R10 & V10** Did you know that rates are the same for all taxis operating from the airport but vary in other areas of San Diego?

FIGURE 51 AWARE OF VARYING TAXI RATES



When compared to their respective counterparts, reported awareness of the varying rate structure for taxi service was highest among residents, those who took trips that did not originate at the airport, and those who had taken three or more taxi trips in the City in the prior month. Awareness of the varying rate structure for taxi fares also increased over the past decade, from 20% in 1999 to 25% in 2009 (see Figure 53).

FIGURE 52 AWARE OF VARYING RATES BY SURVEY VERSION, TRIP ORIGINATED AT AIRPORT & NUMBER OF SD TAXI TRIPS IN PAST MONTH

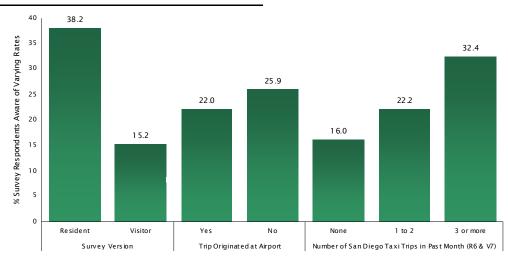
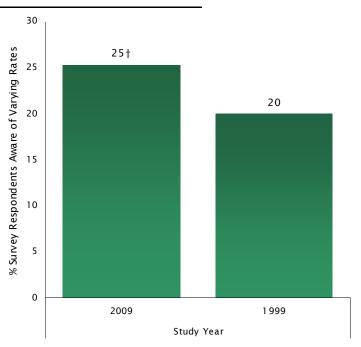


FIGURE 53 AWARE OF VARYING RATES BY STUDY YEAR

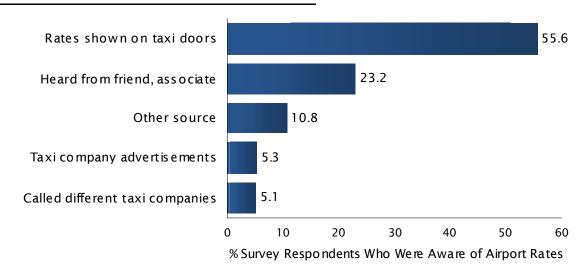


† Statistically significant change (p < 0.05) between the 1999 and 2009 studies.

**SOURCE OF INFORMATION** Respondents who stated that they were aware that the rate charged for taxi service varies in the City of San Diego were subsequently asked how they became aware of this fact. More than half (56%) reported that the rate sign posted on the inside of the taxi was the source, 23% indicated that they learned about it from a friend or associate, 11% some other source, 5% from taxi company advertisements, and 5% called different taxi companies and discovered the difference in rates (Figure 54).

**Question R11 & V11** How did you find out about these rates?

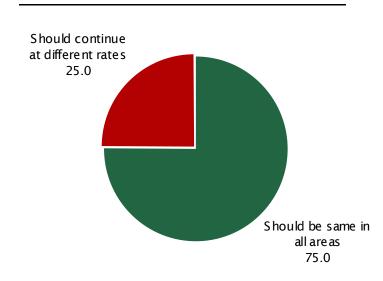
FIGURE 54 SOURCE OF KNOWLEDGE ABOUT AIRPORT RATES



**OPINION ABOUT RATE STRUCTURE** The final question in this series asked respondents their opinion about the rate structure for taxi service. Put simply, do they feel that taxi service should continue to operate under a varying rate structure, or should the rate be the same for all areas in the City?

Question R12 & V12 Do you think taxi fares should be \_\_\_\_?

FIGURE 55 OPINION OF AIRPORT TAXI FARES



The vast majority of passengers (75%) exhibited a preference for rates being the same in all areas of the City (Figure 55), and opinions have shifted in this direction more so over the past decade (see Figure 56). Respondents also exhibited remarkable consistency in their preference for a universal rate structure for taxi fares regardless of their location of residence, origin of their trip, frequency of using taxi service in San Diego, prior awareness of the varying rate structure, or household income (see Figures 57 & 58).

FIGURE 56 OPINION OF AIRPORT TAXI FARES BY STUDY YEAR

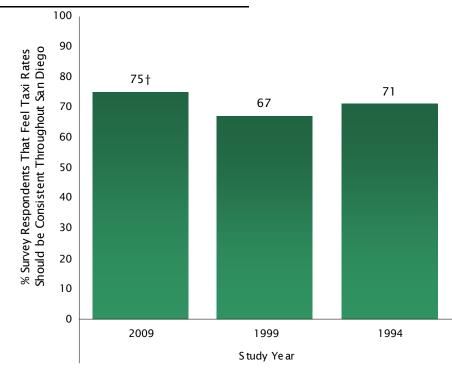


FIGURE 57 OPINION OF AIRPORT TAXI FARES BY SURVEY VERSION, TRIP ORIGINATED AT AIRPORT, NUMBER OF SD TAXI TRIPS IN PAST MONTH & AWARE OF AIRPORT TAXI RATES

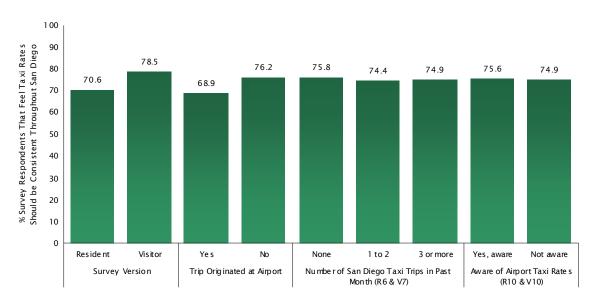
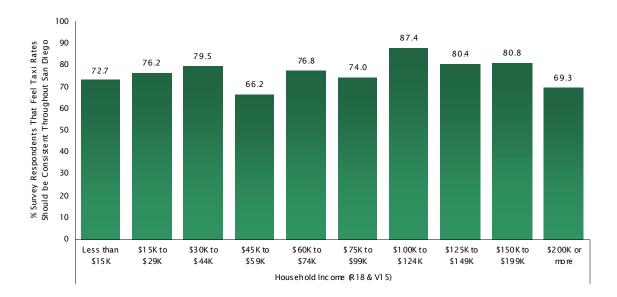


FIGURE 58 OPINION OF AIRPORT TAXI FARES BY HOUSEHOLD INCOME



# PREFERENCES FOR PARTICULAR TAXI COMPANIES

San Diego residents and those who visit the City have a wide selection of taxi companies from which to choose. Being that they live in the region and have the opportunity to become familiar with the different taxi companies that operate in the City, residents were queried about whether they prefer to use a particular taxi company and—if yes—the reasons underlying their preference.

DO YOU USE A PARTICULAR TAXI COMPANY? Question 13 in the resident survey asked passengers whether they tend to use a particular taxi company more than others. Most respondents (56%) stated that they do have a preference for a particular taxi company (Figure 59), although it is worth noting that this is a declining trend (see Figure 60).

Question R13 Is there a particular taxi company you use more than others?

FIGURE 59 PARTICULAR TAXI COMPANY USED MORE THAN OTHERS (RESIDENTS)

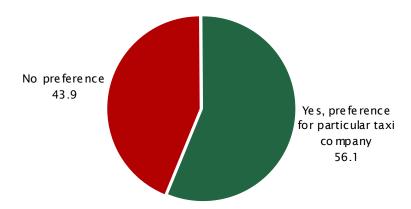
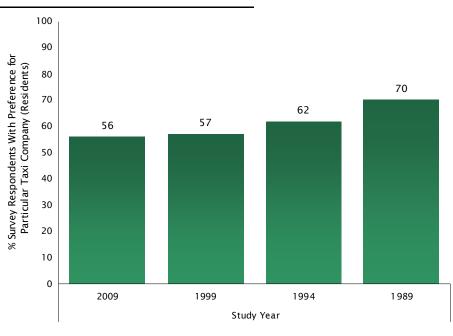


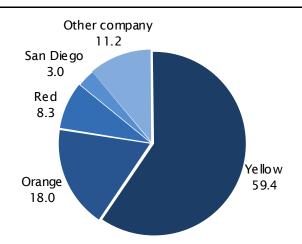
FIGURE 60 PARTICULAR TAXI COMPANY USED MORE THAN OTHERS BY STUDY YEAR



WHICH COMPANY DO YOU PREFER, AND WHY? Residents who reported that they have a preference for a particular taxicab company where subsequently asked to name their preferred company. More than half (59%) of respondents with a preference reported that they prefer Yellow Cab, 18% preferred Orange Cab, 8% preferred Red Cab, 3% mentioned San Diego Cab, and 11% mentioned other cab companies that individually did not account for at least 3% of responses (Figure 61).

**Question R14** What is the name of the company you use the most?

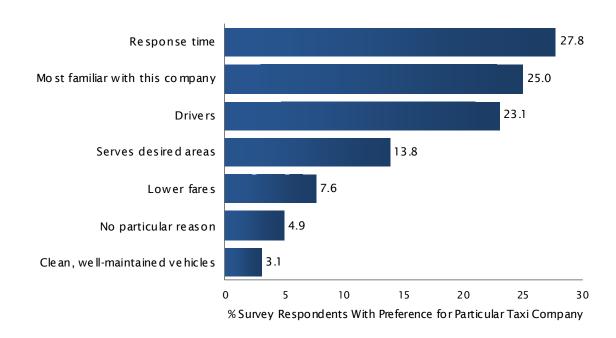
FIGURE 61 NAME OF TAXI COMPANY USED MOST OFTEN



When asked why they have a preference for a particular taxi company, the most frequently mentioned reason was response time (28%), followed by simply being familiar with the company (25%), the quality of the drivers (23%), and that the company serves the areas to which they tend to travel (14%).

Question R15 What is the main reason you use this company the most?

FIGURE 62 REASON FOR USING PARTICULAR TAXI COMPANY

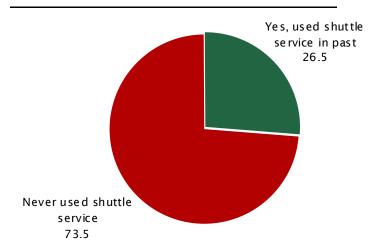


# PAID SHUTTLE SERVICE

The final substantive question in the survey returned to the topic of paid shuttle services. Residents and visitors were asked whether they had ever used a paid shuttle service in the City of San Diego, such as Cloud 9, Xpress Shuttle, or The Flyer.

**Question R16 & V13** Have you ever used a paid shuttle service (such as Cloud 9, Xpress Shuttle, The Flyer) in San Diego?

FIGURE 63 USED SD SHUTTLE SERVICE IN PAST



Overall, just over one-quarter (26%) of respondents indicated that they had previously used a paid shuttle service in San Diego (Figure 63), which is 5% lower than the 31% recorded in 1999 (see Figure 64).

Prior use of a paid shuttle service in the City was highest among residents and those who were previously aware of the different rate structures for taxi service in the City (see Figure 65).

FIGURE 64 USED SD SHUTTLE SERVICE IN PAST BY STUDY YEAR

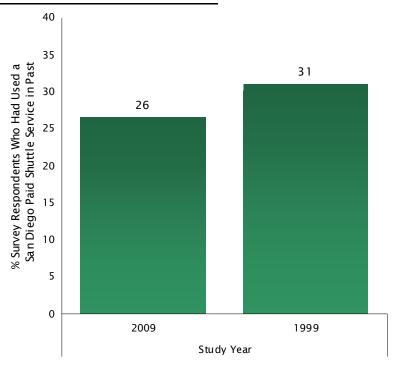
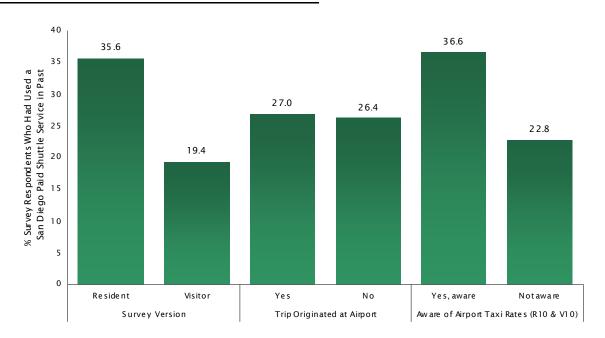


FIGURE 65 USED SD SHUTTLE SERVICE IN PAST BY SURVEY VERSION, TRIP ORIGINATED AT AIRPORT & AWARE OF AIRPORT TAXI RATES



### ANNUAL TAXI TRIP ESTIMATE

The annual number of taxi trips that originate in the City of San Diego is a figure that can be estimated using data collected in this survey in combination with data provided by taxicab radio service companies and the San Diego International Airport. Projecting based on information provided by the seven largest radio services, it is estimated that of the 993 taxicabs currently licensed to operate in the City of San Diego, 760.5 are operating in the City (not at the Airport) on a daily basis (see Table 10). The weighted average<sup>8</sup> hours in service per vehicle is 14.14 hours, which yields an estimated 10,752 hours of taxicab service in the City (not including the Airport) daily. Based on the survey and trip log information collected in this study, it is estimated that the average number of trips per hour for a taxicab that is operating in the City (not at the Airport) is 0.744. Multiplying the number of hours of taxicab service by the estimated trips per hour yields an estimated 7,999 trips per day—or 2,911,744 trips per year—that originate in the City at a location other than the Airport. Combining this information with the 779,749 trips that originated at the Airport in fiscal year 2008/2009 produces an estimated 3,691,493 taxicab trips per year that originate in the City of San Diego.

TABLE 10 ESTIMATE OF ANNUAL TOTAL TAXI TRIPS

Parameter	Estimate
Average Daily # of Taxicabs in Operation in City (Non-Airport)	760.5
Weighted Average Hours in Service per Vehicle in City (Non-Airport)	14.14
Estimated Total Daily Taxicab Hours in City (Non-Airport)	10,752
Estimated Trips per Hour (Non-Airport)	0.744
Estimated Average Daily Non-Airport Trips	7,999
Estimated Annual Non-Airport Trips	2,911,744
Annual Taxi Trips Originating at Airport	779,749
Estimated Total Annual Taxicab Trips Originating in City of San Diego	3,691,493

Despite having a larger fleet of taxicabs in 2009 (993) than in 1999 (945), as well as a larger resident population, the estimated annual number of taxicab trips in 2009 was *lower* than the 1999 estimate by 544,521 trips. This pattern is due to the rate of trips per hour being substantially lower in 2009 (0.744) when compared to that found in the 1999 study (1.08). Of course, it is important to keep in mind that 2009 study was conducted during the worst recession since the Great Depression, and there is both quantitative and anecdotal evidence that indicates the economic slowdown has negatively impacted the demand for taxicab service in the San Diego region. Taxicab trips originating at the San Diego International Airport, for example, declined by 14% between Fiscal Year 2007/2008 (907,506 trips) and Fiscal Year 2008/2009 (779,749 trips).

<sup>8.</sup> A weighted average means that radio services with larger fleets have a proportionately higher impact on determining the average hours in operation per vehicle.

<sup>9.</sup> In 1999, there were an estimated 1,189,885 residents in the City of San Diego. The comparable figure for 2009 is 1,353,993 (Source: California Department of Finance).

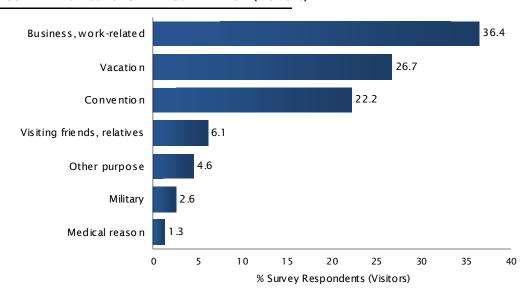
### BACKGROUND & DEMOGRAPHICS

This section of the report presents additional background and demographic information that was collected during the study from visitors and/or residents.

MAIN PURPOSE FOR VISIT TO SAN DIEGO Passengers who were visiting San Diego were asked to describe the main purpose for their visit. The most common response was a business or work-related trip (36%), followed by vacation (27%), and to attend a convention (22%).

**Question V1** What is the main purpose of your visit to the San Diego area?

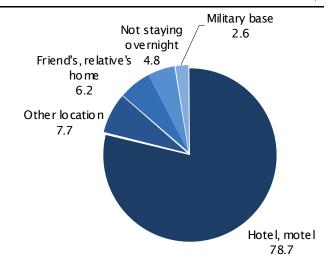
FIGURE 66 MAIN PURPOSE OF SAN DIEGO AREA VISIT (VISITORS)



WHERE ARE YOU STAYING? Visitors were also asked to describe where they were staying while in San Diego.

**Question V2** Where are you staying while in the San Diego area?

FIGURE 67 LOCATION STAYING WHILE IN SAN DIEGO AREA (VISITORS)



The vast majority of visitors indicated that they are staying in a local hotel or motel (79%). Other types of accommodations included the home of a friend or relative (6%), military base (3%), or other location (8%). Approximately 5% of visitors indicated that they were not staying overnight in the City.

AGE, INCOME, GENDER & ETHNICITY Table 11 presents respondent age, income, gender and ethnicity as reported by the passenger or inferred by the surveyor. Table 12 shows how the demographics in 2009 compared to those found in 1999 for variables that could be compared directly.

TABLE 11 PASSENGER DEMOGRAPHICS

	Overall	Survey \	/ersion
	Overall	Resident	Visitor
Survey Respondent Age			
12 to 17	2.2	0.8	3.3
18 to 25	18.4	18.6	18.2
26 to 40	39.6	39.6	39.6
41 to 60	27.9	24.7	30.3
61 to 79	10.0	12.6	8.0
80 or older	2.0	3.8	0.7
Survey Respondent Househo	old Income		
Less than \$15K	8.2	13.3	4.2
\$15K to \$29K	9.8	12.2	8.0
\$30K to \$44K	9.7	12.9	7.2
\$45K to \$59K	9.7	12.8	7.3
\$60K to \$74K	11.1	14.7	8.2
\$75K to \$99K	9.3	9.7	8.9
\$100K to \$124K	11.4	5.8	15.9
\$125K to \$149K	7.0	6.8	7.1
\$150K to \$199K	9.2	4.9	12.6
\$200K or more	14.5	6.8	20.6
Passenger Gender			
Male	55.2	53.6	58.0
Female	44.8	46.4	42.0
Passenger Ethnicity			
White	69.0	69.9	77.0
Hispanic	10.1	11.8	4.9
Black	7.7	9.7	5.2
Asian	6.2	3.7	7.5
American Indian	0.5	4.4	5.0
Ot he r	6.5	0.4	0.5

TABLE 12 PASSENGER DEMOGRAPHICS BY STUDY YEAR

		Study Year	
	2009	1999	1994
Survey Respondent Age			
12 to 17	2	2	-
18 to 25	18	22	-
26 to 40	40	39	-
41 to 60	28	26	-
61 to 79	10	9	-
80 or older	2	2	-
Passenger Gender			
Male	55	52	54
Female	45	48	46
Passenger Ethnicity			
White	69	59	71
Hispanic	10	16	10
Black	8	19	12
Asian	6	4	4
Other	7	2	3

#### METHODOLOGY

The following sections outline the methodology used in the study, as well as the motivation for using certain techniques. Additional details are provided in the *Surveyor Instruction Guide* on page 62.

QUESTIONNAIRE DEVELOPMENT Dr. McLarney of True North Research worked closely with John Scott of MTS and Kristen Rohanna of SANDAG to develop a questionnaire that covered the topics of interest and avoided many possible sources of systematic measurement error, including position-order effects, wording effects, response-category effects, scaling effects and priming. Because of MTS' interest in tracking key performance indicators, most of the questions in the survey were purposely structured to be consistent with the 1999 questionnaire, although some changes were made in the interest of improving or updating response categories. For the specific wording of each question in the resident and visitor questionnaires, see *Surveyor Instruction Guide* on page 62.

SAMPLE & WEIGHTING Two sampling methodologies were employed in the study—one for trips originating at the airport, and one for trips originating at locations other than the airport. Based on a budgeted total of 1,091 interviewing hours for the study, interviewing hours were grouped into a total 137 approximately eight-hour shifts and divided proportionately between airport and non-airport data collection strata based on the percentage of all 995 taxicabs in the City that are (or are not) licensed to operate at the airport. A total of 39 shifts were assigned to the airport, with the remaining 98 assigned to non-airport data collection. Table 13 shows how the 98 non-airport shifts were assigned in an approximately proportional manner by radio service. <sup>10</sup>

TABLE 13 TAXICABS AND NON-AIRPORT SHIFTS BY RADIO SERVICE

Radio Service	<b>Total Cabs</b>	Airport Cabs	Non-Airport Cabs	% Non-Airport Cabs	Non-Airport Shifts
AMERICAN CAB	101	43	58	8%	10
ICOA RADIO SERVICE	18	7	11	2%	2
INDEPENDENT CAB OWNERS ASSOCIATION	168	57	111	16%	15
LINK RADIO SERVICE	6	0	6	1%	0
RED CAB RADIO SERVICE	28	1	27	4%	8
RED TOP CAB	65	45	20	3%	6
SAN DIEGO DISPATCH	65	26	39	6%	6
SANTIAGO'S CAB	18	1	17	2%	0
SILVER CAB INC	35	7	28	4%	0
TAXI RADIO SERVICE	59	37	22	3%	4
TRANSIT RADIO SERVICE	41	12	29	4%	0
USA RADIO SERVICE	82	36	46	7%	8
WEST COAST RADIO SERVICE	38	4	34	5%	8
YELLOW CAB RADIO SERVICE	271	13	258	37%	31
Grand Total	995	289	706	100%	98

For trips originating at San Diego International Airport, taxicabs were selected at random from Terminal 1 and Terminal 2 based on the cab happening to be at the front of the queue. Once a trip was completed and the taxicab returned to the airport, the interviewer once again went to the front of the queue to select the next taxicab for surveying. For taxicabs that did *not* operate

<sup>10.</sup> Note that due to logistical issues and the high percentage of total taxicabs using the Yellow Cab Radio Service, at the request of Yellow Cab their total number of shifts was reduced from 37 to 31 and redistributed to the other participating companies. Several of the smaller taxicab companies were also not included in the study, although they collectively accounted for just 11% of all taxis in the City.

at the airport, surveyors were assigned to particular taxicabs for the duration of a shift (typically eight hours) and solicited passengers as they entered the taxi.

To adjust for the differences in sampling designs and the unnaturally high productivity experienced at the airport due to the ability of interviewers to skip to the front of the queue when selecting the next taxicab, the data presented in this report were weighted to be representative of taxicab trips (or passengers) originating in the City of San Diego. Three different weighting schemes were employed to account for the fact that although the information collected on the trip log was collected for all trips, not all trips were associated with a completed survey because some passengers declined to participate. Moreover, certain variables collected on the trip log applied to the trip, whereas others (e.g., ethnicity) applied to the passenger and was collected for multiple passengers within the vehicle. Accordingly, trip-level information was weighted to be representative of taxi trips, while survey and passenger-level data was weighted to be representative of passengers.

Table 14 shows the total trips (988) included in the study, as well as how they were distributed prior to weighting and after weighting. It also shows that of the 1,397 total passengers that rode in taxicabs included in the study, 896 (64%) completed surveys. The distributions of completed surveys by passenger type and trip type are also shown in unweighted and weighted contexts.

TABLE 14 SAMPLE COUNTS SHOWING UNWEIGHTED & WEIGHTED

	Unweighted	Weighted
Total Trips	988	988
Airport	430	165
Non-airport	558	823
Total Passengers	1397	1397
Total Surveys	896	896
Airport, resident	117	41
Airport, visitor	303	105
Non-airport, resident	225	354
Non-airport, visitor	251	396

For more information about the schedule for data collection, participating companies, and other data collection details see *Surveyor Instruction Guide* on page 62.

**INTERVIEWER TRAINING** Prior to fielding the study, all surveyors who were to be involved in the study participated in a two-hour training session held at SANDAG's offices. Staff from True North, SANDAG and MTS explained the overall purpose of the study, the interviewing protocol, explained the meaning of each question in the study, and answered interviewers' questions. Each surveyor was also provided with an instruction manual (see *Surveyor Instruction Guide* on page 62).

<sup>11.</sup>To properly weight the data to adjust for the unnaturally high productivity of the sampling design at the airport, True North received data from the San Diego International Airport that was analyzed to estimate the average number of trips per hour for taxicabs that operated during the study. This estimate was then used to weight *down* the airport data accordingly.

DATA PROCESSING Data processing consisted of keypunching all log and survey data, checking the data for errors or inconsistencies, coding and recoding responses, categorizing verbatim responses, adjusting currency figures for inflation, and preparing frequency analyses and cross-tabulations.

ROUNDING Numbers that end in 0.5 or higher are rounded up to the nearest whole number, whereas numbers that end in 0.4 or lower are rounded down to the nearest whole number. These same rounding rules are also applied, when needed, to arrive at numbers that include a decimal place in constructing figures and charts. Occasionally, these rounding rules lead to small discrepancies in the first decimal place when comparing tables and pie charts for a given question.

# SURVEYOR INSTRUCTION GUIDE

Thank you for participating in the 2009 Taxicab Passenger Study, commissioned by Metropolitan Transit System (MTS) and conducted by the San Diego Association of Governments (SANDAG) and True North Research. This Surveyor Instruction Guide is designed to help you successfully fulfill your role as a surveyor. In addition to an overview of the project, this memo provides instructions regarding how to administer the survey, contact information for key personnel should you have questions or need assistance, and provides answers to many of the questions that you may have in the field.

**OVERVIEW OF PROJECT** The MTS Taxicab Administration regulates the taxicab industry in the City of San Diego. Periodically, MTS commissions a survey to reliably measure how well the taxicab industry is performing in meeting the needs of residents and visitors, as well as identify significant performance trends that should be addressed. In addition to measuring *objective* performance factors (such as response time and trip duration) and rider characteristics (such as gender, household income and purpose of the trip), the survey will measure a variety of *subjective* performance indicators from the passenger's perspective (such as driver courtesy and vehicle condition). The *2009 Taxicab Passenger Study* is the sixth such study to date, with prior surveys being completed in 1979, 1983, 1989, 1994, and 1999.

#### ROLE OF THE SURVEYOR As a surveyor, your job will be to:

- 1. Ride along with a taxicab driver who has agreed to participate in the study.
- 2. Record certain information about each passenger trip on a Trip Log form (see *Trip Log Form & Instructions* on page 73).
- 3. Politely solicit passengers who enter the cab to complete the appropriate survey form. Residents of San Diego County will receive the resident version of the survey (see *Resident Questionnaire* on page 71). Those who do not live in San Diego County will receive the visitor version of the survey (see *Visitor Questionnaire* on page 72).

INSTRUCTIONS FOR HOW TO ADMINISTER THE SURVEY For your convenience, the instructions for how to administer the survey are presented in a Question & Answer format below:

What should I bring with me in the cab? At the start of each interviewing day, you will need to have the following materials with you, which will be supplied by SANDAG.

- 30 resident questionnaires in English, 30 visitor questionnaires in English, 10 resident questionnaires in Spanish, and 10 visitor questionnaires in Spanish (total of 80 questionnaires)
- · 25 trip log forms
- · Four (4) clipboards (one for you, up to three for the passengers)
- · 10 pencils with erasers (to be handed to passengers as needed)
- · One (1) large envelope for completed passenger surveys and log forms.
- · 20 raffle tickets for drivers
- · Mini stapler with staples

- · Identification badge (to be worn at all times)
- · A copy of this Surveyor Instruction Guide to be referred to as needed
- Letter explaining the purpose of study and providing permission for you to conduct the survey (included in this *Guide*, see *Permission Letter* on page 78).
- · Pre-paid card for Yellow Cab to be used in special circumstances.

What personal items do I need to bring? The taxicab is the driver's "office", and it is important that you respect their space. Accordingly, we request that you limit the amount of personal items you bring with you into the cab. You should bring:

- · Drivers license or other form of personal identification
- · Water, snacks and/or brown-bag lunch.
- Cell phone. This is in case you need to contact a supervisor for survey-related issues. Please do not use the cell phone for personal calls during your shift.

Where do I go to meet the cab driver? Between May 4 and June 11, nine (9) different taxicab radio service companies will be participating in the study. The *Interviewing Schedule* on page 67 identifies which companies will be surveyed by date. Unless otherwise noted, you will meet at the designated cab company's office location at least 10 minutes before your shift is due to start and check in with the cab company's staff, who will then direct you to the driver onsite. The address, phone number, and contact person for each taxicab company participating in the study is provided in *Taxicab Company Information* on page 69.

How do I solicit a passenger to participate in the survey? When a passenger enters the cab, wait until the passenger and the driver have communicated about where the passenger needs to go. You can then introduce yourself to the passenger(s) and ask if they will take the survey. Please use the following introduction:

Hello, my name is \_\_\_\_\_. We're conducting a short survey about your experience riding in a taxicab today. Could you please fill out this survey? It should take less than three minutes.

If a passenger asks what the survey is about or what it will be used for, you can refer them to the top left corner of the questionnaire (for example see *Resident Questionnaire* on page 71), which explains that MTS commissioned the study to evaluate how well the taxicab industry is performing in meetings customers' needs.

If a passenger accepts the survey, ask them whether they live in San Diego County. If they do, give them a the Resident version. If they do not live in San Diego County, give them the Visitor version.

Once you have handed the passenger(s) a questionnaire, do not speak unless the passenger has a question. This will allow the passenger to focus on completing the survey before they exit the cab.

If there is more than one passenger in the vehicle, do I offer a survey to all of them? You should offer a questionnaire to each passenger that is at least 12 years of age.

What if a passenger speaks Spanish? If you also speak Spanish, you may solicit their participation in the study in Spanish using the introductions provided above. If you do not speak Spanish, ask *Vive*<sup>12</sup> *en San Diego?* If they say si or yes, hand them a resident questionnaire (Spanish version). If they say no, hand them a visitor questionnaire (Spanish version).

What if a passenger refuses to participate in the survey? If a passenger does not want to participate in the survey, that is OK. Please do not be pushy or impolite. We do not want to put pressure on the passenger, anger them in any way, or interfere with the cab driver's livelihood. If a passenger declines to participate in the survey, you will still fill out the Trip Log form for that trip (see below for more on Trip Log form).

If a passenger asks what a question means, can I answer them? Yes. The questions are designed to be self-explanatory, but if a passenger is confused about how to answer a question, you may clarify the meaning of the question for them. Although you may help them understand what a question is asking, please do NOT encourage them to provide a particular answer. Let them make that decision on their own.

What do I do with the Trip Log form? You will complete a Trip Log form for each trip that occurs during your shift, regardless of whether the passenger agrees to complete a survey. The Trip Log captures important information such as when the trip started and ended, the fare amount, number of passengers, etc. See *Trip Log Form & Instructions* on page 73 for instructions on how to complete the form.

**Very Important:** When you hand a passenger a questionnaire, make sure to record the Serial # of the questionnaire on the corresponding Rider # (1-4) line that you use to record that person's demographics in the Trip Log form. When they complete the questionnaire and hand it back to you, double-check to make sure the Serial # on their questionnaire is correctly entered on the appropriate Rider # line. Then staple the Trip Log form to their questionnaire(s). This way we know which trip logs go with which surveys, and which questionnaires are for which riders.

What if the driver is called to pick-up a passenger, but when he arrives there is no one at the location? These trips should be recorded on the Trip Log form. The time of the call, type of call-up, and the location of the origin of the trip should be recorded. Attach one survey to the Trip Log form and mark it "NIX". This will let us know that the driver attempted to pick-up a call, but no one was at the location when the driver arrived.

What do I do with the surveys and trip logs at the end of my shift? At the end of each shift, put the trip log sheets (with attached surveys) and the used raffle tickets in the large envelope and write your name, date, start time for your shift, and end time for your shift on the outside of the envelope. Seal the envelope. The envelope is to be returned by hand to your supervisor Debbie Correia at SANDAG. Do not attempt to mail the envelope.

What do I do with the driver raffle tickets? At the end of your shift with a driver each day, fill out ONE raffle ticket. Rip off one end of the ticket and give it to the driver as their receipt. Keep the other half and include it in the envelope along with the completed Trip Log forms and sur-

<sup>12.</sup> Pronounced Vee-vay.

veys. At the end of the study, the raffle tickets will be used to randomly select five drivers for a \$200 prize each.

If you switch drivers during the middle of a shift for any reason, complete one raffle ticket for the first driver and one ticket for the second driver.

How should I interact with the driver of the taxicab? Be respectful of the driver and his wishes. Each driver has volunteered to be a part of this study, but having a surveyor in the taxicab can be an inconvenience at times. Take your cues from the driver as to how they want to interact with you. Some drivers will like to talk, while others may prefer to be silent or listen to music.

Note that taxicab drivers do not earn a high income, so DO NOT discuss pay with the drivers. If they ask how much you are paid, explain that you were instructed not to discuss this topic by your supervisor and this is standard policy.

When do I take breaks to eat or use the bathroom? Breaks will take place according to your driver's schedule. If you wish to eat lunch, bringing a brown bag lunch and beverage is a good idea as you may not have time to purchase a "fast food" meal. Eating or drinking in the taxicab is allowed only if the driver gives you permission and only when there are no passengers in the vehicle. Please don't make a mess and respect the driver's wishes regarding food in their vehicle.

Try to coordinate your bathroom breaks with the driver so he has advance notice of your need.

What if I get "bumped" from the taxicab? On rare occasions, you may be "bumped" from the taxicab. This can occur when there are not enough seats for you and the rest of the passengers. Some passengers may also request that you not ride along with them in the taxicab.

In this case, coordinate with the driver of the taxicab. The driver should call to have another taxicab driver from the same radio service company pick you up. He will then drop you off at the nearest SAFE location. When the next driver arrives, you will finish your shift with the new driver.

If the radio service is unable to provide a new driver in a timely manner, have the driver drop you off at the nearest SAFE location. Then call Yellow Cab and use the pre-paid card provided to you by SANDAG to be transported back to the radio service office where you started your shift. They should be able place you with another driver to finish your shift.

If neither of these options work, please call your supervisor Debbie Correia or John Scott at MTS (phone numbers on next page) to coordinate a pick-up.

**Remember:** Your safety is the top priority. Do not allow the driver to drop you somewhere that you perceive to be unsafe, and avoid any situations that appear unsafe.

#### **GENERAL "DO'S" AND "DON'TS"**

- If you have questions about how to properly conduct the survey or any issues arise, please contact your supervisor Debbie Correia at the earliest possible point. Its important that you administer the study properly.
- If you run into a problem, have questions, or need assistance, the first person that you should contact is your supervisor Debbie Correia at SANDAG:

Debbie Correia 619.699.6975

If Debbie is not available, you can call the following individuals:

Rick Sarles or Tim McLarney at True North Research 760.632.9900

John Scott at MTS Taxicab Administration 619.595.7034, or by cell on the weekend: 619.322.5090

- Always conduct yourself in a polite and professional manner. Be outgoing and confident, and portray the survey as an important research study. If you act sheepish, lack confidence, or apologize for asking them to participate in the survey, the passenger will doubt your credibility and will likely refuse to take the survey.
- · Do not argue with passengers or the taxicab driver.
- Dress appropriately. Business casual attire, preferably khaki pants and a button-up shirt. Do not wear jeans, shorts, t-shirts, sandals, hats, or tank tops. Women must not wear short, tight or revealing clothing.
- · No visible tattoos or piercings (except earrings for women).
- Do not wear perfume or cologne or anything with a strong scent.
- Do not use your cell phone for personal calls while in the taxicab.
- Do not smoke unless you are on break and away from the taxicab.
- Do not coach a passenger to provide a particular answer. We want *their* unbiased opinions, no yours.
- Respect the driver. You are a guest in his/her taxicab, so please act accordingly. Ask if it is OK to drink or eat in the taxicab before you do so.

## INTERVIEWING SCHEDULE

			May 2009			
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				Training Session	-	2
m	4 Yellow Cab 4 from 8AM-4PM 3 from 11AM -7PM	Yellow Cab 3 from 8AM-4PM 3 from 11AM -7PM	6 Yellow Cab 3 from 8AM-4PM 3 from 11AM -7PM	7 <b>Yellow Cab</b> 3 from 8AM-4PM 3 from 11AM -7PM	8 Yellow Cab 3 from 8AM-4PM 3 from 11AM -7PM	0
10	=	12	13 Orange Cab 2 from 8AM-4PM 2 from 11AM -7PM	14 Orange Cab 2 from 8AM-4PM 2 from 11AM -7PM	15 Orange Cab 2 from 8AM-4PM 2 from 11AM -7PM	16 Orange Cab 2 from 8AM-4PM 2 from 11AM -7PM
17	18	19 American/Red Top 2 from 8AM-4PM 2 from 11AM -7PM	20 American/Red Top 2 from 8AM-4PM 2 from 11AM -7PM	21 American/Red Top 2 from 8AM-4PM 2 from 11AM -7PM	22 American/Red Top 2 from 8AM-4PM 2 from 11AM -7PM	23
24	25	26 <b>USA Cab</b> 2 from 8AM-4PM 2 from 11AM -7PM	27 <b>USA Cab</b> 2 from 8AM-4PM 2 from 11AM -7PM	28	29 <b>Red Cab</b> 2 from 8AM-4PM 2 from 11AM -7PM	30 <b>Red Cab</b> 2 from 8AM-4PM 2 from 11AM -7PM
31						

			June 2009		:	
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	_	2 West Coast 2 from 8AM-4PM 2 from 11AM -7PM	3 West Coast 2 from 8AM-4PM 2 from 11AM -7PM	4	ĽŊ	9
7	∞	9 San Diego/Taxi Radio 2 from 8AM-4PM 2 from 11AM -7PM	San Diego/Taxi Radio 2 from 8AM-4PM 2 from 11AM-7PM	San Diego/Taxi Radio 2 from 8AM-4PM	12	13
41	15	16	17 Airport 2 from 8AM-4PM 2 from 11AM -7PM	18 Airport 2 from 8AM-4PM 2 from 11AM -7PM	19 Airport 2 from 8AM-4PM 2 from 11AM -7PM	20 <b>Airport</b> 2 from 8AM-4PM 2 from 11AM -7PM
21	22 Airport 2 from 8AM-4PM 2 from 11AM -7PM	23 Airport 2 from 8AM-4PM 2 from 11AM -7PM	24 Airport 2 from 8AM-4PM 2 from 11AM -7PM	25 <b>Airport</b> 2 from 8AM-4PM 2 from 11AM -7PM	26 <b>Airport</b> 2 from 8AM-4PM 2 from 11AM -7PM	27 Airport 2 from 8AM-4PM 2 from 11AM -7PM
28	29	30				

#### TAXICAB COMPANY INFORMATION

Below is the name, address, telephone number, and contact person for each of the taxicab radio service companies that are participating in this study. The companies are listed in order from first to last according to the dates they will be surveyed (see *Interviewing Schedule* on page 67). Note the instructions about where to meet the drivers and the availability of parking.

Yellow Cab 3473 Kurtz St

San Diego CA 92110

Contact person: Akbar Majid Phone: 619.239.8061, ext. 1408 Main dispatch line: 619.444.4444

Meet at the office address listed above and check-in with Akbar or

another staff member, who will direct you to the driver.

Parking is available on the street.

Orange Cab 4250 Pacific Highway, Suite 207

San Diego CA 92110 Contact person: Sean Wolfe Phone: 619.291.8888

Main dispatch line: 619.223.5555

There is little/no parking at Orange Cab offices, so they prefer to have surveyors meet their drivers at the Old Town Transit Center (4005 Taylor Street, San Diego CA 92110) where there is adequate parking. Your supervisor will provide additional details on exactly when/where to meet

your driver.

American Cab/Red Top 1540 National Avenue

San Diego CA 92113

Contact person: Houshang Nahavandian (or ask for Robert if Houshang

is not available). Phone: 619.234.1111

Main dispatch line: 619.234.1111

Meet at the office address listed above and check-in with Houshang or

Robert, who will direct you to the driver.

Parking is available on the street.

USA Cab 2660 Imperial Avenue

San Diego CA 92102

Contact: Tony Hueso or Alfredo Hueso

Phone: 619.231.1144

Main dispatch line: 619.231.1144

Meet at the office address listed above and check-in with Tony or

Alfredo, who will direct you to the driver.

Parking is available on the street.

Red Cab 1704 Cactus Road

San Diego CA 92154

Contact person: Craig Rowe Phone: 619.661.0107

Main dispatch line: 619.661.0107

Meet at the office address listed above and check-in with Craig, who will

direct you to the driver.

Parking is available on site.

West Coast Cab 220 West 14th Street

National City CA 91950

Contact person: Kidane Tesfagebriel

Phone: 619.474.8444

Main dispatch line: 619.474.8444

Meet at the office address listed above and check-in with Kidane, who

will direct you to the driver.

Parking is available on the street and onsite.

Radio Service

San Diego Dispatch/Taxi 3485 Kurtz Street, Suite B San Diego CA 92110

Contact person: Fata Arghand

Phone: 619.523.1600

Main dispatch line: 619.226.8294

Meet at the office address listed above and check-in with Fata, who will

direct you to the driver.

Parking is available on the street and onsite.

# RESIDENT QUESTIONNAIRE

				Serial #	: R0001
V	SAN DIEGO AREA TAXI SURVEY RESIDENT VERSION	SAN San Diego's Regional	DAG	Q9 Check the two aspects of taxi service most i	mportant to you. Check up to two
The	Metropolitan Transit System, in cooperat	tion with the rea	ion's taxicab	Easy to communicate with driver	
	istry, has requested this survey to evaluate			Prompt response to phone call	
	ice in the San Diego area. Please complete	this questionnair	e to help us	Newer, luxury vehicles	
prov	vide you with better service.			Helpful drivers	
Ω1	Please indicate where you are coming	from and when	e vou are	Safe drivers	
Q١	going to on this taxi trip.	i ii diii ana wiici	c you are	Feeling of personal safety	
	going to on this taxi trip.	Check one pe	r column	Clean, well-maintained vehicles	ä
		Coming From	Going To		
	Home			Low rates/fares	
	Your place of work	ä		Other (specify):	ш
	Airport			Q10 Did you know that rates are the same for all	taxis operating from
	Shopping	ä	ä	the airport but vary in other areas of San Die	
	Bus or trolley				
	Medical appointment	ä	ä	Yes (continue with Q11)	
	Personal business, errands			No (skip ahead to Q12)	
		ä	ä	Q11 If Yes at Q10, how did you find out about th	ese rates?
	Recreational, social activity, dining			Q es at Q . o , non ala you mia out about th	Check only one
	Military base			Rates are shown on taxi doors	
	Other (specify):			Called different companies to compare	
				Taxi company advertisements	
Q2	If you had not used a taxi for this trip	, what type of		Someone told me	ā
	transportation would you have used?			Other (specify):	
		Check onl	y one	other (specify).	_
l	Public transportation			Q12 Do you think taxi fares should be?	
	Paid shuttle service			Q12 DO YOU CHINK CAN TALES SHOULD be!	Check only one
	Courtesy van			The same in all areas of San Diego,	
	Driven personal vehicle			including the airport	
	Ridden with friend or family			Allowed to continue at different rates	
	Walked			Allowed to continue at different fates	
	Not made trip			O12 is there a particular taxi company you use m	oro than others?
	Other (specify):			Q13 Is there a particular taxi company you use m	ore than others:
	,,			Yes (continue with Q14)	
О3	Did you have access to a personal veh	icle for this curr	ent taxi	No (skip ahead to Q16)	
Q3	trip?		circ turn		
	•			Q14 If Yes at Q13, what is the name of company	you use the most?
	Yes, had access but chose taxi instead			Indicate name of company:	
	No, did not have access to a vehicle				
04	Why did you choose a taxi over a shut	tle service for th	nie.	Q15 What is the <b>main</b> reason you use this compa	
Q4		the service for th	115		Check only one
	particular trip today?	Chael an		Drivers	
	Cost	Check onl	y one	Lower fares, cost	
	Cost	<u> </u>		Response time	
	Convenience			This company serves my area	
	Response time	_		Clean, well-maintained vehicles	
	Shuttle not available for this trip			Most familiar with this company	
	Prefer privacy of taxi over shuttle			No particular reason	
	Other (specify):			Other (specify):	
Q5	If you telephoned for a taxi for this tri the taxi to arrive?	ip, how long did	it take for	Q16 Have you ever used a paid shuttle service (si Xpress Shuttle, The Flyer) in San Diego?	uch as Cloud 9,
i	Indicate approximate length of time:	minu	ites	Yes, have used a paid shuttle service	
00				No, have not used a paid shuttle service	ä
Q6	In the last month, how many one-way			,	
	the San Diego area? (Note: Going to the		-way trip,	Q17 What is your age?	
	returning home is another one-way tri	ıp.)			
	Indicate approximate number of one-v	way trins:	trins	12 to 17 years	
	* *		•	18 to 25 years	
Q7	Please rate the following aspects of ta	ixi service in San	Diego.	26 to 40 years	
			No	41 to 60 years	
i		Good Average		61 to 79 years	
	Taxi availability during the day			80 years or older	
	Taxi availability at night			Q18 What is the combined annual income of you	r household?
	Taxi vehicle condition				
	Fares / Cost			Less than \$15,000	
	Driver knowledge			\$15,000 to \$29,999	
	Driver appearance			\$30,000 to \$44,999	
	Driver courtesy			\$45,000 to \$59,999	
	Safe driving			\$60,000 to \$74,999	
	Promptness of service			\$75,000 to \$99,999	
	Overall taxi service			\$100,000 to \$124,999	
				\$125,000 to \$149,999	
Q8	How does taxi service in San Diego co	mpare with taxi	service in	\$150,000 to \$199,999	
	other areas you are familiar with?			\$200.000 or more	<u> </u>
		Check onl	y one	,	
	Not familiar with other taxi service			Q19 If you have any additional comments about	
	Better			Diego, please let us know on the back side of	of this page.
	Similar, comparable	_			
i	Worse (how?):				
ĺ	Continue at the	he top of the next co	lumn with Q9🖆	THANK YOU FOR TAKING THE TIME TO COMP	LETE THIS SURVEY!

# VISITOR QUESTIONNAIRE

						#: V0001
MTS	SAN DIEGO AREA TAXI SURVEY	SANDA	IG	Q8	How does taxi service in San Diego compa other areas you are familiar with?	
The Metropolitan Tr	VISITOR VERSION ansit System, in cooperation	with the regions	s taxicah		Not familiar with other taxi service	Check only one
	ed this survey to evaluate and				Better	i
service in the San Di	iego area. Please complete this				Similar, comparable	Ē
provide you with bette	er service.				Worse (how?):	
Q1 What is the ma	ain purpose of your visit to	the San Diego a		Q9	Check the two aspects of taxi service mos	t important to you.
Business, work	c-related					Check up to two
Convention (b	usiness or personal)				Easy to find on street	
Military					Easy to communicate with driver	
Vacation					Prompt response to phone call	
Visiting friend	s or relatives				Newer, luxury vehicles	
Medical reason	ns				Helpful drivers	
Other (specify)	):				Safe drivers	
					Feeling of personal safety	
Q2 Where are you	staying while in the San Die	ego area?			Clean, well-maintained vehicles	
		Check only one	e		Low rates/fares	
Hotel, motel					Other (specify):	
Friend's or rela	ative's home					
Military base				Q10	O Did you know that rates are the same for	
Not staying ov	ernight				the airport but vary in other areas of San	Diego?
Other (specify)						
					Yes (continue with Q11)	
Q3 Please indicate	where you are coming fro	m and where vo	ou are		No (skip ahead to Q12)	Ц
going to on th		Check one per col		Q11	I If Yes at Q10, how did you find out about	these rates? Check only one
	c		ing To		Rates are shown on taxi doors	
Airport					Called different companies to compare	
Hotel, motel					Taxi company advertisements	
Business, worl	c-related activity				Someone told me	
Rental car faci	lity				Other (specify):	
Shopping	·'					
Bus or trolley				Q12	2 Do you think taxi fares should be?	
Medical appoir	ntment					Check only one
Personal busin					The same in all areas of San Diego,	
	social activity, dining out				including the airport	
Friend's or rela					Allowed to continue at different rates	
Military base Other (specify)				Q13	Have you ever used a paid shuttle service Xpress Shuttle, The Flyer) in San Diego?	(such as Cloud 9,
	used a taxi for this trip, wh	at type of			Yes, have used a paid shuttle service No, have not used a paid shuttle service	
transportation	would you have used?	Charles and a sec	_		ivo, nave not used a paid snattie service	
Dublic transpo	utatia u	Check only one	e	Q14	4 What is your age?	
Public transpor					12 to 17 years	
Paid shuttle se	rvice				18 to 25 years	ä
Courtesy van	1 1:1				26 to 40 years	
Driven persona						
Ridden with fri	end or family				41 to 60 years	
Walked					61 to 79 years	
Rental car					80 years or older	П
Not made trip				Q15	5 What is the combined annual income of y	our household?
Other (specify)	):					
					Less than \$15,000	
	hoose a taxi over a shuttle s	service for this			\$15,000 to \$29,999	
particular trip	today?				\$30,000 to \$44,999	
		Check only one	e		\$45,000 to \$59,999	
Cost					\$60,000 to \$74,999	
Convenience					\$75,000 to \$99,999	
Response time					\$100,000 to \$124,999	
Shuttle not ava	ailable for this trip				\$125,000 to \$149,999	
Prefer privacy	of taxi over shuttle				\$150,000 to \$199,999	□
Other (specify)				014	\$200,000 or more 5 If you have any additional comments abou	ut tavi sarvisa in San
Q6 If you telephor the taxi to arri	ned for a taxi for this trip, h ive?	ow long did it to	ake for	Qit	Diego, please let us know in the space be of this page.	
Indicate appro	ximate length of time:	minutes				
the San Diego	nth, how many one-way taxi area? (Note: Going to the st e is another one-way trip.)					
Indicate appro	ximate number of one-way	trips:	trips			
	Continue at the top of	the next column	with Q8🖆			
					THANK YOU FOR TAKING THE TIME TO CO	MPLETE THIS SURVEY!
			·			

# TRIP LOG FORM & INSTRUCTIONS

2ab Number	17   Handicap?	t
2 Cab Company 2 Cab Company 3 Cab Number Come in? 7 Is this trip for wistand hour minutes check all that apply Cane minutes check all that apply Cane or walker Wheelchair Infant seat	Serial # on the questionnaire you give to each rider on the corresponding Rider # line below	21 Trip end time 22 Destination of trip 23 Fare amount 24 Pre-paid voucher? 25 Survaled 1
Trip Log Form – complete one form for every  1 Interviewer Initials 2 Cab Company 5 How was trip initiated? check one    Dispatch call Taxi stand Personal call Standing reservation Street hail Airport stand  10 What time did trip start?	Nake sure to record the Serial # on the quest   13 Serial #	Rider 21 Trip end time 22 Destination of trip  2 :

TRIP LOG FORM EXPLAINED The Trip Log form will be used by you to record certain information about each passenger trip—including how, when and where the trip began and ended, the amount of the fare, and demographic traits of each passenger. Important points to remember about the Trip Log forms:

- · You must fill out one (1) trip log form for every passenger trip, even if the passenger(s) declines to complete a survey.
- You will need to assign a Rider # (1-4) for each passenger to record their information on the trip log. Be consistent in how you assign rider numbers to avoid confusion.
- It is CRITICAL that you correctly record the serial number on the questionnaire you gave to a
  particular rider (for example, Rider #2) in the appropriate rider line (Rider #2 line) on the trip
  log.
- · When you have completed a trip log form, staple it to the questionnaires you collected from passengers on that trip.

The following is a key that explains how to fill out each item on the trip log form.

1. Interviewer Initials	Enter your initials	
2. Cab Company	Write the name of the cab company you are in (e.g., Yellow Cab, Orange Cab, USA Cab)	
3. Cab Number	Write the number of the cab you are riding in.	
4. Date	Enter the date (month/day)	
5. How was trip initi- ated?	Check the box that matches how the passenger initiated the trip.	
uteu:	<b>Dispatch call</b> is when the passenger called the radio service company, and the driver was then contacted by the dispatch center to go pick the passenger up at a particular location.	
	<b>Personal call</b> is when the passenger called the driver on their personal phone to arrange a ride.	
	Street hail is when the passenger hailed (waved) the cab from the street.	
	<b>Taxi stand</b> is when the passenger was picked-up at a dedicated taxi stand.	
	<b>Standing reservation</b> is when the passenger has a standing reservation with the driver to be picked up regularly at the same place and time.	
	Airport stand is when the passenger is picked up at the airport.	
6. When did the call come in?	For trips that were initiated by a dispatch call or a personal call, record the time that driver received the call. Record the hour and minutes (for example, 8:45).	

packages only?

7. Is this trip for moving Occasionally, a person will hire a cab to transport a package(s) without a passenger. In this situation, you would mark the box for "Yes, just a package(s)". If there are passengers in the vehicle as well, check "No".

8. How many total passengers got in the cab? Record the total number of passengers that got in the cab (including infants and children). Do not include the driver or yourself in this number.

9. How many passengers under 12 years of age?

Record the total number of passengers that got in the cab that are under 12 years of age.

10. What time did this trip start?

Record the time that the taxicab driver arrives at the pick-up point—in other words, when the cab and the passenger initially make contact. Record the hour and minutes (for example, 8:55).

11. Did the passengers have any of the following?

Check the boxes for each of the items that the passengers brought into the taxicab or placed in the trunk. Purses, briefcases and small backpacks are not considered luggage.

12. How is the weather

Check the box that best describes the weather conditions at the time of this trip.

At this point, the trip log begins recording information individually for each passenger in the taxicab. There are four Rider # rows. In a case where you have just one passenger, use the Rider #1 row to record their information. If you have two passengers, use the Rider #1 row for the first passenger, and the Rider #2 row for the second passenger, and so on.

It is important you be consistent in how you assign rider numbers to avoid confusion. We recommend using a system where the passenger closest to you is Rider #1, the passenger next closest is Rider #2, etc.

13. Serial #

Each questionnaire has a unique five digit serial number at that top of the page. It is CRITICAL that you correctly record the serial number on the questionnaire you gave to a particular rider (for example, Rider #2) in the appropriate rider line (Rider #2 line) on the trip log. This is how we will match the demographic information you recorded for that passenger with the questionnaire they filled-out.

14. Start mileage

Record the mileage on the vehicle at the point the trip begins. Record the last three digits on the odometer (including the tenths of a mile number). For example, if the mileage on the vehicle is 62,058.3, you will record 58.3.

15. Origin of Trip

Record the street address or nearest cross-streets at the point the passenger is picked-up. For example, a passenger who is picked-up at 134 Maple St. and the nearest cross-street is Pine Avenue can be recorded as either "134 Maple St." or "Maple St./Pine Ave."

16. Drunk?	If the passenger is visibly drunk, check 'yes'. If not, check 'no'.
17. Handicap?	If the passenger is visibly handicapped, check 'yes'. Otherwise check 'no'.
18. Gender	Check the box that matches the gender of the passenger.
19. Ethnicity	Do NOT ask the passenger their ethnicity. Use your judgement and check the box that most closely matches the ethnicity of the passenger. If the passenger is not black, white, hispanic, american indian or asian, check the 'other' box.
20. End mileage	Record the mileage on the vehicle at the point the trip ends. Record the last three digits on the odometer (including the tenths of a mile number). For example, if the mileage on the vehicle is 62,072.5, you will record 72.5.
21. Trip end time	Record the time that the taxicab driver arrives at the passengers' destination and stops the vehicle. Record the hour and minutes (for example, 9:15).
22. Destination of trip	Record the street address or nearest cross-streets at the point the passenger is dropped-off. For example, a passenger who is dropped-off at 240 B St. and the nearest cross-street is Fourth Avenue can be recorded as either "240 B St." or "B St./Fourth Ave."
23. Fare amount	Enter the amount of the fare in dollars and cents as shown on the meter at the end of the trip. Do NOT include any tip given to the driver.
24. Pre-paid voucher?	If the passenger pays with a pre-paid voucher card or coupon, check the 'yes' box. If the passenger pays with a credit card or cash, check the 'no' box.

When you have completed a trip log form, double-check to make sure that the Serial # for each questionnaire is on the correct Rider # line, then staple the Trip Log to the questionnaires you collected from passengers on that trip. An example "filled-out" Trip Log for two passengers is shown on the next page. Note that because these passengers iniated the trip at a taxi stand (and no phone call was placed) there is no entry for item 6 regarding the time a call came in. Item 6 is only completed when the trip is initiated by a dispatch call or a personal call.

complete a survey.

Did this passenger complete a survey? Check the 'yes' box if they did

25. Survey?

# EXAMPLE TRIP LOG

#### PERMISSION LETTER



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

April 30, 2009

TAXI 500, 550, 590.10 (PC 50761)

To Whom It May Concern:

As referenced within MTDB Ordinance No. 11, Section 2.4(n), only paying passengers, or persons specifically authorized by the Chief Executive Officer may occupy a taxicab that is already occupied by a paying passenger.

The Metropolitan Transit System (MTS) Taxicab Administration and the San Diego Association of Governments (SANDAG), in association with True North Research, are conducting a taxicab passenger survey in the City of San Diego between May 1, 2009, and June 30, 2009. As part of the study, staff members from SANDAG are administering a short survey to interested passengers.

The MTS Chief Executive Officer has granted permission to any SANDAG staff member to ride along in taxicabs permitted in the City of San Diego. This approval is contingent upon the following:

- The individual must have in his or her possession proof that he or she is a SANDAG representative, and
- 2. The individual must be conducting the taxicab survey.

Should you have any questions or concerns related to this memorandum, contact Mr. John Scott, Taxicab Administration Manager, at 619.595.7034.

Signed:

Paul C. Jablonski

 Tiffany Lorenzen, MTS General Counsel Steve Celniker, City of San Diego Kristen Rohanna, SANDAG

DSUNDH/Taxicab M-PASSENGER SURVEY 09-P.JABLONSKI.JSCOTT

1255 Imperial Avenue, Suite 1000, San Diego, CA 92101-7490 • (619) 231-1466 • www.sd**mts**.com

ee ee

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

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

4/27/09 Date



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

# **Agenda**

Item No. 46

ADM 110.12

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

November 12, 2009

SUBJECT:

MTS: FISCAL YEAR 2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT (LINDA MUSENGO)

#### RECOMMENDATION:

That the Board of Directors receive the Fiscal Year 2009 Comprehensive Annual Financial Report (CAFR).

**Budget Impact** 

None at this time.

#### DISCUSSION:

MTS staff and auditors Caporicci & Larson will present the Fiscal Year 2009 CAFR. Minor differences to the draft presented earlier will be discussed.

Paul C. Jablonski Chief Executive Officer

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

NOV12-09.46.FY 09 CAFR.LMUSENGO.doc

Attachment: A. Comprehensive Annual Financial Report (Board Only Due to Volume)













# SAN DIEGO METROPOLITAN TRANSIT SYSTEM SAN DIEGO, CALIFORNIA











# COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008









San Diego, California

Comprehensive Annual Financial Report and Independent Auditors' Report

For the years ended June 30, 2009 and 2008

PREPARED BY SAN DIEGO METROPOLITAN TRANSIT SYSTEM FINANCE DEPARTMENT

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INTRODUCTORY SECTION



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

Board of Directors and Transit Riders San Diego Metropolitan Transit System

The comprehensive annual financial report of the San Diego Metropolitan Transit System (MTS) for the fiscal years ended June 30, 2009 and 2008 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. The MTS Board of Directors has established an Audit Oversight Committee to provide an additional level of scrutiny to the preparation of the annual financial report. Management of MTS is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of MTS are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

State statutes require an annual audit by independent certified public accountants. The firm of Caporicci & Larson, CPAs, has been retained to meet this requirement. The goal of the independent audit was to provide reasonable assurance that the financial statements of MTS for the fiscal years ended June 30, 2009 and 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that MTS' financial statements for the fiscal years ended June 30, 2009 and 2008 are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit also was designed to meet the requirements of a broader, federally mandated "Single Audit" to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements required the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports related specifically to the Single Audit are issued under separate cover.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

#### REPORTING ENTITY

The San Diego Metropolitan Transit System was created effective January 26, 1976 to provide the policy setting and overall management coordination of the public transportation system in the San Diego metropolitan service area. This service area encompasses approximately 2.25 million people residing in a 570 square mile area of San Diego County, including the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, Santee, and San Diego and the unincorporated area of the County of San Diego. A number of fixed-route operating entities provide the service and have banded together to form a federation of transit service providers called the Metropolitan Transit System (MTS). The purpose of the MTS is to provide coordinated routes, fares, and transfers among the different operating entities.

MTS' mission statement, adopted by the board of directors, is to enhance the personal mobility of San Diego metropolitan area residents and visitors by:

- Obtaining maximum benefit for every dollar spent.
- Being the community's major public transportation advocate.
- Increasing public transportation usage per capita.
- Taking a customer-oriented approach.
- Offering high-quality public transportation services.
- Responding to the community's socioeconomic interests.

California law establishes the San Diego Association of Governments (SANDAG) as the planning agency for San Diego County. The responsibility and decision-making for all transportation-related planning, programming and development activities occurs within SANDAG's nine-member Transportation Committee. Approved transportation plans and programs are subsequently executed by SANDAG staff. Within this structure MTS and the North County Transit District (NCTD) focus primarily on operating activities.

MTS is effectively an umbrella agency. MTS owns the assets of San Diego Trolley, Inc. (SDTI) and San Diego Transit Corporation (SDTC), the area's two largest transit operators. These two transit units were formed under California law as not-for-profit public corporations and function as operating subsidiaries of MTS. SDTI and SDTC are considered component units and are blended component units for financial reporting purposes. SDTI operates three Light Rail Transit (LRT) routes, the Blue Line from the Mission San Diego Station to San Ysidro at the International Border, the Orange Line from the Imperial and 12th Bayside Platform through Centre City and then east to Santee, and the Mission Valley Extension, known as the Green Line. SDTI operates on a total of 54.3 miles of track. SDTC operates 24 routes with an active fleet of 260 buses.

The relationship between MTS and the transit operating subsidiaries, SDTI and SDTC, is formally established through operating agreements and MTS-adopted corporate policies. These agreements and corporate policies specify the roles and responsibilities of each of the organizations and outline the procedures in numerous functional areas including auditing and budgeting, fare setting, marketing and public information, revenue-producing advertising, service contracts, and programming of federal, state and local subsidies. The MTS Board of Directors has the policy-setting responsibility for the operation and development of MTS' transit operating subsidiaries as well as for the planning and approval of capital expenditures by or on behalf of these entities. The day-to-day operating functions, labor matters and maintenance of facilities are managed by the individual transit operators. MTS has centralized and consolidated Planning, Human Resources, Finance, and Purchasing for MTS and all subsidiaries.

In addition to the bus routes operated by SDTC, MTS is financially accountable for the operation of certain other bus routes. MTS contracts with an outside party for the operation of these bus routes. The contracts require full operation and maintenance of the bus services. These contract services are accounted for in the Other Contracted Services Fund for financial reporting purposes. Effective July 1, 2002, the responsibility for operating the County Transit System (CTS) was transferred from the County of San Diego to MTS. CTS operating services are combined with the Other Contracted Services Enterprise Fund for financial reporting purposes.

MTS owns the San Diego and Arizona Eastern Railway Company (SD&AE), a not-for-profit railroad holding company entrusted with assets which include 108 miles of rail line and over 2,000 acres of property. MTS has a contract with the San Diego and Imperial Valley Railway Co. (SDIV) for the operation of freight rail services over the SD&AE rail line. MTS provides no subsidy to SDIV, but does receive a portion of its gross revenue. SD&AE is considered a component unit and a blended component unit for financial reporting purposes.

MTS also is financially accountable for the operation of Taxicab Administration services, which includes regulating the issuance of taxi and jitney service permits in the Cities of San Diego, El Cajon, Imperial Beach, Lemon Grove, National City, Poway, and Santee.

The MTS Board of Directors is comprised of 15 members with four appointed from the San Diego City Council, one appointed from the San Diego County Board of Supervisors, one appointed from each city council of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee, and one member of the public elected by other Board members to serve as Chairman.

#### NATIONAL RECOGNITION

In July 2009, MTS received notification that the agency had been selected as the Outstanding Transit Agency of the Year by the American Public Transportation Association (APTA). This is the highest honor bestowed on transit agencies by the industry association. Competing in the same category with MTS were the largest transit systems in North America, including New York, Los Angeles, Chicago, and Washington, D.C. APTA looked at three-year trends in numerous categories such as ridership, safety, operating revenue and costs, performance, and customer service to determine the winner of the award. MTS was honored at an official award ceremony during the APTA Annual Conference in October.

#### ECONOMIC CONDITION AND OUTLOOK

San Diego has felt the effects of the current economic downturn as reflected in higher unemployment and a general reduction in economic activity in the area, but to a lesser degree than state and national economies. San Diego's gross regional product (GRP), total value of the region's economy, is estimated at \$170.7 billion for 2009, a slight decrease from \$171.2 billion recorded in 2008. Two major segments of the local economy, travel/tourism and construction/development have shown significant declines. Unemployment has risen significantly, from 4.8% to 10.2%, between 2008 and 2009. The events of the past year have had a negative effect on all economic indicators, but most recent reported trends indicate that the extent of the downturn had begun to ease as Fiscal Year 2009 came to a close. It is expected that the recovery of consumer spending and related sales tax revenues will lag behind other indicators. MTS

ridership for FY2009 showed expected sensitivity to variations in gasoline prices and unemployment, with an overall slight increase from the previous year.

The principal local source of operating subsidy for MTS' transit programs is Transportation Development Act (TDA) funding. One-fourth percent of the local sales tax in each California county is dedicated to transportation purposes.

On a local level, area voters approved a one-half cent transportation sales tax in 1987, called TransNet. One-third of the sales tax proceeds is allocated for transit purposes which is further divided between MTS and North County Transit District (MTS' counterpart in North San Diego County) based on the proportion of the population within the area of each jurisdiction. Prior to FY 2004, 80% of the transit TransNet funds had to be used for expansion of the light rail system. The remaining 20% could be used for operations after funding a reduced price pass program for seniors, disabled, and youth, which is capped at \$5.5 million. As a result of operating budget pressures, the ratio was changed in June 2003 so that up to 40% of the TransNet program can be used for operations (increased from 20%). The original TransNet sales tax expired in 2008, and a reauthorization measure was approved by voters in November 2004 extending the TransNet sales tax for 40 additional years.

#### Long-term financial planning

The long-term goal of MTS is to fund operations solely with recurring revenues. As the economy has contracted, sales tax receipts throughout California have declined, which has had a predictable negative effect on the subsidy revenue available to MTS from both TDA and TransNet funds. MTS has responded to the decline in expected subsidy revenue with a number of judicious actions designed to reduce costs and generate additional revenue. These include service and fare adjustments, reductions in management personnel and benefits, increased advertising and real property revenues, and agency-wide efforts at traditional cost-saving measures.

#### **Major Initiatives**

In addition to the challenge of aligning operating costs with recurring revenues, MTS is also challenged with rebuilding the capital program in order to replace aging infrastructure. MTS has completed the first year of a 5-year bus procurement program that will replace 350 vehicles. During 2009, MTS replaced 81 vehicles in its current fleet, and as a result realized a reduction of fuel consumption of almost 50%. MTS also received 12 gasoline hybrid-electric buses for use in the new SuperLoop routes that were opened in June in the northern section of the district. The operating costs of these new routes will be largely underwritten by TransNet funds specifically allocated to this purpose. In addition, a program to upgrade the Blue Line Trolley and replace 60 trolley cars will begin within the next 12 months.

#### AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to MTS for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This is the third consecutive year and the fourteenth year overall that MTS has been the recipient of this award. MTS submitted a CAFR that was deemed to be easily readable, well-organized, and compliant with generally accepted accounting principles and applicable legal requirements. MTS strives to accomplish this level of proficiency with the preparation of each year's CAFR.

#### Acknowledgments

The staff of the finance and administration department are to be commended for their efficient and dedicated service to the production of this report. In addition, we express our appreciation for the assistance and cooperation provided by management and staff in all departments throughout the organization.

Respectfully submitted,

Paul Jablonski

Chief Executive Officer

Cliff Telfer

Chief Financial Officer

October 30, 2009

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#### **BOARD OF DIRECTORS**

Members	Board position (elected position	1)
		_

Harry Mathis Chairman, since 1/06 Jerry Rindone Vice Chairman, since 7/91 (Deputy Mayor, City of Chula Vista) Merrilee Boyack Board Member, since 12/08 (Councilmember, City of Poway) **Ernest Ewin** Board Member, since 3/05 (Councilmember, City of La Mesa) Board Member, since 1/06 (Councilmember, City of San Diego) Kevin Faulconer Board Member, since 1/09 (Councilmember, City of San Diego) Todd Gloria Sherri Lightner Board Member, since 1/09 (Councilmember, City of San Diego) Board Member, since 4/08 (Councilmember, City of El Cajon) Bob McClellan Board Member, since 5/09 (Councilmember, City of Imperial Beach) Jim Janney Al Ovrom Board Member, since 12/08, (Councilmember, City of Coronado) Board Member, since 12/89 (County Board of Supervisors) Ron Roberts Board Member, since 1/04 (Vice Mayor, City of Santee) Hal Ryan Jerry Selby Board Member, since 1/09 (Councilmember, City of Lemon Grove) Tony Young Board Member, since 1/05 (Councilmember, City of San Diego) Rosalie Zarate Board Member, since 1/07 (Councilmember, National City) Board Member 1/06 to 5/09 (Councilmember, City of Imperial Beach) Fred McLean

#### MTS MANAGEMENT

#### **Position** Paul Jablonski Chief Executive Officer Tiffany Lorenzen General Counsel Cliff Telfer Chief Financial Officer

Claire Spielberg Chief Operating Officer, Transit Systems (SDTC, Contracted Services)

E. Wayne Terry Chief Operating Officer, Rail (SDTI)

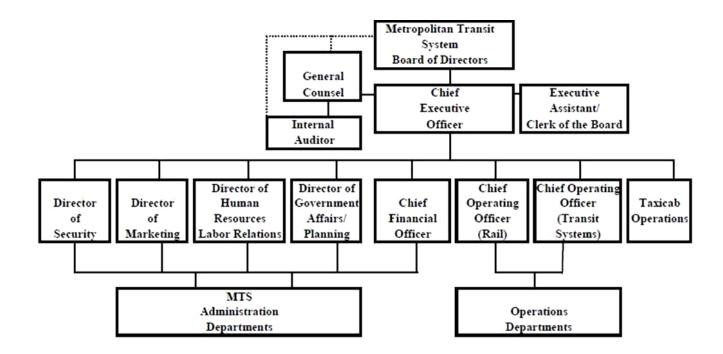
**Sharon Cooney** Director, Planning/Government Affairs and Community Relations

Director, Marketing and Communications Robert Schupp

Jeff Stumbo Director, Human Resources and Labor Relations

Director, Security Bill Burke

Staff



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

# San Diego Metropolitan Transit System, California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.

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President

Executive Director

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#### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the San Diego Metropolitan Transit System San Diego, California

We have audited the accompanying basic financial statements of the San Diego Metropolitan Transit System (MTS), as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These basic financial statements are the responsibility of MTS' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 16 to basic financial statements, subsequent to the financial statements date of June 30, 2009 and the year then ended, the State of California has borrowed, deferred paying certain revenues and significant reduced or eliminated certain assistance programs from local transit agencies. These actions by the state include the deferral of Gas Tax payments and the reduction of State Transit Assistance funds. These amounts are very significant to the local transit agencies and may affect their ongoing operations. Certain lawsuits are in process to stop such State actions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of MTS as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States.

MTS adopted the Statements of Governmental Accounting Standards Board No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, No. 52, Land and other Real Estate Held as Investments by Endowments, No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and No. 56, Codification of Accounting and Financial Reporting Guidance Contained in AICPA Statements on Auditing Standards.

To the Board of Directors of the San Diego Metropolitan Transit System San Diego, California

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2009, on our consideration of the MTS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, Schedule of Funding Progress of Defined Benefit Pension Plans and Schedule of Funding Progress of Other Postemployment Benefits Plans, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on the Required Supplementary Information.

Our audits were conducted for the purpose of forming opinions on the MTS' basic financial statements. The accompanying Supplementary Information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the Introductory and Statistical Sections.

San Diego, California October 30, 2009

Capanici & Carson

#### Management's Discussion and Analysis

June 30, 2009 and 2008

The following discussion and analysis of the financial performance of the San Diego Metropolitan Transit System (MTS) is intended to provide an overview of MTS' financial activities for the fiscal years ended June 30, 2009 and 2008. This information should be used in conjunction with the Letter of Transmittal, which can be found on pages 1 through 5 of this report.

#### **Financial Highlights**

- Net assets, as reported in the statement of net assets, totaled \$1,250 million as of June 30, 2009, \$1,266 million as of June 30, 2008 and \$1,261 million as of June 30, 2007. Of this amount, \$175 million was unrestricted as of June 30, 2009, \$186 million was unrestricted as of June 30, 2008, and \$163 million was unrestricted as of June 30, 2007. Total net assets decreased by \$16 million in the current year and increased by \$5 million in the prior year. The current year decrease is largely attributable to a reduction in state funding of approximately \$43 million in the current year.
- For the year ended June 30, 2009, the combined farebox recovery ratio (the measure of the ability to recover operating costs through fare revenue) for San Diego Trolley, Inc., San Diego Transit Corporation, and MTS Contracted Services was 42.71% compared to 38.46% for the year ended June 30, 2008 and 36.8% for the year ended June 30, 2007. A number of factors have contributed to this increase, principally revisions in the fare structure and agency-wide focus on cost savings in every expense category.
- For the year ended June 30, 2009, MTS repurchased \$35.6 million or 46% of the bonds outstanding due to a degradation of the insurer's credit rating.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to MTS' financial statements. MTS' financial statements comprise two components: 1) financial statements and, 2) notes to basic financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

**Financial Statements.** The financial statements are designed to provide readers with a broad overview of MTS' finances, in a manner similar to a private-sector business. In fiscal year 2009, MTS presents comparative statements for FY 2009 and FY 2008.

The *statement of net assets* presents information on all of MTS' assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of MTS is improving or deteriorating.

The *statement of revenues*, *expenses and changes in net assets* presents information showing how the net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

#### Management's Discussion and Analysis

June 30, 2009 and 2008

Since MTS' primary function is to provide transportation services to the region's citizens and recover costs through user fees and charges, the financial statements include business-type activities. In addition, the financial statements include not only MTS itself (*known as the primary government*), but also two legally separate transit operators and one legally separate freight railway, for which MTS is financially accountable: San Diego and Arizona Eastern Railway Company (SD&AE).

**Notes to Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**Other Information.** In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning MTS' progress in funding its obligation to provide pension benefits to its employees.

#### **Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of MTS, assets exceeded liabilities by \$1,250 million at the close of the most recent fiscal year and \$1,266 million at the end of FY 2008.

The largest portion of MTS' net assets reflects the investment in capital assets, net of related debt. Most of the investment in capital assets is comprised of trolley system assets, buses, and construction-in-progress totaling \$42 million, of which the largest projects under construction include residual costs for the Mission Valley East Trolley project and the San Ysidro Transit Center project, \$14 million; the Bus Rapid Transit project, \$11 million; trolley refurbishing projects, \$3.8 million; and the bus purchase program, \$2 million. Prior year construction-in-progress totaled \$71.1 million, of which the largest projects were the Automated Fare Collection System and the Bus Rapid Transit Project (\$40 million and \$11 million, respectively). The capital assets that are represented by construction-in-progress will be used to provide services to citizens; consequently, these assets are not available for future spending. In FY 2009 MTS transferred completed projects worth \$97 million to SDTC, SDTI, Other Contracted Services and other governments. In FY 2008, MTS transferred completed projects worth \$52.4 million to SDTC, SDTI and Other Contracted Services.

The balance in unrestricted assets decreased by \$11 million during the current year and increased \$22 million in the prior year.

	 June 30, 2009	 June 30, 2008	 Change	 June 30, 2007	Change
Current and other assets	\$ 321,192,470	\$ 344,003,642	\$ (22,811,172)	\$ 326,690,827	\$ 17,312,815
Capital assets	1,203,656,117	 1,210,312,975	(6,656,858)	1,256,454,253	(46,141,278)
Total assets	1,524,848,587	1,554,316,617	(29,468,030)	1,583,145,080	(28,828,463)
	_	_		_	
Long-term liabilities outstanding	230,400,972	234,980,747	(4,579,775)	242,450,090	(7,469,343)
Other liabilities	44,298,723	 53,759,365	 (9,460,642)	 79,775,425	(26,016,060)
Total liabilities	274,699,695	288,740,112	(14,040,417)	322,225,515	(33,485,403)
Net assets:					
Invested in capital assets,					
net of related debt	1,075,104,676	1,079,967,043	(4,862,367)	1,097,675,395	(17,708,352)
Unrestricted	175,044,216	 185,609,462	(10,565,246)	 163,244,169	22,365,293
Total net assets	\$ 1,250,148,892	\$ 1,265,576,505	\$ (15,427,613)	\$ 1,260,919,565	\$ 4,656,940

#### Management's Discussion and Analysis

June 30, 2009 and 2008

Increases in operating revenue are attributable to fare adjustments implemented in the current year. Capital and operating grants and contributions continue to be a major portion of the revenue used to fund transit operations and capital projects. Variances between FY 2009 and FY 2008 are attributable to a decrease in State Transit Assistance (STA) (STA funding has been discontinued for fiscal year 2010 and subsequent years through fiscal year 2012); a decrease in other state funding related to receipt of Proposition 1B funding in FY 2008 designated for the purchase of additional buses, and a decrease in TDA funding due to declining sales tax revenue, all of which are partially offset by an increase in Federal funding for preventive maintenance in FY 2009.

	June 30, 2009		June 30, 2008		Change		June 30, 2007		Change	
Revenues:										
Operating revenues:										
Charges for services	\$	86,185,653	\$	77,120,758	\$	9,064,895	\$	69,681,290	\$	7,439,468
Other operating revenue		4,874,700		3,671,549		1,203,151		3,703,042		(31,493)
Nonoperating revenues:										
Federal revenue		68,171,984		47,889,694		20,282,290		48,950,712		(1,061,018)
Transportation Development Act		75,517,474		79,271,656		(3,754,182)		84,941,254		(5,669,598)
State Transit Assistance		9,121,443		14,622,782		(5,501,339)		21,458,830		(6,836,048)
State revenue - other		4,092,420		41,158,739		(37,066,319)		10,929,552		30,229,187
TransNet funds		19,039,223		16,968,565		2,070,658		16,223,926		744,639
Other nonoperating revenue		11,914,503		14,449,815		(2,535,312)		13,917,035		532,780
Total revenues		278,917,400		295,153,558		(16,236,158)		269,805,641		25,347,917
Expenses:										
Operating expenses		284,154,997		297,857,331		(13,702,334)		270,338,715		27,518,616
Nonoperating expenses		11,858,487		11,131,184		727,303		14,585,341		(3,454,157)
Total expenses		296,013,484		308,988,515		(12,975,031)		284,924,056		24,064,459
Increase (decrease) in net assets										
before capital contributions		(17,096,084)		(13,834,957)		(3,261,127)		(15,118,415)		1,283,458
Capital contributions		1,668,471		18,491,897		(16,823,426)		27,728,531		(9,236,634)
Capital contributions		1,000,471		10,471,077		(10,023,420)		27,720,331		(7,230,034)
Increase in net assets		(15,427,613)		4,656,940		(20,084,553)		12,610,116		(7,953,176)
Net assets - beginning of year		1,265,576,505		1,260,919,565		4,656,940		1,248,309,449		12,610,116
Net assets - end of year	\$	1,250,148,892	\$	1,265,576,505	\$	(15,427,613)	\$	1,260,919,565	\$	4,656,940

#### **Capital Asset and Debt Administration**

Capital assets. MTS' investment in capital assets net of depreciation as of June 30, 2009 and 2008 amounted to \$1,204 million and \$1,210 million. This investment in capital assets includes land, buildings, vehicles, equipment, and construction-in-progress. Major capital asset events during the current fiscal year included the following:

- MTS has begun a multi-year bus acquisition program, and has expended \$41.6 million in the current year for vehicles delivered to SDTC and Other Contracted Services.
- Construction on the Automated Fare Collection System was completed this year for a total cost of \$47 million.
- Completed capital projects totaling \$15 million were transferred from SANDAG to MTS and its component units during FY 2009.

#### Management's Discussion and Analysis

June 30, 2009 and 2008

#### **CAPITAL ASSETS**

(Net of depreciation)

	2009		2008			2007
Land	\$	221,853,921	\$	221,853,921	\$	221,858,391
Buildings		684,533,624		720,488,895		703,841,608
Vehicles		205,194,290		172,200,068	203,308,050	
Equipment & other		49,710,233		24,659,028		25,226,977
Construction-in-progress	ogress			71,111,063		102,219,226
Total	\$	1,203,656,117	\$	1,210,312,975	\$	1,256,454,253

Additional information on MTS' capital assets can be found in Note 5 to Basic financial statements.

**Long-term debt.** At the end of the current fiscal year, MTS has two capital lease obligations outstanding in the amounts of \$7.1 million and \$117,000. In addition, MTS has two finance obligations outstanding relating to a lease/leaseback transaction entered into in 1995 and Pension Obligation Bonds issued in fiscal year 2005, for a total obligation of \$192.9 million. In connection with the lease/leaseback transaction, MTS placed funds on deposit, which, together with the interest earned on the deposits, will be sufficient to cover the amounts due under the finance obligation. The pension obligation bonds were issued in fiscal 2005 for \$77.5 million to make a contribution to the SDTC retirement plan and reduce its unfunded liability. During the current year, MTS repurchased 46% of the bonds outstanding due to a degradation of the insurer's credit rating.

#### **Bond Ratings**

Moody's Investors service provided an underlying rating for the Pension Obligation Bonds at A1 in 2008. Additional information on MTS' long-term debt can be found in Note 10 to basic financial statements.

#### **Requests for Information**

This financial report is designed to provide a general overview of MTS' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, MTS, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101.

FINANCIAL SECTION

**BASIC FINANCIAL STATEMENTS** 

#### **Statements of Net Assets**

June 30, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,658,670	\$ 83,713,551
Investments restricted for debt service payable within one year	1,343,918	1,247,951
Accounts and other receivables	6,943,252	9,137,277
Due from other governments	56,943,694	53,529,439
Materials and supplies inventory	8,635,642	8,114,496
Prepaid expenses and other current assets	2,019,619	1,566,377
Total current assets	96,544,795	157,309,091
Noncurrent assets:		
Cash and certificates of deposit restricted for capital support	8,302,976	5,595,161
Investments in bonds	35,630,000	-
Investments restricted for debt service and capital projects	116,511,426	115,277,738
Unamortized bond issuance cost	1,077,635	1,141,014
Capital assets (net of accumulated depreciation)	1,203,656,117	1,210,312,975
Net pension assets	63,125,638	64,680,638
Total noncurrent assets	1,428,303,792	1,397,007,526
Total assets	1,524,848,587	1,554,316,617

# Statements of Net Assets, Continued

June 30, 2009 and 2008

	2009	2008
Liabilities		
Current liabilities:		
Accounts payable	7,670,701	15,502,799
Due to other governments	5,873,172	13,312,768
Unearned revenue	1,943,100	459,585
Accrued expenses	12,544,342	10,044,594
Retentions payable	59,944	132,999
Due within one year:		
Bond premium	25,148	25,148
Compensated absences payable	6,669,442	6,795,489
Accrued damage, injury, and employee claims	5,986,457	4,136,494
Long-term debt	2,182,499	2,101,539
Long-term debt payable from restricted assets	1,343,918	1,247,950
Total current liabilities	44,298,723	53,759,365
Noncurrent liabilities:		
Retentions payable from restricted assets	5,603,327	5,595,161
Long-term debt payable from restricted assets	116,511,426	115,277,738
Bond premium	236,809	261,957
Compensated absences payable, due in more than one year	5,404,973	5,954,108
Accrued damage, injury, and employee claims, due in more than one year	14,519,033	19,142,359
Accrued other post employment benefits	8,046,806	3,910,722
Long-term debt, due in more than one year	80,078,598	84,838,702
Total noncurrent liabilities	230,400,972	234,980,747
Total liabilities	274,699,695	288,740,112
Net Assets		
Invested in capital assets, net of related debt	1,075,104,676	1,079,967,043
Unrestricted	175,044,216	185,609,462
Total net assets	\$ 1,250,148,892	\$ 1,265,576,505

#### Statements of Revenues, Expenses, and Changes in Net Assets

#### For the years ended June 30, 2009 and 2008

	2009	2008
Operating revenues:		
Passenger revenue	\$ 85,192,330	\$ 75,938,626
Advertising	924,522	1,118,697
Charter	68,801	63,435
Miscellaneous operating revenues	4,874,700	3,671,549
Total operating revenues	91,060,353	80,792,307
Operating expenses:		
Personnel costs	100,357,799	101,347,479
Outside services	65,139,831	64,940,409
Transit operations funding	3,003,698	3,852,449
Materials and supplies	7,190,088	7,590,216
Energy costs	25,283,357	27,210,670
Risk management	4,074,104	3,898,094
Miscellaneous operating expenses	2,052,140	1,974,588
Amortization of net pension asset	1,555,000	1,500,000
Depreciation	75,498,980	85,543,426
Total operating expenses	284,154,997	297,857,331
Operating income (loss)	(193,094,644)	(217,065,024)
Public support and nonoperating revenues:		
Federal revenue	68,171,984	47,889,694
Transportation Development Act (TDA) funds	75,517,474	79,271,656
State Transit Assistance (STA) funds	9,121,443	14,622,782
State revenue - other	4,092,420	41,158,739
TransNet funds	19,039,223	16,968,565
Other local subsidies	1,036,246	967,638
Investment earnings	10,584,251	13,394,279
Interest expense	(11,153,556)	(10,666,621)
Gain (loss) on disposal of assets	294,006	87,898
Other expenses	(641,552)	(141,711)
Amortization of bond issuance costs	(63,379)	(322,852)
Total public support and nonoperating revenues (expenses)	175,998,560	203,230,067
Income (loss) before contributed capital	(17,096,084)	(13,834,957)
Contributed capital	1,668,471	18,491,897
Change in net assets	(15,427,613)	4,656,940
Net assets, beginning of year	1,265,576,505	1,260,919,565
Net assets, end of year	\$ 1,250,148,892	\$ 1,265,576,505

#### **Statements of Cash Flows**

#### For the years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Receipts from customers and users	\$ 94,845,273	\$ 82,067,626
Payments to suppliers	(119,137,921)	(102,954,859)
Payments to employees	(95,038,104)	(99,483,764)
Payments for damage and injury	(384,116)	(77,646)
Net cash provided (used) by operating activities	(119,714,868	(120,448,643)
Cash flows from noncapital financing activities:		
Public support funds received	167,249,716	180,121,920
Net cash provided (used) by noncapital financing activities	167,249,716	180,121,920
Cash flows from capital and related financing activities:		
Debt service costs	(7,423,231)	(33,203,899)
Property acquisition	(67,781,859)	(16,039,130)
Property disposal	467,937	7,876
Net cash provided (used) by capital financing activities	(74,737,153)	(49,235,153)
Cash flows from investing activities:		
Interest received on investments	2,485,239	2,859,087
Investments liquidated	-	24,226,833
Investments purchased	(35,630,000)	
Net cash provided (used) by investing activities	(33,144,761)	27,085,920
Net increase (decrease) in cash and cash equivalents	(60,347,066)	37,524,044
Cash and cash equivalents, beginning of year	89,308,712	51,784,668
Cash and cash equivalents, end of year	\$ 28,961,646	\$ 89,308,712
Cash and Cash Equivalents:		
Cash and cash equivalents	\$ 20,658,670	\$ 83,713,551
Cash and certificates of deposit restricted for capital support	8,302,976	5,595,161
Total cash and cash equivalents	\$ 28,961,646	\$ 89,308,712

#### **Statements of Cash Flows, Continued**

#### For the years ended June 30, 2009 and 2008

	2009	2008
Reconciliation of Operating Income (Loss) To		
Net Cash Provided (Used) By Operating Activities		
Operating income (loss)	\$ (193,094,660)	\$ (217,065,024)
Adjustments to reconcile operating income (loss) to		
net cash provided (used) by operating activities:		
Depreciation and amortization	77,053,980	87,043,426
(Increase) decrease in:		
Accounts and other receivables	5,416,054	(2,538,658)
Materials and supplies inventory	(348,008)	(1,543,633)
Prepaid and other current assets	(468,416)	2,119,745
Increase (decrease) in:		
Accounts payable	(11,844,816)	6,311,892
Accrued expenses	(136,020)	229,370
Unearned revenue	666,116	22,351
Accrued OPEB liability	4,136,084	3,910,722
Compensated absences payable	(675,182)	998,136
Accrued damage, injury and employee claims	 (420,000)	(6,970)
Total adjustments	73,379,792	96,546,381
Net cash provided (used) by operating activities	\$ (119,714,868)	\$ (120,518,643)
Noncash investing, capital and financing activities:		
Contribution of capital assets from SANDAG	\$ 14,854,517	\$ 18,674,817
Contribution of capital assets to other governments	(13,186,046)	-
Contributions/adjustments of capital assets from other governments	 <u> </u>	 (182,920)
Total contributions of capital assets	\$ 1,668,471	\$ 18,491,897
Increase in fair value of investments	\$ 2,639,274	\$ 3,775,720

#### **Notes to Basic Financial Statements**

For the Years Ended June 30, 2009 and 2008

#### NOTES TO BASIC FINANCIAL STATEMENTS

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**Notes to Basic Financial Statements, Continued** 

For the Years Ended June 30, 2009 and 2008

#### (1) Summary of Significant Accounting Policies

The accompanying basic financial statements of the San Diego Metropolitan Transit System (MTS) have been prepared in conformity with generally accepted accounting principles in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of MTS' accounting policies are described below.

#### (a) Reporting Entity

MTS (formerly San Diego Metropolitan Transit Development Board) was formed on January 26, 1976 by passage of California Senate Bill 101 to plan, construct, and operate (or let contracts to operate) exclusive public mass transit guideways in the urbanized south coastal area of San Diego County. MTS has certain responsibilities for near-term transportation planning and administration of federal and state transportation funds within the area under its jurisdiction. The Board of Directors of MTS consists of 15 members composed of four appointees from the San Diego City Council, one appointee from each City Council of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee, and one appointee from the San Diego County Board of Supervisors and a chairman elected by the other 14 members.

On January 1, 2003, California Senate Bill 1703 (SB 1703) became effective. SB 1703 required the consolidation of the planning and programming functions of MTS and the North San Diego County Transit District (NCTD) into the San Diego Association of Governments (SANDAG) in an initial transfer to take place prior to July 1, 2003. SB 1703 also required the consolidation of the project development and construction functions of MTS and NCTD into SANDAG in a subsequent transfer to take place prior to January 30, 2004. The initial transfer occurred on July 1, 2003, and the subsequent transfer occurred on October 13, 2003. With these actions, employees were transferred from MTS and NCTD to SANDAG, and certain planning, development, and construction functions were also transferred. As a result, MTS' activities in the future will be focused on operating public transit systems in the urbanized area identified above. In addition to the consolidation required by SB 1703, MTS dissolved the independent Board of Directors of San Diego Transit Corporation (SDTC) and Board of Directors of San Diego Trolley, Inc. (SDTI). MTS now acts as the Board of Directors for all three agencies, MTS, SDTC, and SDTI. Beginning in FY 2004, SDTC and SDTI are presented as blended component units.

As required by GAAP, these basic financial statements present MTS and its legally separate component units, entities for which MTS is considered to be financially accountable. GASB Statement No. 14, *The Financial Reporting Entity*, discusses the criteria used to determine the reporting status of the primary government's component units. Because MTS appoints a majority of the component units' boards of directors, the boards are substantively the same, and MTS is able to impose its will on the component units, MTS presents blended component units. Blended component units, although legally separate entities, are, in substance, part of MTS' operations. Included within the reporting entity as blended component units:

**Notes to Basic Financial Statements, Continued** 

For the Years Ended June 30, 2009 and 2008

San Diego Transit Corporation: On July 1, 1985, MTS purchased the assets used by and acquired sole ownership of San Diego Transit Corporation (SDTC) from the City of San Diego for \$1. SDTC has entered into an operating agreement with MTS to operate a public transportation bus system in the City of San Diego and certain regional routes within MTS' jurisdictions. The current agreement, which was approved in December, 2006, will expire June 30, 2010. SDTC continues to provide local service to a number of adjoining cities under pre-existing contracts. Purchases or construction of bus capital items are made by MTS with whom title remains, and are contributed to SDTC upon completion of a project or when individually purchased by MTS. SDTC's assets, liabilities, net assets, revenues, and expenses are included in MTS' financial statements as a blended component unit. This agency has the same governing board as MTS and provides services directly to the public.

San Diego Trolley, Inc.: San Diego Trolley, Inc. (SDTI) was organized by MTS in August 1980. SDTI was created to operate and maintain the Light Rail Transit (LRT) system pursuant to an operating agreement with MTS. The current agreement, which was approved in December, 2006, will expire June 30, 2010. Purchases or construction of LRT capital items are made by MTS with whom title remains, and are contributed to SDTI upon completion of a project or when individually purchased by MTS. SDTI's assets, liabilities, net assets, revenues, and expenses are included in MTS' financial statements as a blended component unit. This agency has the same governing board as MTS and provides services directly to the public.

San Diego and Arizona Eastern Railway Company: MTS purchased the San Diego and Arizona Eastern Railway Company (SD&AE) in 1979. SDTI operates on a portion of the line and private operators provide freight service on a portion of the line. Purchases of capital items are made by MTS with whom title remains, and are contributed to SD&AE when purchased by MTS. SD&AE's assets, liabilities, net assets, revenues, and expenses are included in MTS' financial statements as a blended component unit. This agency has a separate governing board, which is appointed by MTS. Separate financial reports are not available.

#### (b) Financial Statements

The Financial Statements (i.e., the statement of net assets, the statement of revenues, expenses and changes in net assets, and statement of cash flows) report information on all of the activities of the primary government and its component units. Interfund activity has been eliminated from these statements. The statement of revenues, expenses, and changes in net assets demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

#### Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### (c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Financial Statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by MTS.

MTS receives funding primarily from the following revenue sources:

#### **Passenger Revenue**

Passenger fares make up approximately 38 percent of MTS' \$224 million operating budget.

#### **Other Operating Revenues**

MTS receives a variety of operating revenues that are not received directly from passenger fares. The sources of these revenues are advertising, interest income, rental and land management income, income related to Taxicab administration, income from the SD&AE, and other miscellaneous income.

#### **Non Operating Revenues**

MTS receives subsidies that are derived from federal, state and local tax revenues. MTS does not levy or collect any tax funds, but receives allocated portions of tax funds through federal, state and local granting agencies.

#### **Federal Transit Administration (FTA)**

FTA revenues are funded by a federal gas tax and revenues of the federal general fund. MTS receives Section 5307 and Section 5309 grants which are earmarked for capital assistance and preventive maintenance. In addition, MTS also receives Section 5311, Section 5311F, and Job Access Reverse Commute (JARC) grants which are used for operations.

#### **Transit Security Grant Program (TSGP)**

The Transit Security Grant Program (TSGP) is administered by the Department of Homeland Security (DHS). The program provides funds to owners and operators of transit systems to protect critical surface transportation infrastructure and the traveling public from acts of terrorism, major disasters, and other emergencies.

#### **Compressed Natural Gas Rebate**

Refunds on nontaxable uses of fuel are issued by the IRS.

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### **Transportation Development Act (TDA)**

TDA provides funding for public transit operators. This state fund is one quarter of a percent of the 8.75 percent sales tax assessed in the region. In April, 2009, the sales tax rate in San Diego was increased from 7.75% to 8.75%. SANDAG is responsible for apportionment of these funds within the San Diego region. Due to the current economic climate, the collection of sales tax has decreased, and as a result the TDA funds available for disbursement have decreased as well.

#### **State Transit Assistance (STA)**

STA funding comes from the Public Transportation Act (PTA) which derives its revenue from the state sales tax on gasoline. These funds are designated as discretionary or formula. The former is appropriated by the legislature. The latter is a formula based upon population and fares generated. The California state budget has been severely impacted as a result of the current economic crisis. As a result STA funding has been discontinued for fiscal year 2010 and subsequent years through fiscal year 2012.

#### **Proposition 1B Revenue (Prop 1B)**

The California Public Transportation Modernization, Improvement and Service Enhancement Act of 2006, approved by the voters as Proposition 1B (Prop 1B), in November 2006 authorizes the issuance of \$19.9 billion in general obligation bonds for the purpose of improving highway safety, traffic reduction, air quality, and port security.

#### **Other State Revenue**

MediCal provides further funding support specifically tied to several ADA Paratransit routes to aid patients in their transportation to medical appointments.

#### **TransNet**

TransNet funds are derived from the Proposition A one-half cent local transportation sales tax which was approved by area voters in November 1987. The original ordinance expired in 2008, but has been extended to 2048 by subsequent voter approval. The ordinance allocated one-third of the sales tax proceeds for transit purposes, which are further divided between MTS and North County Transit District (NCTD) based on the proportion of the population with the area of each jurisdiction. TransNet funds are also apportioned by SANDAG.

#### **Other Local Subsidies**

The City of San Diego provides Maintenance of Effort funds to aid ADA efforts. In addition, SANDAG provides funds for the operation of certain express bus routes and NCTD provides partial subsidy for the Sorrento Valley Coaster Connection.

# (d) Use of Restricted/Unrestricted Net Assets

When both restricted and unrestricted resources are available for use, it is MTS' policy to use restricted resources first, then unrestricted resources as they are needed.

#### Notes to Basic Financial Statements, Continued

#### For the Years Ended June 30, 2009 and 2008

#### (e) Cash, Cash Equivalents, and Investments

Investments of pooled cash consist primarily of bankers' acceptances, certificates of deposit, pooled investment funds, liquidity funds, governmental bonds, and commercial paper. Investments are stated at fair value which is based on quoted market price. Money market investments and participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value.

For purposes of the statement of cash flows, all highly liquid temporary investments purchased with a maturity of three months or less are considered cash equivalents.

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments were stated at fair value.

MTS participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and assets-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is the same as the fair value of the pool shares.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (an amendment of GASB Statement No. 3), certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentration of Credit Risk
- Foreign Currency Risk

#### (f) Materials and Supplies Inventory

Inventories are valued at the weighted average unit cost.

#### (g) Prepaid Items and Other Assets

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### (h) Capital Assets

Capital assets include land and right-of-way, buildings and infrastructure assets, vehicles, and equipment. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are recorded as assets. Legal title of all SDTC property and equipment was transferred from the City of San Diego to MTS effective with MTS' purchase of SDTC on July 1, 1985. SDTC has recorded these assets at net book value in order to reflect SDTC's custodial accountability for the assets. Legal title of all County Transit System (CTS) property and equipment was transferred from the County of San Diego to MTS effective with MTS' acquisition of CTS on July 1, 2002. MTS has recorded these assets at net book value.

Under the operating agreements between MTS and SDTC and SDTI, SDTC and SDTI are required to pay a license fee to MTS for the use of certain capital assets. Due to SDTC's and SDTI's continued shortage of operating funds sufficient to cover recurring expenditures, the payment of these fees is considered remote, and therefore, these amounts were not recorded in the accompanying basic financial statements. Buildings, vehicles, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and structures	20 to 30
Vehicles and buses	5 to 30
Equipment and other capital assets	3 to 10
Capital leases	3 to 40

#### (i) Construction-in-Progress

Costs incurred for construction associated with the bus and LRT systems are capitalized as construction-in-progress until such time as they are complete and operational. Upon completion, they are contributed to SDTC and SDTI to reflect their custodial accountability for the assets. Depreciation commences at the time of contribution. Assets acquired through capital leases are capitalized.

#### **Notes to Basic Financial Statements, Continued**

#### For the Years Ended June 30, 2009 and 2008

#### (j) Net Pension Asset

A pension asset is created when an employer pays into a retirement plan amounts in excess of its annual required contribution (ARC). The ARC is an actuarially calculated amount that is sufficient to fund future costs and extinguish any existing unfunded actuarial accrued liability (UAAL). In October 2004, MTS made a payment of \$76,282,336 to SDTC Retirement Plan from the proceeds of the issuance of pension obligation bonds, of which \$69,050,638 was to reduce SDTC's UAAL as calculated at that time. The prepaid Net Pension Asset will be amortized over the life of the bonds on a straight line basis.

#### (k) Compensated Absences

It is MTS' policy to permit employees to accumulate earned but unused personal leave time, which includes both vacation and sick pay benefits. All personal leave time is accrued when incurred.

#### (l) Long-Term Obligations

Long-term obligations are reported as liabilities. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Long-term debt is reported net of the applicable bond premium or discount. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

#### (m) Refunding of Debt

Gains or losses occurring from advance refunding of debt of the governmental funds have been deferred and are being amortized into expense using the straight-line method over the original remaining life of the old debt or the life of the new debt, whichever is less.

#### (n) Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from these estimates.

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### (2) Cash, Cash Equivalents, and Investments

A summary of cash and investments at June 30, 2009 and 2008:

	2009	2008
Cash and equivalents	\$ 20,658,670	\$ 83,713,551
Cash and certificates of deposit restricted for capital support	8,302,976	5,595,161
Investments restricted for debt service and capital projects - Current	1,343,918	1,247,951
Investments restricted for debt service and capital projects - Noncurrent	116,511,426	115,277,738
Investment in SDTC Pension Obligation Bonds	35,630,000	
Total cash and investments	\$ 182,446,990	\$ 205,834,401

Cash, cash equivalents, and investments consisted as follows on June 30, 2009 and 2008:

	Fai	Fair value			
Investment type	2009	2008			
Cash and equivalents:					
Demand deposits	\$ 12,651,906	\$ 19,929,934			
Retention Trust Account	5,603,327	5,595,161			
State of California - Local Agency Investment Fund	10,706,413	63,783,617			
Total cash and cash equivalents	28,961,646	89,308,712			
Investments:					
U.S. Treasuries	32,903,799	30,278,476			
SDTC Pension Obligation Bonds	35,630,000	-			
Bank Investment Contract	84,951,545	86,247,213			
Total investments	153,485,344	116,525,689			
Total cash, cash equivalents, and investments	\$ 182,446,990	\$ 205,834,401			

At year end the carrying amount of demand deposits was \$12,651,906 and the bank balance was \$13,251,711 compared to \$19,929,934 and \$29,300 in the previous year, of which the total amount was collateralized or insured with securities held by the pledging financial institutions in MTS' name as discussed below.

All cash accounts in MTS, including SDTC and SDTI, are pooled and swept nightly to a concentration account. Until March of 2009, funds in the concentration account were swept to overnight investment products managed under the terms of the MTS banking services contract. MTS discontinued this investment practice in FY09 due to the significant decrease in interest earnings and the increase in related bank fees. Funds required to be held by fiscal agents under the provisions of bond indentures are not included in the pooled cash account.

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### **Investments**

Under the provisions of MTS' investment policy and in accordance with California Government Code, MTS is authorized to invest or deposit in the following:

- Securities of the U.S. Government, its agencies and instrumentalities
- Obligations of the State of California or any local agency within the state rated A or higher by Standard and Poor's Corporation or Moody's Investor Services, Inc.
- Repurchase agreements
- Bankers' acceptances
- Commercial paper rated A or higher by Standard and Poor's Corporation or Moody's Investor Services, Inc.
- Medium-term corporate notes rated A or higher by Standard and Poor's Corporation or Moody's Investor Services, Inc.
- Negotiable certificates of deposit
- Local Agency Investment Fund (LAIF) established by the State Treasurer
- San Diego County Pooled Money Fund
- Passbook savings or money market demand deposits with an FDIC, SIPC, or SAIF insured financial institution

#### **Local Agency Investment Funds**

MTS' investments with Local Agency Investment Fund (LAIF) include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

- Structured Notes debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- Asset-Backed Securities the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

As of June 30, 2009, MTS had \$10,706,413 invested in LAIF which had invested 14.71% of the pool investment funds in Structured Notes and Asset-Backed Securities compared to \$63,783,617 and 14.72% at June 30, 2008.

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### **Investment in SDTC Pension Obligation Bonds**

During fiscal year 2009, MTS purchased 92% of the outstanding variable rate pension obligation bonds (POBs) issued by San Diego Transit Corp. for \$35,630,000. This action was necessary because the credit rating of the company insuring the bonds was degraded to a point that required MTS to repurchase the bonds. The current interest rate provided by the bonds is 2.25%. Interest in the amount of \$1,385,457 earned by MTS from the bond investment is included in interest income recorded in the Statement of Revenues, Expenses and Changes in Net Assets. Interest expense in the amount of \$1,632,454 paid by SDTC related to the variable rate bonds is included in interest expense recorded in the Statement of Revenues, Expenses and Changes in Net Assets.

Continuing efforts to either sell the bonds or restructure the debt are underway. The bond obligation is presented in the liabilities section of the Statement of Net Assets. See note 10d for detailed information about the bond issuance.

#### **Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, MTS' investment policy limits investments to a maximum of five years unless otherwise approved by the Board. The investment instruments with maturities beyond five years are held for scheduled repayment of long-term debt. Maturities are scheduled to permit MTS to meet all projected obligations.

#### **Credit Risk**

MTS' investment policy limits investments in commercial paper and negotiable certificates of deposit to instruments rated A or better by Standard and Poor's or Moody's Investor Services, Inc. In the current year, MTS does not hold investments in commercial papers or certificates of deposit. Other investment instruments, including deposits in LAIF; US Government taxable bonds; Pension Obligation Bonds issued by SDTC, a component unit of MTS; and a bank investment contract, are not susceptible to ratings.

#### **Concentration of Credit Risk**

The investment policy limits the amount of the percentage of the portfolio that can be invested by the type of investment for certain types of investments. MTS is in compliance with investment type percentages of the total portfolio of the investment policy.

#### **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the broker or dealer to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code requires California banks and savings and loan associations to secure the MTS' cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in MTS' name.

#### Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

The market value of pledged securities must equal at least 110% of the MTS' cash deposits. California law also allows institutions to secure MTS deposits by pledging first trust deed mortgage notes having a value of 150% of the MTS' total cash deposits. MTS may waive collateral requirements for cash deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. MTS, however, has not waived the collateralization requirements.

#### **Summary of Investments to Maturity**

Investments held by MTS grouped by maturity date at June 30, 2009 and 2008, are shown below:

Maturity	2009	2008
Current to one year	\$ 28,961,646	\$ 89,308,712
Five to ten years	32,903,799	30,278,476
Ten to twenty years	84,951,545	86,247,213
Twenty to thrity years	35,630,000	 _
Total	\$ 182,446,990	\$ 205,834,401

#### (3) Accounts Receivable

#### (a) Accounts and other receivables

As of June 30, 2009 and 2008, accounts and other receivables consisted of the following:

	2009	2008
Pension plan receivable	\$ 2,040,674	\$ 3,863,127
Interest receivable	3,165,353	3,720,355
Miscellaneous trade receivables	1,477,215	1,093,820
Advertising receivable	260,010	459,975
Total accounts and other receivables	\$ 6,943,252	\$ 9,137,277

#### (b) Due From Other Governments

As of June 30, 2009 and 2008, amounts due from other governments consisted of the following:

	2009	2008
FTA grant funds	\$ 38,784,808	\$ 31,358,187
SANDAG - Pass Sales	6,950,879	9,380,022
US Treasury Dept CNG tax rebate	3,100,680	2,098,290
STA funds	1,992,148	4,874,261
SANDAG project reimbursements	1,239,297	500,917
City of Chula Vista	1,213,874	2,797,471
Department of Homeland Security	932,460	-
County of San Diego	2,534,623	2,036,508
City of San Diego	109,188	220,418
State of California	-	246,500
North County Transit District	85,737	16,865
Total due from other governments	\$ 56,943,694	\$ 53,529,439

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### (4) Inventory

At June 30, 2009 and 2008, inventory consists of the following repair and maintenance parts for revenue vehicles:

	2009	2008
San Diego Transit Corp.	\$1,936,983	\$2,061,482
San Diego Trolley, Inc.	6,698,659	6,053,014
	\$8,635,642	\$8,114,496

# (5) Capital Assets

MTS converted \$97 million in capital assets from CIP to assets in service compared to \$52.9 million in FY 2008. Capital asset additions totaling \$14.9 million were contributed by SANDAG, including \$3.9 million to MTS General Operations, \$625 thousand to Other Contracted Services, \$9.4 million to SDTC, and \$906 thousand to SDTI. In FY 2008, the contributions from SANDAG and other governments totaled \$18.7 million.

A summary of changes in capital assets is as follows:

	Balance,			Reclassifications				
	July 1, 2008	Additions	Additions Deletions		Deletions and Transfers		June 30, 2009	
Capital assets, not depreciated								
Land and right-of-way	\$ 221,853,921	\$ -	\$ -	\$ -	\$ 221,853,921			
Construction-in-progress	71,111,063	68,690,683	(97,437,697)		42,364,049			
Total capital assets, not depreciated	292,964,984	68,690,683	(97,437,697)	-	264,217,970			
Capital assets, depreciated:								
Buildings and structures	1,169,112,605	11,627,069	(15,441)	34,802	1,180,759,035			
Buses and Vehicles	389,246,063	56,078,733	(23,985,245)	(24,436)	421,315,115			
Equipment and other	46,481,670	31,343,405	(353,533)	(10,366)	77,461,176			
Capital lease property	12,437,839	-	-	-	12,437,839			
Total capital assets, depreciated	1,617,278,177	99,049,207	(24,354,219)	-	1,691,973,165			
Less accumulated depreciation for:								
Buildings and structures	(453,347,050)	(47,322,191)	6,207	(161)	(500,663,195)			
Buses and vehicles	(215,928,638)	(22,758,956)	22,542,333	24,436	(216,120,825)			
Equipment and other	(23,124,548)	(4,970,787)	345,608	(1,216)	(27,750,943)			
Capital lease property	(7,529,950)	(447,046)	-	(23,059)	(8,000,055)			
Total accumulated depreciation	(699,930,186)	(75,498,980)	22,894,148	-	(752,535,018)			
Total capital assets, depreciated, net	917,347,991	23,550,227	(1,460,071)	-	939,438,147			
Total capital assets	\$ 1,210,312,975	\$ 92,240,910	\$ (98,897,768)	\$ -	\$ 1,203,656,117			

# Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

Depreciation expense for capital assets for the years ended June 30, 2009 and 2008 was comprised of the following:

	2009	2008
General operations	\$ 1,082,167	\$ 2,114,203
Other contracted services	6,931,670	13,718,776
San Diego Transit Corporation	11,739,095	14,495,763
San Diego Trolley, Inc.	 55,746,048	55,214,684
Total	\$ 75,498,980	\$ 85,543,426

# (6) Construction Commitments

Construction-in-progress was comprised of the following at June 30, 2009 and 2008:

	20	09	2008		
	Expended	Contractually Committed	Expended	Contractually Committed	
MTS Managed Projects:					
Mission Valley East	\$ 11,468,494	\$ 7,088,155	\$ -	\$ -	
SYITC	3,025,594	279,976	-	-	
LRV Body Rehab	2,132,084	31,923	1,624,913	26,005	
MCS 40-ft CNG Buses	2,034,684	13,923,543	-	-	
Rehab traction motors	1,679,132	564,379	1,194,957	1,048,497	
SDTC Site Hardening & Security	752,392	147,927	=	-	
Security Cameras	545,486	173,537	=	-	
IAD/KMD vac	450,730	30,608	420,716	46,798	
Blue Line TTE	116,958	-	468,075	7,232	
Mills Building Procurement	111,839	142,844	648,900	264,500	
LRV Tires	96,296	29,552	1,032,818	123,260	
SDTC yard fence/security	63,228	-	634,771	188,413	
Other projects	2,419,633	1,951,804	6,695,233	12,841,152	
Total MTS managed projects	24,896,550	24,364,248	12,720,383	14,545,857	
SANDAG Managed Projects:					
I-15 Bus Rapid Transit	11,315,478	-	11,315,478	56,487	
IAD Land Expansion	3,465,985	-	3,465,985	-	
Nobel Dr Coaster Station Impr	1,078,709	-	1,078,709	-	
Gaslamp Station Impr	537,775	-	537,775	-	
Fiber Optic Communications	-	-	474,829	15,000	
Automated Fare Collection	-	-	40,449,135	24,017,455	
Other projects	1,069,552	52,706	1,068,769	178,038	
Total SANDAG managed projects	17,467,499	52,706	58,390,680	24,266,980	
Total construction-in-progress	\$ 42,364,049	\$ 24,416,954	\$ 71,111,063	\$ 38,812,837	

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### (7) Net Pension Asset

In August 2004, MTS issued the 2004 Taxable Pension Obligation Bonds to fund 85% of the SDTC's unfunded accrued actuarial liability (UAAL) and the normal cost reimbursement for the fiscal year 2008. As a result, the Pension Obligation Bonds of \$77,490,000 were sold and \$76,282,336 was deposited into the pension plan in October 2004. Of this amount \$7,231,698 was funded for the FY 2005 contribution and \$69,050,638 was funded for prior year unfunded accrued actuarial liability.

As of June 30, 2009, the Net Pension Asset amounted to \$63,125,638, and current year amortization was \$1,555,000 compared to \$64,680,638 and \$1,500,000 in FY08.

#### (8) **Due To Other Governments**

At June 30, 2009 and 2008, amounts due to other governments consisted of the following:

	2009		2008	
SANDAG - STA funds for construction projects in process	\$	2,256,240	\$	7,506,241
SANDAG - Day Pass Sales		1,214,872		4,132,302
County of San Diego - MediCal		1,120,909		-
State Board of Equalization		493,902		-
City of San Diego - Shared Revenue		254,161		57,283
SANDAG - CIP Reimbursement		132,328		152,470
City of Lemon Grove - TDA Funds		121,170		121,170
SANDAG - Subsidy Revenue		117,054		1,252,519
City of El Cajon - TDA Funds		90,883		90,783
North County Transit District		26,357		-
SANDAG - RTMS Site Lease		24,696		-
City of Coronado - TDA Funds		20,600		-
Total due to other governments	\$	5,873,172	\$	13,312,768

#### (9) Unearned Revenue

At June 30, 2009 and 2008 unearned revenue consisted of the following:

2009		2008	
\$	813,600	\$	-
	666,803		-
	426,017		414,717
	21,632		44,868
	15,048		-
\$	1,943,100	\$	459,585
		\$ 813,600 666,803 426,017 21,632 15,048	\$ 813,600 \$ 666,803 426,017 21,632 15,048

# Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

# (10) Long-Term Debt

# a) Summary

The following is a summary of changes in long-term obligations for the year ended June 30, 2009:

MTC	Balance at July 1, 2008	Additions and net increase	Reductions and net decrease	Balance at June 30, 2009	Amount due within one year	Amount due in more than one year
MTS: Capital lease obligations Finance obligation Deferred amounts for issuance premium Compensated absences payable Accrued damage, injury, and employee claims Accrued other post employment benefits	\$ 7,805,335 122,540,595 287,105 766,122 9,173,853 893,104	\$ - 552,739 3,608,176 957,740	\$ (546,537) (1,247,951) (25,148) (556,128) (5,939,539) (66,781)	\$ 7,258,798 121,292,644 261,957 762,733 6,842,490 1,784,063	\$ 567,499 1,343,918 25,148 358,485 3,872,176	\$ 6,691,299 119,948,726 236,809 404,248 2,970,314 1,784,063
Total MTS	141,466,114	5,118,655	(8,382,084)	138,202,685	6,167,226	132,035,459
San Diego Transit Corporation: Pension Obligation Bonds Compensated absences payable Accrued damage, injury, and employee claims Accrued other post employment benefits	73,120,000 9,239,138 10,377,000 926,926	3,144,026 1,025,384 1,567,511	(1,555,000) (3,811,797) (1,507,384) (499,378)	71,565,000 8,571,367 9,895,000 1,995,059	1,615,000 3,811,798 1,527,027	69,950,000 4,759,569 8,367,973 1,995,059
Total SDTC	93,663,064	5,736,921	(7,373,559)	92,026,426	6,953,825	85,072,601
San Diego Trolley, Inc.: Compensated absences payable Accrued damage, injury, and employee claims Accrued other post employment benefits Total SDTI Total	2,744,336 3,728,000 2,090,692 8,563,028 \$ 243,692,206	3,163,887 583,169 2,235,031 5,982,087 \$ 16,837,663	(3,167,909) (543,169) (58,039) (3,769,117) \$ (19,524,760)	2,740,314 3,768,000 4,267,684 10,775,998 \$ 241,005,109	2,499,159 587,254 - 3,086,413 \$ 16,207,464	241,155 3,180,746 4,267,684 7,689,585 \$ 224,797,645
Reconciliation to Statement of Net Assets:  Due within one year:  Bond premium  Compensated absences payable  Accrued damage, injury, and employee claims  Long-term debt  Long-term debt payable from restricted assets					\$ 25,148 6,669,442 5,986,457 2,182,499 1,343,918 \$ 16,207,464	
Noncurrent liabilities: Long-term debt payable from restricted assets Bond premium Compensated absences payable Accrued damage, injury and employee claims Accrued other post employment benefits Long-term debt						\$ 116,511,426 236,809 5,404,973 14,519,033 8,046,806 80,078,598 \$ 224,797,645

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### (b) Capital Leases

The County of San Diego (the County) has a master lease agreement with the MTS Joint Powers Agency (Agency) for the lease of the MTS Tower building. MTS entered into a sublease agreement with the County for a portion (27.61%) of the MTS Tower building. The sublease is classified as a capital lease because 27.61% of the title transfers to MTS at the end of the County's master lease. The master lease terminates on November 1, 2086; however, the County has the option to terminate the agreement on November 1, 2041 and each tenth anniversary thereafter

In February 2006, MTS entered into a lease agreement with Toshiba America Information Systems for the acquisition of telecommunications equipment. The lease is classified as a capital lease because title to the equipment will transfer to MTS when the lease terminates in January 2011.

The assets acquired through capital leases are as follows:

	2009	2008
Building – MTS Tower	\$ 12,091,981	\$ 12,091,981
Toshiba telecommunications equipment	345,858	345,858
Less accumulated depreciation	(8,000,054)	(7,529,950)
Total	\$ 4,437,785	\$ 4,907,889

The following is a summary of future minimum payments under capital leases as of June 30, 2009:

	Tower lease le			Foshiba uipment lease nyments	Total lease
Year ending June 30:					
2010	\$	843,072	\$	76,820	\$ 919,892
2011		864,123		44,812	908,935
2012		833,027		-	833,027
2013		851,210		-	851,210
2014		839,372		-	839,372
2015-2019		4,221,643		-	4,221,643
2020		844,376			 844,376
Total minimum lease payments		9,296,823		121,632	9,418,455
Less amount representing interest		(2,155,496)		(4,161)	(2,159,657)
Present value of minimum lease payments	\$	7,141,327	\$	117,471	\$ 7,258,798

At June 30, 2009, the future minimum payments were \$7,258,798.

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### (c) Finance Obligations

The following is a summary of changes in finance obligations for the year ended June 30, 2009:

	Balance at July 1, 2008	Additions and net increases	Reductions and net decreases	Balance at June 30, 2009	Amount due within one year	Amount due in more than one year
1995 LRV Lease/Leaseback	\$ 122,540,595	\$ -	\$ (1,247,951)	\$ 121,292,644	\$ 1,343,918	\$ 119,948,726
Pension Obligation Bonds	73,120,000		(1,555,000)	71,565,000	1,615,000	69,950,000
<b>Total Finance Obligations</b>	\$ 195,660,595	\$ -	\$ (2,802,951)	\$ 192,857,644	\$ 2,958,918	\$ 189,898,726

#### (d) 1995 LRV Lease/Leaseback

In fiscal year 1996, MTS entered into a master lease to lease 52 light rail vehicles to an investor and then simultaneously entered into a sublease agreement to lease them back. MTS received prepayments of the master lease from the investor of approximately \$102.7 million, of which it used approximately \$90.7 million to place two investments which will be used to make the interest and principal payments on the finance obligation. MTS placed \$78.8 million in a fixed rate deposit and invested \$11.9 million in government zero-coupon bonds. The interest earned on the deposit, together with the principal amount of the deposit and the maturities of the zero-coupon bonds are sufficient to cover the amounts due under the finance obligation. As of June 30, 2009, the remaining future obligations total \$121,292,644.

	<b>Principal</b>	Interest	Total
Year ending June 30:			
2010	\$ 1,343,917	\$ 6,240,797	\$ 7,584,714
2011	1,447,266	6,133,498	7,580,764
2012	1,558,561	6,017,948	7,576,509
2013	1,678,414	5,893,512	7,571,926
2014	1,807,484	5,759,506	7,566,990
2015-2019	57,412,147	25,866,428	83,278,575
2020-2024	43,105,910	14,211,017	57,316,927
2025-2026	12,938,945	604,846	13,543,791
	\$121,292,644	\$ 70,727,552	\$192,020,196

For the above lease transaction, MTS is obligated to insure and maintain the equipment. The lease agreement also provide for MTS' right to continued use and control of the equipment. The LRVs acquired under the various finance obligations have been transferred to and are recorded by SDTI.

For the 1995 LRV lease/leaseback, as well as the 1990 sale/leaseback that was retired in 2008, MTS has also agreed to indemnify the lessors for any taxes imposed by United States taxing authorities.

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### (e) Pension Obligation Bonds

In October 2004, MTS issued \$77,490,000 of Taxable Pension Obligation Bonds (POBs) for the benefit of SDTC. The purpose of the bonds was to make contributions to the San Diego Transit Corporation Retirement Plan and reduce its unfunded liability. This is in essence a hedge versus the assumed investment rate of 8% used by the actuary to determine the Actuarial Accrued Liability. The proceeds less fees were invested into the retirement plan. The bonds consist of the following:

Series A Bonds of \$38,690,000 are fixed rate bonds that mature in annual installments between 2006 and 2014 and bear an interest rate from 2.58% to 5.15% increasing progressively over the maturities. Interest is due and payable semi-annually on June 1 and December 1. Principal is due and payable on December 1.

Series B Bonds of \$38,800,000 are variable rate bonds that mature in annual installments between 2024 to 2034. Interest is adjusted on a weekly basis indexed to London Interbank Borrowing Rate (Libor) and payable on a monthly basis. In August 2005, MTS entered into a seven year agreement with UBS investment bank to fix the interest at 4.424%. Under this agreement SDTC pays the variable Libor rate and UBS pays or bills for the difference from the fixed 4.424% rate.

At June 30, 2009, the outstanding balance of the Pension Obligation Bonds is \$71,565,000

Principal Interest		Total
\$ 1,615,000	\$ 3,254,351	\$ 4,869,351
1,685,000	3,188,891	4,873,891
1,755,000	3,117,132	4,872,132
1,830,000	3,016,614	4,846,614
1,915,000	2,925,130	4,840,130
11,055,000	13,142,460	24,197,460
14,210,000	10,007,216	24,217,216
18,100,000	6,260,413	24,360,413
19,400,000	1,903,548	21,303,548
\$ 71,565,000	\$ 46,815,755	\$118,380,755
	\$ 1,615,000 1,685,000 1,755,000 1,830,000 1,915,000 11,055,000 14,210,000 18,100,000 19,400,000	\$ 1,615,000 \$ 3,254,351 1,685,000 3,188,891 1,755,000 3,117,132 1,830,000 3,016,614 1,915,000 2,925,130 11,055,000 13,142,460 14,210,000 10,007,216 18,100,000 6,260,413 19,400,000 1,903,548

During fiscal year 2009, MTS purchased 92% of the outstanding variable rate pension obligation bonds (POBs) issued by the SDTC for \$35,630,000. See Note 2 to the basic financial statements for further details.

**Notes to Basic Financial Statements, Continued** 

For the Years Ended June 30, 2009 and 2008

#### (11) Risk Management

MTS (including SDTI, SDTC, and Other Contracted Services) are self-insured for liability claims under a combined insurance program to a maximum of \$2,000,000 per occurrence. Amounts in excess of the self-insurance retention limits for public liability are covered by excess insurance by MTS through commercial insurance carriers up to \$75,000,000. MTS, SDTI, and SDTC purchase all-risk (excluding earthquake) insurance coverage for property damage up to \$600,000,000 per occurrence with deductibles ranging from \$25,000 to \$100,000, depending on the peril involved. In addition, MTS, SDTC, and SDTI are self-insured for costs arising from employee workers' compensation act benefit claims including employer's liability to a retained limit of \$1,000,000 per occurrence. Amounts in excess of \$1,000,000 are insured up to \$2,000,000 per occurrence. SDTC and MTS are self-insured for unemployment claims. SDTC and SDTI have policies for crime coverage through commercial insurance.

Claims expenditures and liabilities in connection with these self-insurance programs are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported based upon past experience, modified for current trends and information. Claim payments up to \$2,000,000 per incident were recorded as general and administrative expenses in the statements of revenues, expenses, and changes in net assets. Claim payments did not exceed insurance coverage in any of the past three years.

			arrent year laims and				
	Beginning of fiscal year				Claims payments	Eı	nd of fiscal year
MTS:							
2006 - 2007	\$ 27,1	40,503	\$ (4,766,193)	\$	(3,562,795)	\$	18,811,515
2007 - 2008	18,8	311,515	6,739,625		(2,272,287)		23,278,853
2008 - 2009	23,2	78,853	5,242,373		(8,015,736)		20,505,490

Following is summary of accrued damage injury, and employee claims for fiscal years 2009 and 2008:

Accrued damage, injury and employee claims	2009	2008
Current portion	\$ 5,986,457	\$ 4,136,494
Non-current portion	14,519,033	19,142,359
Total	\$ 20,505,490	\$ 23,278,853

MTS has established a policy to consolidate the minimum balances required in the liability claims reserve accounts of SDTC and SDTI to be held by MTS. The policy also established eligible uses for the MTS reserve account, which included the reimbursement to SDTC and SDTI of awards/settlements of individual liability claims for personal injury and/or property damage in excess of \$300,000, but within the self-insurance retention at SDTC and SDTI. In connection with these self-insurance programs, liabilities for SDTC, SDTI and MTS were \$20,505,490 at June 30, 2009 and \$23,278,853 at June 30, 2008.

The Board has designated \$2,000,000 for the purposes of funding the future claims liabilities of MTS, SDTI, and SDTC.

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### (12) Contingencies

MTS, SDTC, and SDTI have been named in certain legal actions pending at June 30, 2009. While the outcome of these lawsuits is not presently determinable, in the opinion of management of MTS, SDTC, and SDTI, based in part on the advice of counsel, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of MTS, SDTC, or SDTI or is adequately covered by insurance. In addition, MTS has been named in a number of claims related to various construction projects. While the outcome of these claims is not presently determinable, MTS has recorded an estimated liability to reserve for a potential loss of \$3,000,000.

Grant funds received by MTS are subject to audit and adjustment by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under the terms of the grant. During the current year, the State of California audited MediCal claims for FY 2006, 2007 and 2008, and disallowed the method that had been used for identifying eligible claims. MTS has proposed an alternate method which is deemed allowable for the current year, but is awaiting approval to apply the new claims process for prior years. MTS has recorded an estimated liability of \$1.1 million to reserve for prior year funds that may be refundable to the State. The analysis of MediCal activity is on going, and the final results of the audit are not determinable at this time.

SDTC has pledged future farebox revenues pursuant to the provisions of the Pension Obligation Bonds issued by SDTC in FY 2004.

During 1990 and 1995, MTS entered into sale/leaseback and lease/leaseback arrangements related to the acquisition of trolley cars. These agreements provided tax benefits for the purchaser/lessor. Certain terms of the agreements call for repayment to the purchaser/lessor if the tax consequences of the agreement are lost or changed due to changes in the Internal Revenue Code. Subsequent changes in the Internal Revenue Code may cause an amount to be repaid to the purchaser/lessor, which is essentially the portion of the proceeds relating to the tax benefits lost by the purchaser/lessor. No repayment has been requested to date, and the amount of any future request is not estimable at this time.

MTS learned in FY 2007 that the freight operator who has managed SD&AE operations in the past filed federal and state corporate tax returns through calendar year 2005, which were not required for this not for profit corporation. Under the direction of tax consultants, MTS directed that the freight operator prepare a final return for calendar year 2007. Because SD&AE has never reported taxable income, and because the federal and state statutes provide exemption from income tax for not for profit corporations management does not anticipate any future tax liability in the event the Internal Revenue selects these or previous returns for examination.

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### (13) Post-Employment Health Care Benefits

Pursuant to new reporting requirements established in Statement 45 issued by Government Accounting Standards Board (GASB) effective in fiscal year 2008, MTS provides information below about its Other Post-Employment Benefits (OPEB), which consist primarily of health care benefits.

#### Plan Description

MTS participates in three different plans for three distinct groups of employees within its reporting entities: MTS and SDTI retirees participate in a plan provided by CalPERS; SDTC management retirees participate in a self-funded plan provided by SDTC; and SDTC provides payments to operator and maintenance employee unions for provision of post-employment benefits as determined by each union. Total MTS payments for the year ended June 30, 2009 were \$66,781 for 11 retirees currently receiving post-employment health care benefits. Total SDTI payments for the year ended June 30, 2009 were \$58,039 for 23 retirees currently receiving benefits. Total SDTC payments for the year ended June 30, 2009 were \$195,578 for 47 management retirees currently receiving benefits. In the current year 140 union retirees received benefit payments of estimated at \$303,800. Because the three plans are funded as expenses are incurred, there are no accumulated plan assets and no separate benefit plan reports are available at this time.

As of June 30, 2009, the net liability consists of the following:

#### **Net OPEB Obligation (NOO)**

	MTS	SDTI	SDTC	Total
NOO at June 30, 2008	\$ 893,104	\$2,090,692	\$ 926,926	\$3,910,722
Benefit payments paid	(66,781)	(58,039)	(499,378)	(624,198)
Estimated contributions	-	-	-	-
Annual OPEB cost	917,550	2,140,950	1,525,800	4,584,300
Accrued interest	40,190	94,081	41,711	175,982
NOO at June 30, 2009	\$1,784,063	\$4,267,684	\$1,995,059	\$8,046,806

Data for SDTI and MTS, which is not presented separately in the actuarial study described below, has been allocated to each entity based on participation rates within each entity.

*Eligibility*. All employees are eligible after the fifth year of service and attaining age 50 for MTS and Trolley, 53 for SDTC management employees and 55 for SDTC union employees.

Participants as of June 30, 2008 (most current available)	Total
Current retirees and surviving spouses	218
Other participants fully eligible for benefits	291
Other participants not yet fully eligible for benefits	1,010
Total	1,519

**Notes to Basic Financial Statements, Continued** 

For the Years Ended June 30, 2009 and 2008

#### **Funding Policy**

The contribution requirements of plan members and MTS are established by management and may be amended. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2009 MTS contributed \$624,198 to the plan. Plan members in MTS, SDTI and SDTC management plans receiving benefits contributed \$227,641 or approximately 41 percent of the total premiums. Information about the amounts contributed by SDTC union members is not currently available.

#### Annual OPEB Cost and Net OPEB Obligation

MTS' annual OPEB cost (expense) is calculated based on the Annual Required Contribution of the Employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The following table show the components of MTS' annual OPEB cost for the year, the amount actually contributed to the plans, and the changes in MTS' net OPEB Obligation to the Plan:

	Total
Annual required contribution	\$ 2,560,100
Adjustment to annual required contribution	2,024,200
Annual OPEB cost (expense)	4,584,300
Contributions made	(624,198)
Interest on net OPEB obligation	175,982
Increase in net OPEB obligation	4,136,084
Net OPEB obligation - beginning of year	3,910,722
Net OPEB obligation - end of year	\$ 8,046,806

MTS' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2008 and 2009 were as follows:

			<b>OPEB</b> Cost	l	Net OPEB
Fiscal year ended	Ann	ual OPEB Cost	Contributed	(	Obligation
6/30/2008	\$	4,584,600	14.69%	\$	3,910,722
6/30/2009		4,760,282	13.11%		8,046,806

Information for the year ending June 30, 2007 is not available because GASB Statement 45 was first implemented in 2008.

**Notes to Basic Financial Statements, Continued** 

For the Years Ended June 30, 2009 and 2008

#### Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the plan was not funded in its initial year of implementation. The actuarial accrued liability for benefits was \$60,162,800, and the actuarial value of assets was \$0. The covered payroll (annual payroll of active employees covered by the plan) as of June 30, 2007, was \$63,257,100, and the ratio of UALL to covered payroll was 79 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The most recent funding progress schedules available for MTS, SDTI and SDTC are presented below:

#### MTS (in 000s)

		E	ntry age								
	Actuarial	]	normal					A	nnual		
Valuation	value of	a	ccrued	Ur	ıfunded	Fund	ed	co	vered	UAAL a	ıs a %
date	assets	l	iability	li	ability	statı	IS	p	ayroll	of pay	roll
06/30/07	\$ -	- \$	8,292	\$	(8,292)		0.0%	\$	9,573		86.6%

#### **SDTI** (in 000s)

		Entry age						
	Actuarial	normal				A	Annual	
Valuation	value of	accrued	U	nfunded	<b>Funded</b>	c	overed	UAAL as a %
date	assets	liability	1	<b>iability</b>	status	1	oayroll	of payroll
06/30/07	\$	 \$ 15,399	\$	(15,399)	0.0%	\$	17,749	86.8%

#### SDTC (in 000s)

			Entry age						
	Actuarial		normal				1	Annual	
Valuation	value of		accrued	U	nfunded	Funded	C	covered	UAAL as a %
date	assets		liability	1	iability	status	]	payroll	of payroll
06/30/07	\$	- 5	\$ 26,473	\$	(26,473)	0.0%	\$	35,935	73.7%

Actuarial review and analysis of OPEB liability and funding status is required every two years, or annually if there are significant changes in the plan. Because there have been no plan changes since the initial actuarial study was performed the next schedule actuarial study will be completed during the coming year. As a result, funding progress schedules are available for only one year.

**Notes to Basic Financial Statements, Continued** 

For the Years Ended June 30, 2009 and 2008

#### **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the June 30, 2007, actuarial valuation the entry age actuarial cost method was used. The actuary assumed 4.5% investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate which varies depending on the plan and type of health care service involved. Beginning in plan year 2009/2010, medical/drug trends generally grade down from between 7% and 10% to an ultimate of 5% by 2018/2019, while dental/vision/expense trends are generally a flat 5% per year. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007, was 30 years.

#### (14) Employee Retirement Systems

#### (a) MTS and SDTI

#### **Plan Description and Provisions**

MTS' and SDTI's defined benefit pension plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plans are part of the Public Agency portion of the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. MTS and SDTI select optional benefit provisions from the benefit menu by contract with PERS and adopt those benefits through local ordinance. Copies of the PERS annual financial report may be obtained from the PERS Executive Office – 400 P Street, Sacramento, CA 95814.

#### **Funding Policy**

All employees working the equivalent of 1,000 hours per year are eligible to participate as members of PERS. MTS and SDTI employees are eligible to retire at age 50 with at least five years of service. Annual retirement benefits are determined based on age at retirement, the length of membership service, and the amount of earnings based on the highest 12 consecutive months average. PERS also provides death and disability benefits. PERS issues a separate comprehensive annual financial report.

#### Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS. MTS and SDTI employees are required to make contributions equal to 7% of gross pay for employees who are not covered by Social Security and 7% of gross pay after the first \$133.33 per month for employees who pay Social Security tax. MTS and SDTI are required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. In 2009, MTS paid the entire employee contribution for all employees, and SDTI paid the entire employee contribution for management and supervisory employees who were hired before June 30, 1988. For management and supervisory employees hired after June 30, 1988, SDTI paid half the employee contribution until their third anniversary, after which SDTI pays their full contribution. Prior to January 1, 1992, SDTI paid half the employee contribution for non-managerial employees. As of January 1, 1992, the non-managerial employees pay the entire contribution.

The most recent funding progress schedule available for SDTI is presented below (Amounts in thousands of dollars):

			Eı	ntry age							
	A	ctuarial	r	ormal					A	Annual	
Valuation	v	alue of	a	ccrued	Ur	ıfunded	Funded		c	overed	UAAL as a %
date		assets	li	ability	li	ability	status		I	oayroll	of payroll
06/30/07	\$	54,017	\$	59,846	\$	(5,829)	90.3	3%	\$	21,679	26.9%

Because MTS is a member of the CalPERS risk pool for groups under 100, individual funding progress is not available.

#### **Annual Pension Cost**

For fiscal year 2009, MTS' and SDTI's annual required employer contributions were \$1,699,397 and \$2,341,361, respectively. The required contribution for fiscal year 2009 was determined as part of the June 30, 2006, actuarial valuation using the Entry Age Actuarial Cost Method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases from 3.25% to 14.45% depending on age, service, and type of employment; (c) 3.25% payroll growth adjustment; (d) 3.0% inflation adjustment; and (e) a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%. The actuarial value of the assets of both plans was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a fifteen-year period depending on the size of investment gains and/or losses. MTS' and SDTI's initial unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis depending on the plan's date of entry. Subsequent gains and losses are amortized over variable periods depending on the events precipitating the gain or loss. The average remaining amortization period at June 30, 2007, the most recent valuation date, was 17 years for MTS and 25 years for SDTI.

#### Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### Trend information for MTS (in 000s):

	A	Annual			
	R	equired			Percentage of
	Cor	ntribution	A	Actual	APC
	(	(ARC)	Con	tribution	Contributed
Fiscal year ended June 30:					
2007	\$	1,546	\$	1,546	100%
2008		1,792		1,792	100%
2009		1,699		1,699	100%

#### Trend information for SDTI (in 000s):

	1	Annual			
	R	equired			Percentage of
	Co	ntribution	A	Actual	APC
		(ARC)	Con	tribution	Contributed
Fiscal year ended June 30:					
2007	\$	2,231	\$	2,231	100%
2008		2,350		2,350	100%
2009		2,341		2,341	100%

#### (b) SDTC

#### **Plan Description**

The SDTC defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. All of SDTC's full-time employees and certain part-time noncontract employees who have completed one year of service in which they have worked at least 1,000 hours of service, and certain part-time contract employees participate in the San Diego Transit Corporation Employee Retirement Plan (the Plan), a single-employer public employee retirement plan. SDTC issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The financial report may be obtained by writing to San Diego Transit Corporation, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101

#### **Funding Status and Progress**

SDTC makes annual contributions equal to an actuarially computed amount that includes normal cost and an amount for the amortization of unfunded accrued liabilities. Participants of the Plan are not allowed to contribute to the Plan. The valuation method used to calculate the contribution for the Plan is the Entry Age Normal Actuarial Cost Method which is a projected benefit cost method.

#### Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of eligibility until retirement. The significant actuarial assumptions used to compute the actuarially determined contribution requirements included (a) 8.00% investment rate of return, (b) projected salary increase of 4% to 11% depending on age, service, and type of employment; (c) 3.5% inflation adjustment; and (d) cost of living adjustments up to 2% annually for certain Non-Contract members only. The actuarial value of the assets of the plan was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a five-year period depending on the size of investment gains and/or losses. SDTC's initial unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. Subsequent gains and losses are amortized over variable periods depending on the events precipitating the gain or loss. The average remaining amortization period at July 1, 2008, the most recent valuation date, was 30 years.

The most recent schedule of funding progress for SDTC is presented below:

			$\mathbf{E}$	ntry age								
	A	ctuarial	]	normal					A	Annual		
Valuation	value of accrued		$\mathbf{U}_{1}$	nfunded	Fun	ded	c	overed	UAAL	as a %		
date		assets	<u> </u>	iability	<u>l</u>	iability	sta	tus	1	payroll	of pa	yroll
7/1/2008	\$	164,760	\$	195,624	\$	(30,864)	•	84.2%	\$	33,251		92.8%

#### **Annual Pension Cost**

For fiscal year ended June 30, 2009, the annual pension cost of \$5,275,088 for the pension plan was equal to SDTC's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the entry age normal cost method. Following is the most recent data available.

#### Trend information for SDTC (in 000s):

	Α	Annual			
	Re	equired			Percentage of
	Con	tribution	A	Actual	APC
	(	ARC)	Con	tribution	Contributed
Fiscal year ended June 30:		·			
2007	\$	4,576	\$	4,576	100%
2008		4,656		4,656	100%
2009		5,275		5,275	100%

Notes to Basic Financial Statements, Continued

For the Years Ended June 30, 2009 and 2008

#### (15) Other Required Individual Fund Disclosures

SDTC and SDTI had unrestricted net deficits of \$(31,328,687) and \$(9,582,915) respectively, at June 30, 2009 compared to \$(33,232,452) and \$(8,121,366) at June 30, 2008. The deficits are primarily a result of the timing difference between recognition of expenses on an accrual basis and when those expenses are funded by subsidy transfers. MTS expects that these deficits will be funded with future subsidies.

# (16) Subsequent Events

The national, state and local economies continue to suffer the effects of the financial credit crisis, which has spread to all sectors of the global economy. In spite of marginal improvements in some economic indicators, sales tax receipts in California, which form the base for Transit Development Act funding, continue to decline. In addition, increases in local unemployment have continued to have an adverse affect on ridership. Management has responded to these uncertainties with several projects designed to minimize fluctuations in cash balances over the next several years.

- 1. In July 2009 MTS entered into a financial agreement to stabilize CNG fuel prices for the next year.
- 2. MTS has entered into a loan agreement to fund the retirement of the Pension Obligation Bonds, which will terminate the interest swap agreement and all associated costs, and restore a large portion of the cash reserves that had been used to purchase the POBs.
- 3. In October, the State Supreme Court upheld a lower court ruling that the State of California illegally diverted funds designated for mass transportation purposes to the general fund. Given the uncertainties in the California economy and the State budget, the likelihood that the State will restore any funds to MTS in the coming year is not determinable at this time.
- 4. MTS will continue to evaluate fare and route structures to obtain the greatest possible benefit in an uncertain economic climate.

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# $\begin{array}{c} \textbf{REQUIRED SUPPLEMENTARY INFORMATION} \\ \textbf{(Unaudited)} \end{array}$

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# San Diego Metropolitan Transit System Schedule of Funding Progress of Defined Benefit Pension Plan For the Year Ended June 30, 2009

#### DEFINED BENEFIT PENSION PLAN SCHEDULE OF FUNDING PROGRESS

The following Schedule of Funding Progress shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. (Amounts in thousands of dollars).

#### **MTS**

Beginning with the 6/30/2003 valuation, CalPERS established a risk pool for cities and other government entities that have less than 100 active members. Actuarial valuation was performed with other participants within the same risk pool. Therefore, standalone information of the Schedule of the Funding Progress for MTS is not available. It is expected that enrollment of active members will exceed 100 within the next few years.

#### SDTI (in 000s)

		Eı	ntry age								
	A	ctuarial	n	ormal				A	nnual		
Valuation	v	alue of	a	ccrued	Ur	ıfunded	Funded	c	overed	UAAL as a %	
date	assets		liability		liability		status	payroll		of payroll	
06/30/05	\$	41,415	\$	48,698	\$	(7,283)	85.04%	\$	19,917	36.57%	
06/30/06		47,412		53,490		(6,078)	88.64%		21,024	28.91%	
06/30/07		54,017		59,846		(5,829)	90.26%		21,679	26.89%	

#### SDTC (in 000s)

			ntry age						
Valuation	 ctuarial		normal	T.		Edod	Annual	TIAAT og o 0/	
Valuation date	 value of assets		accrued liability		nfunded iability	Funded status	covered payroll	UAAL as a % of payroll	
01/01/06	\$ 153,083	\$	168,877	\$	(15,794)	90.65%	\$ 34,959	45.18%	
07/01/07	160,697		186,612		(25,915)	86.11%	33,027	78.47%	
07/01/08	164,760		195,624		(30,864)	84.22%	33,251	92.82%	

In the valuation as of July 1, 1999, the entire Actuarial Accrued Liability had been funded. A new Unfunded Actuarial Accrued Liability was created as of April 1, 2000, primarily as a result of improvements in Plan benefits. Therefore, beginning with the April 1, 2000 actuarial valuation, all sources of the Unfunded Actuarial Accrued Liability are combined and amortized as a level dollar payment over a rolling 30-year period.

# **Schedule of Funding Progress of Other Postemployment Benefits Plan**

For the Year Ended June 30, 2009

#### POSTEMPLOYMENT HEALTHCARE PLAN SCHEDULE OF FUNDING PROGRESS

The following Schedule of Funding Progress shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. (Amounts in thousands of dollars).

#### MTS (in 000s)

			En	try age						
	Acti	uarial	n	ormal				A	nnual	
Valuation	val	ue of	ac	ccrued	Uı	nfunded	Funded	co	overed	UAAL as a %
date	as	sets	li	ability	li	iability	status	р	ayroll	of payroll
06/30/07	\$	_	\$	8,292	\$	(8,292)	0.0%	\$	9,573	86.6%

#### SDTC (in 000s)

		Entry age						
	Actuarial	normal				A	Annual	
Valuation	value of	accrued	Unfunded		Funded	c	overed	UAAL as a %
date	assets	liability	1	iability	status	I	payroll	of payroll
06/30/07	\$	 \$ 26,473	\$	(26,473)	0.0%	\$	35,935	73.7%

#### **SDTI** (in 000s)

				Er	itry age						
		Actuaria	al	n	ormal				A	nnual	
Valua	ation	value of	f	a	ccrued	$\mathbf{U}$	nfunded	<b>Funded</b>	c	overed	UAAL as a %
da	te	assets		li	ability	l	iability	status		ayroll	of payroll
06/3	0/07	\$	-	\$	15,399	\$	(15,399)	0.0%	\$	17,749	86.8%

Actuarial review and analysis of OPEB liability and funding status is performed every two years, or annually if there are significant changes in the plan. Because there have been no plan changes since the initial actuarial study was performed the next scheduled actuarial study for MTS plans will be completed during the coming year. As a result, funding progress is available for only one year.

# SUPPLEMENTARY INFORMATION

Combining Schedule of Net Assets

Combining Schedule of Revenues, Expenses, and Changes in Net Assets

Combining Statement of Cash Flows

Schedule of Revenues, Expenses, and Changes in Net Assets – Budget and Actual:

**Combined Operations** 

General Fund

Taxicab Administration

San Diego & Arizona Eastern Railway

**Contract Services** 

San Diego Transit Corporation

San Diego Trolley, Inc.

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# San Diego Metropolitan Transit System Supplementary Information Year Ended June 30, 2009

#### **Description of Funds:**

The General Operations Fund is MTS' primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from FTA and local TDA funds. Expenses are primarily expended for functions of the general government, transit planning, transit support activities including marketing, as well as acquisition of capital assets and debt service transactions. Activities related to SD&AE and the Taxicab administration are included within the General Fund. Principal operating revenues for SD&AE are lease income and right of way entry permit fees. Operating revenues for the Taxicab administration are charges for the issuance of taxi and jitney service permits.

The Other Contracted Services Fund is an enterprise fund used to account for the operation of certain bus routes that have been competitively bid and are operated by MTS through contracts with outside parties. Revenues are primarily derived from passenger fare revenue and federal, state, and local operating grants. Expenses are primarily payments to contracted bus operators for the operation of certain bus routes. Effective July 1, 2002, the responsibility for operating the County Transit System (CTS) was transferred from the County of San Diego to MTS.

SDTI and SDTC are not-for-profit corporations that provide bus and LRT services. These agencies share governing boards with MTS and are, therefore, presented as blended component units in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds are accounted for on the flow of "economic resources" measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include enterprise funds, which are used to account for those operations that are financed and operated in a manner similar to private business or where MTS has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of SDTI, SDTC and Other Contracted Services Enterprise Fund are charges to customers for public transportation services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

<sub>∞</sub> | Att. A, Al 46, 11/12/09

San Diego Metropolitan Transit System Combining Schedule of Net Assets

June 30, 2009

	General Operations	Contracted Services	SDTC	SDTI		Total
Assets						
urrent assets:						
Cash and cash equivalents	\$ 21,949,837	<u>~</u>	\$ (748,373)	\$ (542,794)	↔	20,658,670
Investments restricted for debt service payable within one year	1,343,918	1	1	ı		1,343,918
Accounts and other receivables	3,680,776	5,949	2,139,167	1,117,360		6,943,252
Due from other governments	50,181,261	2,148,288	2,330,549	2,283,596		56,943,694
Internal balances	6,231,947	3,672,598	(4,549,246)	(5,355,299)		1
Materials and supplies inventory	ı	1	1,936,983	6,698,659		8,635,642
Prepaid expenses and other current assets	2,008,524	11,095	1	ı		2,019,619
Total current assets	85,396,263	5,837,930	1,109,080	4,201,522		96,544,795
oncurrent assets:						
Cash and certificates of deposit restricted for capital support	8,302,976	1	1	1		8,302,976
Investments in bonds	35,630,000	1	1			35,630,000
Investments restricted for debt service and capital projects	116,511,426	•	1	1		116,511,426
Unamortized bond issuance cost	114,725	1	962,910	1		1,077,635
Capital assets (net of accumulated depreciation)	97,687,370	51,660,141	116,277,280	938,031,326	1	,203,656,117
Net pension asset	1	1	63,125,638	1		63,125,638
Total noncurrent assets	258,246,497	51,660,141	180,365,828	938,031,326		1,428,303,792
Total assets	343,642,760	57,498,071	181,474,908	942,232,848	1	1,524,848,587

San Diego Metropolitan Transit System Combining Schedule of Net Assets, Continued June 30, 2009

	General Operations	Contracted Services	SDTC	SDTI	Total	
Liabilities						
Current liabilities:						
Accounts payable	1,859,818	4,701,796	1,015,994	93,093	7,670,701	
Due to other governments	5,843,995	4,481	24,696	1	5,873,172	
Unearned revenue	1,231,370	689,721	22,009	1	1,943,100	
Accrued expenses	6,191,806	1	3,437,190	2,915,346	12,544,342	
Retentions payable	59,944	ı	ı	ı	59,944	
Due within one year:						
Bond premium	25,148	•	1	ı	25,148	
Compensated absences payable	358,485	1	3,811,798	2,499,159	6,669,442	
Accrued damage, injury, and employee claims	3,872,176	1	1,527,027	587,254	5,986,457	
Long-term debt, due within one year	567,499	1	1,615,000	ı	2,182,499	
Long-term debt payable from restricted assets	1,343,918	1	ı	ı	1,343,918	
Total current liabilities	21,354,159	5,395,998	11,453,714	6,094,852	44,298,723	
Noncurrent liabilities:						
Retentions payable from restricted assets	5,603,327	1	ı	ı	5,603,327	
Long-term debt payable from restricted assets	116,511,426	1	ı	ı	116,511,426	
Bond Premium	236,809	1	ı	ı	236,809	
Compensated absences payable, due in more than one year	404,249	ı	4,759,569	241,155	5,404,973 <b>Y</b>	
Accrued damage, injury, and employee claims, due in more than one year	2,970,314	ı	8,367,973	3,180,746	14,519,033	
Accrued other post employment benefits	1,784,063	1	1,995,059	4,267,684	8,046,806	
Long-term debt, due in more than one year	10,128,598	1	69,950,000	ı	<b>3</b> 865,870,08	
Total noncurrent liabilities	137,638,786	1	85,072,601	7,689,585	<b>23</b> 0,400,972	
Total liabilities	158,992,945	5,395,998	96,526,315	13,784,437	<b>11</b> 269,669,72	
Net Assets					/12	1.4 -
Invested in capital assets, net of related debt	(30,864,071)	51,660,141	116,277,280	938,031,326	1,075,104,676	
Unrestricted	215,513,886	441,932	(31,328,687)	(9,582,915)	175,044,216	
Total net assets	\$ 184,649,815	\$ 52,102,073	\$ 84,948,593	\$ 928,448,411	\$1,250,148,892	
	Ш	I	I			

San Diego Metropolitan Transit System Combining Schedule of Revenues, Expenses and Change in Net Assets For the Year Ended June 30, 2009

	General Operations	Contracted Services	SDTC	SDTI	Eliminations	Total
Operating revenues:	¥	\$ 23.857.156	\$ 27.881.541	\$ 33.753.633	¥	\$ 85 102 330
r assember revenue					·	000,727,000
Advertising	924,522	1	1	i	1	924,522
Charter	1	ı	68,801	1	ı	68,801
Miscellaneous operating revenues	3,725,984	64,201	72,487	1,012,028	ı	4,874,700
Total operating revenues	4,650,506	23,921,357	28,022,829	34,465,661	1	91,060,353
Oncoroting						
Operating expenses:						
Personnel costs	11,608,883	557,072	54,479,820	33,712,024	1	100,357,799
Outside services	3,924,835	49,886,008	2,077,073	9,251,915	•	65,139,831
Transit operations funding	83,538,355	ı	ı	ı	(80,534,657)	3,003,698
Materials and supplies	5,006	897	4,423,565	2,760,620	ı	7,190,088
Energy costs	67,004	8,254,126	8,143,399	8,818,828	ı	25,283,357
Risk management	426,562	1	1,502,049	2,145,493	ı	4,074,104
Miscellaneous operating expenses	(8,076,246)	940,919	5,162,585	4,024,882	ı	2,052,140
Amortization of net pension asset	1	ı	1,555,000	ı	ı	1,555,000
Depreciation	1,082,167	6,931,670	11,739,095	55,746,048	ı	75,498,980
Total operating expenses	92,576,566	66,570,692	89,082,586	116,459,810	(80,534,657)	284,154,997
-						
Operating income (loss)	(87,926,060)	(42,649,335)	(61,059,757)	(81,994,149)	80,534,657	(193,094,644)

Combining Schedule of Revenues, Expenses and Change in Net Assets, Continued San Diego Metropolitan Transit System For the Year Ended June 30, 2009

	General Operations	Contracted Services	SDTC	SDTI	Eliminations	Total
Public support and nonoperating revenues:						
Federal revenue	68,171,984	4,681,101	17,177,124	16,615,904	(38,474,129)	68,171,984
Transportation Development Act (TDA) funds	75,517,474	28,188,452	17,197,220	717,855	(46,103,527)	75,517,474
State Transit Assistance (STA) funds	9,121,443	1	7,298,614	68,685	(7,367,299)	9,121,443
State revenue - other	4,092,420	1,392,420	ı	ı	(1,392,420)	4,092,420
TransNet funds	19,039,223	697,445	14,138,130	7,043,125	(21,878,700)	19,039,223
Other local subsidies	1,036,246	758,246	278,000	ı	(1,036,246)	1,036,246
Investment earnings	10,584,467	•	(216)	1	1	10,584,251
Interest expense	(6,851,447)	1	(4,302,109)	ı	ı	(11,153,556)
Gain (loss) on disposal of assets	179,074	1	130,080	(15,148)	ı	294,006
Other expenses	1	1	(641,552)	ı	1	(641,552)
Amortization of bond issuance costs	(11,014)	1	(52,365)	ı	ı	(63,379)
Total public support and nonoperating revenues	180,879,870	35,717,664	51,222,926	24,430,421	(116,252,321)	175,998,560
Income (loss) before contributed capital	92,953,810	(6,931,671)	(9,836,831)	(57,563,728)	(35,717,664)	(17,096,084)
Transfers	(35,717,664)	1	ı	ı	35,717,664	1
Contributions	(90,533,415)	18,257,408	56,395,730	17,548,748	1	1,668,471
Change in net assets	(33,297,269)	11,325,737	46,558,899	(40,014,980)	1	(15,427,613)
Net assets, beginning of year Net assets, end of year	217,947,084	40,776,336 \$ 52,102,073	38,389,694	968,463,391		1,265,576,505

San Diego Metropolitan Transit System Combining Schedule of Cash Flows For the Year Ended June 30, 2009

		General Operations		Other Contracted Services		SDTC		SDTI		Total
Cash flows from operating activities: Received from customers and users	¥	5 129 240	¥	75 551 797	€	28.057.439	¥	36 107 302	€	94 845 273
Payments to suppliers	<del>)</del>	(3,724,242)	<del>)</del>	(60,739,191)	<del>)</del>	(25,266,622)	<del>)</del>	(29,407,866)	<del>)</del>	(119,137,921)
Payments to empolyees		(10,542,240)		(557,072)		(52,433,737)		(31,505,055)		(95,038,104)
Payments for damage and injury		1		ı		(416,201)		32,085		(384,116)
Net cash provided (used) by operating activities		(9,137,242)		(35,744,971)		(50,059,121)		(24,773,534)		(119,714,868)
Cash flows from noncapital financing activities:										
Public support funds received		50,949,681		35,744,971		56,089,093		24,465,971		167,249,716
Net cash provided (used) by noncapital financing activities		50,949,681		35,744,971		56,089,093		24,465,971		167,249,716
Cash flows from capital and related financing activities:										
Debt service costs		(924,570)		ı		(6,498,661)		ı		(7,423,231)
Property acquisition		(67,484,367)		ı		ı		(297,492)		(67,781,859)
Property disposal		336,354		ı		131,583		ı		467,937
Net cash provided (used) by capital and related financing activities	<u>«</u>	(68,072,583)		ı		(6,367,078)		(297,492)		(74,737,153)
Cash flows from investing activities:										
Interest received from investments		2,485,455		ı		(216)		ı		2,485,239
Investments liquidated		ı		•		ı		1		1
Investments purchased		(35,630,000)		1		i		1		(35,630,000)
Net cash provided (used) by investing activities		(33,144,545)		1		(216)		1		(33,144,761)
Net increase (decrease) in cash and cash equivalents		(59,404,689)		1		(337,322)		(605,055)		<b>(</b> 60,347,066)
Cash and cash equivalents, beginning of year		89,657,502		1		(411,051)		62,261		<b>8</b> 9,308,712, <b>A</b>
Cash and cash equivalents, end of year	\$	30,252,813	\$	1	S	(748,373)	\$	(542,794)	\$	<b>A</b> 98,1646
Cash and Cash Equivalents:										l6, 1
Cash and Cash Equivalents  Cash and Certificates of Denosit Restricted for Canital Sunnort	<del>∽</del>	21,949,837	S		S	(748,373)	<del>∽</del>	(542,794)	<del>∨</del>	20,658,670 <b>1.1</b> 8 302 976 71
Total Cash and Cash Equivalents	<b>↔</b>	30,252,813	\$	1	S	(748,373)	\$	(542,794)	8	28,961,646
<b>1</b>										•

San Diego Metropolitan Transit System Combining Schedule of Cash Flows, Continued For the Year Ended June 30, 2009

		Other					
	General Operations	Contracted Services	SDTC		SDTI		Total
Operating income (loss):	\$ (7,391,411)	\$ (42,649,336)	\$ (61,059,765)	<del>⊗</del>	(81,994,148)	<del>\$</del>	(193,094,660)
Adjustments to reconcile operating income (loss) to net cash							
provided (used) by operating activities							
Depreciation and amortization	1,082,167	6,931,670	13,294,095		55,746,048		77,053,980
(Increase) decrease in:							
Accounts and other receivables	(679,889)	4,468,234	890'98		1,541,641		5,416,054
Materials and supplies inventory	ı	ı	124,499		(472,507)		(348,008)
Prepaid and other current assets	(460,485)	(344)	ı		(7,587)		(468,416)
Increase (decrease) in:							
Accounts payable	(2,624,786)	(5,161,653)	(2,351,923)		(1,706,454)		(11,844,816)
Accrued expenses	27,591	ı	(70,115)		(93,496)		(136,020)
Unearned revenue	ı	666,458	(342)		ı		666,116
Accrued OPEB liability	890,959	ı	1,068,133		2,176,992		4,136,084
Compensated absences payable	(3,388)	ı	(667,771)		(4,023)		(675,182)
Accrued damage, injury and employee claims	22,000	1	(482,000)		40,000		(420,000)
Total adjustments	(1,745,831)	6,904,365	11,000,644		57,220,614		73,379,792
Net cash provided (used) by operating activities	\$ (9,137,242)	\$ (35,744,971)	\$ (50,059,121)	<del>⊗</del>	(24,773,534)	€	(119,714,868)

# Supplemental noncash disclosures:

During the year other governments contributed \$14,854,517 in capital assets During the year the fair value of investments increased by \$2,639,274

San Diego Metropolitan Transit System

**Combined Operations** 

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual

		Budgeted Amounts	Amon	nts		Actual Amounts			
	0	Original		Final	Actual per Statement of Revenues, Expenditures, and Changes in Net Assets Amounts	Budget Basis Adjustments	Actual on a Budget Basis	Varian Final J	Variance with Final Budget
Operating revenues:									
Passenger revenue	\$ 76	76,975,010	<del>∽</del>	83,404,939	\$ 85,192,330	•	\$ 85,192,330	\$ 1,	1,787,391
Advertising		3,210,000		2,411,280	924,522	•	924,522	(1,	(1,486,758)
Charter		28,000		28,000	68,801	•	68,801		40,801
Miscellaneous operating revenues		3,197,656		3,510,338	4,874,700	(459,308)	4,415,392		905,054
Total operating revenues		83,410,666	~	89,354,557	91,060,353	(459,308)	90,601,045	1,	1,246,488
Operating expenses:									
Personnel costs	10	101,167,099	•	97,910,753	100,357,799	(1,854,863)	98,502,936	J	(592,183)
Outside services	Ŭ	66,393,039	Ū	64,524,916	65,139,831	(534,522)	64,605,309		(80,393)
Transit operations funding		5,320,296		3,945,653	3,003,698	1	3,003,698		941,955
Materials and supplies		7,499,851		7,440,609	7,190,088	(56,148)	7,133,940		306,669
Energy costs	(1	29,030,807		27,161,141	25,283,357	1	25,283,357	1,	,877,784
Risk management		3,593,790		3,955,796	4,074,104	388,000	4,462,104	J	(506,308)
Miscellaneous operating expenses		1,956,636		2,536,054	2,052,156	•	2,052,156		483,898
Amortization of net pension asset		•		•	1,555,000	(1,555,000)	ı		ı
Depreciation		ı		1	75,498,980	(75,498,980)	ı		ı
Total operating expenses	214	14,961,518	2(	207,474,922	284,155,013	(79,111,513)	205,043,500	2,	2,431,422
Operating income (loss)	(131	31,550,852)	1)	(118,120,365)	(193,094,660)	78,652,205	(114,442,455)	3,	3,677,910

San Diego Metropolitan Transit System

**Combined Operations** 

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual, Continued

	Budgetec	Budgeted Amounts		Actual Amounts		
	Original	Final	Actual per Statement of Revenues, Expenditures, and Changes in Net Assets Amounts	Budget Basis Adjustments	Actual on a Budget Basis	Variance with Final Budget
Public support and nonoperating revenues:						
Federal revenue	25,102,497	34,935,546	68,171,984	(29,589,268)	38,582,716	3,647,170
Transportation Development Act	70,668,908	56,773,548	75,517,474	(24,077,392)	51,440,082	(5,333,466)
State Transit Assistance	12,992,663	7,618,343	9,121,443	(1,613,183)	7,508,260	(110,083)
State revenue - other	2,000,000	2,000,000	4,092,420	(2,700,000)	1,392,420	(607,580)
TransNet funds	21,479,466	20,229,452	19,039,223	1,805,030	20,844,253	614,801
Other local subsidies	928,918	976,727	1,036,246	ı	1,036,246	59,519
Investment earnings	2,285,258	1,805,000	10,584,251	(8,763,019)	1,821,232	16,232
Other non-operating income	7,588,385	7,588,385	1	7,588,385	7,588,385	1
Interest expense	1	ı	(11,153,556)	11,042,390	(111,166)	(111,166)
Gain (loss) on disposal of assets	ı	56,235	294,006	(237,771)	56,235	ı
Other expenses	(11,989,438)	(12,173,358)	(641,536)	(12,862,035)	(13,503,571)	(1,330,213)
Amortization of bond issuance costs	•	1	(63,379)	63,379	1	•
Total public support and nonoperating revenues	131,056,657	119,809,878	175,998,576	(59,343,484)	116,655,092	(3,154,786)
Income (loss) before contributed capital	(494,195)	1,689,513	(17,096,084)	19,308,721	2,212,637	523,124
Transfers	1	1	1	22,236	22,236	22,236
Reserve revenue	160,126	60,243	1	60,243	60,243	1
Contribution of capital assets			1,668,471	(1,668,471)	1	1
Change in net assets	\$ (334,069)	\$ 1,749,756	(15,427,613)	\$ 17,722,729	\$ 2,295,116	\$ 545,360
Net assets, beginning of year			1,265,576,505			
Net assets, end of year			\$ 1,250,148,892			

San Diego Metropolitan Transit System

**General Fund** 

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual

		Budgeted Amounts	Amor	ınts			Actual Amounts			
		Original		Final	Actı	Actual Amounts	Budget Basis Adjustments	Actual on a Budget Basis	. Va	Variance with Final Budget
Operating revenues:										
Advertising	↔	3,210,000	S	2,411,280	S	924,522	· ·	\$ 924,522	S	(1,486,758)
Miscellaneous operating revenues		1,718,556		1,907,937		2,692,886	ı	2,692,886		784,949
Total operating revenues		4,928,556		4,319,217		3,617,408	1	3,617,408		(701,809)
Oneroting expenses.										
Operating cypenses.		11000011		0.00		00000	(0.000)	101 01		7000
Personnel costs		11,009,861		9,546,863		10,992,250	(850,959)	10,101,291		(554,428)
Outside services		3,338,863		3,071,274		3,801,842	(534,522)	3,267,320		(196,046)
Transit operations funding		5,320,296		3,945,653		83,538,355	(80,534,657)	3,003,698		941,955
Materials and supplies		5,000		5,000		6,380	ı	6,380		(1,380)
Energy costs		44,160		56,650		59,365	ı	59,365		(2,715)
Risk management		388,003		387,375		391,207	ı	391,207		(3,832)
Miscellaneous operating expenses		(8,428,906)		(7,743,545)		(8,230,053)	ı	(8,230,053)		486,508
Depreciation		ı		1		1,044,790	(1,044,790)	ı		1
Total operating expenses		11,677,277		9,269,270		91,604,136	(83,004,928)	8,599,208		670,062
Operating income (loss)		(6,748,721)		(4,950,053)		(87,986,728)	83,004,928	(4,981,800)		(31,747)

San Diego Metropolitan Transit System

**General Fund** 

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual, Continued

	Budgeted Amounts	mounts		Actual Amounts		
	Original	Final	Actual Amounts	Budget Basis Adjustments	Actual on a Budget Basis	Variance with Final Budget
ublic support and nonoperating revenues:						
Federal revenue	114,705	114,705	68,171,984	(68,063,397)	108,587	(6,118)
Transportation Development Act (TDA) funds	5,320,296	3,945,653	75,517,474	(70,180,920)	5,336,554	1,390,901
State Transit Assistance (STA) funds	•	1	9,121,443	(8,980,482)	140,961	140,961
State revenue - other		1	4,092,420	(4,092,420)	1	i
TransNet funds		1	19,039,223	(20,073,670)	(1,034,447)	(1,034,447)
Other local subsidies	1	ı	1,036,246	(1,036,246)	1	ı
Investment earnings	2,285,258	1,805,000	10,584,467	(8,763,019)	1,821,448	16,448
Other non-operating income	7,588,385	7,588,385	1	7,588,385	7,588,385	ı
Interest expense	1	ı	(6,851,447)	6,740,281	(111,166)	(111,166)
Gain (loss) on disposal of assets	1	56,235	179,074	(122,839)	56,235	ı
Other expenses	(8,559,926)	(8,559,926)	1	(8,559,926)	(8,559,926)	ı
Amortization of bond issuance costs	1	ı	(11,014)	11,014	1	ı
Total public support and nonoperating revenues	6,748,718	4,950,052	180,879,870	(175,533,239)	5,346,631	396,579
Income (loss) before contributed capital	(3)	(1)	92,893,142	(92,528,311)	364,823	364,824
Transfers	ı	1	(35.717.664)	35,717,664		1
Contribution of capital assets	,   	1	(90,533,415)	90,533,415	1	1
Change in net assets	\$ (3)	(1)	(33,357,937)	\$ 33,722,768	\$ 364,823	\$ 364,824
Net assets, beginning of year			198,975,671			
Net assets, end of year			\$ 165,617,734			

San Diego Metropolitan Transit System

Taxicab Administration

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual

Operating revenues:  Miscellaneous operating revenues  Total operating revenues							STIPOTITE TRIPOTITE					
Operating revenues:  Miscellaneous operating revenues  Total operating revenues	Ō	Original		Final	Actua	Actual Amounts	Budget Basis Adjustments	iis ts	Actual on a Budget Basis	a sis	Varia Final	Variance with Final Budget
Miscellaneous operating revenues Total operating revenues												
Total operating revenues	8	754,400	s	754,400	8	862,751	\$	1	\$ 862,751	,751	\$	108,351
		754,400		754,400		862,751		!   '	862,751	,751		108,351
Operating expenses:								!   				
Personnel costs		572,624		522,624		534,819		ı	534,	534,819		(12,195)
Outside services		126,245		100,961		78,312		ı	78,	78,312		22,649
Materials and supplies		5,000		8,500		(1,374)		ı	(1)	(1,374)		9,874
Energy costs		15,350		12,996		7,539		ı	7,	7,539		5,457
Miscellaneous operating expenses		153,091		148,645		139,880		ı	139,	139,880		8,765
Depreciation		1		ı		17,878	(17,	(17,878)		ı		1
Total operating expenses		872,310		793,726		777,054	(17,	(17,878)	759,	759,176		34,550
Operating income (loss)		(117,910)		(39,326)		85,697	17,	17,878	103,	103,575		142,901
Reserve revenue		117,909		39,326		1	39,	39,326	39,	39,326		'
Change in net assets	-∽	(1)	↔	1		85,697	\$ 57,	57,204	\$ 142,901	901	€	142,901
Net assets, beginning of year						526,610						
Net assets, end of year					\$	612,307						

San Diego Metropolitan Transit System

San Diego & Arizona Eastern Railway

For the Year Ended June 30, 2009

		Budgeted Amounts	Amou	nts			Actual Amounts	ıts				
		Original		Final	Actua	Actual Amounts	Budget Basis Adjustments	70 70	Actual on a Budget Basis	ı a ısis	Varia Fina	Variance with Final Budget
Operating revenues: Miscellaneous operating revenues	4	102 700	<del>∨</del>	154 000	€	170 347	<b>∀</b>	۱		170 347	<b></b>	16 347
Total operating revenues	<del>)</del>	102,700	<del>)</del>	154,000	<del>)</del>	170,347	<del>)</del>	→   		170,347	<del>)</del>	16,347
Operating expenses:												
Personnel costs		73,477		73,477		81,814		1	81,	81,814		(8,337)
Outside services		35,000		55,000		44,681		1	44,	44,681		10,319
Energy costs		1		ı		100		1		100		(100)
Risk management		34,440		34,440		35,355			35,	35,355		(915)
Miscellaneous operating expenses		2,000		12,000		13,927			13,	13,927		(1,927)
Depreciation		1		ı		19,499	(19,499)	(60		ı		
Total operating expenses		144,917		174,917		195,376	(19,499)	।  ह	175,	175,877		(096)
Operating income (loss)		(42,217)		(20,917)		(25,029)	19,499	6	(5,	(5,530)		15,387
Reserve revenue		42,217		20,917		1	20,917	7	20,	20,917		1
Change in net assets	↔	1	↔	1		(25,029)	\$ 40,416	9		15,387	<del>∨</del>	15,387
Net assets, beginning of year Net assets, end of year					<del>⊗</del>	18,444,803						

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual

San Diego Metropolitan Transit System

**Contracted Services** 

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual

		Budgeted Amounts	Amo	ınts			Actual Amounts		
	Ō	Original		Final	Actual Amounts	nounts	Budget Basis Adjustments	Actual on a Budget Basis	Variance with Final Budget
Operating revenues: Passenger revenue	8	20,708,700	<del>∽</del>	23,556,960	\$ 23,85	23,857,156	· •	\$ 23,857,156	\$ 300,196
Miscellaneous operating revenues						64,201	ı	64,201	64,201
Total operating revenues	2	20,708,700		23,556,960	23,92	23,921,357	1	23,921,357	364,397
Operating expenses:									
Personnel costs		540,263		604,735	55	557,072	ı	557,072	47,663
Outside services	5	51,793,412		50,905,131	49,88	49,886,008	1	49,886,008	1,019,123
Materials and supplies		ı		32,884		897	1	268	31,987
Energy costs		10,729,030		9,775,451	8,25	8,254,126	1	8,254,126	1,521,325
Miscellaneous operating expenses		981,513		929,456	97	940,919	1	940,919	(11,463)
Depreciation		•		•	6,93	6,931,670	(6,931,670)	1	•
Total operating expenses	9	64,044,218		62,247,657	66,57	66,570,692	(6,931,670)	59,639,022	2,608,635
Operating income (loss)	4)	(43,335,518)		(38,690,697)	(42,6	(42,649,335)	6,931,670	(35,717,665)	2,973,032

San Diego Metropolitan Transit System

**Contracted Services** 

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual, Continued

		Budgeted Amounts	Amo	unts			Actual Amounts	mounts			
		Original		Final	Actu	Actual Amounts	Budget Basis Adiustments	Basis nents	Actual on a Budget Basis	- Fi	Variance with Final Budget
Public support and nonoperating revenues:		0					P		0		0
Federal revenue	S	1,252,018	S	1,085,067	↔	4,681,101	↔	ı	\$ 4,681,101	<del>∽</del>	3,596,034
Transportation Development Act (TDA) funds		38,735,439		34,242,061		28,188,452		ı	28,188,452		(6.053,609)
State revenue - other		2,000,000		2,000,000		1,392,420		ı	1,392,420		(607,580)
TransNet funds		697,144		664,844		697,445		ı	697,445		32,601
Other local subsidies		650,918		698,727		758,246		ı	758,246		59,519
Total public support and nonoperating revenues		43,335,519		38,690,699		35,717,664			35,717,664		(2,973,035)
Income (loss) before contributed capital		1		2		(6,931,671)	6,9	6,931,670	(2)		(4)
Contribution of capital assets		1		'		18,257,408	(18,2	(18,257,408)	ı		'
Change in net assets	↔	-	S	2		11,325,737	\$ (11,325,738)	25,738)	\$ (2)	↔	(4)
Net assets, beginning of year Net assets, end of year					↔	40,776,336					

San Diego Metropolitan Transit System

San Diego Transit Corporation

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual

		Budgeted Amounts	Amo	unts			Actual Amounts			
		Original		Final	Act	Actual Amounts	Budget Basis Adiustments	Actual on a Budget Basis	- Va Fi	Variance with Final Budget
Operating revenues:		D						D		D
Passenger revenue	S	24,555,295	↔	26,587,229	<del>\$</del>	27,881,541	· ·	\$ 27,881,541	S	1,294,312
Charter		28,000		28,000		68,801	ı	68,801		40,801
Miscellaneous operating revenues		10,000		10,001		72,487	ı	72,487		62,486
Total operating revenues		24,593,295		26,625,230		28,022,829	1	28,022,829		1,397,599
Operating expenses:	<u> </u>									
Personnel costs		57,533,351		55,794,918		54,479,820	1,242,638	55,722,458		72,460
Outside services		2,045,138		1,944,481		2,077,073	1	2,077,073		(132,592)
Materials and supplies		4,552,121		4,405,121		4,423,565	(6,851)	4,416,714		(11,593)
Energy costs		9,231,694		8,652,711		8,143,399	1	8,143,399		509,312
Risk management		1,442,098		1,744,255		1,502,049	394,000	1,896,049		(151,794)
Miscellaneous operating expenses		5,119,607		5,178,726		5,162,585	1	5,162,585		16,141
Amortization of net pension asset		ı		•		1,555,000	(1,555,000)	•		ı
Depreciation		ı		1		11,739,095	(11,739,095)	•		ı
Total operating expenses		79,924,009		77,720,212		89,082,586	(11,664,308)	77,418,278		301,934
Operating income (loss)		(55,330,714)		(51,094,982)		(61,059,757)	11,664,308	(49,395,449)		1,699,533

San Diego Metropolitan Transit System

San Diego Transit Corporation

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual, Continued

	Budgeted Amounts	mounts		Actual Amounts		
	Original	Final	Actual Amounts	Budget Basis Adjustments	Actual on a Budget Basis	Variance with Final Budget
Public support and nonoperating revenues:						
Federal revenue	15,535,774	17,119,830	17,177,124	1	17,177,124	57,294
Transportation Development Act (TDA) funds	14,837,401	17,877,387	17,197,220	ı	17,197,220	(680,167)
State Transit Assistance (STA) funds	12,992,663	7,618,343	7,298,614	ı	7,298,614	(319,729)
TransNet funds	14,782,322	13,564,608	14,138,130	1	14,138,130	573,522
Other local subsidies	278,000	278,000	278,000	1	278,000	1
Investment earnings		1	(216)	ı	(216)	(216)
Interest expense	1	1	(4,302,109)	4,302,109	1	1
Gain (loss) on disposal of assets	1	1	130,080	(130,080)	1	1
Other expenses	(3,429,512)	(3,613,432)	(641,552)	(4,302,109)	(4,943,661)	(1,330,229)
Amortization of bond issuance costs	1	1	(52,365)	52,365	1	1
Total public support and nonoperating revenues	54,996,648	52,844,736	51,222,926	(77,715)	51,145,211	(1,699,525)
Income (loss) before contributed capital	(334,066)	1,749,754	(9,836,831)	11,586,593	1,749,754	1
Contribution of capital assets	'	1	56,395,730	(56,395,730)	1	'
Change in net assets	\$ (334,066)	\$ 1,749,754	46,558,899	\$ (44,809,137)	\$ 1,749,754	· •
Net assets, beginning of year			38,389,694			
Net assets, end of year			\$ 84,948,593			

San Diego Metropolitan Transit System

San Diego Trolley Incorporated

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual

	Budgeted Amounts	mounts		Actual Amounts		
	Original	Final	Actual Amounts	Budget Basis	Actual on a	Variance with
	Original	LINGI	Actual Almounts	comounceding	Dudget Dasis	r mar Duuger
Operating revenues:					!	
Passenger revenue	31,711,015	33,260,750	33,453,633	1	33,453,633	192,883
Miscellaneous operating revenues	612,000	684,000	1,012,028	(459,308)	552,720	(131,280)
Total operating revenues	32,323,015	33,944,750	34,465,661	(459,308)	34,006,353	61,603
Operating expenses:						
Personnel costs	31,437,523	31,368,136	33,712,024	(2,206,542)	31,505,482	(137,346)
Outside services	9,054,381	8,448,069	9,251,915	•	9,251,915	(803,846)
Materials and supplies	2,937,730	2,989,104	2,760,620	(49,297)	2,711,323	277,781
Energy costs	9,010,573	8,663,333	8,818,828	ı	8,818,828	(155,495)
Risk management	1,729,249	1,789,726	2,145,493	(6,000)	2,139,493	(349,767)
Miscellaneous operating expenses	4,129,331	4,010,772	4,024,882	1	4,024,882	(14,110)
Depreciation	ı	1	55,746,048	(55,746,048)	•	ı
Total operating expenses	58,298,787	57,269,140	116,459,810	(58,007,887)	58,451,923	(1,182,783)
Operating income (loss)	(25,975,772)	(23,324,390)	(81,994,149)	57,548,579	(24,445,570)	(1,121,180)

San Diego Metropolitan Transit System

San Diego Trolley Incorporated

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual, Continued

	Budgeted	Budgeted Amounts		Actual Amounts		
	Original	Final	Actual Amounts	Budget Basis Adjustments	Actual on a Budget Basis	Variance with Final Budget
Public support and nonoperating revenues:						
Federal revenue	8,200,000	16,615,944	16,615,904	1	16,615,904	(40)
Transportation Development Act (TDA) funds	11,775,772	708,447	717,855	ı	717,855	9,408
State Transit Assistance (STA) funds	1	ı	68,685	1	68,685	68,685
TransNet funds	6,000,000	6,000,000	7,043,125	1	7,043,125	1,043,125
Gain (loss) on disposal of assets	1	ı	(15,148)	15,148	•	1
Total public support and nonoperating revenues	25,975,772	23,324,391	24,430,421	15,148	24,445,569	1,121,178
Income (loss) before contributed capital	1	1	(57,563,728)	57,563,727	1	(1)
Contribution of capital assets	1	1	17,548,748	(17,548,748)	1	1
Change in net assets	· <del>\$</del>	· •	(40,014,980)	\$ 40,014,979	· S	\$ (1)
Net assets, beginning of year			968,463,391			
Net assets, end of year			\$ 928,448,411			

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STATISTICAL SECTION (Unaudited)

#### **Statistical Section**

#### (Unaudited)

Included in this section of the Metropolitan Transit System comprehensive annual financial report is detailed information to assist in analysis and understanding of the information presented in the financial statements, notes and required supplementary information.

#### **Contents**

#### Financial trends

This schedule contains trend information to help the reader understand how MTS's financial position has changed over time.

### Revenue Capacity

These schedules contain detailed information about the fare structures and revenue generated from transit operations provided by MTS.

#### Debt Capacity

This schedule presents information to help the reader assess the affordability of MTS's current levels of outstanding debt and MTS's ability to issue debt in the future.

#### Demographic and Economic Information

These schedules provide service and infrastructure data to help the reader understand how the information in MTS's financial report relates to the services MTS provides.

#### **Operating Information**

These schedules provide service and infrastructure data to help the reader understand how the information in MTS's financial report relates to the services MTS provides.

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FINANCIAL TRENDS

## **Net Assets by Component**

### **Last Five Fiscal Years**

Governmental activities	2009	2008	2007	2006	2005
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 111,959,506	\$ 420,667,651
Unrestricted	-	· -	-	35,868,448	185,115,587
Total governmental activities net assets				147,827,954	605,783,238
Business-type activities					
Invested in capital assets, net of related debt	\$1,075,104,676	\$1,079,967,043	\$1,097,675,395	\$1,134,242,639	\$ 695,486,022
Unrestricted	175,044,216	185,609,462	163,244,170	(33,761,144)	(35,563,034)
Total business-type activities net assets	1,250,148,892	1,265,576,505	1,260,919,565	1,100,481,495	659,922,988
Primary government					
Invested in capital assets, net of related debt	1,075,104,676	1,079,967,043	1,097,675,395	1,246,202,145	1,116,153,673
Unrestricted	175,044,216	185,609,462	163,244,170	2,107,304	149,552,553
Total primary government net assets	\$1,250,148,892	\$1,265,576,505	\$1,260,919,565	\$1,248,309,449	\$1,265,706,226

Source: Audited financial statements

Note: In 2007 MTS changed the presentation of its financial statements. MTS determined that all of its activities were truly business-type activities and presented all funds as Enterprise funds in 2007 and all subsequent years.

# **Changes in Net Assets**

### **Last Five Fiscal Years**

(accrual basis of accounting)

	 2009	2008	2007	2006	2005
Operating revenues:					
Passenger revenue	\$ 85,192,330	\$ 75,938,626	\$ 68,634,694	\$ 67,579,729	\$ 63,802,747
Advertising	924,522	1,118,697	1,001,597	838,663	1,339,470
Charter	68,801	63,435	44,999	30,940	895,092
Miscellaneous operating revenue	4,874,700	3,671,549	3,703,043	1,734,582	18,240
Total operating revenue	91,060,353	80,792,307	73,384,333	70,183,914	66,055,549
Operating expenses:					
Personnel costs	100,357,799	101,347,479	89,750,761	89,075,021	91,485,718
Outside services	65,139,831	64,940,409	62,629,613	57,709,213	70,259,897
Transportation operatins funding	3,003,698	3,852,449	5,438,052	6,758,525	6,244,510
Materials and supplies	7,190,088	7,590,216	7,266,337	8,157,794	8,756,096
Energy costs	25,283,357	27,210,670	22,767,220	24,304,787	14,140,307
Risk management	4,074,104	3,898,094	5,614,889	5,078,068	5,212,337
Miscellaneous operating expenses	2,052,140	1,974,588	944,296	2,335,990	2,563,968
Amortization of net pension asset	1,555,000	1,500,000	1,455,000	1,415,000	-
Depreciation	75,498,980	85,543,426	74,472,549	66,798,819	49,138,639
Total operating expenses	 284,154,997	297,857,331	270,338,717	261,633,217	247,801,472
Operating income (loss)	(193,094,644)	(217,065,024)	(196,954,384)	(191,449,303)	(181,745,923)
Public support and nonoperating revenue:					
Grants and contributions	176,978,790	200,879,074	184,332,341	155,746,015	209,482,693
Investment earnings	10,584,251	13,394,279	13,349,080	7,095,384	11,706,567
Indirect cost recovery	-	-	-	1,685,026	2,827,481
Interest expense	(11,153,556)	(10,666,621)	(14,229,812)	(11,499,050)	(10,312,657)
Gain(loss) on disposal of assets	294,006	87,898	(1,260,113)	(1,800,414)	291,047
Other expenses	(641,552)	(141,711)	(355,528)	(187,452)	(184,767)
Amortization of bond issuance cost	 (63,379)	(322,852)	_	-	
Total public support and nonoperating revenue	175,998,560	203,230,067	181,835,968	151,039,509	213,810,364
Income (loss) before contributed capital	(17,096,084)	(13,834,957)	(15,118,416)	(40,409,794)	32,064,441
Capital contribution	 1,668,471	 18,491,897	 27,728,531	 23,013,017	 30,007,339
Changes in net assets:	\$ (15,427,613)	\$ 4,656,940	\$ 12,610,115	\$ (17,396,777)	\$ 62,071,780

Source: Audited Financial Statements

Note: In 2007 MTS changed the presentation of its financial statements. MTS determined that all of its activities were truly business-type activities and presented all funds as Enterprise funds in 2007and all subsequent years.

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**REVENUE CAPACITY** 

**Operating Revenue by Source (in 000s)** 

**Last Five Fiscal Years** 

Fiscal Year Ended	Passenger Fares	Federal Operating Funds	State Operating Funds	Local Operating Funds	Interest	Other
San Diego Tra	ansit Corporatio	n				
2005	21,383	14,200	25,862	7,278	68	850
2006	22,264	15,000	23,415	13,105	129	1,532
2007	22,298	15,000	29,360	9,901	63	1,153
2008	23,680	13,934	21,863	10,507	-	1,154
2009	27,882	17,177	24,496	14,416	-	271
San Diego Tro	olley, Inc.					
2005	25,855	10,651	498	9,522	-	539
2006	27,934	12,788	7,415	6,000	-	742
2007	27,402	15,325	6,279	6,000	-	652
2008	31,120	13,881	4,479	6,000	-	604
2009	33,454	16,616	787	7,043	-	997
MTS - Contra	ct Services					
2005	16,564	711	367	2,136	-	_
2006	17,382	-	137	455	-	(345)
2007	18,935	200	36,300	1,778	-	(974)
2008	21,138	921	38,020	1,285	-	75
2009	23,857	4,681	29,581	1,456	-	64

Source: Audited financial statements

## **Fare Structure**

Bus Cash Fares	<u> 2009</u>	<u>2008</u>	<u> 2007</u>
One-way fare, local routes	\$2.25	\$2.00	\$1.75
Senior/disabled, local routes	1.10	-	-
Urban	-	2.25	2.25
Express	2.50	2.50	2.50-4.00
Senior/disabled Express	1.25	-	-
Premium	5.00	5.00	-
Senior/disabled Premium	2.50	-	-
Rural bus	5.00-10.00	5.00-10.00	-
Senior/disabled Rural bus	2.50- 5.00	-	-
Sorrento Valley Coaster Connection	1.00	-	-
Senior/disabled Coaster Connection	0.50	-	-
Shuttles	-	1.00	1.00
Senior Disabled	-	1.00	1.00
Trolley Cash Fares			
One-way fare, all stations	2.50	-	-
Senior/disabled one-way fare all stations	1.25	1.00	1.00
Downtown	1.25	1.25	1.25
Senior/disabled Downtown	0.60	-	-
1 station-20+ stations	-	1.50-3.00	1.50-3.00
<b>Bus and Trolley Monthly Passes</b>			
Regional monthly pass	68.00	64.00	-
Senior/disabled Regional	17.00	16.00	14.50
Youth Regional	34.00	32.00	29.00
Half-month/14-Day	41.00	-	-
Premium monthly pass	90.00	-	-
Senior/disabled Premium	22.50	-	-
Youth Premium	45.00	-	-
Half-month/14-Day	54.00	-	-
Local/Urban Bus/Express/Trolley	-	-	58.00
Express Bus (multi-zones)	-	-	64.00-84.00

### SOURCE:

Codified Ordinance No. 4, establishing fare pricing schedule, amended November 2008. Additional changes to the fare structure were effective July 1, 2009.

# **Fare Recovery Percentages**

**Last Five Fiscal Years** 

Fiscal Year Ended	San Diego Transit	San Diego Trolley	MTS-Contract Services
2005	26.67	54.25	31.97
2006	30.38	50.78	31.96
2007	30.44	48.97	33.05
2008	29.59	55.62	34.40
2009	34.31	57.15	40.00

### SOURCE:

Audited financial statements; calculated as passenger revenue divided by operating expenses.

**DEBT CAPACITY** 

San Diego Metropolitan Transit System Ratio of Outstanding Debt by Type Last Five Fiscal Years

Debt per Capita	126	117	105	91	68
Percentage of Personal Income	0.54%	0.52%	0.47%	0.38%	0.41%
Total	\$ 271,918,607	256,356,339	233,398,858	203,465,932	200,116,441
Pension Obligation Bonds	\$ 77,490,000	76,075,000	74,620,000	73,120,000	71,565,000
Certificates of Participation 2003	\$ 32,850,000	26,065,000	19,155,000	ı	ı
Certificates of Participation 2002	\$ 10,985,000	7,430,000	3,770,000	ı	1
1995 LRV Lease/ Leaseback	\$ 125,774,762	124,775,518	123,699,432	122,540,596	121,292,644
1990 LRV Sale/ Leaseback	\$ 15,878,727	13,174,798	3,823,388	ı	ı
Capital Lease- Equipment	<del>√</del>	319,719	255,113	187,737	117,471
Year ended Capital Lease - Capital Lease 1990 LRV Sale/ lune 30 Tower Equipment Leaseback	\$ 8,940,118	8,516,304	8,075,925	7,617,599	7,141,326
Year ended June 30	2005	2006	2007	2008	2009

Details regarding MTS' outstanding debt can be found in the notes to basic financial statements. MTS retired three financial obligations in FY 2008

**DEMOGRAPHIC AND ECONOMIC STATISTICS** 

# San Diego Metropolitan Transit System Regional Population and Personal Income Statistics

### **Last Five Fiscal Years**

	MTS Service Area Population  (1)	MTS Service Area Personal Income (thousands)	Per Capital Personal Income	San Diego County Average Unemployment Rate (3)
2005	2,154,170	50,408,033	23,400	4.70%
2006	2,188,817	49,149,338	22,455	4.10%
2007	2,197,243	50,827,435	23,132	4.80%
2008	2,227,386	53,006,520	23,798	4.80%
2009	2,250,246	49,293,508	21,906	10.2%

#### SOURCES:

- (1) San Diego Association of Governments, January 2009 Estimate
- (2) FY 2008 data is not currently available
  Estimate based on the statewide decrease of personal income of .0191% between June 30, 2008 and March 31, 2009

Percentage was obtained through the U.S. Department of Commerce website

(3) California Employment Development Department, June 2009

# **Full-Time and Part-Time Employees by Function**

**Last Five Fiscal Years** 

# Full-time and Part-time Employees at June 30

Function	2009	2008	2007	2006	2005
MTS	114	117	121	90	73
San Diego Transit Corporation	824	844	866	880	927
San Diego Trolley, Inc	530	533	527	539	528
Total	1,468	1,494	1,514	1,509	1,528

Source: MTS Payroll Record.

## **Ten Largest Employers in San Diego County**

Company Name	Number of Employees (1)	1,414,600 million County Total (2)
United States Government	43,500	3.08%
United States Navy	42,000	2.97%
State of California	40,900	2.89%
University of California San Diego	26,000	1.84%
County of San Diego	20,500	1.45%
City of San Diego	19,500	1.38%
San Diego Unified School District	15,881	1.12%
Sharp Health Care	14,390	1.02%
Scripps Health	12,700	0.90%
Scripps Mercy Hospital	11,000	0.78%

#### Source:

- (1) San Diego Source, The Daily Transcript
- (2) Employment Development Department, State of California

Note: County of San Diego employment information is presented. Employer information is not currently available for the area served by the Metropolitan Transit System within San Diego County.

**OPERATING INFORMATION** 

# **Operating Indicators by Function**

# **Last Five Fiscal Years**

	_	2009		2008		2007		2006		2005
Operating Cost:										
San Diego Transit	\$	81,271,392	\$	80,031,464	\$	73,256,992	\$	73,284,403	\$	80,187,053
San Diego Trolley	Ψ	58,536,769	Ψ	55,949,228	Ψ	55,951,561	Ψ	55,014,599	Ψ	47,661,707
MTS Contract Services		59,639,023		61,450,734		57,286,732		54,387,095		51,815,445
Farebox Revenue:										
San Diego Transit	\$	27,881,541	\$	23,680,179	\$	22,297,629	\$	22,263,739	\$	21,383,099
San Diego Trolley		33,453,633		31,120,169		27,401,733		27,933,766		25,855,241
MTS Contract Services		23,857,156		21,138,278		18,935,332		17,382,224		16,564,407
Total Passengers:										
San Diego Transit		29,762,278		28,094,257		26,075,859		24,889,685		24,426,571
San Diego Trolley		36,928,284		37,620,944		35,114,385		33,829,833		29,334,362
MTS Contract Services		21,819,699		21,460,283		21,142,942		18,907,112		18,448,621
Revenue Miles:										
San Diego Transit		9,221,197		9,522,460		9,622,029		9,958,013		10,087,350
San Diego Trolley		7,894,528		8,002,889		7,940,011		8,180,189		7,060,498
MTS Contract Services		12,178,979		12,513,495		12,453,692		12,241,939		12,701,361
Subsidy / Total Pass										
San Diego Transit	\$	1.79	\$	2.01	\$	1.95	\$	2.05	\$	2.41
San Diego Trolley		0.68		0.66		0.81		0.80		0.74
MTS Contract Services		1.64		1.88		1.81		1.96		1.91

Source: NTD Report and audited financial statements

# **Service Performance Data**

# **Last Five Fiscal Years**

Service Provided	2009	2008	2007	2006	2005
San Diego Transit					
Vehicle Revenue Miles	9,221,197	9,522,460	9,622,029	9,958,013	10,089,671
Vehicle Revenue Hours	843,438	870,432	853,044	840,408	829,742
Passengers	29,762,278	28,094,257	26,075,859	24,889,685	24,425,116
Passenger Miles	107,408,405	100,255,833	98,202,798	93,579,662	93,745,993
Number of Vehicles	247	267	267	274	280
San Diego Trolley					
Vehicle Revenue Miles	7,894,528	8,002,889	7,940,011	8,180,189	7,060,498
Vehicle Revenue Hours	409,519	439,377	432,440	468,829	368,184
Passenger Car Hours	416,147	445,277	438,555	480,396	379,050
Passengers	36,928,284	37,620,944	35,114,385	33,829,833	29,334,362
Passenger Miles	220,638,983	206,923,846	207,726,689	208,875,499	187,987,995
Number of Vehicles	133	134	134	134	123
MTS-Contract Services					
Vehicle Revenue Miles	12,178,979	12,501,267	12,453,692	12,241,939	12,701,361
Vehicle Revenue Hours	985,709	1,018,879	995,636	927,652	946,314
Passengers	21,819,699	21,460,283	21,142,942	18,907,112	18,448,621
Passenger Miles	80,104,104	77,173,278	78,303,615	73,343,433	69,957,802
Number of Vehicles	388	358	348	337	357
Total					
Passengers	88,510,261	87,175,484	82,333,186	77,626,630	72,208,099
Passenger Miles	408,151,492	384,352,957	384,233,102	375,798,594	351,691,790

Source: NTD Report and MTS internal capital asset system

## San Diego Metropolitan Transit System

### **Capital Assets Statistics by Function**

#### **Last Five Fiscal Years**

Fiscal Year **General Operations** Buildings and structures Nonrevenue vehicles San Diego Transit Land (parcels) Buildings and structures **Buses** Nonrevenue vehicles San Diego Trolley Trolley stations Track miles Light rail vehicles (total inventory) Nonrevenue vehicles MTS - Contracted Services Land (parcel) Buildings and structures Buses Nonrevenue vehicles Taxicab Administration

Source: NTD and MTS internal capital asset system

Buildings and structures

Nonrevenue vehicles

# San Diego Metropolitan Transit System Ridership

## **Last Five Fiscal Years**

Ridership (in 000's)	2009	2008	2007	2006	2005
San Diego Transit % Change	29,762 5.94%	28,094 7.74%	26,076 4.77%	24,890 1.90%	24,427
San Diego Trolley	36,928	37,621	35,114	33,830	29,334
% Change	-1.84%	7.14%	3.80%	15.32%	
MTS - Contract Services	21,820	21,460	21,142	18,907	18,449
% Change	1.67%	1.50%	11.82%	2.49%	

Source: NTD Report

# San Diego Metropolitan Transit System

## **Operating Subsidy**

**Last Five Fiscal Years** 

	2009	2008	2007	2006	2005
Average Fare per Rider					
San Diego Transit	.94	0.85	0.86	0.90	0.88
San Diego Trolley	.91	0.83	0.78	0.83	0.88
MTS - Contract Services	1.09	0.98	0.90	0.92	0.90
Operating Expense per Rider					
San Diego Transit	2.55	2.69	2.62	2.74	3.20
San Diego Trolley	1.64	1.54	1.59	1.63	1.62
MTS - Contract Services	2.73	2.86	2.71	2.88	2.81
Subsidy per Rider					
San Diego Transit	1.61	1.85	1.76	1.85	2.33
San Diego Trolley	.74	0.72	0.81	0.80	0.74
MTS - Contract Services	1.64	1.88	1.81	1.96	1.91

Source: NTD report and Audited financial statements



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## **Agenda**

Item No. 47

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

OPS 970.11

November 12, 2009

#### SUBJECT:

MTS: SEMIANNUAL SECURITY REPORT (JANUARY THROUGH JUNE 2009) (BILL BURKE)

#### RECOMMENDATION:

That the Board of Directors receive a report for information.

**Budget Impact** 

None.

#### DISCUSSION:

Statistics related to security incidents concerning the transit system are compiled by staff based on reports generated by security personnel and Code Compliance inspectors. This information is augmented by reports from local police authorities and is then compiled, summarized, and submitted to the Board of Directors on a midyear and year-end basis. The semiannual report covers the period from January 1, 2009, through June 30, 2009.

#### DEPARTMENT OF HOMELAND SECURITY GRANT FUNDS

<u>FY 2006</u>: In November 2006, the Governor's Office of Homeland Security received approval from the U.S. Department of Homeland Security for funding under the FY 06 Infrastructure Protection Program. Consequently, MTS was awarded \$563,000 for the rail division, and \$682,500 for the bus division. For rail, the projects include enhanced



security at four stations - America Plaza, Imperial Transfer Station, Old Town Transit Center, and San Diego State University. Bus projects include additional security at two of the critical bus yards—Imperial Avenue Division and Kearny Mesa Division. MTS will contribute 25% in additional funds toward each award. Due to the magnitude of projects within this grant, an extension to December 31, 2009, was requested and granted. All projects within the scope of this grant are expected to be closed by the end of calendar year 2009.

<u>FY 2007</u>: In May 2007, the Governor's Office of Homeland Security received approval from the U.S. Department of Homeland Security for funding under the FY 07 Transit Security Grant Program. A total of \$55,071 was awarded to MTS with a requirement that the funds be used for security training relating to terrorist attacks against rail and bus. The time period for this grant extends to June 30, 2010.

FY 2007: Under a separate grant application, MTS requested \$1,285,000 (with matching funds from MTS of \$400,000) in order to expand and enhance an existing program of installing onboard closed-circuit televisions (CCTVs). This is a multiphase project that will ultimately allow MTS to remotely view all CCTV systems at stations and onboard light rail vehicles (LRVs) and busses from the MTS Operations Control Center (OCC). The funds will be used to retrofit 44 existing onboard CCTV busses with wireless remote viewing capability and install CCTV and wireless remote access on 60 LRVs. At the close of 2008, the bus project was completed. For the LRV project, a contract has been awarded to a consulting firm to analyze and issue a final report recommending both the latest technology for this endeavor and a company who can best meet the needs of MTS. A project management team is in place to keep the project focused, and completion is expected in June 2010.

<u>FY 2008</u>: In 2008, MTS applied for an additional \$1,500,000 to continue the onboard CCTV program. This project is Phase II of a multiphase program to ultimately attain the dual capability of remote surveillance of all stations and onboard vehicles from the MTS OCC and consists of installing cameras in 74 LRVs and 56 buses in concert with real-time video feeds to responding law enforcement agencies. The Grant Notification letter was received, and the time period for this grant extends to April 30, 2011.

FY 2009: In late 2008, MTS was invited to apply for additional grants within the Transportation Security Grant Program (TSGP). MTS received preliminary approval of our request but has not been informed as to the amount of the award. \$950,000 was originally requested to install CCTV at four additional transit centers and start Phase III of onboard bus CCTV for 80 additional vehicles.

California Proposition 1B FY 2007-2008: Proposition 1B funds in the amount of \$2.7 million have been awarded to MTS for the purpose of security improvements to the system. The funds are a result of bonds approved by California voters to be used for public transportation enhancements, including security. This grant expires in March 2011, and the monies will be used to equip ten trolley stations with CCTVs and complete the installation of onboard CCTVs on the bus fleet. A consulting firm has been retained to assist with the design and engineering of the ten-station CCTV project. Additionally included in this grant is a project that will enhance security in the lobby area of the Mills Building. An MTS internal project team is in place to administer this grant project.

<u>California Proposition 1B FY 2008-2009</u>: MTS filed an application and submitted an Investment Justification requesting \$2.7 million to complete a fiber-optic link from the Old Town Transit Center to the Fashion Valley Transit Center. This request is pending, and MTS awaits an answer from the State of California.

<u>2009 American Recovery and Reinvestment Act</u>: This is a new government grant and is part of the Economic Stimulus Package. MTS has applied and submitted three Investment Justifications totaling \$3,130,000 for the following projects:

- Fiber-optics link between Qualcomm Stadium and the Old Town Transit Center
- CCTV for five additional transit centers
- Construction of a dog kennel to house three Transit Security Administration explosive-detection canines

MTS is awaiting notification from the government regarding the amount of the award.

#### **TRAINING**

Training is a dynamic process in the MTS Security Department with ongoing classes, seminars, guest speakers, written directives, and other coaching media. During this reporting period, the following training presentations were completed:

- Review of court procedures and testimony
- Review of public officer authority and limitations
- Recognition of graffiti and affiliated gangs
- Compass Card enforcement and system operations
- Laws of Arrest: 832 PC class; four officers recertified

On a continuing basis, pertinent information received from law enforcement and Homeland Security agencies is circulated to all enforcement personnel to keep them informed of current or developing situations that may affect MTS operations.

#### Transportation Security Administration (TSA)

Operation Playbook: In late 2008, Congress enacted 49 CFR Parts 1520 and 1580, which expanded the inspection authority of the Transportation Security Administration (TSA). The regulation clarifies TSA's inspection authority in passenger rail requiring regulated entities to (at any time and in a reasonable manner without advance notice) allow TSA and other Department of Homeland Security (DHS) officials to enter and inspect rail properties and operations in order to carry out TSA's security-related statutory or regulatory duties.

Fortunately, MTS Transit Enforcement has a positive working relationship with the local TSA office, and any liaison with MTS's properties or operations will be conducted in conjunction with TSA and MTS.

One program in particular, Operation Playbook, commenced in June and will continue until further notice. The specifics of the program include the deployment of TSA Behavior Detection Officers (BDOs) to designated transit centers to look for individuals who are exhibiting abhorrent behavior consistent with terrorist activity. BDOs will generally observe a facility for only a few hours and will do so while a security officer is in attendance. If any suspicious activity is observed or further action is required, the security officer will be notified. The Transit Enforcement Department looks forward to working with the TSA as a further adjunct to the mission of providing a safe and secure transportation environment. During all TSA operations on MTS property, there will be no interruption of rail or bus service.

MTS Transit Enforcement has been asked by the regional TSA Field Security Director to assume a lead role in a newly created Surface Transportation Committee. The primary mission of the committee is to promote mutual security interests of all ground transportation organizations within the San Diego and Imperial Counties with an aim toward preparation, prevention, and recovery from man-made or natural disasters. MTS Transit Enforcement will chair the committee.

### Closed-Circuit Television (CCTV)

CCTV is a proven crime deterrent as well as a positive forensic tool in solving crimes and assisting law enforcement agencies. CCTV is presently functioning at 20 stations including:

- 1. Old Town Transit Center (12 cameras)
- 2. Euclid Avenue Station (8 cameras)
- 3. Fashion Valley Transit Center (8 cameras)
- 4. Qualcomm Stadium Station (16 cameras)
- 5. 47<sup>th</sup> Street Station (5 cameras)
- 6. El Cajon Transit Center (2 cameras)
- 7. San Diego State University Station (27 cameras)
- 8. Alvarado Medical Center Station (5 cameras)
- 9. 5<sup>th</sup> & C Street Station (8 cameras)
- 10. Bayfront/E Street Station (10 cameras)
- 11. H Street Station (10 cameras)
- 12. Palomar Street Station (8 cameras)
- 13. San Ysidro Intermodal Station (19 cameras)
- 14. Spring Street Station (6 cameras)
- 15. Amaya Street Station (8 cameras)
- 16. Imperial Transit Center/parking/building (31 cameras)
- 17. City College/Smart Corner (6 cameras)
- 18. Park and Market Station (8 cameras)
- 19. Civic Center Station (8 cameras)
- 20. America Plaza Station (14 cameras)

Most stations have a combination of fixed and pan-tilt-zoom (PTZ) cameras. The PTZ cameras have the capability of rotating to capture a wide-area view and can zoom/tilt to capture view-specific views. Fixed cameras are aimed at specific targets, such as platforms and heavily populated patron areas. All cameras record to a digital video

recorder (DVR) and have the capability of retaining 15 days of recorded history. The Euclid Avenue Station has a 30-day recording capacity. All CCTV systems can be viewed on monitors in the Operations Control Center that is staffed with security personnel during hours of train operations. San Diego State University is monitored on a 24/7 basis at the on-campus security station.

The entire CCTV system is widely used by MTS Transit Enforcement Inspectors and various law enforcement agencies for evidentiary purposes. Many have resulted in court convictions and, while not quantifiable directly the system is a value-added crime deterrent security measure. During this reporting period, a total of 16 security-related events were recorded and saved for evidentiary purposes.

#### Special Detail

A special detail focusing on possible illegal reselling of MTS Day Passes on the Blue Line began in May. Transit Enforcement investigated and confirmed this activity and set up undercover teams to arrest and/or issue citations to the violators.

Repeat offenders were chronically collecting and reselling previously purchased/used tickets. Most of the resale and used ticket collection activity occurred during weekdays in Mexico.

MTS has made extra efforts to reprint some of the day pass tickets with more visible and secondary language indicating that the resale of tickets is illegal. As an enforcement measure, "wanted posters" containing the photographs of the chronic violators were posted at strategic locations along the Blue Line.

Other Day Pass issues relative to Ticket Vending Machine (TVM) sales and MTS bus Day Passes are also being investigated.

### Bike Team Unit

The Bike Team's main focus is on quality of life violations. These violations consist of loiterers, opened alcoholic containers, vandalism, and narcotics possession. The Bike Team patrols trolley stations, transit parking lots, trolley rights-of-way, and bus stops throughout the City of San Diego. The Bike Team Unit also works with the public assisting patrons and tourists with information and directions. The Imperial Avenue Division bus yard and surrounding bus stops continue to be an area of focus due to significant transient activity.

#### **Canine Teams**

In 2006, three explosive-detection canine teams were funded through a five-year Cooperative Agreement with the Transportation Security Administration (TSA). MTS currently deploys three teams.

Explosive-Detection Units responded to approximately seven requests for searches of suspicious packages/objects during this period. One unit responded to a bomb threat on MTS property, which was received by the San Diego Police Department, with negative results.

One handler attended the annual International Association of Bomb Technicians and Investigators (IABTI) Conference in La Quinta, California in June.

Handlers continue to attend the quarterly bomb investigators meetings and regularly conduct internal training. MTS canine units partner with other agencies' canine units for joint training on an ongoing basis.

#### Community Outreach

Operation Lifesaver (OLS) remains very active with regular visits to schools and other organizations. Children (mainly) are taught about transit facts and safety tips and are shown the "Don't Be that Kid" video. They are also given handouts, such as schedules, pens, key chains, coloring books, and bookmarks provided by the MTS Marketing Department.

This period, Sierra Academy in Mira Mesa received the OLS presentation and, later in the week accompanied by an MTS OLS representative, 16 of the 40 special needs students and their teachers were able to put what they learned to the test by taking an outing on the trolley and bus. These kids will soon be using MTS transit as a way to get to their jobs.

Members of the Blind Community Center were also the recipients of the OLS presentation where MTS staff not only taught these members about transit safety but learned a lot about persons with vision impairments.

An MTS OLS representative attended the Carlsbad Health and Wellness Fair in June. MTS Marketing provided a gift bag for a silent auction at this event.

The Transportation Security Administration (TSA) requested Operation Lifesaver training and a safety briefing. Three separate sessions, which included a tour of the SDTI trolley and Operations Control Center, were attended by TSA representatives. These sessions were beneficial as some of the TSA employees may be working with MTS in future security details.

Staff attended the San Ysidro Centennial Celebration in May and handed out OLS and MTS memorabilia.

#### **Outside Agency Collaborative Details**

Department representatives continue to regularly attend the Border Transportation Council meetings to discuss relevant issues, such as criminal activity, illegal transportation carriers, wildcatting and other citizen concerns. Over ten agencies and organizations are represented at these meetings. Issues with stolen vehicles and drug activities were included in the topics of discussion this period. Additionally, this group is working to develop a Web site as a vehicle for information sharing between the agencies.

In May, representatives from MTS, San Diego Police, the City Attorney's office, the City Council, and Clean and Safe attended the East Village "Safety and Quality of Life Forum" at PETCO Park. This forum was arranged by residents and business owners in the East Village to discuss transient crimes and homelessness.

#### San Diego Trolley, Inc.

San Diego Trolley, Inc. experienced 1,258 Part II arrests and 74 reports of Part I incidents during the first half of 2009. This is a 58% reduction in Part I incidents and 6.5% reduction in Part II arrests over the same period in 2008. In the first six months of 2008, there were 1,339 Part II arrests and 117 reports of Part I Incidents.

During this reporting period, enforcement focused on vandalism. As a result, more cases of vandalism were reported and more arrests were made. The Juvenile Court has systematically addressed MTS's cases penalizing juveniles in one form or another. While fiscal collection efforts may be slow, many of those arrested are also being held responsible in the form of being placed on probation, attending graffiti classes and/or serving several hours of Public Service.

A significant arrest and conviction was made in an attempted grand theft in which a suspect (and accomplice waiting in a getaway car) attempted to break into a ticket vending machine. A Lemon Grove Sheriff's officer on patrol heard the ticket vending machine alarm and pursued, apprehended and arrested the suspect. The suspect was convicted, sentenced to prison, and ordered to pay restitution in the amount of \$66,663.

#### San Diego Transit Corporation

San Diego Transit Corporation experienced 106 Part II arrests and 5 reports of Part I incidents in the first six months of 2009. In the first half of 2008, there were 119 Part II arrests and 17 reports of Part I incidents.

#### **Contract Transportation Services**

MTS Contract Services experienced 43 Part II arrests and 8 reports of Part I incidents for this period in 2009. In the same period in 2008, there were 33 Part II arrests and 8 reports of Part I incidents.

Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Bill Burke, 619.595.4947, Bill.Burke@sdmts.com

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Attachments: A. Board FTA 405 Reports (January – June 2009 SDTI)

B. Board FTA 405 Reports (January - June 2008 SDTI)

C. Board FTA 405 Reports (January - June 2009 SDTC)

D. Board FTA 405 Reports (January - June 2008 SDTC)

# SDTI

1/1/09 – 6/30/09

Form not applicable	В	OARD	405 REPORT	Require of 200,	od from transit agencies serving UZAs 000 or more population.
Мото П П П ОП ОТОТИ					
Form 005 Included					Mode
					Type of Service
	Bas	ed on the Unifo	orm Crime Reporting Handboo	k	الللا
Security Item	<u> </u>	·	In Vehicle	In Station	Other Transit Prop.
Location SDTI	-	<del></del>	· · · · · · · · · · · · · · · · · · ·		
Part I Offenses (Reports)					
Violent Crime	Inc Inv	Arrests			
Homicide	0	0			
			1 441 0110	0	
			Dimpioy out	0	
F 1-1			Others (	O   C	<u>U</u>
Forcible rape	0	0	Detween	0 0	0
			T dtl Ollo	0	<u> </u>
			zmprojets		
Robbery	24	10	Culture Control		
1				9 15	2
				0	0
				0	0
Aggravated assault	9	5	0.2		
			Fallons	1 1	1
			1	3	
			Others	1 2	3
Property Crime	Inc Inv	Arrests		0	
Burglary	32	2		0	0
Larceny/theft	32	2	Patrons	8 12	8
			1 dil Olio	0 0	
			Others	1 2	2
Motor vehicle theft	9	1	SANOXS	-	
c.c. vermere anex		,	Patrons	0	9
				0	0
Arson	0	0	<u> </u>	0 0	0
Part II Offenses (Arrests)	Inc Inv	Arrests	70.2		
Other assaults	57	30		3 23	
Vandalism	446	81	4:		
Sex offenses	15	7			4
Drug abuse violations	155	159	25		
Driving under the influence	2	2			
Drunkenness	138	134	30		
Disorderly conduct	534	500	118		226
Trespassing	354	227		) 1629	
Fare evasion	11,088	10,451	8,81	1,638	
Curfew & loitering laws	116	118		2 10_	10
30.000			T	16,186.82	
Total Transit Property Damage			\$ 1	16,186.82	
	Int	arna	I IIca Oi	nlv	
			ll Use O	uly	
1				-	
			Report Run Time	Reporting Po	eriod
Report Run Date					
09/02/2009		09:	40:05AM	01/01/2009	To 06/30/2009

Based on the Uniform Crime Reporting Handbook

**Patrons** Employees

Others

**Patrons** 

**Patrons Employees** 

Others

Patrons

**Patrons** 

Others

**Patrons** 

Others

Employees

**Employees** 

Employees Others

Employees Others

In Vehicle

0

0

0

0

0

0

16

0

0

2

О

1

0

0

0

0

0

0

0

15

13

3

25

27

113

7,541

0

19

\$ 15,476.31

0

	SDTI
	1/1/08 – 6/30/0
Form not applicable	BOARD 405 REI
Form 005 Included	

Inc Inv

0

0

38

6

Inc Inv

0

59

14

0

Inc Inv

84

182

15

187

7

149

462

442

10,643

110

Arrests

0

0

18

3

Arrests

0

6

0

0

Arrests

54

37

6

192

7

140

429

373

9,770

101

Security Items

Location SDTI

Homicide

Forcible rape

Aggravated assault

Property Crime

Robbery

Burglary

Arson

Larceny/theft

Motor vehicle theft

Other assaults

Vandalism

Sex offenses

Drunkenness

Trespassing

Fare evasion

Disorderly conduct

Curfew & loitering laws

Total Transit Property Damage

Part II Offenses (Arrests)

Drug abuse violations

Driving under the influence

Part I Offenses (Reports) Violent Crime

	f from transit agencies serving UZAs 00 or more population.
	Mode
	Type of Service
	لل
Station	Other Transit Prop.
0	0
0	0 0 0
0	0
0	0
0	0 0 0
24	0 0 0
0	0
0	<u> </u>
2	0
2 0 2	0
2	0
	C
0	U
7	22
0	1
14	10
0	13
0	0
0	1
0	0
00	0
39 16	8
16 3	0
140	27
1	6 6
107 299	
299	17
23 2,226	350 3
2,226 70	12
70	12

# **Internal Use Only**

Report Run Date	Report Run Time	Reporting Period			
09/02/2009	09:40:32AM	01/01/2008 To 06/30/2008			

# **SDTC** 1/1/09 – 6/30/09

Form not applicable	В	OARD	405 REPO	RT	Require of 200,0	rd from transit agencies serving UZAs 100 or more population.
Form 005 Included					L	Mode
Ш						Type of Service
		sed on the Unifo	orm Crime Reporting Han	dbook		
Security Iten	15		In Vehicle	•	In Station	Other Transit Prop.
Location SDTC		<u> </u>	·			
Part I Offenses (Reports)  Violent Crime	Inc Inv	Arrests				
Homicide	1 1	0				
			Patrons	0	0	0
			Employees	0	0	3
Egraphia rang	0	0	Others	0	0	0
Forcible rape		0	Patrons	0	0	0
			Employees	0	0	0
			Others	0	0	
Robbery	0	0	D.		0	
			Patrons Employees	0	0	0
			Others	0	0	0
Aggravated assault	2	0				
			Patrons	0	0	0
			Employees	1	0	0
Property Crime	Inc Inv	I Arrests	Others	I		U
Burglary	T 0	0		0	0	0
Larceny/theft	2	0				
			Patrons	0	0	0
			Employees Others	2	0	0
Motor vehicle theft	0	0	Oulers	U		U
Wistor Vernois treit			Patrons	0	0	0
			Employees	0	0	0
			Others	0	0	0
Arson Part II Offenses (Arrests)	Inc Inv	0 Arrests	- (F)	이	U	U
Other assaults	22	3		0	3	0
Vandalism	44	3		1	2	
Sex offenses	7	0		0	0	
Drug abuse violations	11	11		0	8	
Driving under the influence	0	0		0	0	
Drunkenness	34	34		16	16	
Disorderly conduct	156 3	34		7	27 0	0
Trespassing Fare evasion	20	1		1	0	
Curfew & loitering laws	28	18		- 6	4	
Curiew & lottering laws					er er	
Total Transit Property Damage				\$ 54	46.25	
	Int	arna	d Use (	n	Ix	
	1110			<b>/ 11</b>	<b>1</b> y	
						<u></u>
Report Run Date			Report Run Time		Reporting Pe	eriod
09/02/2009		09:4	40:05AM		01/01/2009	To <b>06/30/2009</b>
<u>L.,</u>						

# **SDTC** 1/1/08 – 6/30/08

Form not applicable	В	OARD	405 REPORT	R	equired from transit agencies serving UZAs 200,000 or more population.
Form 005 Included				<u> </u>	Mode
			Crime Beneding Handhas	st.	Type of Service
Security Items		sea on the Unito	rm Crime Reporting Handboo	In Station	Other Transit Prop.
Location SDTC Part I Offenses (Reports)			<u> </u>		
Violent Crime	Inc Inv	Arrests			
Homicide	1	0			÷.
			1 del Olio	0	1 0
			Limpioy cos	0	0 0
Laweible rone	0		Others	0	0 0
Forcible rape	U	0	Patrons	0	0 0
			I du ono	0	0 0
				0	0 0
Robbery	7	2			
			X ****	2	4 0
			22,20,000	0	0 0
Aggravated assault	5	4	Others	U	1
Aggravated assault	3	-	Patrons	1	1 0
				1	0 0
			Others	1	10
Property Crime	Inc Inv	Arrests			
Burglary	0	0		0	0 0
Larceny/theft	4	0	Patrons	3	1 0
			7 441 0110	0	0 0
			Zizipio) +++	0	0 0
Motor vehicle theft	0	0			
			I dil Olio	0	0 0
			Limpio) vvi	0	0 0
Aroon	0	<del>                                     </del>	Others	0	0 0
Arson Part II Offenses (Arrests)	Inc Inv	Arrests		4	
Other assaults	24	2		1	1 0
Vandalism	18	5		3	2 0
Sex offenses	5	0		0	0 0 7 7
Drug abuse violations	14	14		0	7 7
Driving under the influence	2	2		0	2 0
Drunkenness	22	22		9	12 1
Disorderly conduct	105	70		5	61 4
Trespassing	2	1 25		0	23 0
Fare evasion	33	25 3		0	1 2
Curfew & loitering laws	4	3		<u> </u>	
Total Transit Property Damage			\$	1,548.15	
	Int	erna	al Use O		a Period
Report Run Date			Report Run Time	Reportin	
09/02/2009		09:	40:32AM	01/01/20	008 To 06/30/2008



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

# **Agenda**

Item No. <u>48</u>

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

SRTP 825

November 12, 2009

#### SUBJECT:

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

#### RECOMMENDATION:

That the Board of Directors receive a report on the new central database and reporting tool.

**Budget Impact** 

None.

**Executive Committee Recommendation** 

At its meeting on November 5, 2009, the Executive Committee recommended forwarding this item to the Board of Directors for information.

#### DISCUSSION:

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



The MTS IT Department has collected past data, is collecting current data, and is writing reports to analyze the data in TOAD. Such reports can automatically show current trends in many performance areas including ridership, on-time performance, accidents, claims, and road calls.

Paul C. Jablonski Chief Executive Officer

Key Staff Contact: Devin Braun, 619.595.4916, <a href="mailto:Devin.Braun@sdmts.com">Devin.Braun@sdmts.com</a>

NOV12-09.48.MTS DATABASE & REPORTING TOOL.DBRAUN.doc



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## **Agenda**

Item No. 49

**FIN 310** 

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

November 12, 2009

SUBJECT:

MTS: OPERATIONS BUDGET STATUS REPORT FOR SEPTEMBER 2009 (MIKE THOMPSON)

#### RECOMMENDATION:

That the Board of Directors receive the Metropolitan Transit System (MTS) operations budget status report for September 2009.

#### **Budget Impact**

None at this time.

#### **DISCUSSION:**

This report summarizes MTS's operating results for September 2009 compared to the amended midyear budget. Attachment A-1 combines the operations, administration, and other activities results for September 2009. Attachment A-2 details the September 2009 combined operations results, and Attachments A-3 to A-8 present budget comparisons for each MTS operation. Attachment A-9 details budget comparisons for MTS Administration, and A-10 provides September 2009 results for MTS's other activities (Taxicab/San Diego and Arizona Eastern Railway Company/debt service).

### MTS NET-OPERATING SUBSIDY RESULTS

As indicated within Attachment A-1, the year-to-date September 2009 MTS netoperating subsidy unfavorable variance totaled \$1,831,000 (-6.5%). Operations



produced a \$1,640,000 (-5.8%) unfavorable variance, and the administrative /other activities areas were unfavorable by \$192,000.

#### MTS COMBINED RESULTS

#### Revenues

Year-to-date combined revenues through September 2009 were \$23,896,000 compared to the year-to-date budget of \$25,989,000, which represents a \$2,093,000 (-8.1%) negative variance. This is primarily due to unfavorable variance within passenger revenue due to lower-than-budgeted ridership.

#### Expenses

Year-to-date combined expenses through September 2009 were \$53,760,000 compared to the year-to-date budget of \$54,022,000, which resulted in a \$262,000 (0.5%) favorable variance.

<u>Personnel Costs</u>. Year-to-date personnel-related costs totaled \$25,212,000 compared to a year-to-date budgetary figure of \$25,526,000, which produced a favorable variance of \$314,000 (1.2%). This is primarily due to favorable year-to-date variances within Administration.

Outside Services and Purchased Transportation. Total outside services for the first three months of the fiscal year totaled \$17,969,000 compared to a budget of \$18,381,000, which resulted in a year-to-date favorable variance of \$413,000 (2.2%). This is primarily due to purchased transportation favorable variances within paratransit operations.

<u>Materials and Supplies</u>. Total year-to-date materials and supplies expenses totaled \$1,765,000 compared to a budgetary figure of \$1,762,000, which resulted in an unfavorable expense variance of \$3,000 (-0.2%).

<u>Energy</u>. Total year-to-date energy costs were \$6,920,000 compared to the budget of \$6,837,000, which resulted in a year-to-date unfavorable variance of \$83,000 (-1.2%). Traction power was unfavorable by \$327,000 due to critical peak-pricing events partially offset by positive variances in diesel and compressed natural gas (CNG).

Year-to-date diesel prices averaged \$2.318 per gallon compared to the budgetary rate of \$2.300 per gallon. Year-to-date CNG prices averaged \$1.164 per therm compared to the budgetary rate of \$1.350 per therm.

Risk Management. Total year-to-date expenses for risk management were \$1,327,000, compared to the year-to-date budget of \$1,004,000, which resulted in an unfavorable variance totaling \$323,000 (-32.1%). This is primarily due to higher-than-expected legal claims costs within rail operations.

General and Administrative. Year-to-date general and administrative costs, including vehicle and facilities leases, were \$56,000 (-10.9%) unfavorable to budget totaling \$568,000 through September 2009 compared to a year-to-date budget of \$512,000. This is primarily due to variances in noncapital equipment within Administration.

#### YEAR-TO-DATE SUMMARY

The September 2009 year-to-date net-operating subsidy totaled an unfavorable variance of \$1,831,000 (-6.5%). These factors include unfavorable variances in passenger revenue, other revenue, energy, and risk management partially offset by favorable variances in personnel costs and outside services.

Paul C. Jablenski Chief Executive Officer

Key Staff Contact: Mike Thompson, 619.557.4557, mike.thompson@sdmts.com

NOV12-09.49.OPS BUDGET SEPT 09.MTHOMPSON.doc

Attachment: A. Comparison to Budget<sup>1</sup>

Att. A, AI 49, 11/12/09

## MTS CONSOLIDATED

	YEAR TO DATE								
	A	CTUAL	В	UDGET	VA	RIANCE	% VARIANCE		
Passenger Revenue	\$	22,210	\$	24,072	\$	(1,862)	-7.7%		
Other Revenue		1,686		1,917		(231)	-12.0%		
Total Operating Revenue	\$	23,896	\$	25,989	\$	(2,093)	-8.1%		
Personnel costs	\$	25,212	\$	25,526	\$	314	1.2%		
Outside services		17,969		18,381		413	2.2%		
Transit operations funding		-		-		-	-		
Materials and supplies		1 <i>,</i> 765		1,762		(3)	-0.2%		
Energy		6,920		6,837		(83)	-1.2%		
Risk management		1,327		1,004		(323)	-32.1%		
General & administrative		425		356		(69)	-19.5%		
Vehicle/facility leases		142		156		14	8.7%		
Amortization of net pension asset		-		-		-	-		
Administrative Allocation		0		0		-	0.0%		
Depreciation									
Total Operating Expenses	\$	53,760	\$	54,022	\$	262	0.5%		
Operating income (loss)	\$	(29,864)	\$	(28,033)	\$	(1,831)	-6.5%		
Total public support and nonoperating revenues		(1,048)		(821)		(227)	27.6%		
Income (loss) before capital contributions	\$	(30,912)	\$	(28,854)	\$	(2,058)	7.1%		

# OPERATIONS CONSOLIDATED OPERATIONS

Att. A, AI 49, 11/12/09

	5.77		YEAR TO DATE					
	A	CTUAL	В	UDGET	VA	RIANCE	% VARIANCE	
Passenger Revenue	\$	22,210	\$	24,072	\$	(1,862)	-7.7%	
Other Revenue		117		145		(28)	-19.2%	
Total Operating Revenue	\$	22,327	\$	24,218	\$	(1,890)	-7.8%	
Personnel costs	\$	21,950	\$	22,125	\$	175	0.8%	
Outside services		15,487		15,910		423	2.7%	
Transit operations funding		-		-		-	-	
Materials and supplies		1,761		1,753		(7)	-0.4%	
Energy		6,758		6,690		(68)	-1.0%	
Risk management		1,197		899		(298)	-33.2%	
General & administrative		84		103		19	18.3%	
Vehicle/facility leases		135		142		7	5.1%	
Amortization of net pension asset		-		-		-	-	
Administrative Allocation		4,875		4,875		-	0.0%	
Depreciation		-				<u>-</u> .	<del>-</del>	
Total Operating Expenses	\$	52,247	\$	52,497	\$	251	0.5%	
Operating income (loss)	\$	(29,919)	\$	(28,280)	\$	(1,640)	-5.8%	
Total public support and nonoperating revenues		(185)		42		(227)	-543.1%	
Income (loss) before capital contributions	\$	(30,105)	\$	(28,238)	\$	(1,867)	6.6%	

### **OPERATIONS**

Att. A, AI 49, 11/12/09

## TRANSIT SERVICES (SAN DIEGO TRANSIT CORPORATION)

## COMPARISON TO BUDGET - FISCAL YEAR 2010 SEPTEMBER 30, 2009

	YEAR				DATE		
							%
	Α	CTUAL	B	UDGET	VAI	RIANCE	VARIANCE
Passenger Revenue	\$	6,790	\$	6,949	\$	(159)	-2.3%
Other Revenue	-	21		15		6	37.6%
Total Operating Revenue	\$	6,811	\$	6,964	\$	(153)	-2.2%
Personnel costs	\$	14,211	\$	14,208	\$	(2)	0.0%
Outside services		467		397		(70)	-17.7%
Transit operations funding		-		-		-	-
Materials and supplies		1,051		1,008		(43)	-4.3%
Energy		1,799		1,844		45	2.4%
Risk management		372		408		37	9.0%
General & administrative		35		39		4	10.8%
Vehicle/facility leases		50		48		(1)	-3.0%
Amortization of net pension asset		-		-		-	-
Administrative Allocation		1,658		1,658			0.0%
Depreciation		-		<del>-</del>			
Total Operating Expenses	\$	19,642	\$	19,611	\$	(31)	-0.2%
Operating income (loss)	\$	(12,831)	\$	(12,647)	\$	(185)	-1.5%
Total public support and nonoperating revenues		(1,134)		(906)		(227)	25.1%
Income (loss) before capital contributions	\$	(13,965)	\$	(13,553)	\$	(412)	3.0%

### **OPERATIONS**

Att. A, AI 49, 11/12/09

## RAIL OPERATIONS (SAN DIEGO TROLLEY, INCORPORATED)

# COMPARISON TO BUDGET - FISCAL YEAR 2010 SEPTEMBER 30, 2009

	YEAR TO DATE								
	A	CTUAL	в	UDGET	VA	RIANCE	% VARIANCE		
Passenger Revenue	\$	8,194	\$	9,676	\$	(1,481)	-15.3%		
Other Revenue		81		130		(49)	-37.9%		
Total Operating Revenue	\$	8,275	\$	9,806	\$	(1,531)	-15.6%		
Personnel costs	\$	7,408	\$	7,476	\$	68	0.9%		
Outside services		845		834		(11)	-1.3%		
Transit operations funding		-		-		-	-		
Materials and supplies		709		736		27	3.7%		
Energy		2,777		2,334		(443)	-19.0%		
Risk management		825		490		(335)	-68.3%		
General & administrative		47		61		14	22.5%		
Vehicle/facility leases		49		56		8	13.4%		
Amortization of net pension asset		-		-		-	-		
Administrative Allocation		2,953		2,953		-	0.0%		
Depreciation				<u>-</u>	<del></del>				
Total Operating Expenses	\$	15,612	\$	14,941	\$	(671)	-4.5%		
Operating income (loss)	\$	(7,337)	\$	(5,135)	\$	(2,202)	-42.9%		
Total public support and nonoperating revenues		-		-		-	-		
Income (loss) before capital contributions	\$	(7,337)	\$	(5,135)	\$	(2,202)	42.9%		

# OPERATIONS

Att. A, AI 49, 11/12/09

## **MULTIMODAL OPERATIONS (FIXED ROUTE)**

## COMPARISON TO BUDGET - FISCAL YEAR 2010 SEPTEMBER 30, 2009

	18. D		J. 2003	YEAR TO	DATE		
	A	CTUAL	В	UDGET	VAI	RIANCE	% VARIANCE
Passenger Revenue	\$	5,760	\$	5,928	\$	(168)	-2.8%
Other Revenue		16				16	-
Total Operating Revenue	\$	5,776	\$	5,928	\$	(152)	-2.6%
Personnel costs	\$	57	\$	116	\$	59	50.7%
Outside services		10,066		10,184		118	1.2%
Transit operations funding		-		-		-	-
Materials and supplies		1		8		7	89.4%
Energy		1,648		1,723		<b>7</b> 5	4.4%
Risk management		-		-		-	-
General & administrative				1		1	-
Vehicle/facility leases		36		37		1	1.9%
Amortization of net pension asset		-		-		-	-
Administrative Allocation		221		221		-	0.0%
Depreciation		<u>-</u> _					-
Total Operating Expenses	\$	12,028	\$	12,289	\$	261	2.1%
Operating income (loss)	\$	(6,252)	\$	(6,361)	\$	108	1.7%
Total public support and nonoperating revenues		-		-		-	-
Income (loss) before capital contributions	\$	(6,252)	\$	(6,361)	\$	108	-1.7%

## **OPERATIONS**

## Att. A, AI 49, 11/12/09

## MULTIMODAL OPERATIONS (PARATRANSIT)

				YEAR TO	DATE		
	A	CTUAL	Ві	UDGET	VAF	RIANCE	% VARIANCE
Passenger Revenue	\$	468	\$	574	\$	(106)	-18.4%
Other Revenue			<u> </u>			-	-
Total Operating Revenue	\$	468	\$	574	\$	(106)	-18.4%
Personnel costs	\$	33	\$	50	\$	17	34.4%
Outside services		2,418		2,792		375	13.4%
Transit operations funding		-		-		-	-
Materials and supplies		-		-		-	
Energy		450		603		153	25.4%
Risk management		-		-		-	-
General & administrative		0		2		2	99.2%
Vehicle/facility leases		-		1		1	-
Amortization of net pension asset		-		-		-	-
Administrative Allocation		9		9		-	0.0%
Depreciation		<u>-</u>	<del></del>	<u> </u>		<del>-</del>	
Total Operating Expenses	\$	2,910	\$	3,457	\$	547	15.8%
Operating income (loss)	\$	(2,442)	\$	(2,883)	\$	442	15.3%
Total public support and nonoperating revenues		-		-			-
Income (loss) before capital contributions	\$	(2,442)	\$	(2,883)	\$	442	-15.3%

### **OPERATIONS**

Att. A, Al 49, 11/12/09

## CONSOLIDATED CHULA VISTA TRANSIT OPERATIONS

## COMPARISON TO BUDGET - FISCAL YEAR 2010 SEPTEMBER 30, 2009

				YEAR TO	DATE		
	A	CTUAL	Вι	DGET	VAR	IANCE	% VARIANCE
Passenger Revenue	\$	997	\$	946	\$	52	5.5%
Other Revenue							-
Total Operating Revenue	\$	. 997	\$	946	\$	<b>52</b>	5.5%
Personnel costs	\$	53	\$	86	\$	34	38.9%
Outside services		1,498		1,509		11	0.7%
Transit operations funding		-		-		-	-
Materials and supplies		0		2		1	98.0%
Energy		84		186		102	54.7%
Risk management		-		-		-	-
General & administrative		3		0		(2)	-758.0%
Vehicle/facility leases		=		-		-	-
Amortization of net pension asset		-		-		-	-
Administrative Allocation		34		34		-	0.0%
Depreciation		<del>-</del>					
Total Operating Expenses	\$	1,672	\$	1,818	\$	145	8.0%
Operating income (loss)	\$	(675)	\$	(872)	\$	197	22.6%
Total public support and nonoperating revenues		897		897		-	0.0%
Income (loss) before capital contributions	\$	222	\$	25	\$	197	779.2%

## OPERATIONS CORONADO FERRY

Att. A, AI 49, 11/12/09

			ાં કહે છે. પ્ર	YEAR TO	DATE		0/
	AC	TUAL	BU	DGET	VAR	IANCE	% VARIANCE
Passenger Revenue	\$	_	\$	_	\$	-	-
Other Revenue		-				-	
Total Operating Revenue	\$	-	\$	-	\$	-	-
Personnel costs	\$	-	\$	~	\$	-	-
Outside services		38		38		-	0.0%
Transit operations funding		-		-		-	-
Materials and supplies		-		-		-	-
Energy		-		-		-	-
Risk management		-		-		-	-
General & administrative		-		-		-	-
Vehicle/facility leases		-		-		-	-
Amortization of net pension asset		-		-		-	-
Administrative Allocation		-		-		-	-
Depreciation		<del>-</del>				<del>-</del>	
Total Operating Expenses	\$	38	\$	38	\$	-	0.0%
Operating income (loss)	\$	(38)	\$	(38)	\$	-	0.0%
Total public support and nonoperating revenues		51		51		-	0.0%
Income (loss) before capital contributions	\$	13	\$	13	\$	-	0.0%

ADMINISTRATION CONSOLIDATED Att. A, AI 49, 11/12/09

				YEAR TO	DATE		
	A	CTUAL	в	J <b>DGET</b>	VAR	RIANCE	% VARIANCE
Passenger Revenue	\$	-	\$	-	\$	-	-
Other Revenue		1,448		1,693		(245)	-14.5%
Total Operating Revenue	\$	1,448	\$	1,693	\$	(245)	-14.5%
Personnel costs	\$	3,107	\$	3,236	\$	129	4.0%
Outside services		2,431		2,439		8	0.3%
Transit operations funding		-		-		-	-
Materials and supplies		2		8	•	6	73.5%
Energy		158		141		(17)	-12.0%
Risk management		122		100		(22)	-22.4%
General & administrative		313		226		(87)	-38.3%
Vehicle/facility leases		8		14		6	45.2%
Amortization of net pension asset		-		-		-	-
Administrative Allocation		(4,892)		(4,892)		-	0.0%
Depreciation				<u>-</u>		-	
Total Operating Expenses	\$	1,250	\$	1,272	\$	22	1.7%
Operating income (loss)	\$	199	\$	421	\$	(223)	52.8%
Total public support and nonoperating revenues		(862)		(863)		1	-0.1%
Income (loss) before capital contributions	\$	(664)	\$	(442)	\$	(222)	50.2%

# OTHER ACTIVITIES CONSOLIDATED

Att. A, AI 49, 11/12/09

				YEAR TO	DATE		
	AC	TUAL	BU	DGET	VAR	IANCE	% VARIANCE
Passenger Revenue	\$	-	\$	-	\$	-	-
Other Revenue		121		79		42	53.1%
Total Operating Revenue	\$	121	\$	79	\$	42	53.1%
Personnel costs	\$	155	\$	165	\$	10	6.0%
Outside services		51		33		(18)	-53.9%
Transit operations funding		-		-		-	-
Materials and supplies		2		1		(1)	-75.6%
Energy		3		5		2	42.2%
Risk management		8		6		(2)	-41.4%
General & administrative		28		26		(2)	-6.0%
Vehicle/facility leases		-		-		-	-
Amortization of net pension asset		-		-		-	-
Administrative Allocation		17		17		-	0.0%
Depreciation		-					-
Total Operating Expenses	\$	264	\$	253	\$	(11)	-4.3%
Operating income (loss)	\$	(144)	\$	(174)	\$	31	17.7%
Total public support and nonoperating revenues		-		-		~	-
Income (loss) before capital contributions	\$	(144)	\$	(174)	\$	31	-17.7%



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## **Agenda**

Item No. <u>62</u>

Chief Executive Officer's Report

ADM 121.7

November 12, 2009

In accordance with Board Policy No. 52, Procurement of Goods and Services, attached are listings of contracts, purchase orders, and work orders that have been approved within the CEO's authority (up to and including \$100,000) for the period October 10, 2009, through October 29, 2009.

vicki.rogers/agenda item 62



Doc# 010 NBC		KEVENUE CON I KACIO	
1 0915 0-10 NIPC	Organization Organization	Subject	Amount Day
	0915.0-10 NRG ENERGY CTR	ROE PERMIT AC WATER VALVE REPAIR C ST	(\$1,100.00) 10/14/2009
L0917.0-10 ROEL	-0917.0-10 ROEL CONSTRUCTION	ROE PERMIT SDGE MH RECONSTRUCTION 6TH C	(\$3,000.00) 10/14/2009
L6626.0-10 SDG&E		J ROE PERMIT SDGE POLE & OH SPAN	(\$1,000.00)  10/14/2009
S200-10-430 SDG&E		ROE PERMIT SDGE 28TH/HARBOR DR 12KV CONV	(\$12,000.00) 10/14/2009
L0916.0-10 MIDW	L0916.0-10 MIDWAY BAPTIST CHURCH	ROE PERMIT FOR USE AT PALM AVE PARKING	(\$610.00) 10/19/2009
L0921.0-10 BLT F	10921.0-10 BLT FAMILY HOUSING C/O BRAD S	DEPOSIT AGREEMENT FOR TOD DEVELOP PALOMA	(\$20,000.00) 10/19/2009
G1295.0-10 WAS/	31295.0-10 WASATCH ADVANTAGE GROUP, LLC	LLC LETTER OF INTENT CREEKSIDE VILLAS	\$10,000.00 10/19/2009
G1293.0-10 SD UI	G1293.0-10 SD UNIFIED PORT DISTRICT	SUB LEASE FOR THE CATALINA STANDPIPE COM	\$1,466.00 10/26/2009
L0925.0-10 CITY OF SAN DIEGO	-	SEWER EASEMENT UNDERGROUND @ 54TH & MARK	\$1,000.00 10/27/2009
S200-10-432 CITY OF SAN DIEGO		SEWER EASEMENT UNDERGROUND @ 54TH & MARK	\$1,000.00 10/27/2009

	EXPENSE CONTRACTS	
Doc # Organization	Subject	Amount Day
G0980.1-06 SANDAG	EXTEND TIME OF CONTRACT	\$0.00 10/14/2009
G1072.3-07 LAW OFFICES OF R MARTIN BOHL	LEGAL SERVICES - LAND USE	\$50,000.00 10/14/2009
G1290.0-10 SANDAG	INTERIM MOU FOR COMPASS CARD BACK OFFICE	\$0.00 10/14/2009
L0873.1-08 CITY OF SAN DIEGO C/O PATTI BO	EASEMENT AGREEMENT FOR OCEAN BEACH BIKEP	\$0.00 10/14/2009
L0918.0-10 DAVID EVANS AND ASSOC	ROE PERMIT SANDAG CIP1210001 LASER TOPO	\$0.00 10/14/2009
L7038.0-10 THE POINT OFFICE PARTNERS LLC	QUITCLAIM DEED OF TEMP CONST EASMT RANCH	\$0.00 10/14/2009
L6627.0-10 PACIFIC DRILLING	ROE PERMIT SANDAG CIP 1239807	\$0.00 10/15/2009
L6628.0-10 NINYO & MOORE	ROE PERMIT SANDAG CIP 1239807	\$0.00 10/15/2009
L6629.0-10 HDR ENGINEERING	ROE PERMIT SANDAG CIP 1239807	\$0.00 10/15/2009
S200-10-427 NINYO & MOORE	ROE PERMIT SANDAG CIP #1143700 GEO TECH	\$0.00 10/15/2009
S200-10-428 PACIFIC DRILLING CO	ROE PERMIT - SANDAG CIP 1143700 GEO TECH	\$0.00 10/15/2009
G1294.0-10 SAN DIEGO FIRE RESCUE	ADDENDUM A AGREE FOR SD REGIONAL INTEROP	\$3,600.00 10/19/2009
S200-10-421 CITY OF LA MESA	DURABLE ROE PERMIT CITY OF LA MESA	\$0.00 10/19/2009
G1087.6-07 LIEBMAN, QUIGLEY, SHEPPARD & S LEGAL SERVICES - GRAL & TORT LIABILITY	LEGAL SERVICES - GRAL & TORT LIABILITY	\$70,000.00 10/26/2009
G1139.6-08 TROVILLION, INVEISS & DEMAKIS	LEGAL SERVICES WORKERS COMP	\$0.00 10/26/2009
G1165.2-08 OPPER & VARCO, LLP	LEGAL SERVICES ENVIRONMENTAL LAW	\$55,000.00 10/26/2009

Doc # ☐ Organization	EXPENSE GONTRACTS Subject	Amount   Dav
G1173.6-08 LAW OFFICE OF JULIE MORRIS SOD LEGAL SERVICES - GRAL & TORT LIABILITY	LEGAL SERVICES - GRAL & TORT LIABILITY	\$75,000.00 10/26/2009
L0922.0-10 AGUIRRE ENGINEERING	ROE PERMIT SANDAG CIP 12220001 LAND SURV	\$0.00 10/29/2009
M6676.0-10 AGUIRRE ENGINEERING	ROE PERMIT SANDAG CIP 1095400 TO #22 DES	\$0.00 10/29/2009
And the second s		
PIRCH	PIRCHASEORDERS	

DATE Corganization Organization	Subject .	AMOUNT
10/15/2009 ICX360 SURVEILLANCE	CAMELEON V4 - LICENSE PACK V4-100LI	\$27,546.74
10/15/2009 WAVE TECHNOLOGY SOLUTIONS	RENEWAL OF ANNUAL SUPPORT MAINT	\$4,369.62
10/15/2009 PACIFICA HEALTH AND MEDICAL	HINI SWINE FLU VACCINE	\$2,395.00
10/15/2009 CDW GOVERNMENT INC	AUTOCAD LT 2010 COMPLETE PKG	\$1,146.93
10/15/2009 THE PINNACLE GROUP	LIEBERT GXT2 3000VA UPS RM 2U 5MIN	\$2,647.21
10/15/2009 NETWORK LIQUIDATORS	NORTEL DATA AL1001E02 BAYSTACK	\$1,774.00
10/15/2009 SAN DIEGO SWEEPING	BRT STATIONS STREET SWEEPING	\$2,292.00
10/15/2009 THE WELCH COMPANY	66" DESK, LATERAL FILE CREDENZA, PE	\$5,828.53
10/15/2009 ASSOCIATED POSTERS INC	MTS HEALTHY AIR WALK BUS KINGS	\$997.13
10/15/2009 OTAY VALLEY ROCK LLC	BALLAST 300 TON, TRUCK & TRANSFER	\$11,237.16
10/15/2009 OTAY VALLEY ROCK LLC	BALLAST 400 TON, TRUCK & TRANSFER	\$12,645.63
10/15/2009 ARAMARK REFRESHMENT SERV	COFFEE BEVERAGE SVC AGREEMETN	\$10,825.00
10/15/2009 CITY HEIGHTS DEV CENTER	2009-2010 BUSINESS DIRECTORY SPONSO	\$2,500.00
10/15/2009 TEL TECH PLUS INC DBA TTP-US	LABOR TO INSTALL NEW FIBER DISTRIBU	\$1,722.00
10/22/2009 LEARFIELD DBA AZTEC SPORTS PRO RESTROOM MIRROR ADS, PILLAR ADS	RESTROOM MIRROR ADS, PILLAR ADS	\$2,152.00
10/22/2009 BORDEAUX PRINTERS INC	FUN PLACES BROCHURES (4/C)	\$3,242.93
10/22/2009 H&H ENGINEERING CONSTRUCTION	RAIL WELDING SVCS DISTRESSING RAILS	\$5,323.00
10/26/2009 ETHERWAN SYSTEMS INC	10/100 BASE TX TO 100BASE FX SINGLE	\$478.50
10/26/2009 CARMON INTERNATIONAL	PREPARE MTS PROPERTY (UNIT A AND E)	\$7,707.00
10/29/2009 GIRO INC	END OF HASTOP 3-MO WARRANTY	\$2,784.00
10/29/2009 LLOYD PEST CONTROL	SET UP FEE AND SERVICES	\$653.00

WORK ORDERS		
Doc:#	14	Amount   Day
L6343.50-01 AMEND TO CM CONTRACT FOR MVE		\$0.00 10/14/2009
G1246.0-09.07 ENG SVCS REAL MANAGEMENT SYSTEM DEV \$25,500.00 10/22/2009	EM DEV \$2	25,500.00 10/22/2009
G1246.0-09.05.01 WO AMEND 1 REV SCOPE CCTV DESIGN		\$6,553.47 10/26/2009
G0980.0-06.08.05 TASK ORDER #5 FEDERAL LEGISLATIVE S		\$38,824.00 10/26/2009
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