



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

Agenda

JOINT MEETING OF THE EXECUTIVE COMMITTEE

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

November 4, 2010

Executive Conference Room
9:00 a.m.

ACTION RECOMMENDED

A. ROLL CALL

B. APPROVAL OF MINUTES - October 21, 2010

Approve

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Hosted Text Messaging System - Contract Award (Devin Braun)

Approve

Action would forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1326.0-10 with Deeplocal, Inc. for the procurement of a hosted text messaging system, including a vanity short messaging service (SMS) short code with a one-year base and 2 two-year options.

2. MTS: Trolley Rehabilitation Project Update (Wayne Terry)

Receive

Action would receive a report for information and provide comments.

3. MTS: Regional Transportation Plan Revenue-Constrained Scenarios (Carolina Gregor of SANDAG)

Receive

Action would receive a report for information.

D. REVIEW OF DRAFT NOVEMBER 18, 2010, JOINT BOARD AGENDA

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Possible
Action

Review of SANDAG Transportation Committee Agenda and discussion regarding any items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc. Relevant excerpts will be provided during the meeting.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

G. PUBLIC COMMENTS

H. NEXT MEETING DATE: December 2, 2010

I. ADJOURNMENT



JOINT MEETING OF THE EXECUTIVE COMMITTEE FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS),
SAN DIEGO TRANSIT CORPORATION (SDTC), AND
SAN DIEGO TROLLEY, INC. (SDTI)
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

October 21, 2010

DRAFT MINUTES

A. ROLL CALL

Chairman Mathis called the Executive Committee meeting to order at 9:46 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Rindone moved for approval of the minutes of the October 7, 2010, MTS Executive Committee meeting. Ms. Lightner seconded the motion, and the vote was 5 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Federal Legislative Update

Peter Peyser of Blank Rome Government Relations and his colleague, Beth Boehlert, were present to provide the Executive Committee with an update on federal legislative matters. Mr. Peyser mentioned that he met with MTS, San Diego Association of Governments (SANDAG), and Parsons Brinckerhoff yesterday to discuss lobbying actions for the Mid-Coast project. He is predicting that the November election will bring about a change in the House of Representatives from Democrats to Republicans with 45 to 60 seats. He predicts the Senate will stay Democratic and, therefore, there will be gridlock to get major legislation passed.

Mr. Peyser said that most likely Chair of the Transportation and Infrastructure Committee in the House will be John Mica from Central Florida whom works well with Democrats to expand public transit. He feels that the Vice Chairman will be Tom Petri from Wisconsin, a moderate Republican, and feels that with two moderate Republicans leading the Committee, they will have the ability to pull people together and advance legislation. Mr. Peyser feels the main impediment is going to be taxation.

Ms. Boehlert predicts that there is going to be gridlock for the Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU) that is up for reauthorization. The bill expired on September 30, 2009, and has since been extended and will most likely be extended again because there is no talk of funding a new bill. She mentioned that on Labor Day, President Obama made a speech proposing a 6-year, \$50 billion infrastructure program to help stimulate the economy. The bill would be front-loaded with an infusion of cash and pushed through the National Infrastructure Reinvestment Bank. President Obama raised the infrastructure program again on Columbus Day but stayed silent on the finance issue, and so it seems unlikely that an agreement on long-term funding will be reached.

Mr. Peyser explained that getting significant funding for programs is unlikely and hard to predict for the 2012 budget. He explained that the Mid-Coast project is in the process of getting approval for preliminary engineering, and regional funds are available to keep advancing the project-federal funding is not yet a problem. It is going to be crucial for the success of the program that federal funds be available to fund at least 50% of the cost of the project for the calendar year 2014. Mr. Peyser stated that other projects that are closer to completion that require federal funds should be concerned, but the Mid-Coast project is not cause for immediate concern. He stated that it is very important that SANDAG and MTS work to get preliminary engineering started and completed enough to name the project in the February 2012 reporting because, at that stage, a federal rating is given for project. He feels that the project dates coincide well with federal funding for 2012 and that it is important to reach out to congressional representatives and give them a sense of ownership for the Mid-Coast project to increase the chance of funding.

Ms. Boehlert discussed the \$0.50 a gallon compressed natural gas (CNG) tax credit extension. She explained that the tax credit expired on September 30, 2009, and currently the problem is finding a way to pay for the extension. She indicated that both parties have said that dealing with the Bush tax cuts and tax extenders are two issues that they want to address. She mentioned that what may happen is that the tax credits are extended retroactively only for the year 2010.

Cliff Telfer, Chief Financial Officer, stated that MTS did not include any tax credits in the 2010 budget.

Mr. Cox stated the Transportation Efficiency Acts have usually been six-year bills and wanted to know if the bill will be a six-year bill again even if it is not passed in 2012 or 2013. Mr. Peyser responded that if the bill gets passed two years late, then the bill will only be active for four years. He explained that the Obama Administration has said for fiscal year 2010, the domestic spending program will be frozen for three years, and the Transportation Department is working from that assumption.

Mr. Selby questioned if there was any talk about expediting monies directly to the county level organizations, such as SANDAG, instead of going through the State Capitols. Mr. Peyser mentioned that the Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant Program was developed to jump-start regional project funding. He explained that SANDAG had received a \$20.2 million grant last year for the border project.

Action Taken

Mr. Rindone moved to receive an update from MTS's Washington representative. Ms. Lightner seconded the motion, and the vote was 5 to 0 in favor.

D. REVIEW OF DRAFT OCTOBER 28, 2010, JOINT BOARD AGENDA

Recommended Consent Items

6. MTS: Adoption of 2011 MTS Executive Committee and Board of Directors Meeting Schedule

Action would adopt the 2011 Executive Committee and Board of Directors meeting schedule.

7. MTS: Aerial Platform Truck Equipment and Accessories - Contract Award

Action would authorize the CEO to execute MTS Doc. No. L0978.0-11 with Terex Utilities for the procurement and installation of aerial platform truck equipment and accessories.

8. MTS: Federal Transit Administration 5316 Grant Applications

Action would approve Resolution No. 10-24 authorizing the CEO to submit applications for fiscal years 2011 and 2012 Job Access and Reverse Commute (JARC) for Non-Urban (Rural) Areas Federal Transit Administration (FTA) Funding 5316. The total amount of the application is \$844,797.

Recommended Consent Items

There was no additional discussion of the recommended Consent Items.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Sharon Cooney, Chief of Staff, mentioned that the SANDAG Transportation Committee meeting last week was conjoined with the Regional Planning Committee to discuss the RTP plan. She mentioned that a very lively discussion occurred between members, and there is expected to be another lively discussion at the SANDAG Board meeting tomorrow. Mr. Selby expressed his concern for MTS priorities and long-term planning.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no Committee Member communications.

G. PUBLIC COMMENTS

There were no public comments.

H. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for Thursday, November 4, 2010, at 9:00 a.m. in the Executive Committee Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 10:38 a.m.

Chairman
Attachment: A. Roll Call Sheet

**EXECUTIVE COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) October 21, 2010

CALL TO ORDER (TIME) 9:46 AM

RECESS _____

RECONVENE _____

CLOSED SESSION _____

RECONVENE _____

ADJOURN 10:38 AM

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
LIGHTNER <input checked="" type="checkbox"/> (Young) <input type="checkbox"/>		
MATHIS <input checked="" type="checkbox"/>		
Imperial Beach Rotated to Chula Vista		
RINDONE (VC) <input checked="" type="checkbox"/> (Young - CPT) <input type="checkbox"/>		
ROBERTS <input type="checkbox"/> (Cox) <input checked="" type="checkbox"/>		
SELBY <input checked="" type="checkbox"/> (Ryan) <input type="checkbox"/>		
Transportation Committee Rep Slot (Mathis)		

SIGNED BY OFFICE OF THE CLERK OF THE BOARD: Valerie Vizkelet

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: [Signature]



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Agenda

Item No. C1

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

November 4, 2010

SUBJECT:

MTS: HOSTED TEXT MESSAGING SYSTEM – CONTRACT AWARD (DEVIN BRAUN)

RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1326.0-10 (in substantially the same form as Attachment A) with Deeplocal, Inc. for the procurement of a hosted text messaging system, including a vanity short messaging service (SMS) short code with a one-year base and 2 two-year options.

Budget Impact

This would be a service contract with a revenue component. Deeplocal would sell targeted advertising to pay for the operating costs of the service. If all options were exercised, revenues are estimated to be \$250,000 based on actual usage and advertising sales, but they could be higher or lower. MTS would receive 30% of the revenue generated by advertising.

There would be an annual cost of \$18,000 for leasing the vanity SMS short code plus \$2,500 in the first year for the initial setup of the short code. If all of the options are exercised, the short code would cost \$92,500 over the life of the five-year contract and would be charged to 661-53910000 (Outside Services).

Deeplocal would assume all risk for advertising sales and ongoing system operating costs except for the SMS short code lease. It is anticipated that MTS's share of the revenues would cover some or all of the SMS short code cost.

DISCUSSION:

Background

The Executive Committee received a report on July 9, 2009, regarding the benefits of providing real-time arrival information to passengers through text messages. Currently, according to the CTIA-The Wireless Association, 93% of the total U.S. population has a cell phone, and there are 173.2 billion text messages sent monthly. This technology is cheap, fast, and available on almost every cell phone, which makes it a good candidate for delivering real-time arrival information to our passengers.

Procurement

On June 2, 2010, MTS issued a Request for Proposals (RFP) under MTS Doc. No. G1326.0-10 for the purchase of a Hosted Text Messaging System. On July 20, 2010, four proposals were received. An evaluation panel composed of MTS Procurement, Marketing, Planning, Information Technology, and Finance staffs deemed all four proposers to be responsive.

Three proposers were determined to be in the competitive range and were invited for an interview to answer the evaluation panel's questions and demonstrate specifics of their solutions. The evaluation panel then asked two proposers (Deeplocal and NextBus) to find cost savings, where appropriate, and to tender a Best and Final Offer (BAFO). MIS Sciences was not asked to submit a BAFO because as a result of the interview, the panel decided the proposed solution wasn't desirable as it wasn't tailored to meet MTS's needs. Finally, the evaluation panel took the responses to the RFP, the interviews, and the BAFOs into account and scored the proposals based on the following criteria:

- | | | |
|----|--|-----|
| 1) | Qualifications of the Firm or Individual | 20% |
| 2) | Work Plan | 30% |
| 3) | Cost and Price | 50% |

After the final evaluation, the evaluation panel determined that Deeplocal, Inc. was the proposer with the best overall score. Deeplocal was also the only proposer to offer MTS a potential revenue stream from the text messaging program. Deeplocal's product, called Route Shout, offers text messaging, two iPhone applications, an Android application, and geographically targeted advertising. The advertisements would strictly adhere to MTS Board Policy No. 21 (MTS Revenue-Generating Display Advertising, Concessions, and Merchandise).



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Devin Braun, 619.557.4916, Devin.Braun@sdmts.com

NOV4-10.C1.TEXT MSG CONTRACT AWARD.DBRAUN.doc

Attachments: A Draft MTS Doc. No. G1326.0-10
B. Hosted Text Messaging Project Selection Criteria

DRAFT

STANDARD SERVICES AGREEMENT

G1326.0-10
CONTRACT NUMBER

FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2010, in the State of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: Deeplocal, Inc.Address: 6101 Penn Avenue, Suite 401Form of Business: CorporationPittsburg, PA 15206

(Corporation, partnership, sole proprietor, etc.)

Telephone: 412.362.0201Authorized person to sign contracts: Tim WhiteVP Sales and Service

Name

Title

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

Provide a hosted text messaging system for up to five years for MTS as specified in MTS's Request for Proposals (RFP) MTS Doc. No. G1326.0-10; including Addenda, Responses to Approved Equals/Clarifications; and in accordance with the Standard Services Agreement, Standard Conditions Services, Scope of Work, and Hosted Text Messaging System proposal (hereinafter "Contract Documents"). If there are any inconsistencies between the Contract Documents, the following order of precedence will govern the interpretation of this contract.

1. MTS's Hosted Text Messaging System Request for Proposals, Addendum, Responses to Approved Equals/Clarifications, MTS Safety Program, and Contractor's Bid.
2. Standard Services Agreement, including the Standard Conditions Services.

This contract shall remain in effect for a one-year base term with 2 two-year options. The term of the base contract shall be December 1, 2010, through November 30, 2011. MTS shall have the sole discretion to exercise option years at the prices set forth in the Contractor's Cost Proposal. Compensation will be per the negotiated rates as stated in the Best and Final Offer (BAFO) document for pricing with the Private Vanity Short Code. The Private Vanity Short Code will be procured by Deeplocal on behalf of MTS but will belong to MTS and will be assignable by MTS to any contractor it chooses at the conclusion of this contract. All records pertaining to any revenue generated that is associated with this agreement will be provided on a quarterly basis and as demanded by MTS.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM**CONTRACTOR AUTHORIZATION**By: _____
Chief Executive Officer

Approved as to form:

By: _____
Office of General Counsel

Firm: _____

By: _____
Signature

Title: _____

AMOUNT ENCUMBERED

BUDGET ITEM

FISCAL YEAR

\$92,500

661-53910000

2011

By: _____
Chief Financial Officer

Date

The selection for the Hosted Text Messaging project was based on the criteria listed below:

1. Qualifications of the Firm and Personnel (20 points)
2. Work Plan (30 points)
3. Cost and Price (50 points)

Based on the evaluation criteria and the consolidated scores of the evaluation panel, the scores resulted in the ranking of the firms as listed below. The difference was a very wide margin. Much of the difference resulted from the significantly higher cost proposed by NextBus. Although the panel tried to negotiate a better price, NextBus insisted on including many additional features outside of the scope of this project and included those costs in its proposal. Since price was 50% of the score, the difference in cost put NextBus at a disadvantage. Deeplocal also proposed potential revenue from advertising that it will solicit on MTS's behalf, which will lower its cost even further.

<u>Ranking</u>	<u>Points</u>
1. Deep Local	87
2. NextBus	51

BAFO PRICING PRIVATE VANITY CODE

CONTRACT YEAR	NEXTBUS	DEEPLocal
Contract Year 1 total:	\$ 160,484.00	\$ 20,500.00
Option 1 – NCTD Contract Year 1:	\$ 55,300.00	\$ -
Option 2 - Contract Years 2 - 3:	\$ 129,000.00	\$ 36,000.00
Option 3 – NCTD Contract Years 2 - 3:	\$ 30,600.00	\$ -
Option 4 - Contract Years 4 - 5:	\$ 129,000.00	\$ 36,000.00
Option 5 - NCTD Contract Years 4 – 5:	\$ 30,600.00	\$ -
GRAND TOTAL FOR 5 YEAR CONTRACT:	\$ 534,984.00	\$ 92,500.00



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Agenda

Item No. C2

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

OPS 970.2

November 4, 2010

SUBJECT:

MTS: TROLLEY REHABILITATION PROJECT UPDATE (WAYNE TERRY)

RECOMMENDATION:

That the Executive Committee receive a report for information and provide comments.

Budget Impact

None.

DISCUSSION:

Activities to rehabilitate and retrofit the trolley system for low floor car operation are underway. Design of the stations is progressing, and Blue Line catenary replacement work commenced on October 29. MTS and San Diego Association of Governments staffs and consultants will provide the Executive Committee with an update on the project, including station design work and the results of the first weekend closure of the Blue Line.

A handwritten signature in black ink, appearing to read 'Paul C. Jablonski', is written over a horizontal line.

Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Wayne Terry, 619.595.4906, wayne.terry@sdmts.com

NOV4-10.C3.TROLLEY REHAB.TERRY.doc



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San Diego, CA 92101-7490
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Agenda

Item No. C3

JOINT MEETING OF THE EXECUTIVE COMMITTEE

SRTP 835

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

November 4, 2010

SUBJECT:

MTS: REGIONAL TRANSPORTATION PLAN REVENUE-CONSTRAINED
SCENARIOS (CAROLINA GREGOR OF SANDAG)

RECOMMENDATION:

That the Executive Committee receive a report for information.

Budget Impact

None.

DISCUSSION:

Based on revenue projections through 2050, San Diego Association of Governments (SANDAG) staff has developed various scenarios for the Regional Transportation Plan using prioritized project lists and other factors. The Revenue-Constrained Transportation Network Scenarios attempt to build and operate as much of the Unconstrained Transportation Network as possible given revenue availability and flexibility and project priorities. SANDAG staff will present these scenarios to the Executive Committee for discussion and comments.

A handwritten signature in black ink, appearing to read 'Paul C. Jablonski', is written over a horizontal line.

Paul C. Jablonski
Chief Executive Officer

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

NOV4-10.C3.RTP.CGREGOR SANDAG.doc

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DRAFT

Agenda

JOINT MEETING OF THE BOARD OF DIRECTORS

for the

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

November 18, 2010

9:00 a.m.

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

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ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes - October 28, 2010 Approve
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.
4. MTS: Appointment of Ad Hoc Nominating Committee for Recommending Appointments to MTS Committees for 2011 (Sharon Cooney) Elect/
Appoint
Action would: (1) elect a Vice Chair and a Chair Pro Tem for 2010; and (2) consider the nominating slate proposed by the Ad Hoc Nominating Committee for the appointment of representatives to MTS committees for 2011 and vote to appoint representatives to those committees.

Please turn off cell phones
during the meeting

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CONSENT ITEMS

- | | | |
|----|--|---------|
| 6. | <u>MTS: San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Board of Directors at its meeting on October 19, 2010</u>
Action would: (1) receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports; and (2) ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on October 19, 2010. | Receive |
| 7. | <u>MTS: Revisions to MTS Policy No. 41 (Signature Authority) and MTS Policy No. 52 (Procurement of Goods and Services)</u>
Action would approve revisions to MTS Policy No. 41 (Signature Authority) and MTS Policy No. 52 (Procurement of Goods and Services). | Approve |
| 8. | <u>MTS: Investment Report - September 2010</u>
Action would receive a report for information. | Receive |
| 9. | <u>MTS: Regional Transportation Improvement Program Amendment</u>
Action would forward a recommendation to the San Diego Association of Governments' (SANDAG's) Board of Directors to adopt Resolution No. 10-25 approving the amendment of the Regional Transportation Improvement Program (RTIP) to remove the Transportation Development Credits in accordance with the fiscal year 2011 Capital Improvement Program recommendations. | Approve |

CLOSED SESSION

24. None.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

- | | | |
|-----|---|---------|
| 30. | <u>MTS: Hosted Text Messaging Project (Devin Braun)</u>
Action would authorize the CEO to execute MTS Doc. No. G1326.0-10 with Deeplocal, Inc. for the procurement of a hosted text messaging system, including a vanity short messaging service (SMS) short code with a one-year base and 2 two-year options. | Approve |
|-----|---|---------|

REPORT ITEMS

- | | | |
|-----|--|---------|
| 45. | <u>MTS: Comprehensive Annual Financial Report (Cliff Telfer)</u>
Action would receive a report for information. | Receive |
| 46. | <u>MTS: Regional Transportation Plan Revenue-Constrained Scenarios (Carolina Gregor of SANDAG)</u>
Action would receive a report for information. | Receive |

- | | | |
|-----|---|-------------|
| 60. | <u>Chairman's Report</u> | Information |
| 61. | <u>Audit Oversight Committee Chairman's Report</u> | Information |
| 62. | <u>Chief Executive Officer's Report</u> | Information |
| 63. | <u>Board Member Communications</u> | |
| 64. | <u>Additional Public Comments Not on the Agenda</u>
If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments. | |
| 65. | <u>Next Meeting Date:</u> December 9, 2010 | |
| 66. | <u>Adjournment</u> | |



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Agenda

Item No. 6

JOINT MEETING OF THE BOARD OF DIRECTORS
for the

SDAE 710 (PC 50771)

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

November 18, 2010

**Draft for
Executive Committee
Review Date: 11/4/10**

SUBJECT:

MTS: SAN DIEGO AND ARIZONA EASTERN (SD&AE) RAILWAY COMPANY
QUARTERLY REPORTS AND RATIFICATION OF ACTIONS TAKEN BY THE SD&AE
BOARD OF DIRECTORS AT ITS MEETING ON OCTOBER 19, 2010

RECOMMENDATION:

That the Board of Directors:

1. receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports (Attachment A); and
2. ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on October 19, 2010 (Attachment A).

Budget Impact

None.

DISCUSSION:

Quarterly Reports

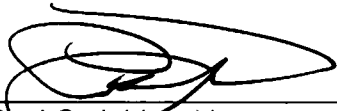
Pursuant to the Agreement for Operation of Freight Rail Services, SD&IV, Museum, and Carrizo have provided the attached quarterly reports of their operations during the third quarter of calendar year 2010 (Attachment A).



SD&AE Property Matters

Under its adopted policy for dealing with the SD&AE Railway, the MTS Board of Directors must review all property matters acted on by the SD&AE Board. At its meeting of October 19, 2010, the SD&AE Board:

- approved issuing a license to Tessera Solar to use an existing at-grade crossing as a temporary construction access road and ultimately as a secondary emergency access road. The crossing crosses over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at approximately milepost 128.0 on the Desert Line.
- approved the 2011 SD&AE Board of Directors meeting schedule.



Paul C. Jablonski
Chief Executive Officer

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

NOV18-10.6.SDAE RPTS.TLOREN.doc

Attachment: A. SD&AE Meeting Agenda & Materials (**Board Only Due to Volume**)



San Diego & Arizona Eastern
Railway Company

A Nevada Nonprofit
Corporation

1255 Imperial Avenue,
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BOARD OF DIRECTORS
Don Seil, Chairman
Bob Jones
Paul Jablonski

OFFICERS
Paul Jablonski, President
Bob Jones, Secretary
Linda Musengo, Treasurer

OF COUNSEL
Tiffany Lorenzen

AGENDA

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

October 19, 2010

9:00 a.m.

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

SDAE 710.1
(PC 50771)

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RECOMMENDED ACTION

- | | | |
|----|--|---------|
| 1. | <u>Approval of the Minutes of July 20, 2010</u>
Action would approve the SD&AE Railway Company minutes of July 20, 2010. | Approve |
| 2. | <u>Statement of Railway Finances (Linda Musengo)</u>
Action would receive a financial report for the quarter ended September 30, 2010. | Receive |
| 3. | <u>Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Jose Ramos)</u>
Action would receive a report for information. | Receive |
| 4. | <u>Report on Pacific Southwest Railway Museum (Diana Hyatt)</u>
Action would receive a report for information. | Receive |
| 5. | <u>Report on the Desert Line (Armando Freire)</u>
Action would receive a report for information and an update on the status of rail operations. | Receive |
| 6. | <u>Real Property Matters (Tim Allison)</u> | |
| a. | <u>Summary of SD&AE Documents Issued Since July 20, 2010</u>
Action would receive a report for information. | Receive |

- | | | |
|-----|--|---------|
| b. | <u>License Agreement with Tessera Solar</u>
Action would approve issuing a license to Tessera Solar to use an existing at-grade crossing as a temporary construction access road and ultimately as a secondary emergency access road. The crossing crosses over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at approximately milepost 128.0 on the Desert Line. | Approve |
| 7. | <u>Approval of the 2011 SD&AE Board of Directors Meeting Schedule (Tiffany Lorenzen)</u>
Action would approve the 2011 SD&AE Board of Directors meeting schedule. | Approve |
| 8. | <u>Old Business</u> | |
| 9. | <u>New Business</u> | |
| 10. | <u>Public Comments</u> | |
| 11. | <u>Next Meeting Date</u>
Pending approval of Agenda Item No. 7, the next scheduled meeting of the SD&AE Board of Directors will be on Tuesday, January 18, 2011, at 9:00 a.m. | |
| 12. | <u>Adjournment</u> | |

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MINUTES

BOARD OF DIRECTORS MEETING OF THE SAN DIEGO & ARIZONA EASTERN RAILWAY COMPANY

July 20, 2010

A meeting of the Board of Directors of the San Diego & Arizona Eastern (SD&AE) Railway Company, a Nevada corporation, was held at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101, on July 20, 2010, at 9:00 a.m.

The following persons, constituting the Board of Directors, were present: Don Seil, Bob Jones, and Paul Jablonski. Also in attendance were:

MTS staff:	Tiffany Lorenzen, Tim Allison, Linda Musengo, Wayne Terry
SD&IV staff:	Matt Domen
Pacific Southwest Railway Museum:	Diana Hyatt
Carrizo Gorge Railway, Inc. (Carrizo):	Armando Freire
Bureau Veritas:	Phil Kern
California Public Utilities Commission:	Jay Ellis
Tierra Madre Railway:	R. Mitchel Beauchamp
City of Lemon Grove:	Barbara Kraber, Patrick Hansen-Lund
Taxicab Leased Driver Representative:	Margo Tanguay

1. Approval of Minutes

Mr. Jones moved to approve the Minutes of the April 20, 2010, SD&AE Railway Board of Directors meeting. Mr. Jablonski seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Linda Musengo submitted the financial statement for the quarter ended June 30, 2010 (attached to the agenda item). Ms. Musengo clarified for Mr. Jablonski that the reserve is projected to increase over the next year.

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Jones seconded the motion, and it was unanimously approved.

3. Report on SD&IV Operations

Matt Domen presented the report of activities for the second quarter of 2010 (attached to the agenda item).

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Jones seconded the motion, and it was unanimously approved.

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt presented the second quarter report for 2010 (attached to the agenda item).

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Jones seconded the motion, and it was unanimously approved.

5. Report on the Desert Line

Armando Freire reviewed the report for the second quarter (attached to the agenda item), and noted a few corrections as follows:

1. On page 5-3 under "Accomplishment during Second Quarter 2010," the first bullet point that reads "Bridge rehabilitation" should be deleted;
2. On page 5-4 under "I. Labor," the sentence should be corrected to read "... Carrizo Gorge has ~~45~~ 10 employees to cover overall administration of the road and operations in the U.S. on the Desert Line"; and
3. On page 5-8, Mr. Freire clarified that there is no activity on the Desert Line from milepost 59 through milepost 70.

In response to Mr. Jablonski's inquiry regarding weed abatement due to fire concerns, Mr. Freire stated that Carrizo has not performed any weed abatement in the last month and a half because it does not have the resources. Mr. Freire also clarified that Carrizo received a letter from the California Department of Forestry and Fire Protection (CDF) affirming that Carrizo must perform weed abatement to stay in compliance, but there currently is no restriction to operate by CDF. Diana Hyatt informed members that the Museum is conducting weed abatement.

- Public Speaker

Mitchel R. Beauchamp – Mr. Beauchamp stated that he was asked by Gary Sweetwood, Carrizo stockholder and owner of East County Dirt Works, to make some comments. Mr. Beauchamp announced that East County Dirt Works was recently awarded a significant judgment against Carrizo by the Superior Court, and Mr. Sweetwood reviewed Carrizo's records on July 9. Mr. Beauchamp submitted a copy of a letter from Charles McHaffie (attached). He added that there may be changes in Carrizo's corporate structure, and that Mr. Sweetwood and other investors are working on getting freight customers for the Desert Line.

Mr. Beauchamp stated that he met with Jorge Monraz of ADMICARGA, and he feels that there is cross-border confusion regarding the opening of Tunnel 3 (closed due to fire) on the Desert Line, which could affect the ability to keep the freight monopoly in San Diego for BNSF. He added that there are a lot of issues to get the Desert Line back in shape, and they are trying to make that happen.

Action Taken

Mr. Jones moved to receive the report for information. Mr. Jablonski seconded the motion, and it was unanimously approved.

6. Real Property Mattersa. Summary of SD&AE Documents Issued Since April 20, 2010

- S200-10-444: Right of Entry Permit to URS Corporation to perform environmental studies at the San Ysidro Border.
- S200-10-445: Right of Entry Permit to the United States Navy for the 24th Annual Bay Bridge Run/Walk.
- S200-10-446: Right of Entry Permit to Ortiz Corporation to reconstruct water facilities at 19th and Commercial Streets in the City of San Diego.
- S200-10-447: Right of Entry Permit to the City of La Mesa for the Flag Day Parade.
- S200-10-448: Right of Entry Permit to Cascade Drilling L.P. to perform soil borings at the San Ysidro Border.
- S200-10-449: Right of Entry Permit to Bike the Bay for its annual bike race.
- S200-10-453: Right of Entry Permit to California Boring Inc. for underground electric facility installation at 22nd and Commercial Street in the City of San Diego.
- S200-10-454: Right of Entry Permit to California Auger Boring, Inc. for directional boring operations at 22nd and Commercial Street in the City of San Diego.
- S200-10-456: Right of Entry Permit to Southland Electric for overhead electric facility installation at G Street in Chula Vista on the south line segment.

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Jones seconded the motion, and it was unanimously approved.

b. License Agreement with Tessera Solar

Tim Allison explained that at its last meeting, the Board approved a license to Tessera Solar for an at-grade crossing for the proposed power plant project. Tessera Solar needs an additional license agreement for an aerial electric line and an aerial communications line. Mr. Allison clarified that the license would generate \$1,500 per crossing per year and that he sees no issues with granting this license.

Action Taken

Mr. Jones moved to approve issuing a license to Tessera Solar for a proposed aerial crossing over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at County Road 2003. Mr. Jablonski seconded the motion, and it was unanimously approved.

c. The City of Lemon Grove North Avenue Realignment Project

Tim Allison reviewed the City of Lemon Grove's request for support of its General Order 88b application and approval of various utility crossings.

Mr. Allison summarized the City of Lemon Grove's North Avenue Realignment Project. He introduced Barbara Kraber and Patrick Hansen-Lund of the City of Lemon Grove and Phil Kern of Bureau Veritas. He stated that the City of Lemon Grove is working in conjunction with MTS, SANDAG, Bureau Veritas, Caltrans, and the CPUC to address the following project concepts and issues:

- Realigning several streets
- Reconfiguring the existing crossing
- Reconstructing the crossing and its affiliated signaling and crossing equipment
- Replacing several utilities

Mr. Allison confirmed for Mr. Jones and Mr. Seil that the new crossing would be safer and added that the CPUC supports the project. Wayne Terry interjected that the new crossing would straighten out the line of sight for trains, pedestrians, and automobiles.

Mr. Hansen-Lund informed members that groundbreaking on construction of the project is anticipated in early 2011. Mr. Terry added that the project would be a big improvement, and no freight problems are anticipated. Mr. Hansen-Lund clarified that all intersections would have traffic signals, and a reduction in traffic is anticipated because of the realignment.

Action Taken

Mr. Jablonski moved to: (1) receive a report; (2) authorize the support of Lemon Grove's General Order 88b application; and (3) approve the various utility crossings. Mr. Jones seconded the motion, and it was unanimously approved.

d. The City of Lemon Grove Main Street Promenade Project

Mr. Allison gave an update on the City of Lemon Grove Main Street Promenade Project. He reported that the City of Lemon Grove is going to vacate Main Street to auto traffic, and only pedestrians will be allowed. In addition, pedestrian movement on Broadway is also being reconfigured. Community art and landscaping elements will be incorporated, and engineering drawings are moving forward for construction, which has an anticipated spring 2011 start date. Mr. Allison reminded members that the SD&AE Board and MTS Board have previously seen and supported this project. He confirmed that the project fosters transit-oriented development goals and a good working relationship amongst the parties involved.

Barbara Kraber, Management Analyst with the City of Lemon Grove, distributed a design concepts rendering (attached). She thanked the Board for its support of the City of Lemon Grove's Smart Growth application (almost \$2 million was awarded). Ms. Kraber explained that the plans are at about 30% currently, and the concept edits are going to the City Council on August 3. Ms. Kraber invited everyone to the City of Lemon Grove City Hall from 9:00 a.m. to noon on Saturday to attend a project premier that will include display boards and a movie presentation that will fly through the project in 3D.

Ms. Kraber discussed project details, including affordable housing components, Americans with Disabilities Act (ADA) accessibility, themes throughout the project, windmills that will generate electricity and water reclamation, and public art. She added that the City of Lemon Grove is almost finished with the acquisition component of the project and anticipates going out to bid in March or April 2011.

Ms. Kraber clarified for Mr. Jablonski that the pedestrian crossing will eventually be refigured to limit access to the lemon trees.

Mr. Allison informed members that Eric Adams, SANDAG engineer, is dealing with some issues with ADA platform accessibility.

Mr. Allison clarified for Mr. Jones and Mr. Seil that there would be pedestrian barriers for safety purposes. Ms. Kraber added that a play area with seating is designed to pull families off of the platform while waiting for the trolley.

Discussion ensued regarding fencing, utilities, and corridor accessibility plans for the project. Mr. Jablonski reminded project participants to make sure they incorporate all proposed amenities now. He added that we don't want to have one station hold up the new low-floor trolley cars that will run on the line.

Action Taken

Mr. Jablonski moved to receive a report for information. Mr. Jones seconded the motion, and it was unanimously approved.

7. Old Business

There was no old business.

8. New Business

There was no new business.

9. Public Comments

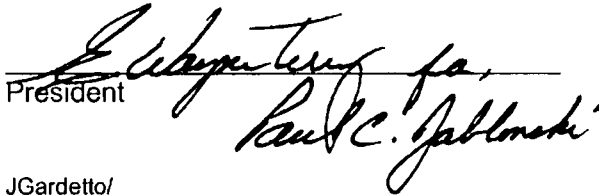
There were no additional public comments.

10. Next Meeting Date

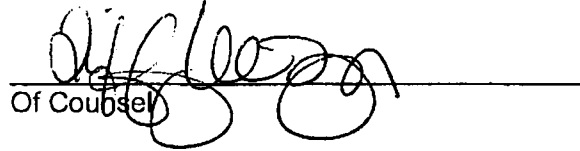
The next meeting of the SD&AE Railway Company Board of Directors is on October 19, 2010, at 9:00 a.m. in the Executive Committee Conference Room.

11. Adjournment

The meeting was adjourned at 9:46 a.m.



President
Paul C. Jablonski



Of Counsel

JGardetto/
7-20-10.SDAE MINUTES.doc

Attachments: Letter from Charles McHaffie
Rendering of the City of Lemon Grove's Main Street Promenade Project

Carrizo Gorge Railway Inc.

375 Custom House Plaza

San Diego CA. 92154

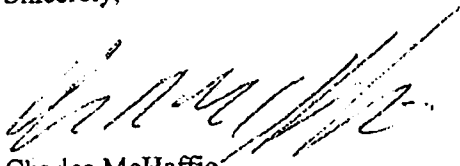
April 28th, 2010

To the Board of Directors:

I, hereby, tender my resignation as President of Carrizo Gorge Railway Inc., effective immediately.

It is with sincere regret that I find it necessary to take this action, which in my opinion, will provide CZRY with a possible restructuring plan to continue and ultimately succeed in achieving all of the accomplishments we have invisioned.

Sincerely,



Charles McHaffie,

Agenda

Item No. 2

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

SDAE 710.1 (PC 50771)

October 19, 2010

SUBJECT:

STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a financial report for the quarter ended September 30, 2010.

Budget Impact

None.

DISCUSSION:

This report presents results for the first quarter FY 2011 and adjusted results for FY 2010. The current quarter results show a slight decrease in both revenue and expenses with a net income of \$5,751. The final results for FY 2010 have been adjusted for increased expenses in outside services and personnel costs, which are partially offset by lower-than-estimated depreciation expense. In addition, revenue has been decreased by \$2,208 to record uncollectible lease revenues. These adjustments have resulted in a net loss of \$5,198 for the year. The calculation of the final reserve balance will not be available until the MTS audit is completed and interest earnings are allocated.

Attachment: SD&AE Financial Report for the First Quarter of 2011

SD&AE OPERATING STATEMENT FY 2011 AND FY 2010

	FY 2011	FY 2010				
	Q1	Q1	Q2	Q3	Q4	YTD
Revenue						
Right of entry permits	\$ 12,250	\$ 21,619	\$17,400	\$ 8,500	\$10,975	\$58,494
Lease income	22,072	25,871	43,341	819	31,193	101,224
SD&IV 1% freight fee	-	-	-	-	35,542	35,542
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	34,322	47,490	60,741	9,319	77,710	195,260
Expense						
Personnel costs	19,916	22,734	26,334	19,540	18,682	87,291
Outside services	-	12,031	5,989	5,147	37,574	60,742
Energy costs	-	-	-	-	32	32
Risk management	8,352	8,486	8,486	8,403	8,352	33,728
Misc operating expenses	303	20,474	(18,913)	25	-	1,586
Depreciation	-	-	-	-	17,080	17,080
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expense	28,571	63,725	21,897	33,115	81,721	200,458
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income/(loss)	<u>\$ 5,751</u>	<u>\$ (16,235)</u>	<u>\$38,845</u>	<u>\$(23,796)</u>	<u>\$ (4,011)</u>	<u>\$ (5,198)</u>

Reserve balance 2010 - provisional	\$ 863,561
Allocated interest earnings - estimated	417
Operating profit (loss)	5,751
Improvement expense 2011	-
Reserve balance 2010 - estimated	\$ 869,729

2011

Agenda

Item No. 3

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

SDAE 710.1 (PC 50771)

October 19, 2010

SUBJECT:

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

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

An oral report will be given during the meeting.

Attachment: Periodic Report for the 3rd Quarter of 2010



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

October, 8 2010

Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company; activities of interest for the 3rd Quarter of 2010 are listed as follows:

1. Labor

At the end of Sept. 30, 2010 the San Diego & Imperial Railroad had 10 employees:

- 1 General Manager
- 1 Asst. General Manager
- 1 Asst. Trainmaster
- 1 Manager - Marketing & Sales
- 1 Office Manager
- 1 Mechanical Officer
- 1 Roadmaster
- 1 Maintenance of Way Employee
- 2 Train Service Employees

2. Marketing

In the 3rd Quarter of 2010 versus 2009, volumes were slightly increased as paper products and brewery ingredients were strong commodities with LPG being fairly flat. Feed grains moved slightly ahead of last year's volumes into Mexico for the quarter.

3. Reportable Injuries/Environmental

Days through year to date, Sept. 30, 2010, there were no FRA Reportable injuries or environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: 4020

4. Summary of Freight

	2010	2009	2008
Total rail carloads that moved by SDIY Rail Service in the quarter.	1,442	1,424	1,853
Total railroad carloads Terminating/Originating Mexico in the quarter.	1,144	1,016	1,145
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	298	408	708
Total customers directly served by SDIY in the quarter	12	12	12
Regional Truck trips that SDIY Railroad Service replaced in the quarter	4,758	4,699	6,114

Respectfully,

Don Seil-

General Manager

Agenda

Item No. 4

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

SDAE 710.1 (PC 50771)

October 19, 2010

SUBJECT:

REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Third Quarter Report for 2010



Pacific Southwest Railway Museum

La Mesa Depot 4695 Nebo Drive La Mesa, CA 91941 619-465-7776

October 8, 2010

SD&AE Board
c/o Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

Re: Third Quarter, 2010

Dear SD&AE Board:

During the third quarter of 2010, the Pacific Southwest Railway Museum operated a total of 48 Golden State trains carrying 1,468 passengers with no FRA reportable accidents or injuries. Total income from SD&AE property for third quarter 2010 is \$23,942.85. A check for \$478.86 has been mailed under separate cover. During the third quarter of 2009 PSRM operated 0 passenger trains and earned an income of \$3,001. During the third quarter of 2008 PSRM operated 34 passenger trains carrying 948 passengers with a total income of \$16,629. So, PSRM has experienced a 55% and 100% increase in ridership when comparing these figures with 2008 and 2009 respectively; and a 44% and 87% increase in income when comparing these figures with 2008 and 2009 respectively.

This past summer, PSRM experimented with several evening trains in lieu of the daytime trains. The dates of these trains were scheduled to coincide with the full moon and new moon cycles. The museum received a positive response in ridership for these trains and is in the process of expanding and improving upon this concept for summer 2011. Pumpkin Trains will operate for three weekends in October as compared to the two weekends in previous years. The concept of operating night trains during this period has been delayed until 2011. PSRM also plans to operate its very popular North Pole trains during the fourth quarter of this year, increasing the number of trains offered from 10 in 2009 to 12 in 2010.

The walls of the waiting room in the Campo Depot are now insulated with spray polyurethane foam, SPF, insulation. The museum contracted with Cool Roof Systems to complete this task. The ceiling will be insulated with standard insulation. The tongue and groove paneling, milled by Lane Stanton Vance from maple wood salvaged from the bleachers at Grossmont High

School has been installed on most of the walls. The joints will be filled and sanded, chair railing installed and the upper portion painted. We continue to project a completion date prior to Thanksgiving.

Thank you for allowing the museum the privilege of protecting and preserving a portion of the original San Diego & Arizona Railway. This 26 year relationship has allowed PSRM to offer an unparalleled living history experience, educating children and adults alike in the historical significance of this local railroad treasure.

Very Truly Yours,

A handwritten signature in black ink that reads "Diana Hyatt". The script is cursive and fluid, with the first name "Diana" and last name "Hyatt" clearly distinguishable.

Diana Hyatt
President

Agenda

Item No. 5

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

SDAE 710.1 (PC 50771)

October 19, 2010

SUBJECT:

REPORT ON THE DESERT LINE

RECOMMENDATION:

That the SD&AE Board of Directors receive a report for information and an update on the status of rail operations.

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

5-DESERTLINE.doc

Attachment: Third Quarter Report



Periodic Report

To The San Diego & Arizona Eastern Railway Company

Third Quarter 2010

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

CARRIZO GORGE RAILWAY, INC.

Accomplishments during Third Quarter 2010

CONTENTS

THIRD QUARTER 2010 ACTIVITY

Appendix A- MOW Summary

Appendix B- Desert Line Track Rehabilitation
Offset Financial Summary

Appendix C- Desert Line Freight Revenues
Financial Summary

CARRIZO GORGE RAILWAY, INC.

Third Quarter 2010

Metropolitan Transit Development Board
San Diego & Arizona Eastern Railway Board
1255 Imperial Avenue 10th floor
San Diego, California 92101

Pursuant to reporting agreement, here is the summary of Third Quarter activity for 2010.

I. Labor

As of September 30 , 2010, Carrizo Gorge Railway has **5** employees to cover the railroad administration and operation in the U.S.

- 2 Administration
- 1 DSL
- 1 Train Master
- 1 Locomotive engineer

CARRIZO GORGE RAILWAY, INC.

II. Marketing

Carrizo Gorge Railway is currently not seeking any new business for the desert line until repairs can be completed

Carrizo Gorge Railway continued working to improve relations with Admicarga in an effort to increase revenues as well as the improvement of service to the shipping community in the region.

III. Desert Line

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

IV. Reportable Injuries / Environmental Incidents

There were no reportable injuries in the second quarter of 2010.

There were no reportable accidents in the second quarter of 2010.

There were no environmental incidents in the second quarter of 2010.

CARRIZO GORGE RAILWAY, INC.

V. Freight Activity

No freight activity in the 3rd quarter of 2010 due to the embargo , we are still continuing to store empties, with a total amount of 52 GE cars located in the East end of the line as of this date.

MOW Sand carloads moved on the Desert Line	0
Revenue Sand carloads moved on the Desert Line	0
Revenue Freight carloads moved to/from Seeley Via interchange with UPRR, on the Desert Line	0
Non-Revenue Freight carloads moved from UPRR and USG, on the Desert Line	0
Revenue Freight carloads terminating/originating in Mexico to/from San Ysidro via interchange with SD&IV Railroad	0
Total overall second quarter 2010 Carloads Moved	0
Revenue Empties	0
Revenue Storage	52

CARRIZO GORGE RAILWAY, INC.

VI. Mexican Railroad

Carrizo Gorge Railway is the rail freight operator for the State of Baja California, Mexico and continues to employ the following personnel dedicated to freight service south of the border.

Here is an update of Carrizo Gorge Railway, Inc. Mexico's Operation.

CURRENT MEXICO PERSONNEL

- 1 Director of Operations
- 1 Supervisor of Operations
- 3 Dispatchers
- 3 Train Engineers
- 6 Conductors
- 1 Mechanic
- 1 Division Engineer
- 1 Track Inspector
- 2 Track Supervisor
- 8 Track laborer

CARRIZO GORGE RAILWAY, INC.

Page 1 of 1

Appendix A M.O.W. SUMMARY

DESERT LINE

TRACK

Ties Installed (6" x 8" x 8')	0	each
(7" x 9" x 9")	0	each
Stringers	0	each
90 lb/yd Rail Change Out	0	ft.
113 lb. rail Change Out	0	ft.
Repair Open Joints	0	each
Track Regaging	0	each
Separator Rails (4" x 8" x 20")	0	each
Replace Missing Track Bolts	0	each
Rail Anchors Replaces	0	each
Repair Broken angle bars (60 lb.)	0	each
(75 lb.)	0	each
(90 lb.)	0	each
Track Surfaced	0	ft
Track Spikes Used (new)	0	each
Switch Ties Installed	0	each

CARRIZO GORGE RAILWAY, INC.

Page 1 of 1

Appendix B **OFFSET FINANCIAL SUMMARY**

DESERT LINE SAND OPERATION

There was no production or commercial sale of sand from M.O.W. activity on the Desert Line during Third Quarter of 2010.

CARRIZO GORGE RAILWAY, INC.

Page 1 of 1

Appendix C FINANCIAL SUMMARY

DESERT LINE

REVENUE FREIGHT HAULED

Railcar loads to/from UP Interchange, Seeley /Plaster City	0
--	---

Railcar loads revenue sand from Dixie (Plaster City) to Campo	0
---	---

Non-revenue Freight
USG Cars

Total	0
--------------	----------

Track Use Fees:

Interchange freight to/from UPRR over the Desert Line

SD&AE / MTS 1% payment	66.89
SD&IV / Rail America payment 6.9 (49 Railcars Storage)	461.52

Revenue Sand from Dixie to Campo

SD&AE / MTS 1% payment	0.00
SD&IV RailAmerica payment(0cars at \$0.00 each)	0.00

Agenda

Item No. 6a

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

SDAE 710.1 (PC 50771)

October 19, 2010

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE JULY 20, 2010

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

Since the July 20, 2010, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-10-450: Right of Entry Permit to PAR Electric for aerial electric rehabilitation at Sampson Street in the City of San Diego.
- S200-10-458: Right of Entry Permit to Burtech Pipeline for sewer construction at 21st Street in the City of San Diego.
- S200-11-460: Right of Entry Permit to Walter H. Barber and Sons, Inc. for track reconstruction in Campo.

OCT19-10.6a.SUMMARY OF DOCS.TALLISON.doc

Agenda

Item No. 6b

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

SDAE 710.1 (PC 50771)

October 19, 2010

SUBJECT:

LICENSE AGREEMENT WITH TESSERA SOLAR

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors approve issuing a license to Tessera Solar to use an existing at-grade crossing as a temporary construction access road and ultimately as a secondary emergency access road. The crossing crosses over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at approximately milepost 128.0 on the Desert Line.

Budget Impact

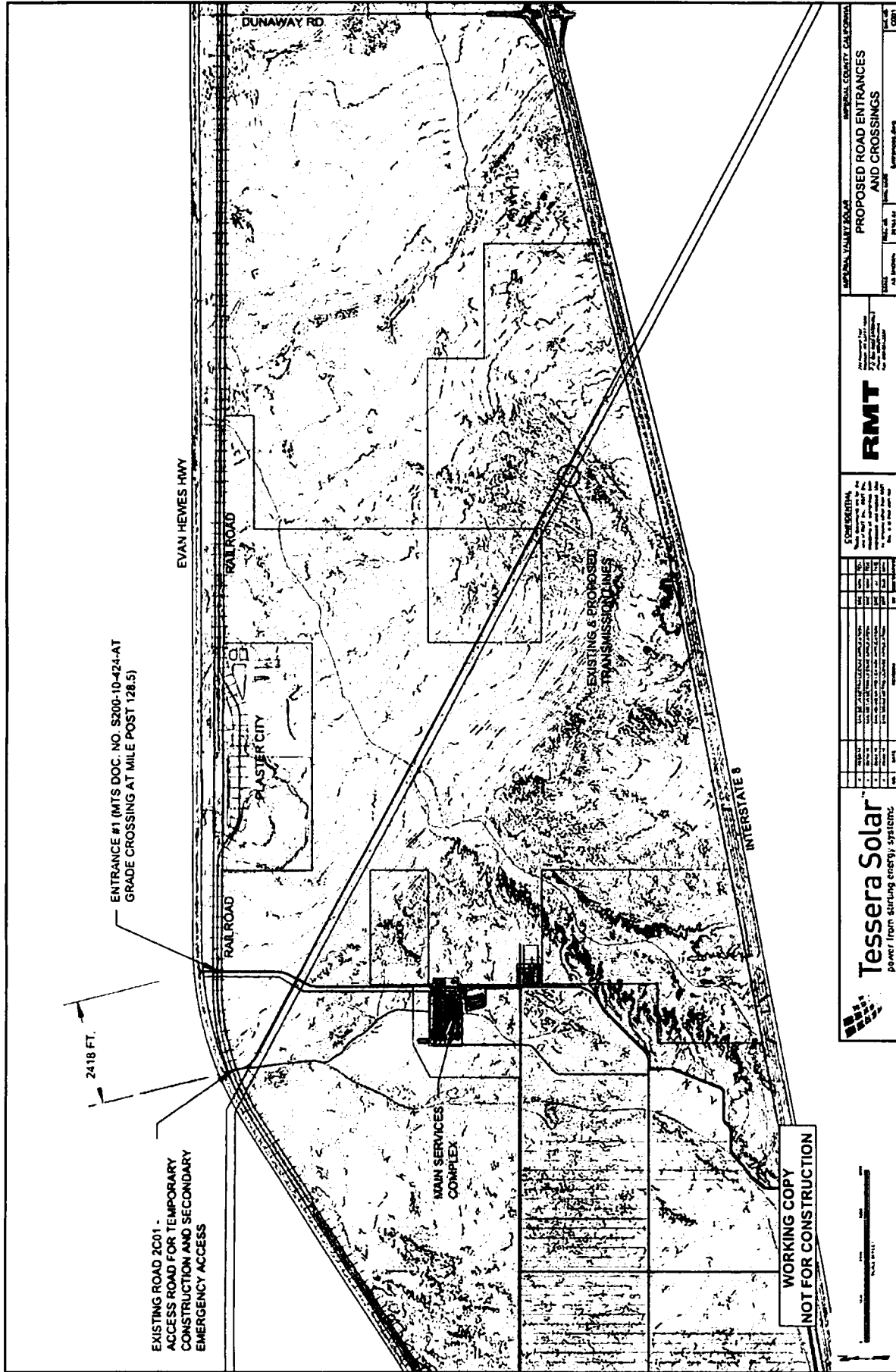
Yearly license fees would be credited to the SD&AE reserve, and processing fees would be reimbursed to MTS.

DISCUSSION:

Tessera Solar requests the issuance of a license to use an existing at-grade crossing over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at approximately mile post 128.0 on the Desert Line. The crossing would serve as a temporary construction crossing and as a secondary emergency access crossing to a 750-megawatt solar panel power plant that will serve Southern California (the proposed project is attached).

OCT19-10.6b.LICENSE TESSERA SOLAR.TALLISON.doc

Attachment: Proposed Project



Agenda

Item No. 7

San Diego and Arizona Eastern (SD&AE)
Railway Company

SDAE 710.1 (PC 50771)

Board of Directors Meeting

October 19, 2010

SUBJECT:

APPROVAL OF THE 2011 SD&AE BOARD OF DIRECTORS MEETING SCHEDULE

RECOMMENDATION:

That the SD&AE Board of Directors approve the 2011 SD&AE Board of Directors meeting schedule.

Budget Impact

None.

DISCUSSION:

The SD&AE Board of Directors customarily meets once each quarter to discuss business and receive reports from its contract operators. The following meeting schedule is recommended for 2011:

Tuesday, January 18, 2011	9:00 a.m.	(Fourth Quarter 2010 Reports)
Tuesday, April 19, 2011	9:00 a.m.	(First Quarter 2011 Reports)
Tuesday, July 19, 2011	9:00 a.m.	(Second Quarter 2011 Reports)
Tuesday, October 18, 2011	9:00 a.m.	(Third Quarter 2011 Reports)

Upon approval of the above meeting dates, additional information regarding materials due dates and mail-outs are as follows:

Materials Due to Clerk

Friday, January 7, 2011
Friday, April 8, 2011
Friday, July 8, 2011
Friday, October 7, 2011

Materials Mailed

Wednesday, January 12, 2011
Wednesday, April 13, 2011
Wednesday, July 13, 2011
Wednesday, October 12, 2011



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Agenda

Item No. 7

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

ADM 110.2

November 18, 2010

**Draft for
Executive Committee
Review Date: 11/4/10**

SUBJECT:

MTS: REVISIONS TO MTS POLICY NO. 41 (SIGNATURE AUTHORITY) AND
MTS POLICY NO. 52 (PROCUREMENT OF GOODS AND SERVICES)

RECOMMENDATION:

That the Board of Directors approve revisions to MTS Policy No. 41 (Signature Authority) and MTS Policy No. 52 (Procurement of Goods and Services) as shown in Attachments A and B, respectively.

Budget Impact

None at this time.

DISCUSSION:

Staff is seeking minor changes to MTS Policy No. 41 (Signature Authority) and Policy No. 52 (Procurement of Goods and Services) to aid internal efficiencies and reflect Federal Transit Administration (FTA) rule changes.

The proposed changes include:

1. Purchase orders would be required for all purchases over \$3,000 rather than the current \$500. Manager preapproval would be required for all purchases over \$500.
2. Micro-purchase procedures relating to obtaining three bids would change from \$2,500 to \$3,000 to reflect FTA rule changes.

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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.

3. The Procurement Manager or his designee would sign purchase orders going to vendors after all internal procedures, external procedures, and approvals are complete.
4. Managers' authority level for purchase requisitions would be changed to \$3,000 from the current \$2,500.
5. Two signatures would be required for checks and wire transfers above \$2,000 from the current \$1,000.
6. The language would be changed to state that a manager could designate another manager to sign in their absence.

Staff is requesting MTS Board approval of the revisions to MTS Policy No. 41 (Signature Authority) and MTS Policy No. 52 (Procurement of Goods and Services).



Paul C. Jablonski
Chief Executive Officer

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

NOV18-10.7.POLICY 41 CHANGES.TLYNCH.doc

Attachments: A. Revised MTS Policy No. 41 (Signature Authority)
B. Revised MTS Policy No. 52 (Procurement and Goods and Services)

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Policies and Procedures

No. 41

SUBJECT:

Board Approval: 2/23/0611/18/10

SIGNATURE AUTHORITY

PURPOSE:

To establish guidelines and procedures for authorized signatories relating to check processing (including wire transfers) and MTS documents (purchase requisitions, contracts, agreements, payment vouchers). The policies below relate to MTS, San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI).

BACKGROUND:

MTS, SDTC, and SDTI maintain a number of checking accounts in various approved financial institutions. To ensure adequate internal controls, signing of checks and execution of wire transfers is restricted to authorized personnel only. This policy would establish guidelines and procedures for obtaining appropriate approval. In addition, this policy establishes guidelines and procedures for delegating authority to execute MTS documents, including contracts and agreements, on behalf of the Chief Executive Officer in his or her absence.

POLICY:

41.1 Authorized Signatories for Disbursements

Authorized signatures for disbursements are: the Finance Manager, Controller, Chief Operations Officer — Bus/Rail, ~~President and General Manager — Trolley~~, Chief Financial Officer, Chief of Staff, General Counsel, and Chief Executive Officer.

One signature is required for check and wire transfer disbursements under \$1,0002,000. This signature can be a facsimile signature. Two signatures are required for all checks and wire transfer disbursements over \$1,0002,000. One of these can be a facsimile signature. A listing of all facsimile checks must be reviewed and approved by an authorized check signer. For checks and wire transfer disbursements over \$10,000, the second signature SHALL NOT BE the Finance Manager or Controller. Checks and wire transfer disbursements over \$25,000 require that one of the signatures be that of the Chief of Staff, General Counsel, Chief Financial Officer, or Chief Executive Officer.

2/23/06

The listing below summarizes the above as to effective levels of check-signing authority:

Finance Manager	To	\$ 10,000
Controller	To	\$ 10,000
Chief Operations Officer — Bus/Rail	To	\$ 25,000
President and General Manager — Trolley	To	\$ 25,000
Chief Financial Officer	Over	\$ 25,000
Chief of Staff	Over	\$ 25,000
General Counsel	Over	\$ 25,000
Chief Executive Officer	Over	\$ 25,000

41.2 Authorized Signatories on Purchase Requisitions

Authorized signatures for purchase requisitions are Supervisors, Managers, Directors, Chief Operations Officer — Bus/Rail, ~~President and General Manager — Trolley~~, Chief Financial Officer, General Counsel, and Chief Executive Officer.

Manager/Supervisor	To	\$2,500 3,000
Directors	To	\$ 5,000
Chief Operations Officer — Bus/Rail	To	\$ 50,000
President and General Manager — Trolley	To	\$ 50,000
Chief Financial Officer	To	\$ 50,000
Chief of Staff	To	\$ 50,000
General Counsel	To	\$ 50,000
Chief Executive Officer	Over	\$ 50,000

41.3 Purchase Orders

Upon completion of the procurement process (i.e. Board approval of a formal contract, staff approval of a purchase order) ~~ascertaining that all procurement policies have been followed and all requisite approvals have been obtained~~, the Manager of Procurement may execute the Ellipse Purchase Order which shall be transmitted to the vendor. ~~Procurement Department personnel will complete the purchase order. The purchase order will be executed by the Manager of Procurement or his designee regardless of award amount.~~

41.43 Authorized Signatories on Contracts and Documents

Authorized signatures for Contracts and Documents are Supervisors, Managers, Directors, Chief Operations Officer — Bus/Rail, ~~President and General Manager — Trolley~~, Chief Financial Officer, Chief of Staff, General Counsel, and Chief Executive Officer.

All approval levels must be contained within and be consistent with overall Board of Directors approval levels. The approval levels are as follows:

Manager/Supervisor	To	\$ 2,500 3,000
Directors	To	\$ 5,000

Chief Operations Officer — Bus/Rail	To	\$ 50,000
President and General Manager — Trolley	To	\$ 50,000
Chief Financial Officer	To	\$ 50,000
Chief of Staff	To	\$ 50,000
General Counsel	To	\$ 50,000
Chief Executive Officer	Up To	\$ 100,000

Board of Directors approval is required for all contracts over \$100,000.

41.54 Authorized Signatories for the Clerk of the Board

In the Clerk of the Board's absence, the Assistant Clerk of the Board is authorized to execute documents as may be required.

41.65 Authorized Signatories of Payment Vouchers and Check Requests

Authorized signatures for payment vouchers and check requests are Supervisors, Managers, Directors, Chief Operations Officer — Bus/Rail, ~~President and General Manager — Trolley~~, Chief Financial Officer, General Counsel, and Chief Executive Officer.

All approval levels must be contained within and be consistent with overall Board of Directors approval levels. The approval levels are as follows:

Manager/Supervisor	To	\$ 2,500 3,000
Directors	To	\$ 5,000
Chief Operations Officer — Bus/Rail	To	\$ 50,000
President and General Manager — Trolley	To	\$ 50,000
Chief Financial Officer	To	\$ 50,000
General Counsel	To	\$ 50,000
Chief Executive Officer	Over	\$ 50,000

41.76 Authorized Signatories for the CEO in the CEO's Absences

In the CEO's absence, General Counsel or the CEO's designee is authorized to execute all checks, purchase requisitions, contracts, and documents as necessary, so long as prior approval is given by the CEO.

In the Procurement Manager's absence, the Chief Financial Officer, the General Counsel or a Director with appropriate signature authority is authorized to execute purchase orders and contracts falling within the Procurement Manager's signature authority.

~~In the event of absence, the above approvers under this policy may designate someone to make approvals.~~

This original Policy was adopted on 2/13/92.

Policy revised on 8/11/94.

Policy revised on 1/29/04.

Policy revised on 2/23/06.

Policy revised on 11/18/10.

Policies and Procedures

No. 52

| SUBJECT:

Board Approval: ~~9/13/07~~ 11/18/10

PROCUREMENT OF GOODS AND SERVICES

PURPOSE:

To establish a unified procedure for acquiring all goods and services.

BACKGROUND:

Included in MTS's enabling legislation are various provisions regulating procurement. Section 120222 sets forth the requirements for purchasing goods and services utilizing all sources of funds. In order to maximize the use of federal, state, local, and private funds and to maintain a competitive posture in seeking supplemental federal funds, the Board shall have the authority to establish and use a flexible contracting process to maximize its efficient use of public monies. With that in mind, any procurement that involves the use of federal funds must also conform to the Code of Federal Regulations, Volume 49, Part 18, Federal Transit Administration Circular 4220.1E, and any successors thereof.

This policy applies to MTS, San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI) (collectively the "Agencies").

POLICY:

52.1 Procurement Types

- A. Materials, Supplies, or Equipment. Except in cases when an article of a specified brand or trade name is the only article that will properly meet the needs of the Agencies, or in an emergency declared by the vote of two-thirds of the membership of the Board of Directors, all contracts for the acquisition or lease of materials, supplies, or equipment, in an amount of one hundred thousand dollars (\$100,000), or in excess of that amount as authorized by the Board, shall be made or entered into with the lowest responsible bidder meeting specifications. For purposes of determining the lowest bid, the amount of sales tax shall be excluded from the total amount of the bid.



- B. Services (Excluding Architectural, Landscape Architectural, Engineering, Environmental, Land Surveying Services, and Construction Project Management Services). Except in cases of an emergency declared by the vote of two-thirds of the membership of the Board of Directors, the Agencies shall for all contracts for the acquisition of services that exceed one hundred thousand dollars (\$100,000), that will not be performed by another public agency and that are not within the category of services defined in Section 4525 of the Government Code (contracts with private architects, engineers, land surveying, and construction management), solicit bids in writing and award the contract in a competitive procurement process that is in the best interest of the Board, including, but not limited to, a negotiated procurement that may or may not evaluate price as a consideration.

When the expected amount of the service contract is less than ~~two-three~~ thousand ~~five hundred~~ dollars (~~\$2,5003,000~~) staff shall certify that the price is fair and reasonable prior to paying the invoice. When the expected amount of the service contract exceeds ~~two-three~~ thousand ~~five hundred~~ dollars (~~\$2,5003,000~~) and does not exceed one hundred thousand dollars (100,000), the Agencies shall seek a minimum of three quotations, either written or oral, to permit comparison of prices or other terms.

- C. Architectural, Landscape Architectural, Engineering, Environmental, Land Surveying Services, and Construction Project Management Services. The Board shall award contracts for architectural, landscape architectural, engineering, environmental, land-surveying services, and construction project management services that are in excess of one hundred thousand dollars (\$100,000) in accordance with the provisions of Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code and the federal Brooks Act (if federally funded).
- D. Construction Services. Contracts for construction in excess of fifty thousand dollars (\$50,000) shall be awarded to the lowest responsible bidder submitting a responsive bid after formal competitive bidding, except in an emergency declared by the vote of two-thirds of the membership of the Board of Directors. If the expected construction contract exceeds \$1,000 and does not exceed fifty thousand dollars (\$50,000), the Agencies shall seek a minimum of three quotations, either written or oral, to permit comparison of price and award the contract to the bidder who submitted the lowest bid. If no bids are received, the project may be performed by a negotiated process.

52.2 Procurement Methodology

The Agencies may use any procurement method authorized for state or local agencies under state or federal law, including, but not limited to, a competitive negotiation process in accordance with the provisions of Article 7.5 (commencing with Section 20216) of Chapter 1 of Part 3 of Division 2 of the California Public Contracts Code. The Agencies shall maintain these acquisition and contracting guidelines and comply with those guidelines in the procurement of all goods and services. Failure to do so will be grounds for disciplinary action up to and including termination.

A. General Provisions

- (i) The Chief Executive Officer shall have the authority to approve all procurements up to \$100,000. The Board of Directors shall approve all procurements in excess of \$100,000. The Chief Executive Officer shall notify the Board of all contracts executed within his or her authority at the next Board of Directors meeting.
- (ii) All purchases of any kind in excess of \$500 but less than \$3,000 shall be authorized in advance. Authorization shall be documented by a Micro Purchase Approval Request form or an e-mail containing the same data points (e.g. name of vendor, amount, purpose, etc.). Authority levels for approval are contained within Policy No. 41.
- ~~(ii)~~(iii) All purchases of any kind shall be documented by a purchase order or written contract if they are in excess of ~~two-three~~ thousand ~~five~~ hundred dollars (\$2,5003,000). Authority levels for approval are set forth in Policy No. 41.
- ~~(iii)~~(iv) All purchases of any kind shall be procured in accordance with the MTS Procurement Manual and these procurement requirements. Any deviations therefrom must have prior Board of Directors approval.
- ~~(iv)~~(v) The Board of Director's Equal Employment Opportunity Plan will be incorporated by reference in all service contracts.
- ~~(v)~~(vi) A project may not be split into multiple contracts for the purpose of avoiding the necessity of the approval of the Board of Directors or of avoiding any of these procurement requirements.
- (vii) The Agencies shall disclose to the Board of Directors any protest, potential or actual conflicts of interest, and unusual cost provisions associated with any proposed contractor or bidder.

B. Procurements Involving Federal Funds. Any procurement which involves the use of federal funds must conform to the Code of Federal Regulations, Volume 49, Part 18, Federal Transit Administration (FTA) Circular 4220.1E, and any successors thereof. All applicable federal certifications and clauses must be included in the final contract document.

- (i) For purchases up to ~~\$2,5003,000~~ involving federal funds staff shall certify that the price is fair and reasonable prior to paying the invoice.
- (ii) For purchases in excess of ~~\$2,5003,000~~ involving federal funds, a written contract or purchase order must be used in order to attach all applicable federal requirements and certifications.
- (iii) The Board of Director's Disadvantaged Business Enterprise (DBE) Program shall be incorporated by reference in all service contracts.

- (iii) Competitive bids of goods and services estimated to cost more than ~~\$2,500~~\$3,000 but less than \$100,000 shall be procured as follows:
- a. The Agencies shall seek a minimum of three quotations, which may be either written or oral, that would permit price and other terms to be compared.
 - b. Contracts shall be awarded to the lowest responsible bidder or the most qualified bidder or proposer depending upon the procurement methodology utilized; i.e., price, price and qualifications, or qualifications only.
- (iv) Competitive bids of goods and services estimated to cost more than \$100,000 shall be formally advertised and bid as follows:
- a. Notice of the goods or services needed shall be published at least once in a newspaper of general circulation in San Diego County and in community newspapers as appropriate in San Diego County at least two weeks before the opening date. The notice shall state the time and place for receiving and opening sealed bids. Notice shall also be published in one or more DBE-certified newspapers and in such other minority newspapers as appropriate in San Diego County.
 - b. Notice shall also be sent to contractors and bidders previously known to be interested in providing the supplies, equipment, or materials, including small and emerging businesses on MTS's various interested party lists and to appropriate DBE contractors listed in the MTS DBE Directory.
 - c. Contracts shall be awarded to the lowest responsible bidder or the most qualified bidder or proposer depending upon the procurement methodology utilized; i.e., price, price and qualifications, or qualifications only.
 - d. In some situations, these procedures may not be feasible for products and materials that are undergoing rapid technological changes or for the introduction of new technologies into the Agencies' operations; i.e., specialized rail transit equipment, computers, telecommunications equipment, fare collection equipment, microwave equipment, and other related electronic equipment and apparatus, and of rail cars. In those circumstances, the Agencies may request a waiver of any of these procurement provisions by a vote of two-thirds of the membership of the Board of Directors.

C. Procurements Involving State or Local Funds

- (i) For purchases up to ~~\$2,500~~\$3,000 involving state or local funds, staff shall certify that the price is fair and reasonable prior to paying the invoice.
- (ii) Competitive bids of goods and services estimated to cost more than \$3,000 but less than \$100,000 shall be procured as follows:
 - a. The Agencies shall seek a minimum of three quotations, which may be either written or oral, that would permit prices and other terms to be compared.
 - b. Contracts shall be awarded to the lowest responsible bidder or the most qualified bidder or proposer depending upon the procurement methodology utilized; i.e., price, price and qualifications, or qualifications only.
- (ii) Competitive bids of goods and services estimated to cost more than \$100,000 shall be formally advertised and bid as follows:
 - a. Notice of the goods or services needed shall be published at least once in a newspaper of general circulation in San Diego County and in community newspapers as appropriate in San Diego County at least two weeks before the opening date. The notice shall state the time and place for receiving and opening sealed bids.
 - b. Notice shall also be sent to suppliers previously known to be interested in providing the supplies, equipment, or materials, including small and emerging businesses on MTS's various interested party lists.
 - c. Contracts shall be awarded to the lowest responsible bidder or the most qualified bidder or proposer depending upon the procurement methodology utilized; i.e., price, price and qualifications, or qualifications only.
 - d. In some situations, these procedures may not be feasible for products and materials that are undergoing rapid technological changes or for the introduction of new technologies into the Agencies' operations; i.e., specialized rail transit equipment, computers, telecommunications equipment, fare collection equipment, microwave equipment, and other related electronic equipment and apparatus, and of rail cars. In these circumstances, the Agencies may request a waiver of any of these procurement provisions by a vote of two-thirds of the membership of the Board of Directors.

D. Procurement of Construction Services

- (i) All public works contracts (as that term is defined by the California Labor Code and the federal Davis Bacon Act) valued at over \$1,000 shall be subject to the payment of federal and/or state prevailing wages, whichever is higher. Public works contracts funded solely with federal funds valued over \$2,000 shall be subject to the payment of federal prevailing wage. Public works contracts may be bid as either a service or construction contract depending on the type of work being performed.
- (ii) For construction contracts estimated to cost \$1,000 or less, staff shall certify that the price is fair and reasonable prior to paying the invoice.
- (ii) For construction contracts estimated to cost more than \$1,000 but less than \$50,000, written Notices Inviting Bids (NIBs) will be sent to a minimum of three qualified bidders by mail or facsimile on the same date. The bid period will be a minimum of seven calendar days unless approved by the Chief Executive Officer. When possible, NIBs should be sent to at least two certified DBE firms for federally funded projects. The NIB will contain the time and location for receiving and opening bids. The contract will be awarded to the lowest responsive and responsible bidder.
- (iii) For construction contracts estimated to cost more than \$50,000, the following procedures shall apply:
 - a. Public notice shall be given by publication once a week for at least two consecutive weeks, at least three weeks before the day set for receiving bids, as follows in a newspaper of general circulation, published in San Diego County; in a trade paper of general circulation published in Southern California devoted primarily to the dissemination of contract and building news among contractors and building materials supply firms (optional for projects estimated to cost less than \$100,000); and in at least one DBE-certified newspaper for federally funded projects.
 - b. Bidders listed on the Agencies' Bidder List with appropriate experience shall be notified. Appropriate DBEs listed in the current DBE Directory will be notified of any work advertised under this policy for federally funded projects.
 - c. The notice shall state the time and place for receiving and opening sealed bids. The notice shall describe, in general terms, the work to be done and that the bids will be required for the entire project.

- d. The Agencies shall, for all prospective contractors whose bid would exceed \$500,000, adopt and apply a uniform qualification system for rating bidders on the basis of a standard experience questionnaire and financial statement verified under oath in respect to the contracts upon which each bidder is qualified to bid. A contractor may request to be prequalified for a predetermined contract amount prior to bidding. Any contractor requesting a prequalification rating will be required to reimburse all costs incurred by the Agencies in evaluating the contractor's qualifications. In no event shall any bidder be awarded a contract if such contract award would result in the bidder having, under contract, work in excess of that authorized by his or her prequalification rating.
- e. The Agencies shall furnish each bidder with a standard proposal form, to be filled out, executed, and submitted as his or her bid. All bids shall be submitted in a sealed envelope accompanied by one of the following forms of bidder's security: cash, a cashier's check, certified check, or a bidder's bond executed by an admitted surety insurer and made payable to the Agencies. A bid shall not be considered unless accompanied by one of the forms of bidder's security. Bidder's security shall be at least 10 percent of the amount bid. Late bids shall not be accepted after the time and date designated in the notice.
- f. A bid may be withdrawn any time prior to the time fixed in the notice for bid opening by written request to the Chief Executive Officer. The request shall be executed by the bidder or his designated representative. Bids shall not be withdrawn after the time fixed for public opening.
- g. On the day specified in the notice, the Agencies shall publicly open sealed bids and announce the apparent lowest bidder(s).
- h. After the bids are publicly opened, the Agencies shall review all bids in order to determine which bidder is the lowest, responsive and responsible bidder. The term "lowest, responsive and responsible bidder" shall mean the lowest monetary bidder whose bid is responsive and who is responsible to perform the work required by the contract documents. The Agencies may investigate the responsibility and qualifications of all bidders to whom the award is contemplated for a period not to exceed 60 days after the bid opening. The 60-day review period may be extended by the Chief Executive Officer with written concurrence by the affected bidders.

- i. The Agencies reserve the right to reject any or all bids and to waive any irregularity. No bid shall be binding upon the Agencies until after the contract is signed by both the contractor and the Agencies.
- j. Determination of Responsiveness. The lowest monetary bidder's bid will be evaluated by the Agencies in order to determine whether or not that bid is responsive. The term "responsive" is defined by California law, but generally means that the bid has been prepared and submitted in accordance with the requirements of the Invitation to Bid (ITB) and bid documents. These requirements shall generally include, but not be limited to, the following:
 - Proposal and Cost Proposal - with bid amounts filled in.
 - Designation of Subcontractors - including dollar amounts.
 - Designation of DBE Suppliers and DBE Subcontractors - including dollar amounts for federally funded projects.
 - Acknowledgment of Addenda.
 - Contractor's License Requirements.
 - Ability to Meet Minimum Insurance Requirements.
 - Public Contract Code 10162 Questionnaire.
 - Bidder's Bond.
 - Noncollusion Affidavit.
 - Certification of Restrictions on Lobbying (federally funded projects).
 - Disclosure of Lobbying Activities (federally funded projects).

- k. Determination of Responsibility. If the lowest monetary bidder's bid is responsive, then the bidder's qualifications will be evaluated by the Agencies to determine whether or not the bidder is responsible to perform the work required by the contract documents. The term "responsible" is defined by California law, but generally means that the bidder is able to demonstrate that it possess: (1) the capacity to perform the work required by the contract documents with respect to financial strength, resources available, and experience; and (2) the integrity and trustworthiness to complete performance of the work in accordance with the contract documents. The Agencies shall review "responsibility" of bidders based upon factors set forth below for all contracts in excess of \$500,000:

- Financial Requirements

- Contractors shall have evidence of the availability of working capital that exceeds the contract bid price by a factor of 10;
- The largest value of all work any bidding contractor has had under contract over a previous similar time frame as the subject contract shall meet or exceed the total amount bid;
- The dollar value of at least one of the previous individual contracts listed shall be at least 50 percent of the dollar value bid on the Agencies' contract; and
- The contractor shall have successfully completed contracts during the previous five years that together exceeds five times the annual value of the Agencies' contract.

- Experience Requirements

- The contractor must demonstrate organization experience on work similar to the Agencies' contract by submitting a list, covering at least the previous five years, of all projects of any type that have been completed or are under construction. The list shall contain a name, title, address, and phone number for staff to contact to verify the contract details;
- The contractor shall demonstrate individual experience by submitting a list of all officers, superintendents, and engineers who will be

involved in the Agencies' contract. These key personnel shall have at least three years' experience on contracts where the work is similar to the Agencies' contract and shall have been employed by the contractor for at least two years before the Agencies' contract bidding date. The individuals listed shall have been involved at the same level of responsibility on successfully completed contracts during the previous five years that together exceeds the value of the Agencies' contract. A resume for each individual listed shall include the name, title, address, and phone number of an individual or organization who can verify the individual's experience;

- The contractor shall submit a summary of all claims made in the last five years arising out of previous contracts listed (this summary shall include all claims by owner against bidder or bidder against owner, and the final status of each claim);
- The contractor shall state whether or not they have defaulted on a construction project within the last two years;
- The contractor shall list any violation of the Apprenticeship Requirements under a State Business and Professions Code or Labor Code found by an appropriate authority within the last two years;
- The contractor shall state whether they have been found guilty of failure to pay required prevailing wages on a public contract within the last two years;
- The contractor shall state whether they have been formally found to be a nonresponsible bidder, for reasons other than being nonresponsive, by a public agency within the last two years;
- The contractor shall list how many construction projects the bidder will be working on in conjunction with the Agencies' contract;
- The contractor shall state whether they have ever been terminated by an owner or client or

rejected from bidding in a public works project in the last five years;

- The contractor shall state whether a surety ever completed any portion of the work of the bidder's project within the last five years;
 - The contractor shall state whether the bidder, any officer of such bidder, or any employee of such bidder who has a proprietary interest in such bidder, has ever been disqualified, removed, or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of a law or safety regulation, and if so, explain the circumstances; and
 - For all items identified above, the contractor shall provide the name of owner, title of project, contract amount, location of project, date of contract, and name of bonding company.
- Reporting Forms. In order to demonstrate that the Agencies' financial and experience requirements are met, the contractor shall submit, when requested, a standard experience questionnaire and financial statement verified under oath that shall meet the requirements adopted herein. Failure to provide accurate information relative to its financial status or experience may result in the debarment of the contractor from future work. Questionnaires and financial statements shall not be considered public records nor open for public inspection.

- I. Review of Submittals and Supplemental Information. The Agencies will make a determination of responsibility based upon information submitted by bidders, and, if necessary, interviews with previous owners, clients, design professionals, or subcontractors with whom the bidder has worked. If a nonresponsive or nonresponsible bidder submits additional evidence, then that additional evidence shall be considered by the Agencies in making the recommendation to the Board of Directors regarding determination of the lowest responsive and responsible bidder and award of the contract. The Board's decision shall be final.

m. Award or Rejection of Bids

If the Agencies find that the lowest monetary bidder submitted a responsive bid and that the bidder is responsible, then that bidder shall be deemed the apparent lowest responsive and responsible bidder. If the Agencies find that the lowest monetary bidder's bid is not responsive or that the lowest monetary bidder is not responsible, then the Agencies may review the responsiveness and responsibility of the next lowest monetary bidder. If the Director finds that the next lowest monetary bidder is responsive and responsible, then that next low bidder shall be deemed the apparent lowest responsive and responsible bidder. The Agencies may continue to review the responsiveness and responsibility of the next low monetary bidders until the lowest monetary bidder, which is also responsive and responsible, is found and deemed lowest responsive and responsible bidder. In the event that one or more low monetary bidders are found to be nonresponsive or nonresponsible, those bidders will be given notice and a reasonable opportunity to present additional evidence to the Agencies within five working days after the bidder receives the notice.

- (i) The Chief Executive Officer may award a Limited Notice to Proceed (LNTP) to the apparent lowest responsive and responsible bidder for an amount not to exceed \$250,000 prior to the award of the construction contract if he or she determines that the award of an LNTP is justified in order for work to commence promptly.
- (ii) If it is for the best interest of the Agencies, the Board of Directors may, on refusal or failure of the successful bidder to execute the contract, award it to the second-lowest, responsive and responsible bidder. If the second-lowest, responsive and responsible bidder fails to execute the contract, the Agencies may likewise award it to the third-lowest responsible bidder.
- (iii) On the failure or refusal of any bidder to execute the contract, his bidder's security shall be forfeited.
- (iv) The successful bidder must furnish a performance bond and a payment bond equal to 100 percent of the contract price. Failure to furnish the required bonds shall constitute failure to execute the contract.
- (v) The Board has the right at any time prior to award to reject any or all bids and readvertise the project.

- n. Return of Bidder's Security. The Agencies may withhold the bidder's security of the second- and third-lowest, responsive and responsible bidders until the contract has been finally executed. The Agencies shall, upon request, return cash, cashier's checks, and certified checks submitted by all other unsuccessful bidders within ten days after the contract is awarded, and their bidder's bonds shall be of no further effect.
- E. Procurement of Architectural, Landscape Architectural, Engineering, Environmental, Land-Surveying Services, and Construction Project Management Services
 - (i) Competitive bids of architectural, landscape architectural, engineering, environmental, land surveying, and construction project management services estimated to cost less than \$100,000 shall be procured as follows:
 - a. The Agencies shall seek a minimum of three quotations, which may be either written or oral, that would permit prices and other terms to be compared.
 - b. Contracts shall be awarded to the lowest qualified bidder or the most qualified bidder or proposer depending upon the procurement methodology utilized; i.e., price and qualifications or qualifications only.
 - (ii) Competitive bids of architectural, landscape architectural, engineering, environmental, land surveying, and construction project management services estimated to cost more than \$100,000 shall be formally advertised and bid in accordance with the provisions of Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code and if federally funded in accordance with the Brooks Act.

52.3 Protests

A person who submits or who plans to submit a proposal or bid in response to a procurement solicitation may protest any acquisition conducted in accordance with this section as follows:

- A. Protests based on the content of the procurement solicitation shall be filed with the Board within ten calendar days after the procurement solicitation is first advertised. The Chief Executive Officer or his/her designee shall issue a written decision on the protest prior to opening of the procurement solicitation. A protest may be renewed by refiling the protest with the Board of Directors within 15 calendar days after the mailing of the notice of the intent to award.
- B. Any bidder may protest the intent to award on any ground not based upon the content of the procurement solicitation by filing a protest with the Board within 15 calendar days after the mailing of the notice of the intent to award.

- C. All protests shall contain a full and complete written statement specifying in detail the grounds of the protest and the facts supporting the protest. Protestors shall have an opportunity to appear and be heard before the Board prior to the opening of the procurement solicitation in the case of protests based on the content of the procurement solicitation or prior to final award in the case of protests based on other grounds or the renewal of protests based on the content of the procurement solicitation.
- D. The decision of the protest by the Board shall be in writing and constitutes a final administrative decision for purposes of judicial review pursuant to Section 1094.6 of the Code of Civil Procedure.

52.4 Procurement Special Provisions

- A. After rejecting bids received under Section 52.2 above, the Board of Directors may determine and declare, by a two-thirds vote of all of its members, that in its opinion, the supplies, equipment, or materials may be purchased at a lower price in the open market. The Agencies may then proceed to purchase these supplies, equipment, or materials in the open market without further observance of Section 52.2.
- B. After solicitation of bids under Section 52.2 above, the Board of Directors may determine and declare by a majority vote that it has not received a responsive bid. The Agencies may then proceed to purchase the supplies, equipment, or materials in the open market without further observance of Section 52.2.
- C. Upon determining that immediate remedial measures to avert or alleviate damage to, or to repair or restore damaged or destroyed property of, the Agencies are necessary in order to ensure that the facilities of the Agencies are available to serve the transportation needs of the general public or to comply with any state or federal regulation with respect to the operation of public transportation services, and upon determining that available remedial measures, including procurement in compliance with Section 52.2 is inadequate, the Chief Executive Officer may authorize the expenditure of money previously appropriated by the Board specifically for the direct purchases of goods and services without observance of Section 52.2. In such a case, the Chief Executive Officer shall submit to the Board a full report explaining the necessity for that action at the next meeting of the Board.
- D. Upon a finding by two-thirds of all members of the Board of Directors that a purchase in compliance with Section 52.2 does not constitute a method of procurement adequate for the operation of Board of Directors' facilities or equipment, the Agencies may procure prototype equipment or modifications in an amount sufficient to conduct and evaluate operational testing without further observance of Section 52.2.
- E. Notwithstanding Section 52.2, the Board of Directors may direct the purchase of any supply, equipment, or materials without observance of Section 52.2 upon a finding by two-thirds of all members of the Board of Directors that there is only a single source of procurement and that the purchase is for the

sole purpose of duplicating, repairing, or replacing supplies, equipment, or materials that are in use, including upgrades or migrations of proprietary intellectual property. For all procurements under \$100,000, the Chief Executive Office may approve sole-source procurements with appropriate documentation.

- F. Provisions in any federally funded contract concerning DBEs shall not be subject to negotiation with the successful bidder.

POLICY.52.PROCUREMENT OF GOODS & SERVICES.doc

Original Policy Enacted on 6/22/06.

Policy revised on 9/13/07.

| Policy revised on 11/18/10.



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Agenda

Item No. 8

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

**Draft for
Executive Committee
Review Date: 11/4/10**

November 18, 2010

SUBJECT:

MTS: INVESTMENT REPORT – SEPTEMBER 2010

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 2010. The combined total of all investments has decreased by \$1.1 million in the current month attributable to a reclassification of restricted assets in the current month.

The first column provides details about investments restricted for capital improvement projects and debt service—the majority of which are related to the 1995 lease and leaseback transactions. The funds restricted for debt service are structured investments with fixed returns that will 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. The second column shows unrestricted investments, which reports the working capital for MTS operations for employee payroll and vendors' goods and services.

During September, \$10 million was transferred from the short-term investment account at Local Agency Investment Fund to provide for a scheduled payment of normal operating expenses.



Paul C. Jablonski
Chief Executive Officer

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

NOV18-10.8.SEPT INVESTMT RPT.LMUSENGO.doc

Attachment: A. Investment Report

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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.

**San Diego Metropolitan Transit System
Investment Report
September 30, 2010**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	Average rate of return
Cash and Cash Equivalents				
Bank of America - concentration sweep account	\$ 6,490,944	\$ 15,068,092	\$ 21,559,036	0.00%
Total Cash and Cash Equivalents	<u>6,490,944</u>	<u>15,068,092</u>	<u>21,559,036</u>	
Cash - Restricted for Capital Support				
US Bank - retention trust account	2,269,756		2,269,756	N/A *
Local Agency Investment Fund (LAIF) Proposition 1B TSGP grant funds	5,216,762		5,216,762	0.50%
Total Cash - Restricted for Capital Support	<u>7,486,518</u>	<u>-</u>	<u>7,486,518</u>	
Investments - Working Capital				
Local Agency Investment Fund (LAIF) San Diego County Investment Pool		28,371,243 28,551,725	28,371,243 28,551,725	0.50%
Total Investments - Working Capital	<u>-</u>	<u>56,922,968</u>	<u>56,922,968</u>	
Investments - Restricted for Debt Service				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	37,194,456	-	37,194,456	
Rabobank - Payment Undertaking Agreement	83,556,240	-	83,556,240	7.69%
Total Investments Restricted for Debt Service	<u>120,750,696</u>	<u>-</u>	<u>120,750,696</u>	
Total cash and investments	<u>\$ 134,728,158</u>	<u>\$ 71,991,060</u>	<u>\$ 206,719,218</u>	

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



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Agenda

Item No. 9

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

**Draft for
Executive Committee
Review Date: 11/4/10**

November 18, 2010

SUBJECT:

MTS: REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM AMENDMENT

RECOMMENDATION:

That the Board of Directors forward a recommendation to the San Diego Association of Governments' (SANDAG's) Board of Directors to adopt Resolution No. 10-25 (Attachment A) approving the amendment of the Regional Transportation Improvement Program (RTIP) to remove the Transportation Development Credits in accordance with the fiscal year 2011 Capital Improvement Program recommendations.

Budget Impact

Removing the Transportation Development Credits from the RTIP has no budgetary impact on the Capital Improvement Program.


DISCUSSION:

On July 15, 2010, the MTS Board approved the use of the newly implemented Federal Highway Administration (FHWA) Transportation Development Credits as a form of local match for some Federal Transit Administration (FTA) projects. Although this program does not increase the amount of funding received, it was intended to provide for greater funding flexibility within the Capital Improvement Program.

As of October 26, 2010, the California Department of Transportation (Caltrans) has yet to reach an agreement with the FTA on how the Transportation Development Credits will be tracked and recorded. As a result, neither entity can guarantee the availability of the credits as a form of local match for the federal funds currently programmed in the approved RTIP. The unknown status of the Transportation Development Credits is

prohibiting the completion of the federal grant application for the FY 2011 Capital Improvement Program.

In order to move forward with the FY 2011 Capital Improvement Program grant process, MTS staff recommends the Transportation Development Credits be removed from the FY 2010 RTIP. Removing the Transportation Development Credits from the RTIP has no budgetary impact on the Capital Improvement Program but will allow MTS to complete the pending federal grant application in a more appropriate time line.



Paul C. Jablonski
Chief Executive Officer

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

NOV18-10.9.RTIP AMDMT REMOVE TDC.LFOWLER.doc

Attachment: A. Resolution No. 10-25

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 10-25

Resolution Approving Fiscal Year 2010
Regional Transportation Improvement Program Amendment

WHEREAS, MTS staff has analyzed removing the Transportation Development Credits from the Regional Transportation Improvement Program and found that removing the Transportation Development Credits from the Regional Transportation Improvement Program is in the best interest of MTS, so that the FY 2011 federal grant application for the FY 2011 Capital Improvement Program can be completed; NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors forward a recommendation to the San Diego Association of Governments Board of Directors to request approval of the FY 2010 Regional Transportation Improvement Program to no longer include the Federal Highway Administration Transportation Development Credits as a form of local match for Federal Transit Administration projects. Removing the Transportation Development Credits from the Regional Transportation Improvement Program has no budgetary impact on the capital improvement program.

PASSED AND ADOPTED by the Board of Directors this _____ day of November 2010 by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System