



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

Agenda

JOINT MEETING OF THE BOARD OF DIRECTORS

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

February 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 - January 21, 2010
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.

Approve

Please turn off cell phones and pagers
during the meeting

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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.

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 Railway Company Board of Directors at its January 19, 2010, Meeting</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 January 19, 2010. | Ratify |
| 7. | <u>MTS: Operations Budget Status Report for November 2009</u>
Action would receive a report on MTS's operations budget status for November 2009. | Receive |
| 8. | <u>MTS: Pension Obligation Bonds Refinancing Update</u>
Action would ratify actions taken by staff on the refinancing of the variable pension obligation bonds (POBs). | Ratify |
| 9. | <u>MTS: Investment Report - December 2009</u>
Action would receive a report for information. | Receive |
| 10. | <u>MTS: MVE LRT Project Legal Services - Contract Amendment</u>
Action would authorize the CEO to execute MTS Doc. No. M6655.13-07 with Hecht, Solberg, Robinson, Goldberg and Bagley, LLP for legal services on the Mission Valley East Light Rail Transit (MVE LRT) Project. | Approve |
| 11. | <u>MTS: Transportation Development Act (TDA) Revenue Estimate</u>
Action would receive the revised Fiscal Year 2010 Transportation Development Act (TDA) revenue estimate. | Receive |
| 12. | <u>MTS: Excess Liability Insurance Renewal</u>
Action would ratify and confirm the placement of the liability insurance policy (limits of \$75 million less a \$2 million self-insurance retention). | Ratify |
| 13. | <u>MTS: Human Resources Consulting Services - Contract Amendment</u>
Action would authorize the CEO to execute MTS Doc. No. G1250.1-09 with Keenan & Associates for human resources consulting services. | Approve |
| 14. | <u>MTS: SANDAG Budget Transfer for the SDTC KMD Building Rehabilitation Project</u>
Action would forward a request to the San Diego Association of Governments (SANDAG) Transportation Committee (TC) to transfer \$150,000 from the SANDAG KMD Drop Table Project (CIP 1100200) to the SANDAG SDTC KMD Building Rehabilitation Project (CIP 1128900). | Approve |

CLOSED SESSION

- | | | |
|-----|--|--------------------|
| 24. | a. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION Pursuant to California Government Code section 54956.9(a): <u>Betty Joyce Jones v. City of San Diego, MTS, et. al</u> (Case No. 37-2008-00087149-CU-PO-CTL) | Possible
Action |
| | b. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION Pursuant to California Government Code section 54956.9(b): (<u>One Potential Case</u>) | Possible
Action |
| | c. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Pursuant to California Government Code 54956.9(a) <u>Metropolitan Transit System v. San Diego State University</u> (Case No. 37-2007-00083692-CU-WM-CTL) | Possible
Action |

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

- | | | |
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| 25. | <u>MTS: Public Hearing of Necessity to Adopt a Resolution of Necessity for Full Acquisition of Assessor's Parcel No. 623-250-23, 3650 Main Street, Chula Vista, California, Owned by Sav-On Systems, a California Limited Partnership (Tim Allison)</u>
Action would: (1) receive public testimony; (2) adopt Resolution of Necessity No. 10-04 by a two-thirds vote pertaining to the full acquisition of Assessor's Parcel No. (APN) 623-250-23; and find that: the public interest and necessity require the project; the project is planned or located in a manner that will be the most compatible with the greatest public good and the least private injury; the interest in the properties are necessary for the project; and an offer of just compensation has been made to the property owner; and (3) authorize staff to proceed with condemnation proceedings necessary to acquire the full interest in the subject parcel. | Approve |
|-----|--|---------|

DISCUSSION ITEMS

- | | | |
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| 30. | <u>MTS: State Budget Update and Support for Transportation Ballot Initiative (Sharon Cooney and Mark Watts of Smith Watts, LLC)</u>
Action would: (1) receive a report on state budget discussions from MTS's Sacramento representative; and (2) approve Resolution No. 10-3, Resolution in Support of the Local Taxpayer, Public Safety and Transportation Protection Act of 2010. | Approve |
|-----|--|---------|

DISCUSSION ITEMS - CONTINUED

31. MTS: Fiscal Year 2011 Capital Improvement Program (CIP) (Larry Marinesi) Approve
Action would: (1) approve the fiscal year 2011 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels. As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels; (2) forward a recommendation to the San Diego Association of Governments (SANDAG) Board of Directors to approve the submittal of federal Section 5307 and Section 5309 applications for the MTS fiscal year 2011 CIP; (3) approve the transfer of \$4,372,601 from previous CIP projects to the fiscal year 2011 CIP; and (4) forward a recommendation to the SANDAG Board of Directors to approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2011 CIP recommendations.
32. MTS: Proposed Revisions to MTS Policy No. 59 (Natural Gas Hedge Policy) (Larry Marinesi) Approve
Action would: (1) approve the updated Energy Hedge Program; (2) approve the Direct Access Program; and (3) approve revisions to MTS Policy No. 59 (Natural Gas Hedge Policy), including the continued designation of the Chief Executive Officer and Chief Financial Officer as the administrators of the policy, and authorize the administrators to execute hedges in accordance with this policy.

REPORT ITEMS

45. MTS: Chargers Football 2009 Year-End Summary (Tom Doogan) Receive
Action would receive a report for information.
46. MTS: Safety and Transit Facilities (Kristen Rohanna from SANDAG) Receive
Action would receive a report for information.
47. MTS: Urban Area Transit Strategy (Carolina Gregor of SANDAG) Receive
Action would receive a report for information.
48. MTS: Operations Budget Status Report for December 2009 (Mike Thompson) Receive
Action would receive a report for information.

- 60. Chairman's Report Information
- 61. Audit Oversight Committee Chairman's Report Information
- 62. Chief Executive Officer's Report Information
- 63. Board Member Communications
- 64. Additional Public Comments Not on the Agenda
If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments.
- 65. Next Meeting Date: March 11, 2010 **(8:00 a.m. Finance Workshop)**
- 66. Adjournment

METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL

MEETING OF (DATE): 2-18-10

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

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:17 a.m.

RECONVENE: 10:29 a.m.

PUBLIC HEARING: 10:46 a.m.

RECONVENE: 10:46 a.m.

ORDINANCES ADOPTED: _____

ADJOURN: 12:00 p.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
CUNNINGHAM	<input checked="" type="checkbox"/> (Boyack) <input type="checkbox"/>		
EWIN	<input checked="" type="checkbox"/> (Allan) <input type="checkbox"/>		
EMERALD	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:04 a.m.	
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
JANNEY	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		11:35 a.m.
LIGHTNER	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>		
RINDONE	<input checked="" type="checkbox"/> (Castaneda) <input type="checkbox"/>	9:10 a.m.	
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:19 a.m.	11:43 a.m.
RYAN	<input type="checkbox"/> (B. Jones) <input type="checkbox"/>		
SELBY	<input checked="" type="checkbox"/> (England) <input type="checkbox"/>	9:04 a.m.	
VAN DEVENTER	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		11:47 a.m.
YOUNG	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>		10:20 a.m.

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

W. Williams

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

[Signature]

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

MINUTES

January 21, 2010

MTS

1255 Imperial Avenue, Suite 1000, San Diego

1. Roll Call

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

2. Approval of Minutes

Mr. Ewin moved to approve the minutes of the January 7, 2010, MTS Board of Directors meeting. Mr. Van Deventer seconded the motion, and the vote was 9 to 0 in favor.

3. Public Comments

None.

4. MTS: Election of Vice Chair and Chair Pro Tem and Appointments to Committees for 2010 (Sharon Cooney)

Chairman Mathis stated that the recommendation from the Executive Committee is to reelect Jerry Rindone as Vice Chair and Tony Young as Chair Pro Tem. He opened nominations from the floor. Nominations were closed with no response from Members. He referred to the 2010 Slate of MTS Committees and Outside Agency Appointments recommended by the Nominating Committee. He added that there is one nomination to be included in the slate, Ms. Lightner as an alternate to the Joint Committee on Regional Transit (JCRT). He noted that the vote by the Member who is the nominee will be an automatic abstention.

Action Taken

Mr. Selby moved to: (1) elect Jerry Rindone as Vice Chair and Tony Young as Chair Pro Tem for 2010; (2) approve the proposed slate of nominations as outlined below; and (3) include Ms. Lightner's nomination as the alternate to the Joint JCRT. Mr. Van Deventer seconded the motion.

Vice Chair and Chair Pro Tem

Jerry Rindone, Vice Chair: 10 to 0 in favor with Mr. Rindone abstaining.

Tony Young, Chair pro Tem: 11 to 0 in favor Mr. Young was not present for the vote.

Accessible Services Advisory Committee (ASAC)

Thomas Clabby – Chair: 11 to 0 in favor with Mr. Clabby abstaining.

Ad Hoc Public Security Committee

Tony Young – Chair: 11 to 0 in favor Mr. Young was not present for the vote.

Audit Oversight Committee

Ernie Ewin – Chair: 10 to 0 in favor with Mr. Ewin abstaining.

Budget Development Committee

Jerry Rindone – Chair: 10 to 0 in favor with Mr. Rindone abstaining.

Executive Committee

Harry Mathis – Chair: 10 to 0 in favor with Mr. Mathis abstaining.

Joint Committee on Regional Transit (JCRT)

Bob McClellan – Committee Representative: 10 to 0 in favor with Mr. McClellan abstaining.

Sherri Lightner – Alternate: 11 to 0 in favor. Ms. Lightner was not present for the vote.

Los Angeles – San Diego Rail Corridor Agency (LOSSAN)

Jerry Rindone – Committee Representative: 10 to 0 in favor with Mr. Rindone abstaining.

SANDAG Board

Harry Mathis – Advisory Representative: 10 to 0 in favor with Mr. Mathis abstaining.

SANDAG Regional Planning Committee

Al Ovrom – Committee Representative: 10 to 0 in favor with Mr. Ovrom abstaining.

SANDAG Transportation Committee

Harry Mathis – Committee Representative: 10 to 0 in favor with Mr. Mathis abstaining.

Taxicab Committee

Todd Gloria – Chair: 10 to 0 in favor with Mr. Gloria abstaining.

CONSENT ITEMS

6. MTS: Increased Authorization for Legal Services - Wheatley Bingham & Baker
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1111.13-07 with Wheatley Bingham & Baker for legal services and ratify prior amendments entered into under the CEO's authority.
7. MTS: Increased Authorization for Legal Services - McDougal Love Eckis Smith Boehmer & Foley, APC
Action would authorize the CEO to execute MTS Doc. No. G1067.8-07 with McDougal Love Eckis Smith Boehmer & Foley, APC for legal services and ratify prior amendments entered into under the CEO's authority.

Mr. McClellan requested clarification on whether he has a conflict with this item due to the fact that the law firm of McDougal Love Eckis Smith Boehmer & Foley represents El Cajon. Ms. Lorenzen stated that there is not a direct conflict, and therefore there is no need for Mr. McClellan to abstain from voting.
8. MTS: Increased Authorization for Legal Services - Law Offices of Mark H. Barber, APC
Action would authorize the CEO to execute MTS Doc. No. G1162.8-08 with the Law Offices of Mark H. Barber, APC for legal services and ratify prior amendments entered into under the CEO's authority.

9. MTS: Coast United Advertising - Contract Option Years
Action would authorize the CEO to execute MTS Doc. No. B0201.1-99 for three 12-month option periods with Coast United Advertising.
10. MTS: I-15 Bus Rapid Transit Station - Property Transfers
Action would authorize the CEO to execute all documents necessary to transfer property to the State of California Department of Transportation (Caltrans) for state highway purposes and to the City of San Diego for street purposes.

Action Item

Mr. Rindone moved to approve Consent Agenda Item Nos. 6, 7, 8, 9, and 10. Mr. Ovrom seconded the motion, and the vote was 11 to 0 in favor.

CLOSED SESSION (Taken Out of Order)

The Board convened to Closed Session at 9:04 a.m.

24. a. **MTS: CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
Pursuant to California Government Code Section 54956.8;
Property: 3650 Main Street, Chula Vista, California (Assessor Parcel No. 623-250-23);
Agency Negotiators: Tiffany Lorenzen, General Counsel; Tim Allison, Manager of Real Estate Assets; and Bruce Beach, Best Best & Krieger, LLP;
Negotiating Parties: Sav-On Systems, a California Limited Partnership;
Under Negotiation: Price and Terms of Payment
- b. **MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL** Pursuant to California Government Code Section 54956.9(a): Beatty/Ortiz v. Metropolitan Transit System (Superior Court Case No. GIC 868963)
- c. **MTS: CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION CHIEF EXECUTIVE OFFICER** Pursuant to California Government Code Section 54957

The Board reconvened to open session at 10:27 a.m.

Oral Report of Final Actions Taken in Closed Session

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

- a. The Board received a report and gave direction to outside counsel.
- b. The Board received a report and gave direction to General Counsel.
- c. The Board took no action.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

32. MTS: Advertising Revenue and Policy (Rob Schupp) (Taken out of order)

Mr. Schupp gave an overview of the sources of advertising revenue, revenue totals for the last three years, impacts on revenue potential, and possible new sources of revenue. He identified the major sources of advertising revenue that include bus exteriors and interiors, bus shelters, bus benches, trolley wraps, and miscellaneous.

Mr. Schupp pointed out that the bus advertising revenue in 2007 was \$1.3 million, which has reduced significantly in 2009 to \$800,000, and the projection for 2010 is \$780,000. He reviewed revenue trends for shelters, benches, and trolley. He pointed out that the revenue trend in 2009 was \$2 million, and the expectation for 2010 is also \$2 million (primarily due to the addition of the CVS shelters).

Mr. Schupp gave a review of the history of MTS's rebranding effort. He stated that in 2003, MTS made a policy decision not to put advertising on the newly painted buses. He stated that in 2007, there were 380 buses that allowed advertising. In 2009, that number was down to 221 because of the new paint schemes, and the projection for 2012 is that the number will get below 200 as more buses are retired. He stated that having fewer buses on the street with advertising has an impact on the market, and the perception by advertisers is that they are not seeing their ads in the system.

Mr. Schupp showed examples of the retired buses since 2004 and the current fleet of buses with the prebranding paint schemes. He stated that since 2004, MTS has been aggressive in replacing buses of all varieties and showed examples of the current fleet (62% of the fleet has the new brand paint scheme). He stated that currently there is a totally integrated brand that has been remarkable in converting the public's impression of public transportation in San Diego.

Mr. Schupp stated that 2/3 of the fleet has the new brand or are older buses without advertising (advertising is allowed on 33% of the fleet). He pointed out that this discussion relates to the kings that are placed on either side of the bus and whether the Board will allow advertising on the newly painted buses. He showed an example of how a bus king would look on the side of a 40' New Flyer, which would cover a portion of the MTS brand.

Mr. Schupp pointed out that MTS could continue with the policy of no advertising on the newly branded vehicles, which would have a negative fiscal impact of -\$150,000 for FY 11. He added that advertising could be allowed on up to 100 40-foot buses, which would generate a positive impact of \$300,000. If advertising was allowed on all 170 40-foot buses, there would be a positive impact of \$340,000. He stated that if the Board decides to continue not to advertise on those buses, it is anticipated that there would be \$150,000 less revenue than last year.

In response to Mr. Rindone, Randy Phillips, VP Sales, Michael Allen & Associates, stated that a wrap for the back of the bus is possible, and a back wrap is occasionally sold to advertisers. He stated that the most traditional form of advertising is the king on the side of the bus. Mr. Rindone stated that he would be in favor of a back wrap, and that it should be an option.

Mr. Phillips gave the company background on Michael Allen & Associates and stated that his company has represented transit for over 24 years. He added that a vote for no advertising on the branded buses means that there will be an immediate impact on MA's ability to sell ads, and, as the number of buses that accept advertising diminish, all advertising will be lost. He stated that he would appreciate the Board's consideration of changing the policy to allow advertising on branded buses.

In response to Mr. Gloria, Mr. Phillips stated that kings are not the only option for advertising; back wraps can also be considered. He added that the majority of the requests for advertising are dictated by ad agencies. King side advertising and tail advertising are standard and are 90% of MA's business. Mr. Jablonski added that ads are distributed nationally in a size that is standard to the industry.

Mr. Gloria encouraged staff to explore more creative options in this difficult financial environment. He stated that although MTS's branding efforts are important and do make the system more attractive, some respect should be shown to the riders who have been asked to make sacrifices through service cuts.

Mr. Young stated that he supports advertising on the entire system, and opportunities should be explored for the potential income. Mr. Jablonski stated that an RFP has been issued for naming rights to look at the entire system.

Mr. Cunningham stated that considering MTS's revenue shortfall, all opportunities should be explored to generate income through advertising. He supports directing staff to maximize advertising revenue.

Mr. Jablonski stated that the branding has been a concentrated effort by MTS to improve the fleet over the last six years. He cautioned against degrading the system adding that the appearance of the bus has an impact on riders.

Mr. Mathis stated that he feels that the Board is not ready to approve the use of kings on the branded buses. He added that MTS's image has been established and should be protected. He clarified that the report will be received with direction that the entire system be scrutinized for opportunities for advertising. In response to Mr. Gloria, Mr. Mathis stated that kings will be precluded from the branded buses.

Mr. Young clarified that a comprehensive analysis has not been completed of the system. Mr. Phillips stated that Michael Allen & Associates has contractual challenges in evaluating the entire system, and separate contracts are in place. Mr. Schupp added that a private contractor is being identified by staff to evaluate the entire system.

Mr. Cunningham clarified that the recommendation is to continue with the current policy of no advertising on newly branded vehicles, which would be a loss of -\$150,000.

In response to Mr. Gloria, Mr. Phillips confirmed that 90% of Michael Allen & Associates' business is kings on the sides of buses.

Mr. Jablonski clarified that advertising opportunities will be explored to include the sizing of the advertising that will respect the clean lines of the buses and the location of the MTS logo.

Action Taken

Mr. Rindone moved to receive the report and direct staff to maximize advertising options, excluding kings on the branded buses. Mr. Cunningham seconded the motion, and the vote was 9 to 1 in favor.

30. MTS: Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor Member Agency Memorandum of Understanding for Rail Service Integration (Linda Culp of SANDAG)

Danny Veeh, Assistant Transit Planner II from SANDAG, gave a PowerPoint presentation on LOSSAN. He described LOSSAN as the rail corridor agency that oversees the LOSSAN rail corridor and helps fund, plan, and advocate for improvements. He stated that the LOSSAN

Board of Directors has approved a Memorandum of Understanding to better integrate the corridor's passenger rail services and is requesting approval from each member agency.

Mr. Veeh gave a description of the LOSSAN corridor that is shared with Amtrak, COASTER, Metrolink, and freight services, and portions of the corridor would be shared with high-speed trains. He reported that for a number of years, SANDAG has provided staff support through the member agencies. He gave a review of the major MOU provisions.

Mr. Veeh stated that next steps include the hiring of the project manager, development of the business plan, and implementation of the early action items. He reported that the potential budget impacts will be \$1 million of which San Diego member agencies' share is \$192,000 over the next 18 months. He added that SANDAG will pay the FY 2010 portion of \$21,000 and will work with NCTD and MTS for the remaining need in FY 2011.

Mr. Rindone stated that the focus of LOSSAN has been heavy rail services between San Diego and Los Angeles. County representation has been expanded from San Diego to San Luis Obispo. He stated that he has been pleased in the recent months that LOSSAN has stepped up to ensure that there is an alignment of resources, integration of services, and coordination of lobbying for money throughout the corridor.

Action Taken

Mr. Rindone moved to receive the report and to authorize the CEO to sign the Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor Member Agency Memorandum of Understanding for Rail Service Integration. Mr. Cunningham seconded the motion, and the vote was 9 to 0 in favor.

31. MTS: Legislative Update (Sharon Cooney)

Ms. Cooney gave a review of the 2009 federal year grants. She stated that on the federal side, transit security grants were received as well as other grants under the normal appropriations process. One appropriation in particular of interest was the \$800,000 received from an earmark that was signed by Susan Davis' office for Regional Transportation Management System. In a year when earmarks were difficult to come by, it is important to note that MTS had congressional support for programs. She gave a review of economic stimulus funding that could be supplemented in the upcoming year with more funding under the heading of a jobs bill.

Ms. Cooney gave a review of the Rail Safety Act of 2008, Energy Security and Climate Change, the San Ysidro border reconfiguration, and Reauthorization of the Surface Transportation Act. She stated that at the state level the FY 2010 budget was a critical point of MTS's advocacy. She added that the Governor's proposed plan for FY 2011 is even worse. He has proposed that the funding sources for the public transportation account be eliminated by a tax swap. She discussed other eliminations on the jurisdictional level.

Ms. Cooney stated that Proposition 1B is now being impacted because the state is not able to bond enough money to support the appropriations each year. She stated that appropriations for FY 2009 are \$50 million, and MTS should be receiving \$5 million to \$6 million.

Ms. Cooney stated that the recommendation is that the Board approve the 2010 Federal Legislative Program (Attachment A to the agenda item) and 2010 State Legislative Program (Attachment B to the agenda item).

In response to Mr. Gloria, Ms. Cooney described the process for prioritizing capital projects. Mr. Gloria stated that it is important for the public to understand that this Board and agency is

making the effort to fight the cuts in Sacramento and to actively pursue more funding in Washington. Mr. Jablonski added that the federal priorities are dictated by the dollars available.

Mr. Young stated that there is an initiative to place a measure on the ballot to restrict the state's ability to take away city and transportation dollars. Ms. Cooney stated that MTS is watching the issue closely. She added that because MTS cannot advocate for a ballot initiative, the Board can pass a resolution in support. Mr. Young encouraged the Board to consider passing a resolution in support.

Action Taken

Mr. Gloria moved to approve the Federal Legislative Program and the State Legislative Program. Mr. McClellan seconded the motion, and the vote was 9 to 0 in favor.

REPORT ITEMS

45. SDTI: LRV Repair and Retrofit Status (Lee Summerlott)

Wayne Terry, COO of San Diego Trolley, Inc., introduced Lee Summerlott, Superintendent of LRV Maintenance, who served as the project manager for the repairs on LRV 2052. The accident occurred in March 2008 in El Cajon and was the worst accident in SDTI's 30-year history. He stated that the car had to be evaluated to determine if it would be considered a total loss or if the repairs would be done by Siemens or in house.

Mr. Summerlott reviewed the accident, which caused major body damage to the propulsion system and under car causing a derailment. He reviewed the vehicle appraisal and repair estimation history. He stated that on May 7, 2009, the car was returned from Siemens because it was determined that the repairs could be accomplished more economically in house. He stated the Siemens' proposal to repair the car was \$1.3 million. He added that the replacement cost for the vehicle is \$3.6 million. The value of LRV 2052 new was \$2.08 million, and the current value of the car is \$1.8 million. There was a significant savings in terms of the costs for repairs and the time saved resulting from doing the in-house repairs.

Mr. Summerlott described the process to rebuild the car body, repaint, and perform other repairs and replacements. He stated that the base, rib cages, interior, seat bases, and floors were removed.

Mr. Summerlott stated that other cost-saving areas were explored to use this vehicle as a prototype for the door system, LED interior lighting, and LED destination signs. Mr. Terry estimated that if the repairs had been done by Siemens, the car would not have been returned until October or November of 2010. He added that this is a testament to the workmanship in the Light Rail Maintenance Department and a good training exercise.

Mr. Terry stated there was a good response effort by everyone involved. Although this was a very serious accident, the derailling crews were brought in adjacent to the track, rerailed, and brought back within 1 hour and 30 minutes.

Mr. Ewin stated that a formal commendation should be given to the team and a press release conducted.

Action Taken

Mr. Ewin moved to receive the report for information. Mr. Rindone seconded the motion, and the vote was 8 to 0 in favor.

46. MTS: Report on the Creation of a Central MTS Database and Reporting Tool (Devin Braun)

Devin Braun gave a PowerPoint presentation on the report on the Central MTS Database and Reporting Tool. He stated that the information is gathered from many different sources, including internally and from operators and contractors with their own reporting tools. He added that the centralized database consolidates data, which has many benefits, including the automated data import process.

Mr. Braun explained that the reporting tool allows the IT Department to write custom reports depending upon MTS's needs. He added that data comes from one place, it is available on the Web browser for all agency users, and there is immediate access to performance statistics. He displayed examples of the kinds of reports that can be pulled, including the ridership report, collision report and complaints filed.

Action Taken

Mr. McClellan moved to receive the report for information. Mr. Cunningham seconded the motion, and the vote was 8 to 0 in favor.

60. Chairman's Report

None.

61. Audit Oversight Committee Chairman's Report

None.

62. Chief Executive Officer's Report

None.

63. Board Member Communications

None.

64. Additional Public Comments Not on the Agenda

None.

65. Next Meeting Date

The next meeting of the MTS Board of Directors is on February 18, 2010.

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66. Adjournment



Chairperson
San Diego Metropolitan Transit System

Filed by:



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

Approved as to form:


Office of the General Counsel
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

VRogers/
MINUTES - Board 1-21-10.doc

METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL

MEETING OF (DATE): 1-21-10

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

RECESS:

RECONVENE:

CLOSED SESSION: 9:05

RECONVENE: 10:27

PUBLIC HEARING: None

RECONVENE: None

ORDINANCES ADOPTED: -

ADJOURN: 12:05 p.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
CUNNINGHAM	<input checked="" type="checkbox"/> (Boyak) <input type="checkbox"/>	9:03	
EWIN	<input checked="" type="checkbox"/> (Allan) <input type="checkbox"/>		
EMERALD	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:20 a.m.	10:18 a.m.
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		11:52 a.m.
JANNEY	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		
LIGHTNER	<input type="checkbox"/> (Faulconer) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		11:50 a.m.
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>		
RINDONE	<input checked="" type="checkbox"/> (Castaneda) <input type="checkbox"/>	9:01 a.m.	
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		10:46 a.m.
RYAN	<input type="checkbox"/> (B. Jones) <input type="checkbox"/>		
SELBY	<input checked="" type="checkbox"/> (England) <input type="checkbox"/>		11:16 a.m.
VAN DEVENTER	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		10:42 a.m.
YOUNG	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>	10:20 a.m.	11:43 a.m.

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

Vicki Rogers
Jeffrey



AGENDA ITEM NO.

3

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

1

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

1. INSTRUCTIONS

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(PLEASE PRINT)

Date					
Name	VIRGINIA CONWAY				
Address	1455 2ND Ave HPR				
Telephone	—				
Organization Represented	—				
Subject of Your Remarks	Dur # 901, Dur # 3				
Regarding Agenda Item No.					
Your Comments Present a Position of:	<input type="checkbox"/>	<input type="checkbox"/>	SUPPORT	<input type="checkbox"/>	OPPOSITION

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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

3. DISCUSSION OF AGENDA ITEMS

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

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

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

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



AGENDA ITEM NO.

3

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED


2

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(PLEASE PRINT)

Date	2/18/10			
Name	Andra Fairchild			
Address				
Telephone				
Organization Represented				
Subject of Your Remarks	Compass card location Orange Civic Ctr. Stop			
Regarding Agenda Item No.				
Your Comments Present a Position of:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> SUPPORT	<input type="checkbox"/> OPPOSITION

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CIVIC

CENTER

B ST →



1 AVE



2 AVE



3 AVE

C ST →



BROADWAY →

RED = COMPASS

YELLOW = NORTH EAST
ORANGE LINE

E ST →

F ST →



1 AVE

G ST →

G ST →

HORTON
HOUSE →





AGENDA ITEM NO.

3

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

3

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(PLEASE PRINT)

Date	12/18/10	
Name	CLARENCE C. BERSON	
Address	7046 LEWIS AVE ST. SAN DIEGO	
Telephone	(818) 620-3722	
Organization Represented		
Subject of Your Remarks	SENIOR CITIZENS FARES	
Regarding Agenda Item No.		
Your Comments Present a Position of:	<input type="checkbox"/>	<input checked="" type="checkbox"/> SUPPORT <input type="checkbox"/> OPPOSITION

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ORDER REQUEST RECEIVED

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(PLEASE PRINT)

Date	2010-02-18			
Name	Clive Richard			
Address	5153 La Dorna Street, San Diego			
Telephone	619.867.7049			
Organization Represented				
Subject of Your Remarks	Transit			
Regarding Agenda Item No.				
Your Comments Present a Position of:	<input type="checkbox"/>	<input type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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264 9846
AGENDA ITEM NO. 3

REQUEST TO SPEAK FORM

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

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(PLEASE PRINT)

Date	Kathryn Rhoads			
Name				
Address	371 San Fernando			
Telephone				
Organization Represented				
Subject of Your Remarks				
Regarding Agenda Item No.				
Your Comments Present a Position of:	<input type="checkbox"/>	<input type="checkbox"/>	SUPPORT	<input type="checkbox"/>
			OPPOSITION	

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You are Invited to a walking Reconnaissance Tour of the proposed site for a new Chargers Stadium for a proposed Ballot Vote to Keep the NFL Chargers in San Diego and resolve the Homeless problem.

Who: You, Your Friends, Charger Fans, Homeless Advocates, Everyone.

What: Walking Tour of the proposed site for a new Chargers Stadium: including stops at the MTS Bus Maintenance Yard, the historically designated Wonder Bread building, the homeless living on the streets and sidewalks, the active strand of the Rose Canyon Fault Zone on the east side of 13th Street, and tailgating opportunities in downtown San Diego.

Where: Meet on the grass lawn at the public "Park at the Park" at Petco Park.

When: 9:00 am Monday morning, February 15, 2010 and
9:00 am Saturday morning, February 20, 2010.

Why: KEEP THE CHARGERS IN SAN DIEGO AND RESOLVE THE HOMELESS PROBLEM.



DIRECTIONS TO THE PARK AT THE PARK:

Public Entrances near 10th Avenue and K Street, and 8th Avenue and J Street.

Please note we have not received buy-in for our proposal by the City Council Members, but are hoping the City Council will lead us in an effort to keep the Chargers in San Diego while resolving many long-standing civic problems. Based upon our correspondence with the City of San Diego, our proposed Ballot submission is anticipated to be docketed at the Rules Committee hearing of June 16, 2010, and if it passes to a full City Council hearing on June 21, 2010 for inclusion in the November 2, 2010 Election. Hopefully the draft language will be amended by both Kevin Faulconer and Donna Frye in the future to gain broad public support while eliminated financial risks to City taxpayers. The amount of CCDC Redevelopment Funds would be capped at \$200 million dollars maximum. The remaining financing to build the structure could not use CCDC Redevelopment Funds, but instead will have to be financed County-wide with the help of the Regional SANDAG Board and the County of San Diego through Taxes, Fees, Grants, State and Federal Stimulus Funding, Federal Build America Construction Bonds, and/or NFL fees such as club seat waivers. The draft Ballot Language for a new multi-purpose Chargers Stadium/Event Center is as follows:

"Shall the People of the City of San Diego prepare land in the East Village area of downtown San Diego for a new multi-purpose Chargers NFL Stadium/Convention Center Phase III Expansion and Build the Permanent Homeless Shelter using CCDC Redevelopment Funds; Redevelop the City-owned 166-acre Mission Valley site to include a \$6.9 million dollar Fire Station and a 75-acre River Front park; and Complete the Environmental Impact Report for the San Diego River Park Master Plan to including \$540,000 to fund the San Diego River Park Pedestrian and Bike Pathways, and \$500,000 for construction of the Sefton Field Ballpark?"

MTS 1921



Imperial

(R-85-2396)

RESOLUTION NUMBER R-263517

ADOPTED ON JUNE 24, 1985

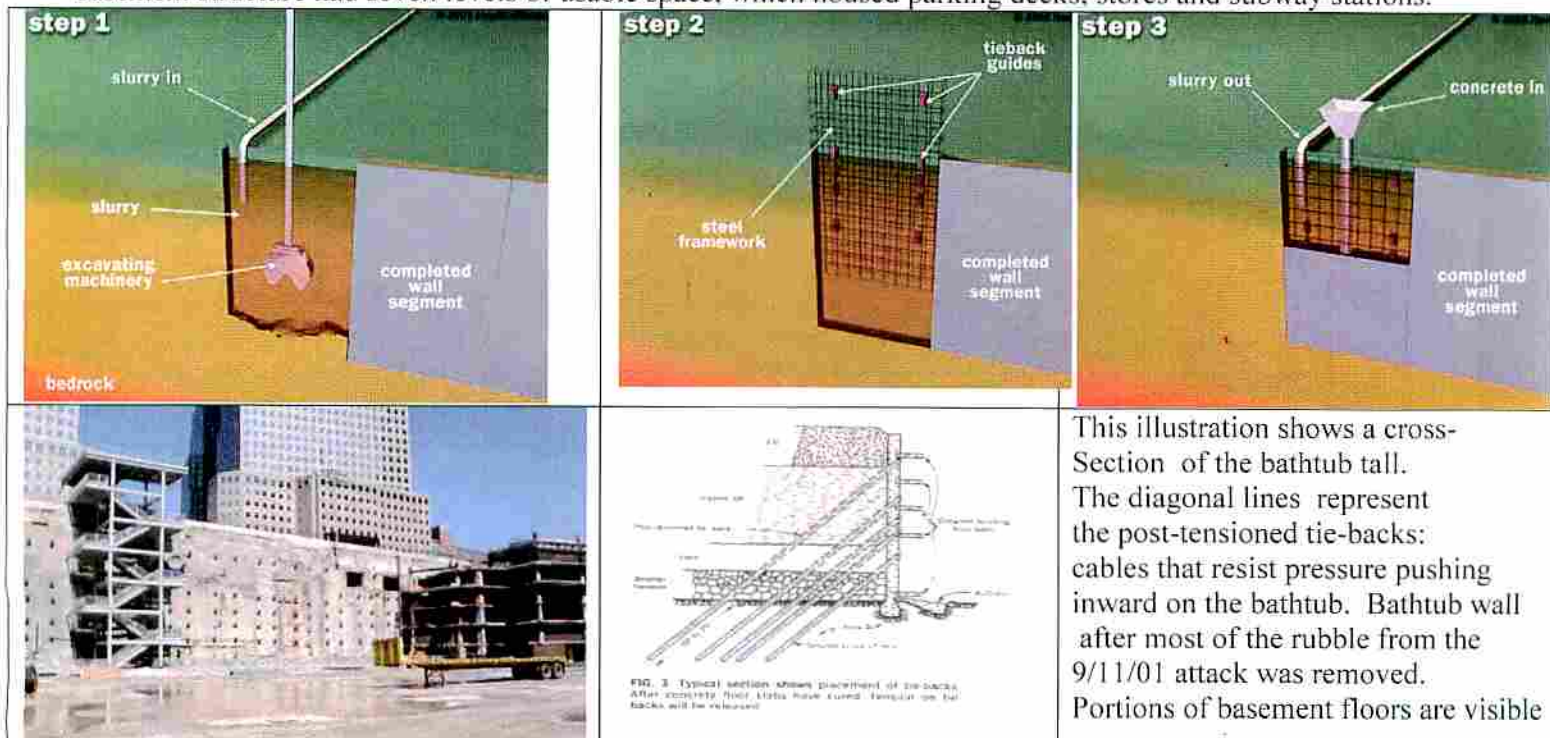
BE IT RESOLVED, by the Council of The City of San Diego, that the Mayor and City Clerk be and they are hereby authorized and empowered to execute, for and on behalf of said City, a Quitclaim Deed conveying Blocks 37, 53 and 54 of Sherman's Addition, Map 856; Lots 1-20 of N. Sherman's Resubdivision of Block 38 of Sherman's Addition, Map 1; portions of Lots G through L, Block 170 of Horton's Addition and a portion of Parcel 2, Parcel Map 8396 recorded February 2, 1979 to the SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD, for the purpose of transferring the San Diego Transit Corporation's operating facilities in downtown San Diego and Kearny Mesa to the Metropolitan Transit Development Board, under the terms and conditions set forth in the Quitclaim Deed on file in the office of the City Clerk as Document No. RR-263517.

APPROVED: John W. Witt, City Attorney

By

The World Trade Center Bathtub – BASEMENT FOR LOW WATER TABLE.

Before the Port Authority could build up, to erect the massive towers, they had to build down to establish the buildings' foundations. Massive skyscrapers need to rest on [bedrock](#), the solid rock underneath the ground's soil, or they won't be able to stand up. To get to this level, the crew has to dig up a huge mass of dirt as the first stage in construction. At the WTC site, the bedrock is between 55 feet and 80 feet (17-24 m) down. Digging to this level is no simple task, obviously, but it's par for the course in skyscraper construction. The WTC crew faced an additional, atypical challenge, however. The build site was immediately adjacent to the Hudson River, and only a few feet down, the soil was completely saturated -- if the crew started digging, the excavation site would be flooded. Draining the Hudson River would have been a logistical nightmare. Among other things, it would have compromised the stability of other buildings along the shore. Instead, the Port Authority decided to use the unconventional "**slurry trench method**," previously employed mainly in subway construction. The process was pretty simple, at least conceptually. The crew used excavating machinery to dig 3-foot-wide trenches down to bedrock level. As they dug, they piped in a **slurry** made of water and an expansive clay called **bentonite**. The bentonite slurry material would expand along the sides of the trench, blocking the groundwater. Once they finished a 22-foot (6.7-m) section of trench, the crew lowered a narrow, seven-story steel framework into the hole. Then they poured in concrete from the bottom of the trench while pumping the slurry out through the top. In this way, they built solid, steel-reinforced concrete walls underground. They repeated the process with 152 framework segments, each measuring 22 feet across, to form a large box measuring four city blocks by two city blocks (about 500x1,000 feet / 152x304 m). This box, commonly referred to as a "bathtub," formed a water-tight perimeter wall for the two towers' foundation structure. With the bathtub in place, the construction crew could start digging down to the bedrock to lay the buildings' foundation support. The only problem was that the soil inside the bathtub was the primary support means holding the walls in place -- remove the dirt inside, and the weight of the dirt and water outside would push the walls inward. To keep the walls in place while they built up the foundation, the crew had to run underground **tiebacks**, cables extending from the perimeter walls to rock surrounding the bathtub. This provided temporary support until the crew could finish a support structure inside the bathtub. With the perimeter walls secured in place, the crew could begin excavating the foundation site. They ended up digging up more than 1 million cubic yards of fill, which they dumped in the Hudson, extending the shore. The excavation actually added 28 acres of prime New York real estate, forming what is now [Battery Park City](#). When they had dug down to the bedrock, they blasted away large pits for the towers' support structure and set about building the massive foundation structure for the buildings above. Additionally, the basement structure had seven levels of usable space, which housed parking decks, stores and subway stations.



This illustration shows a cross-Section of the bathtub wall. The diagonal lines represent the post-tensioned tie-backs: cables that resist pressure pushing inward on the bathtub. Bathtub wall after most of the rubble from the 9/11/01 attack was removed. Portions of basement floors are visible

STEPS FOR SUCCESSFUL MAJOR CHANGE

From John P. Kotter

1. Establish a Sense of Urgency

Why is it important to do this NOW? What calls us into engagement with issues, supports risk-taking?

2. Create the Guiding Coalition

Identify allies with both power to create change and potential for strong teamwork.

3. Develop a Vision and Strategy

Clarify Mission and engage congregation in Visioning and Discernment of Goals.

4. Communicate the Change Vision

Sunday services, newsletter, websites, focus group meetings — engage and motivate.

5. Empower Broad-Based Action

Encourage broad participation in participation in vision formation and making it happen.

6. Generate Short-Term Wins

Make a difference early on — let people know this isn't an endless discussion with no action. And celebrate the wins!

7. Consolidate Gains and Produce More Change

Build on the success of completion of early goals and keep the momentum going.

8. Anchor New Approaches in the Culture

Ensure that new leadership is oriented to the vision. Affirm the new ways of being.

Why Change Fails

1. Sense of urgency not created or sustained.
2. Leaders are not equipped with the tools they need to make the changes.
3. First major change comes too slowly.
4. Change is celebrated too soon and the urgency is diminished.
5. Communications are not sustained, either noting progress or inviting increased participation.
6. Leaders don't "walk the talk."
7. Coalition is not fully empowered-task forces, steering committees.

Kotter, John P. Leading Change. Boston: Harvard Business School Press, 1996.

The Heart of Change, with Dan S. Cohen. Boston: Harvard Business School Press, 2002.



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

Agenda

Item No. 6

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

SDAE 710 (PC 50771)

February 18, 2010

SUBJECT:

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

RECOMMENDATION:

That the Board of Directors:

1. receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports (Attachment A); and
2. ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on January 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 fourth quarter of calendar year 2009 (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 January 19, 2010, the SD&AE Board:

1. Approved allowing the Museum to resume passenger service over the bridge at milepost 66.77;
2. Approved a new at-grade crossing of the Coronado Branch at H Street in the City of Chula Vista; and
3. Gave direction to agency negotiators on the following closed session item:

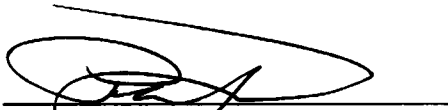
CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTION 54956.8

Property: Various locations in the cities of San Diego, National City, and Chula Vista

Agency Negotiators: Tiffany Lorenzen and Tim Allison

Negotiating Parties: Billboard Property Group

Under Negotiation: Price and Terms of Compensation



Paul C. Jablonski
Chief Executive Officer

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

FEB18-10.6.SDAE RPTS.TLOREN.doc

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



AGENDA

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

SDAE 710.1
(PC 50771)

San Diego & Arizona Eastern
Railway Company

A Nevada Nonprofit
Corporation

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

BOARD OF DIRECTORS
Don Seil, Chairman
Bob Jones
Paul Jablonski

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

OF COUNSEL
Tiffany Lorenzen

January 19, 2010

9:00 a.m.

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

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

RECOMMENDED ACTION

1. Approval of the Minutes of November 3, 2009
Action would approve the SD&AE Railway Company minutes of November 3, 2009. Approve
2. Statement of Railway Finances (Linda Musengo)
Action would receive the financial report for the 4th quarter ended December 31, 2009. Receive
3. Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Jose Ramos)
Action would receive a report for information. Receive
4. Report on Pacific Southwest Railway Museum (Diana Hyatt)
Action would: (1) receive the quarterly report for information; and (2) consider the request to open the bridge at milepost 66.77 for passenger service. Possible Action
5. Report on the Desert Line (Armando Freire)
Action would receive a report for information and provide an update on the status of rail operations. Receive
6. Real Property Matters (Tim Allison)
 - a. Summary of SD&AE Documents Issued Since November 3, 2009
Action would receive a report for information. Receive

- b. Request for a Public At-Grade Crossing at H Street on the Coronado Branch in the City of Chula Vista Approve
Action would approve a new at-grade crossing of the Coronado Branch at H Street in the City of Chula Vista and authorize the execution of any and all documents to entitle the crossing.
- c. CLOSED SESSION – CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.8 Possible Action
Property: Various locations in the cities of San Diego, National City, and Chula Vista
Agency Negotiators: Tiffany Lorenzen and Tim Allison
Negotiating Parties: Billboard Property Group
Under Negotiation: Price and Terms of Compensation
7. Old Business
8. New Business
9. Public Comments
10. Next Meeting Date: April 20, 2010
11. Adjournment

JGardetto/
A-SDAE-JAN19-10.doc

MINUTES

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

November 3, 2009

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 November 3, 2009, at 8:59 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:

SANDAG staff:

SD&IV staff:

Pacific Southwest Railway Museum:

Carrizo Gorge Railway, Inc. (Carrizo):

Burlington Northern Santa Fe (BNSF):

International Border Rail Institute:

EB Property

Tierra Madre Railway

Motor Transport Museum

Tiffany Lorenzen, Tim Allison, Wayne Terry,
Linda Musengo

Dean Hiatt

Matt Domen

Diana Hyatt

Armando Freire, Chas McHaffie

John Hoegemeier

Richard Borstadt

Brian Martins

R. Mitchell Beauchamp

Bryan Butler

1. Approval of Minutes

Mr. Jablonski moved to approve the Minutes of the July 28, 2009, SD&AE Railway Board of Directors meeting. Mr. Jones seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Linda Musengo reviewed the financial statement for the third quarter of 2009 (attached to the agenda item).

Action Taken

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

3. Report on SD&IV Operations

Matt Domen reviewed on activities for the third quarter of 2009 (attached to the agenda item). Mr. Jones clarified that gas prices were less than projected and seem fairly stable. Mr. Domen added that a good supply of LP is coming in (more than a year), so things are looking up.

Action Taken

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

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the third quarter report for 2009 (attached to the agenda item). Ms. Hyatt added that Carrizo's dispatcher has been very cooperative with Museum staff over the past several months.

Board members discussed a letter from CAL FIRE regarding rescinding the Museum's operating privileges if the bill for fire-fighting expenses was not paid. CAL FIRE contacted Ms. Lorenzen for assistance in getting the outstanding payment from the Museum. Ms. Hyatt assured members that the issue would be taken care of immediately and would inform the Board in writing regarding its resolution.

Charles McHaffie added that a recent article in the *San Diego Union-Tribune* regarding the Museum reported that relations were poor between Carrizo and Museum staffs, and that he feels that was an incorrect statement. Ms. Hyatt concurred with Mr. McHaffie.

Action Taken

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

5. Report on the Desert Line

Armando Freire reviewed the third quarter report for 2009 (attached to the agenda item). He reviewed some upcoming business prospects and current projects.

Mr. Freire clarified for Mr. Jablonski that Carrizo is currently concentrating on weed abatement full-time and has not addressed the bridge repairs. Carrizo has added an additional five months (through the end of March) to the embargo on the Desert line. He added that Carrizo will start looking into bridge repairs before the end of the year and will employ outside contractors and some of its own crew. He agreed to keep the Board informed of the scheduled bridge rehabilitation.

Mr. Jones stated his appreciation for the spirit of cooperation from Mr. Freire and Mr. McHaffie during the past quarter.

Action Taken

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

6. Real Property Matters

a. Summary of SD&AE Documents Issued Since July 28, 2009

- S200-09-413: Lease to CBS Outdoor for a billboard at Harbor Drive and Civic Center Drive in the City of National City.
- S200-09-414: Lease to CBS Outdoor for a billboard at 28th Street and Harbor Drive in the City of San Diego.
- S200-09-415: Lease to CBS Outdoor for a billboard at Merlin Drive and Imperial Avenue in the City of San Diego.
- S200-09-416: Lease to CBS Outdoor for a billboard at 32nd Street and Harbor Drive in the City of San Diego.
- S200-10-417: Right of Entry Permit to TC Construction to abandon sewer lines along Lemon Grove Avenue in Lemon Grove.
- S200-09-418: Right of Entry Permit to Bike the Bay for the 2009 Annual Event.
- S200-10-419: Right of Entry Permit to Erreca's, Inc. to construct slope repair near Interstate 805 in the City of San Diego.
- S200-10-420: Deposit Agreement with Carrizo Gorge Railway, Inc. for lease negotiations.
- S200-10-421: Durable Right of Entry Permit to City of La Mesa for maintenance work within the City of La Mesa.
- S200-10-423: Right of Entry Permit to Sim J. Harris, Inc. for street paving at Iris Avenue and Dairy Mart Road in the City of San Diego.
- S200-10-427: Right of Entry Permit to Ninyo and Moore for geotechnical investigations along the Coronado Branch in the City of Chula Vista.
- S200-10-428: Right of Entry Permit to Pacific Drilling Co. for geotechnical investigations along the Coronado Branch in the City of Chula Vista.
- S200-10-430: Right of Entry Permit to SDG&E for underground electrical installation at 28th Street and Harbor Drive in the City of San Diego.

Action Taken

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

b. License Agreement with Cox Communications, Inc.

Tim Allison stated that Cox Communications, Inc. is requesting a license for a proposed aerial fiber-optics line over SD&AE tracks west of the El Cajon station on West Palm Avenue between South Marshall Avenue and Front Street in the City of El Cajon. He added that this license would be \$1,500 per year.

Action Taken

Mr. Jones moved to approve issuing a license to Cox Communications, Inc. for a proposed aerial fiber-optics crossing over SD&AE tracks located on West Palm Avenue between South Marshall Avenue and Front Street in the City of El Cajon. Mr. Jablonski seconded the motion, and it was unanimously approved.

c. Bayshore Bikeway Project – Segment North of the Salt Works

Mr. Allison stated that SANDAG is requesting approval for the execution of a Construction and Maintenance Agreement granting a license for Segments 7 and 8A of the Bayshore Bikeway Project. Mr. Allison reviewed the history of the project and Segments 7 and 8A (which are in the final design stage) noting that one existing SD&AE crossing would be modified and a new crossing added. He added that the SANDAG Board approved the environmental documents, and that all standard grade-crossing protections would be required.

Dean Hiatt of SANDAG clarified for the Board that the goal of the project is to stay in proximity with a view of the bay. He discussed an alternate route that was undesirable because there would be no view to the bay. Mr. Allison added that if the line became active, the Public Utilities Commission would revoke the at-grade crossing and require a grade separation of the new crossing. Mr. Hiatt clarified that the double jog is intended to provide safe crossing at J Street, and Mr. Allison described proposed fencing in response to Mr. Jones' safety concerns.

Mr. Allison stated that SD&AE would execute a Construction and Maintenance Agreement issuing a license to the City of Chula Vista (the operator/maintainer) and SANDAG (the agency to construct); there would either be a three-party agreement or two separate agreements.

Ms. Lorenzen clarified that any liability issues would contractually pass onto SANDAG during the construction phase and then onto the City of Chula Vista during the maintenance period.

Public Comments

- Mitch Beauchamp, Trustee of the San Diego Electric Railway Museum
Mr. Beauchamp stated that the San Diego Electric Railway Museum envisioned using the Belt Line for tourism activities and discussed this issue with Greg Cox. He explained that in the past, there was concern that the bike trail and rail access to the Salt Works could coexist. He doesn't understand why the bike path can't go down by the marina and why it has to use this railway right-of-way. Mr. Beauchamp cited past proposals to SD&AE for track usage that would have generated income and added that there is no fiduciary reimbursement in this document.

Mr. Beauchamp asked how the legal characteristics of this line would change if the diamond is removed at F Street and whether or not the Public Utilities Commission or Federal Railroad Administration would have jurisdiction. He added that as Treasurer in National City, he can confirm that there is no economic return from bikes.

Action Taken

Mr. Seil moved to approve the execution of a Construction and Maintenance Agreement granting a license for Segments 7 and 8A of the Bayshore Bikeway Project. Mr. Jablonski seconded the motion, and it was unanimously approved.

d. Port of San Diego Fiber-Optics Connectivity Project License

Mr. Allison explained that the Port of San Diego (Port) is looking into running a fiber network around the San Diego bay. The Port is requesting the use of SD&AE right-of-way to run cable to 24th Street in National City. He explained that the project would be redundant to the project constructed as part of South Line Rehabilitation Project. Mr. Allison discussed the co-usage and benefits to MTS. Upon SD&AE Board and MTS approval, SANDAG would enter into an MOU with the Port to pay for SANDAG costs to design and construct the portion from 12th and Imperial to 24th Street in National City if it ties in with schedules for the South Line fiber installation.

Mr. Jablonski added that the Blue Line Rehabilitation Project is on track and that approval for the Port's project has to be conditioned on the fact that the MTS/SANDAG Blue Line Rehabilitation Project schedule takes priority.

Action Taken

Mr. Seil moved to authorize the execution of a Construction and Maintenance Agreement granting a license to the San Diego Unified Port District for fiber-optic installations with the condition that installation be within the Blue Line Rehabilitation Project's schedule. Mr. Jones seconded the motion, and it was unanimously approved.

7. Approval of the 2010 SD&AE Board of Directors Meeting Schedule (Tiffany Lorenzen)

Ms. Lorenzen proposed the following SD&AE Board of Directors meeting schedule for 2010 to take place at MTS:

Tuesday, January 19, 2010	9:00 a.m.	(Fourth Quarter 2009 Reports)
Tuesday, April 20, 2010	9:00 a.m.	(First Quarter 2010 Reports)
Tuesday, July 20, 2010	9:00 a.m.	(Second Quarter 2010 Reports)
Tuesday, October 19, 2010	9:00 a.m.	(Third Quarter 2010 Reports)

Additional information regarding materials due dates and mail-outs are as follows:

Materials Due to Clerk

Friday, January 8, 2010
Friday, April 9, 2010
Friday, July 9, 2010
Friday, October 8, 2010

Materials Mailed

Wednesday, January 13, 2010
Wednesday, April 14, 2010
Wednesday, July 14, 2010
Wednesday, October 13, 2010

Action Taken

Mr. Seil moved to approve the 2010 SD&AE Board of Directors meeting schedule. Mr. Jones seconded the motion, and it was unanimously approved.

8. Old Business

None.

9. New Business

None.

10. Public Comments

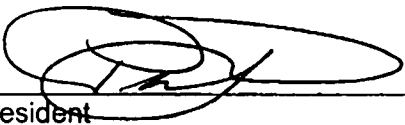
None.

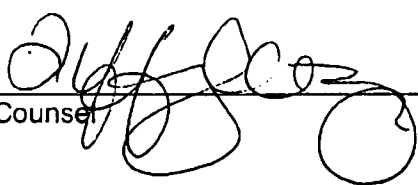
11. Next Meeting

The next SD&AE Railway Company Board of Directors meeting will take place on January 19, 2010.

12. Adjournment

The meeting was adjourned at 9:53 a.m.



President

Of Counsel

JGardetto/
MINUTES-SDAE.11-3-09.doc

Agenda

Item No. 2

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

SDAE 710.1 (PC 50771)

January 19, 2010

SUBJECT:

STATEMENT OF RAILWAY FINANCES (LINDA MUSENGO)

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive the financial report for the 4th quarter ended December 31, 2009.

Budget Impact

None.

DISCUSSION:

Lease revenue shows a significant increase over the first quarter and prior-year activity because several of the leases have been converted to annual payments, which were received in October and December. During the next month, staff will evaluate the leases in order to amortize the annual payments ratably over the applicable period for each lease. The financial report for the 3rd quarter will show a negative adjustment to lease income based on this analysis.

Attachment: SD&AE Financial Report Second Quarter 2010

SD&AE operating statement FY2010-2009

	Q1 2010	Q2 2010	YTD 2010	Q1 2009	Q2 2009	YTD 2009
Revenue						
Right of entry permits	\$ 21,619	\$ 17,400	\$ 39,019	30,178	10,900	41,078
Lease income	25,871	43,341	69,212	9,820	14,783	24,603
SD&IV 1% freight fee	-	-	-	-	-	-
Carrizo Gorge	-	-	-	213	99	312
Sale of real property	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenue	47,490	60,741	108,231	40,211	25,782	65,993
Expense						
Personnel costs	22,734	26,334	49,068	18,777	15,793	34,570
Outside services	12,031	5,989	18,021	7,196	13,273	20,469
Energy costs	-	-	-	-	-	-
Risk management	8,486	8,486	16,972	9,114	8,783	17,896
Misc operating expenses	20,474	(18,913)	1,561	6,666	1,772	8,437
Depreciation	-	-	-	-	-	-
Total expense	63,725	21,897	85,622	41,753	39,620	81,373
Net income/(loss)	\$ (16,235)	\$ 38,845	\$ 22,610	\$ (1,542)	\$ (13,838)	\$ (15,379)

Misc operating expense includes \$20,416 paid to Baker & Miller, partially offset by \$19,150 cost reimbursement from CZRY
Outside services includes \$12,031 paid to LAN Engineering and \$5,989 paid to Kimley Horn for services related to right of way

Reserve balance 2009 - final	\$ 892,163
Allocated interest earnings - estimated	835
Operating profit (loss)	-
Improvement expense 2010	-
Reserve balance 2010- estimated	\$ 892,997

Includes estimated lease revenue adjustment

Agenda

Item No. 3

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

SDAE 710.1 (PC 50771)

January 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 4rd Quarter of 2009



January 4, 2010

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

Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company; activities of interest for the 4th Quarter of 2009 are listed as follows:

1. Labor

At the end of December 31, 2009 the San Diego & Imperial Railroad had 12 employees:

1 General Manager

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

2. Marketing

In the 4th Quarter of 2009 versus 2008, US lumber and paper carloads declined. Mexican traffic remained steady, with the exception of a slight decrease in LPG and grain.

3. Reportable Injuries/Environmental

Days through year to date, December 31, 2009, there were no FRA Reportable injuries or environmental incidents on the SDIV Railroad.
Days FRA Reportable Injury Free: 3748

4. Summary of Freight

	2009	2008	2007
Total rail carloads that moved by SDIY Rail Service in the quarter.	1,377	1,487	1,762
Total railroad carloads Terminating/Originating Mexico in the quarter.	1,108	1,272	1,418
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	269	215	344
Total customers directly served by SDIY in the quarter	12	12	12
Regional Truck trips that SDIY Railroad Service replaced in the quarter	4,544	4,907	5,814

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)

January 19, 2010

SUBJECT:

REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM

RECOMMENDATION:

That the SD&AE Board of Directors receive: (1) a report for information; and (2) consider the request to open the bridge at milepost 66.77 for passenger service.

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Fourth Quarter Report for 2009



Pacific Southwest Railway Museum

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

January 8, 2010

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

Re: Fourth Quarter, 2009 report

Dear SD&AE Board:

During the fourth quarter of 2009, the Pacific Southwest Railway Museum, after receiving a letter of compliance from the California Department of Forestry and Fire, resumed train operations October 17, 2009. During the fourth quarter, PSRM operated a total of 21 Golden State trains and six days within yard limits carrying 3,268 passengers with no FRA reportable accidents or injuries. Total income from SD&AE property for fourth quarter 2009 and our check will be provided under separate cover. By comparison, during the fourth quarter of 2008, we operated a total of 40 passenger trains carrying 4,554 passengers with no FRA reportable accidents or incidents.

On November 15, 2009 Mark Creveling of Simon Wong Engineering performed an inspection of the bridge at MP 66.77. Initially, he had requested the bridge be placed under load for the second part of the inspection but upon arriving at the bridge, he concluded it would be unnecessary. In his professional opinion, the bridge should not be operated over with locomotives, freight cars or passenger cars as this could result in a catastrophic failure. He also cautioned us verbally that should a train operate over the bridge, following his inspection, a re-inspection would be necessary to assure continued safety of the museum's Railbus and passengers. To my knowledge, Carrizo Gorge Railway has operated over this trestle at least twice between the inspection date and the end of last year. Mr. Creveling's report dated December 2, 2009 is attached.

PSRM operated ten North Pole Trains with no incidents or accidents during November and December to the delight of thousands of children and their parents. The Carrizo Gorge Railway Police provided security at the Campo Depot property and on the train all nights of the event. We are very grateful for their presence and cooperation and were happy to provide them with a train car for their friends and family on the last night of operations. A private car on the North Pole train was also offered to Carrizo Gorge Railway for the use of employees, friends and family.

On Christmas Day, tunnel three in Mexico caught fire. The entire wood lining burned including the west end tunnel portal (the east end portal is concrete). The west end of the tunnel has collapsed and it is

unclear when repairs will be completed. This incident prevented PSRM from providing a train for the Christmas Train also known as the Three Kings Train or Tres Reyes Tren that transports volunteers and gifts to the underprivileged children of Tecate twelve days after Christmas. This situation also prevents PSRM from operating passenger trains to Tecate until an unknown future date.

Weed abatement continued with the renewal of our contract with Allied Weed Control. On December 30th the right-of-way from the international border tunnel to MP 66.77 was treated with a mixture of systemic and pre-emergent weed eradicator a distance of thirty feet from the centerline.

The County of San Diego awarded a grant of \$10,500 to PSRM in 2009 that will be applied towards the replacement of the wood sheathing and shingles on the Campo Depot roof. The project was originally slated to take place in November, 2009 but was delayed due to inclement weather and other constraints with the contractor. Work is expected to be complete during the first quarter of 2010.

Restoration work has begun on the downstairs interior of the Campo Depot. An initial funding source has been secured for this project in the amount of \$15,000. These funds will purchase eight more windows at \$1,000 apiece and other construction materials. The concept is to return this area to a ticket sales and waiting room with some interpretive displays.

On December 8th the Federal Railroad Administration conducted a mechanical audit of the museum's locomotive and passenger car fleet. There were no violations found but a few exceptions were noted and have been corrected. On December 14th the Public Utilities Commission conducted a motive power audit of the museum's locomotive. No violations were found, but the inspector took exception to minor amounts of carbon in the carbon traps yet was unable to cite any code or regulation stating this was abnormal.

Very Truly Yours,



Diana Hyatt
President



SIMON WONG ENGINEERING

December 2, 2009

Jim Lundquist
Pacific Southwest Railway Museum
4695 Nebo Drive
La Mesa, CA 91941-5259

Dear Jim:

As you requested, Simon Wong Engineering performed an inspection and evaluation of Bridge MP 66.77 on the SD&AE line. The bridge condition was determined by visual inspection on November 15, 2009 and supplemented by field inspection reports completed by Osmose Railroad Services in 2007.

In general, the bridge condition is described well in the Osmose report with the exception that a new row of stringers has been added to the outside edge of each side of the bridge. These stringers appear to be salvaged from another site and are in good condition. The condition of the remaining stringers is poor. In addition, three posts of Bent 1 are in need of replacement. Ties on the bridge appear to be in good condition and are serviceable.

Based on our visual inspection and interpretation of the Osmose report, we would not recommend running conventional rail vehicles on this bridge.

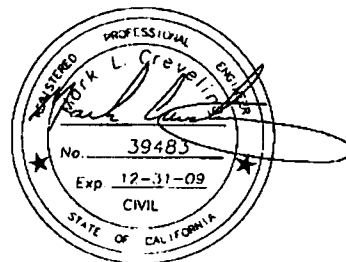
It is our understanding that the Pacific Southwest Railway Museum would like to operate a Fairmont's Class A2332A Railbus across Bridge MP 66.77. The total loaded weight of the vehicle is conservatively estimated to be 5 tons and the Railbus has a 94 1/2" wheelbase.

Simon Wong Engineering completed an analysis of the bridge in its existing condition for the proposed Railbus loading. The analysis assumed only the new exterior stringers provide load carrying capacity with the ties spanning the degraded interior stringers. Our conclusion is the proposed Railbus loading would be acceptable and would not overstress any portion of the existing bridge.

It should be noted that operations of conventional rail vehicles on this structure would very likely overstress most elements of the bridge and could result in failure. Those types of loadings should not be permitted.

Sincerely,


Mark Creveling, P.E.



Agenda

Item No. 5

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

SDAE 710.1 (PC 50771)

November 3, 2009

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

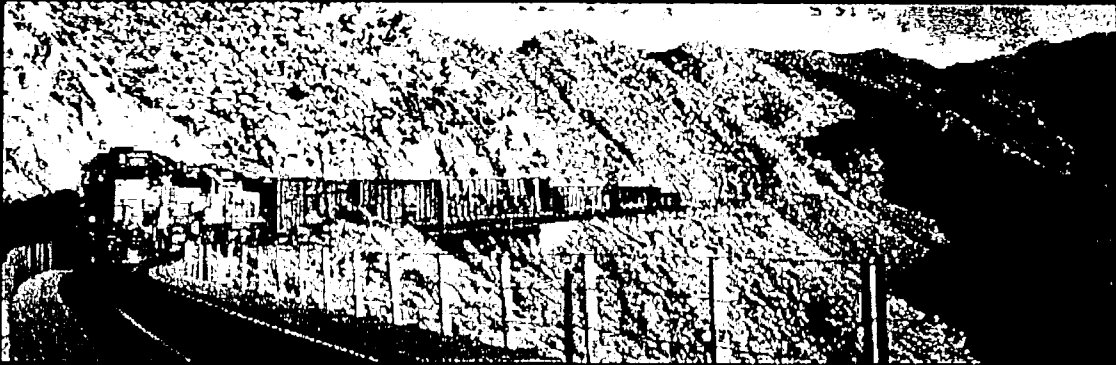
None.

DISCUSSION:

A report will be presented during the meeting.

5-DESERTLINE.doc

Attachment: Fourth Quarter 2009 Report



Carrizo Gorge Railway

Periodic Report

To The San Diego & Arizona Eastern Railway Company

Fourth Quarter 2009

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 Fourth Quarter 2009

- Weed Abatement.
- Bridge rehabilitation.
- Clean up and reorganization in Jacumba yard.
- Desert Line Spur Maintenance.

CONTENTS

FOURTH QUARTER 2009 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.

Fourth Quarter 2009

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 Fourth Quarter activity for 2009.

I. Labor

As of December 31th, 2009, Carrizo Gorge Railway has **28** employees to cover overall administration of the road and operations in the U.S. on the Desert Line.

- 4 Administration
- 1 Marketing
- 1 Purchasing Agent
- 1 DSLE (contractor)
- 1 Train Master-Dispatcher
- 10 Maintenance of Way members
- 1 Division Engineer
- 2 Locomotive engineers
- 3 Railroad police
- 1 Railroad police chief
- 2 Conductors
- 1 Track inspector- Signal Inspector & Maintainer

CARRIZO GORGE RAILWAY, INC.

II. Marketing

Carrizo Gorge Railway continued to work with its marketing plan to increase revenues once the Desert Line rehabilitation is concluded.

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.

In this quarter we concentrated mostly in the clearance of vegetation and have cleaned a vast majority of the line which is found within the San Diego county line. Originally the goal was to start at MP 74.0 and work our way eastbound cleaning section after section to the satisfaction level of CAL Fire. This was accomplished from MP 74.0 to MP 96.0 but after our track inspections started to show a significant growth in the vegetation from MP 74.0 – MP 65.4, our original strategy was altered. After several days of clearing vegetation from MP 74.0 – MP 65.4 we continued with our original plan and started to work at MP 96.0 eastbound. In total, we cleaned about 44 miles of main track (sidings and spurs included) from MP 65.4 MP 107.0 in the fourth quarter. The total number of miles is not including the numerous occasions in which we cleaned out a section of track more than once.

CARRIZO GORGE RAILWAY, INC.

Vegetation Clearance

Date	MP	MP	Total Miles Cleared	Type of Clearance
10/1/2009	75.80	76.70	0.90	10 ft. clearance on ROW
10/2/2009	76.70	77.50	0.80	10 ft. clearance on ROW
10/5/2009	77.50	78.00	0.50	10 ft. clearance on ROW
10/6/2009	78.00	78.60	0.60	10 ft. clearance on ROW
10/7/2009	78.60	79.10	0.50	10 ft. clearance on ROW
10/8/2009	79.10	79.70	0.60	10 ft. clearance on ROW
10/9/2009	79.70	80.20	0.50	10 ft. clearance on ROW
10/12/2009	80.20	80.70	0.50	10 ft. clearance on ROW
10/13/2009	80.70	81.50	0.50	10 ft. clearance on ROW
10/14/2009	81.50	82.30	0.80	10 ft. clearance on ROW
10/15/2009	82.30	82.80	0.50	10 ft. clearance on ROW
10/16/2009	82.80	83.70	0.90	10 ft. clearance on ROW
10/19/2009	83.70	84.20	0.50	10 ft. clearance on ROW
10/20/2009	84.20	84.70	0.50	10 ft. clearance on ROW
10/21/2009	84.70	85.30	0.60	10 ft. clearance on ROW
10/22/2009	85.30	85.90	0.60	10 ft. clearance on ROW
10/23/2009	85.90	86.30	0.40	10/25 ft. clearance on ROW
10/26/2009	86.30	86.60	0.30	25 ft. clearance on ROW
10/27/2009	86.60	86.90	0.30	25 ft. clearance on ROW
10/28/2009	86.90	87.20	0.30	10/25 ft. clearance on ROW
10/29/2009	87.20	88.20	1.00	10 ft. clearance on ROW
10/30/2009	88.20	89.50	1.30	10 ft. clearance on ROW

CARRIZO GORGE RAILWAY, INC.

Date	MP	MP	Total Miles Cleared	Type of Clearance
11/2/2009	89.50	92.00	2.50	10 ft. clearance on ROW
11/3/2009	92.00	92.80	0.80	10 ft. clearance on ROW
11/4/2009	92.80	93.70	0.90	10 ft. clearance on ROW
11/5/2009	93.7	93.8	0.10	10 ft. clearance on ROW
11/6/2009	93.80	93.90	0.10	10 ft. clearance on ROW
11/9/2009	93.90	94.00	0.10	10 ft. clearance on ROW
11/10/2009	94.00	94.10	0.10	10 ft. clearance on ROW
11/11/2009	94.10	94.20	0.10	10 ft. clearance on ROW
11/12/2009	94.20	94.30	0.10	10 ft. clearance on ROW
11/13/2009	94.30	94.60	0.30	10 ft. clearance on ROW
11/16/2009	94.60	94.95	0.25	10 ft. clearance on ROW
11/17/2009	94.95	95.35	0.40	10 ft. clearance on ROW
11/18/2009	95.35	95.60	0.25	10 ft. clearance on ROW
11/19/2009	95.60	96.00	0.40	10 ft. clearance on ROW
11/20/2009	71.60	74.00	2.40	10 ft. clearance on ROW
11/21/2009	71.20	71.60	0.40	10 ft. clearance on ROW
11/23/2009	66.77	71.20	4.43	10 ft. clearance on ROW
11/24/2009	96.00	96.15	0.15	10 ft. clearance on ROW
11/24/2009	68.00	69.80	1.80	10 ft. clearance on ROW
11/25/2009	96.10	97.10	1.00	10 ft. clearance on ROW
11/30/2009	97.10	98.10	1.00	10 ft. clearance on ROW

CARRIZO GORGE RAILWAY, INC.

Date	MP	MP	Total Miles Cleared	Type of Clearance
12/1/2009	98.10	99.50	1.40	10 ft. clearance on ROW
12/2/2009	65.40	66.20	0.80	10 ft. clearance on ROW
12/3/2009	66.20	66.40	0.20	10 ft. clearance on ROW
12/4/2009	66.40	67.30	0.90	10 ft. clearance on ROW
12/14/2009	122.60	123.00	0.40	10 ft. clearance on ROW
12/15/2009	94.20	95.00	0.80	10 ft. clearance on ROW
12/16/2009	95.00	96.00	1.00	10 ft. clearance on ROW
12/17/2009	99.40	100.00	0.60	10 ft. clearance on ROW
12/18/2009	100.00	100.70	0.70	10 ft. clearance on ROW
12/21/2009	100.70	101.40	0.70	10 ft. clearance on ROW
12/22/2009	101.40	101.80	0.40	10 ft. clearance on ROW
12/23/2009	101.80	102.60	0.80	10 ft. clearance on ROW
12/24/2009	102.60	103.40	0.80	10 ft. clearance on ROW
12/28/2009	103.40	104.30	0.90	10 ft. clearance on ROW
12/29/2009	104.30	105.20	0.90	10 ft. clearance on ROW
12/30/2009	105.20	106.00	0.80	10 ft. clearance on ROW
12/31/2009	106.00	106.50	0.50	10 ft. clearance on ROW

Total Miles Cleared	From MP 65.4 - MP 106.5 = 42 Miles of Main/Secondary Track
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CARRIZO GORGE RAILWAY, INC.

IV. Reportable Injuries / Environmental Incidents

There were no reportable injuries during the fourth quarter of 2009.

There were no reportable accidents in the fourth quarter of 2009.

There were was one (1) environmental incidents during the fourth quarter of 2009.

During the fourth quarter, in particular the month of December we had heavy rains throughout the Desert Line. These weather extremes caused several damages in the form of washouts. In total we had three washouts in the area of Coyote Wells, two of which occurred on the main track with the third occurring on the siding. All the mentioned washouts were corrected before any train went over the particular section of track.

CARRIZO GORGE RAILWAY, INC.

V. Freight Activity

No freight activity in the 4th quarter of 2009 due to the embargo with the purpose to start a rehabilitation program to improve safety, capacity and reliability on the Desert Line. We are still continuing to store empties, with an approximate amount of 184 GE cars located in various sidings and spurs as of this date. Most (162) of these cars being new covered hoppers with the rest (22) being old boxcars.

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 fourth quarter 2009 Carloads Moved	0
Revenue Emptied	85
Revenue Storage	653

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 Trainmaster
- 3 Dispatchers
- 3 Train Engineers
- 6 Conductors
- 1 Mechanic
- 1 Car Inspector
- 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	15	each
Rail Anchors Replaces	0	each
Repair Broken angle bars (60 lb.)	0	each
(75 lb.)	0	each
(90 lb.)	2	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 Fourth Quarter of 2009.

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	\$364.78
SD&IV / Rail America payment 6.9 (85 Railcars Empties and 653 Railcars Storage)	\$2,516.98

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)

January 19, 2010

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE NOVEMBER 3, 2009

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

Since the November 3, 2009, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-10-422: Right of Entry Permit to Bock Company for an underground electrical installation at 28th Street in San Diego.
- S200-10-429: Right of Entry Permit to Ayala Boring, Inc. for an underground electrical installation at 28th Street in San Diego.
- S200-10-433: Right of Entry Permit to West Tech Contracting to construct the Otay Valley Regional Park Trail in the City of San Diego north of the Palm Avenue Station.
- S200-10-434: Lease with Clear Channel Outdoor for a billboard at Sigsbee in the City of San Diego.
- S200-10-435: Lease with Clear Channel Outdoor for a billboard at 22nd Street in the City of National City.
- S200-10-436: Lease with Clear Channel Outdoor for a billboard at 8th Street in National City.

Agenda

Item No. 6b

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

SDAE 710.1 (PC 50771)

January 19, 2010

SUBJECT:

REQUEST FOR A PUBLIC AT-GRADE CROSSING AT H STREET ON THE
CORONADO BRANCH IN THE CITY OF CHULA VISTA

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors approve a new at-grade crossing of the Coronado Branch at H Street in the City of Chula Vista and authorize the execution of any and all documents to entitle the crossing.

Budget Impact

The easement granted will be appraised at fair market value.

DISCUSSION:

By letter dated January 7, 2010, the Port of San Diego (Port) requests a new public crossing of the Coronado Branch in the City of Chula Vista. The Port plans to extend H Street to the west of its existing terminus at the eastern right-of-way of the railroad. There is an existing private crossing allowing Rohr to cross this section of track. Attachment A is the letter from the Port outlining the request and showing the location of the crossing.

The Port also requests that SD&AE allow the tracks to either be paved over or removed by entering into a Deferred Improvement Agreement, which would commit the Port to improve the crossing when rail service continues on the line. The street may be transferred to the City of Chula Vista, but this issue is still undetermined.

JAN19-10.6b.AT-GRADE XING H ST
CHULA VISTA.TALLISON.doc

Attachment: Letter dated 1/7/10 from the Port of San Diego



3165 Pacific Highway, San Diego, CA 92101
P.O. Box 120488, San Diego, CA 92112-0488
619.686.6200 • www.portofsandiego.org

January 7, 2010

Mr. Tim Allison
Manager of Real Estate Assets
San Diego Metropolitan Transit System (MTS)
1255 Imperial Ave., Suite 1000
San Diego, CA 92101

RE: H Street Extension Project in Chula Vista
P0212-1

Dear Mr. Allison:

The San Diego Unified Port District (Port) is in the design phase of extending H Street from Bay Boulevard to Marina Parkway in the City of Chula Vista. With this letter, we request a new public at-grade crossing of the Coronado Branch line of San Diego & Arizona Eastern Railway Company and the San Diego Metropolitan Transit system for vehicles, bicycles and pedestrians. This proposed extension of H Street will either remain in Port jurisdiction or will be dedicated to the City of Chula Vista.

The Port is currently processing an application with the Public Utilities Commission (PUC) to convert an existing at-grade private crossing permit into an existing at-grade crossing for public road over the rail line.

In March 1959 a private roadway agreement was entered between San Diego & Arizona Eastern Rail Road Company and Rohr Aircraft Corporation for a private at-grade crossing of the rail road tracks at milepost 778 (U.S.DOT crossing #662076H). See attached Exhibit A for general location. We also request authorization to remove or pave over the existing tracks and enter into a Deferred Improvement Agreement for future crossing improvements should they become necessary.

We appreciate your time and consideration of this request. Please contact Yeshi Mulugeta at (619) 688-6250 if you need any additional information. We look forward to working with you.

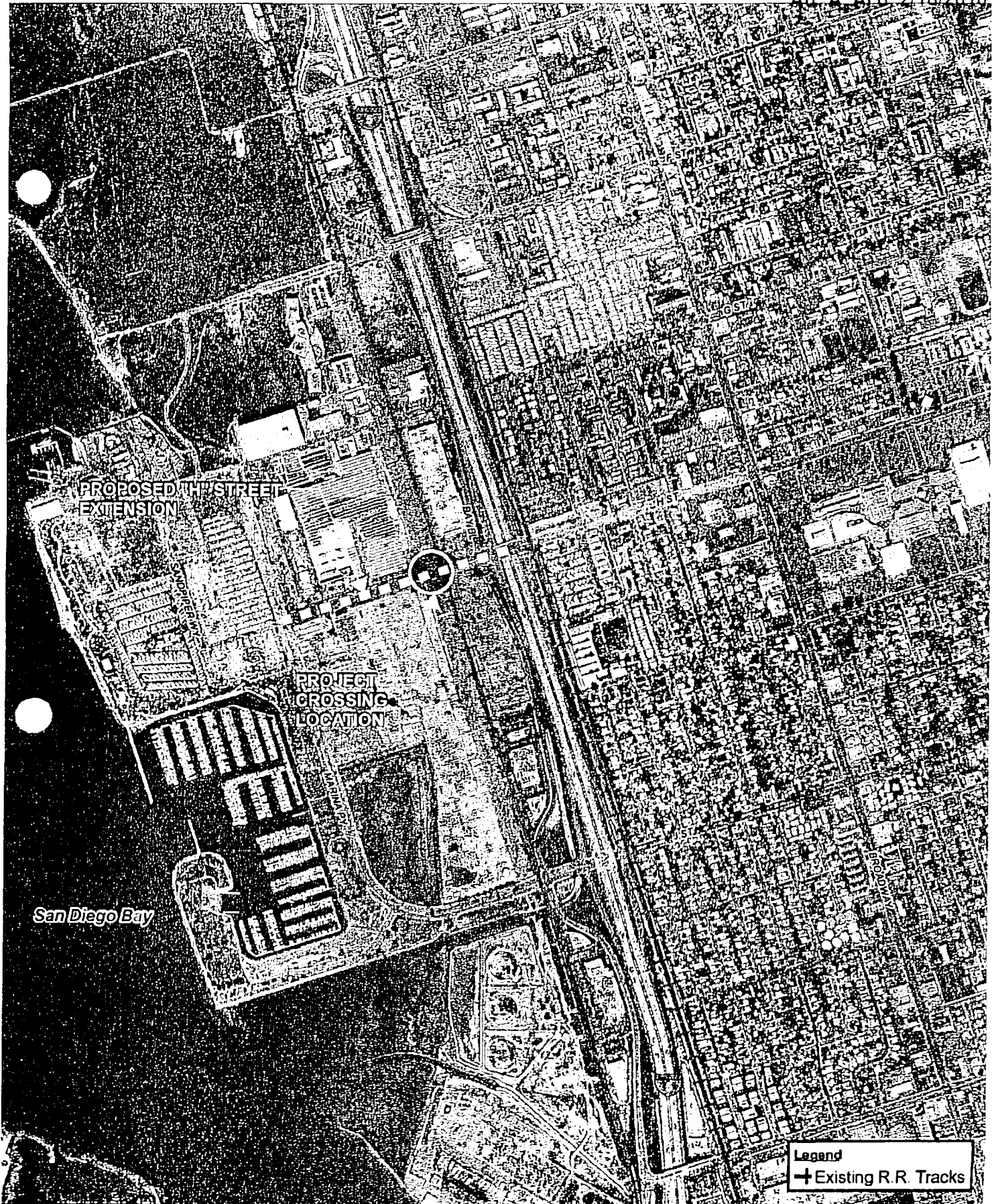
Respectfully,

A handwritten signature in black ink, appearing to read "Stephen Kirkpatrick".

Stephen Kirkpatrick
Chief Engineer
San Diego Unified Port District

SK/ms

Enclosures



S Diego Unified Port District - "H" Street Extension

filepath: J:\16182\GIS\H_St_VicinityMap.mxd

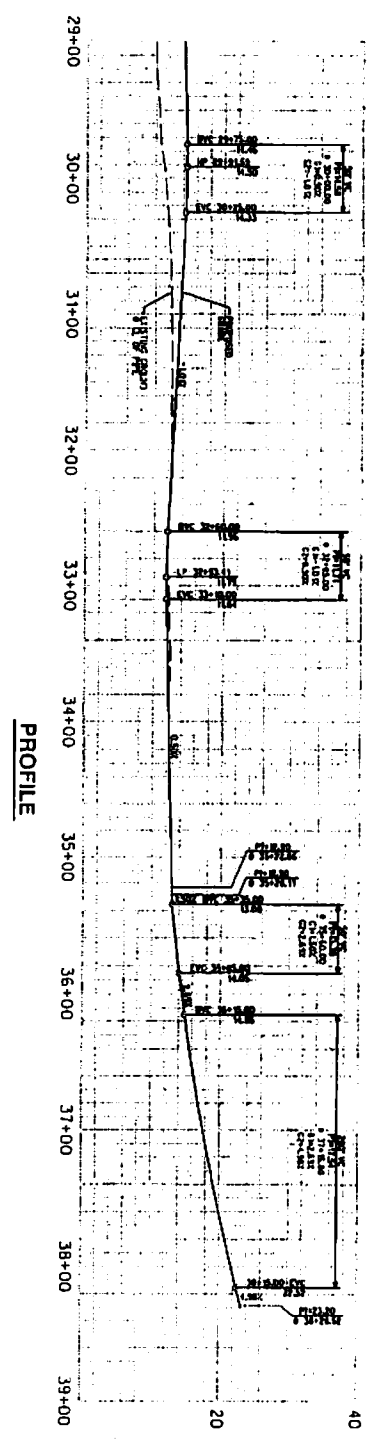
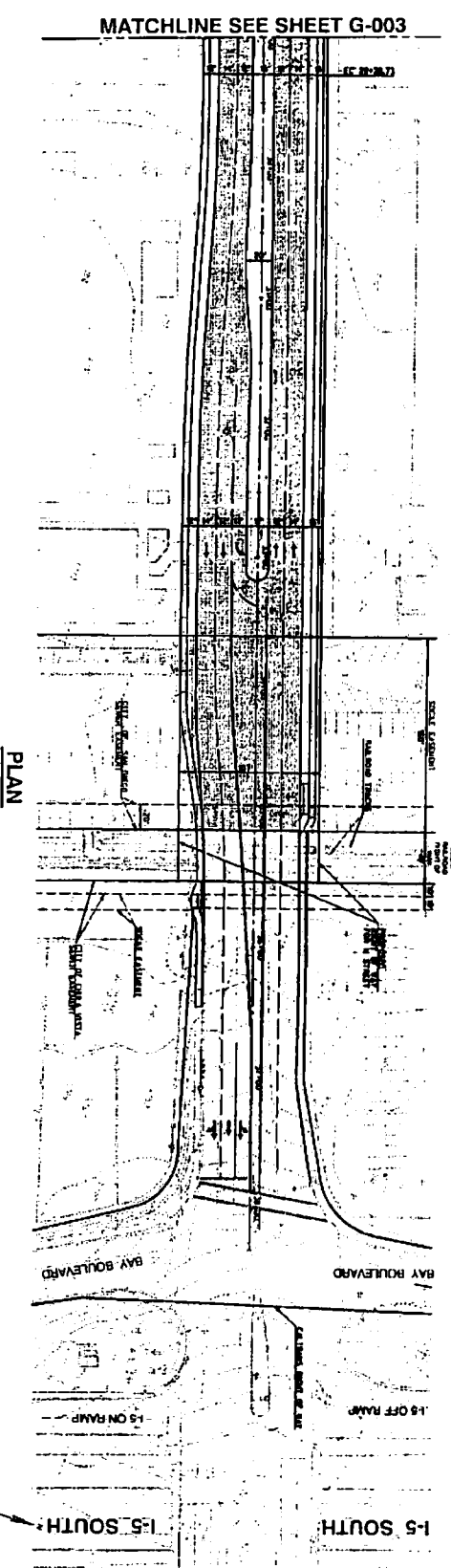
exhibit Date: 12/7/09

FC IN: 16182C



0 500 1,000
Feet

<p>San Diego Unified San Port District California</p>	
<p>PROJECT NO. 1508</p>	<p>DATE 3 DEC 00</p>
<p>GENERAL H STREET EXTENSION</p>	<p>1508</p>



Agenda

Item No. 6C

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

SDAE 710.1 (PC 50771)

January 19, 2010

SUBJECT:

**MTS: CLOSED SESSION – CONFERENCE WITH REAL PROPERTY NEGOTIATORS
PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.8**

**PROPERTY: VARIOUS LOCATIONS IN THE CITIES OF SAN DIEGO, NATIONAL
CITY, AND CHULA VISTA**

AGENCY NEGOTIATORS: TIFFANY LORENZEN AND TIM ALLISON

NEGOTIATING PARTIES: BILLBOARD PROPERTY GROUP

UNDER NEGOTIATION: PRICE AND TERMS OF COMPENSATION

JAN19-10.6c.CLOSED SESSION.TALLISON.doc



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

Agenda

Item No. 7

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

FIN 310

February 18, 2010

SUBJECT:

MTS: OPERATIONS BUDGET STATUS REPORT FOR NOVEMBER 2009

RECOMMENDATION:

That the Board of Directors receive a report on MTS's operations budget status for November 2009.

Budget Impact

None at this time.

DISCUSSION:

This report summarizes MTS's operating results for November 2009 compared to the fiscal year 2010 budget. Attachment A-1 combines the operations, administration, and other activities results for November 2009. Attachment A-2 details the November 2009 combined operations results, and Attachments A-3 to A-8 present budget comparisons for each MTS operation. Attachment A-9 details budget comparisons for MTS Administration, and A-10 provides November 2009 results for MTS's other activities (Taxicab/San Diego and Arizona Eastern Railway Company).

MTS NET-OPERATING SUBSIDY RESULTS

As indicated within Attachment A-1, the year-to-date November 2009 MTS net-operating subsidy unfavorable variance totaled \$2,045,000 (-4.4%). Operations produced a \$1,860,000 (-3.9%) unfavorable variance, and the administrative/other activities areas were unfavorable by \$185,000.

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

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.

MTS COMBINED RESULTS

Revenues

Year-to-date combined revenues through November 2009 were \$39,049,000 compared to the year-to-date budget of \$42,580,000, which represents a \$3,531,000 (-8.3%) negative variance. This is primarily due to unfavorable variance within passenger revenue because of lower-than-budgeted ridership.

Expenses

Year-to-date combined expenses through November 2009 were \$87,838,000 compared to the year-to-date budget of \$89,324,000, which resulted in a \$1,486,000 (1.7%) favorable variance.

Personnel Costs. Year-to-date personnel-related costs totaled \$41,932,000 compared to a year-to-date budgetary figure of \$42,402,000, which produced a favorable variance of \$470,000 (1.1%). This is primarily due to favorable year-to-date variances within Administration.

Outside Services and Purchased Transportation. Total outside services for the first five months of the fiscal year totaled \$29,336,000 compared to a budget of \$30,167,000, which resulted in a year-to-date favorable variance of \$831,000 (2.8%). This is primarily due to purchased transportation favorable variances within paratransit operations.

Materials and Supplies. Total year-to-date materials and supplies expenses totaled \$2,799,000 compared to a budgetary figure of \$2,931,000, which resulted in a favorable expense variance of \$132,000 (4.5%). This is primarily due to favorable year-to-date variances within rail operations.

Energy. Total year-to-date energy costs were \$10,989,000 compared to the budget of \$11,331,000 resulting in a year-to-date favorable variance of \$342,000 (3.0%). Traction power was unfavorable by \$379,000 primarily due to critical peak-pricing events and was offset by positive variances in diesel and compressed natural gas (CNG).

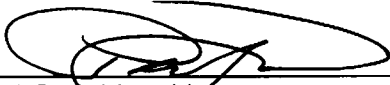
Year-to-date diesel prices averaged \$2.389 per gallon compared to the budgetary rate of \$2.30 per gallon. Year-to-date CNG prices averaged \$1.167 per therm compared to the budgetary rate of \$1.350 per therm.

Risk Management. Total year-to-date expenses for risk management were \$1,962,000 compared to the year-to-date budget of \$1,674,000 which resulted in an unfavorable variance totaling \$288,000 (-17.2%). This is primarily due to higher-than-expected legal claims costs within rail operations.

General and Administrative. Year-to-date general and administrative costs, including vehicle and facilities leases, were \$2,000 (-0.2%) unfavorable to budget, totaling \$821,000 through November 2009, compared to a year-to-date budget of \$819,000.

YEAR-TO-DATE SUMMARY

The November 2009 year-to-date net-operating subsidy totaled an unfavorable variance of \$2,045,000 (-4.4%). These factors include unfavorable variances in passenger revenue, other revenue, and risk management partially offset by favorable variances in personnel costs, purchased transportation, and energy.



Paul C. Jablonski
Chief Executive Officer

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

FEB18-10.7.OPS BUDGET 11-09.MTHOMPSON.doc

Attachment: A. Comparison to Budget

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

**MTS
CONSOLIDATED**

Att. A, AI 7, 2/18/10

**COMPARISON TO BUDGET - FISCAL YEAR 2010
NOVEMBER 30, 2009
(in \$000's)**

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 36,578	\$ 39,660	\$ (3,082)	-7.8%
Other Revenue	2,471	2,920	(419)	-15.4%
Total Operating Revenue	\$ 39,049	\$ 42,580	\$ (3,531)	-8.3%
Personnel costs	\$ 41,932	\$ 42,402	\$ 470	1.1%
Outside services	29,336	30,167	831	2.8%
Transit operations funding	-	-	-	-
Materials and supplies	2,799	2,931	132	4.5%
Energy	10,989	11,331	342	3.0%
Risk management	1,962	1,674	(288)	-17.2%
General & administrative	576	560	(17)	-3.0%
Vehicle/facility leases	244	260	15	6.0%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	0	0	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 87,838	\$ 89,324	\$ 1,486	1.7%
Operating income (loss)	\$ (48,789)	\$ (46,743)	\$ (2,045)	-4.4%
Total public support and nonoperating revenues	936	(515)	1,451	-281.8%
Income (loss) before capital contributions	\$ (47,853)	\$ (47,258)	\$ (594)	1.3%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

OPERATIONS

Att. A, AI 7, 2/18/10

CONSOLIDATED OPERATIONS

COMPARISON TO BUDGET - FISCAL YEAR 2010

NOVEMBER 30, 2009

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 36,578	\$ 39,660	\$ (3,082)	-7.8%
Other Revenue	199	242	(43)	-17.6%
Total Operating Revenue	\$ 36,777	\$ 39,902	\$ (3,125)	-7.8%
Personnel costs	\$ 36,421	\$ 36,732	\$ 311	0.8%
Outside services	25,562	26,252	690	2.6%
Transit operations funding	-	-	-	-
Materials and supplies	2,792	2,915	123	4.2%
Energy	10,701	11,077	377	3.4%
Risk management	1,755	1,498	(258)	-17.2%
General & administrative	161	172	11	6.6%
Vehicle/facility leases	226	236	10	4.1%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	8,124	8,124	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 85,742	\$ 87,006	\$ 1,264	1.5%
Operating income (loss)	\$ (48,965)	\$ (47,105)	\$ (1,860)	-3.9%
Total public support and nonoperating revenues	1,811	361	1,450	401.9%
Income (loss) before capital contributions	\$ (47,154)	\$ (46,744)	\$ (410)	0.9%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
TRANSIT SERVICES (SAN DIEGO TRANSIT CORPORATION)
COMPARISON TO BUDGET - FISCAL YEAR 2010
NOVEMBER 30, 2009
(in \$000's)

Att. A, AI 7, 2/18/10

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 11,072	\$ 11,546	\$ (474)	-4.1%
Other Revenue	27	25	2	9.4%
Total Operating Revenue	\$ 11,100	\$ 11,571	\$ (472)	-4.1%
Personnel costs	\$ 23,567	\$ 23,699	\$ 132	0.6%
Outside services	724	660	(64)	-9.7%
Transit operations funding	-	-	-	-
Materials and supplies	1,757	1,676	(81)	-4.8%
Energy	2,941	3,063	122	4.0%
Risk management	609	681	72	10.6%
General & administrative	60	65	5	7.7%
Vehicle/facility leases	84	81	(3)	-4.0%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	2,764	2,764	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 32,505	\$ 32,688	\$ 183	0.6%
Operating income (loss)	\$ (21,405)	\$ (21,117)	\$ (289)	-1.4%
Total public support and nonoperating revenues	(60)	(1,511)	1,450	-96.0%
Income (loss) before capital contributions	\$ (21,465)	\$ (22,627)	\$ 1,162	-5.1%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
RAIL OPERATIONS (SAN DIEGO TROLLEY, INCORPORATED)
COMPARISON TO BUDGET - FISCAL YEAR 2010
NOVEMBER 30, 2009
(in \$000's)

Att. A, AI 7, 2/18/10

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 13,615	\$ 15,673	\$ (2,058)	-13.1%
Other Revenue	146	217	(71)	-32.9%
Total Operating Revenue	\$ 13,760	\$ 15,890	\$ (2,130)	-13.4%
Personnel costs	\$ 12,372	\$ 12,433	\$ 61	0.5%
Outside services	1,499	1,387	(112)	-8.0%
Transit operations funding	-	-	-	-
Materials and supplies	1,035	1,225	190	15.5%
Energy	4,198	3,803	(395)	-10.4%
Risk management	1,147	817	(330)	-40.4%
General & administrative	81	101	21	20.4%
Vehicle/facility leases	82	94	11	12.1%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	4,921	4,921	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 25,335	\$ 24,781	\$ (553)	-2.2%
Operating income (loss)	\$ (11,574)	\$ (8,891)	\$ (2,683)	-30.2%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (11,574)	\$ (8,891)	\$ (2,683)	30.2%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

OPERATIONS

Att. A, AI 7, 2/18/10

MULTIMODAL OPERATIONS (FIXED ROUTE)

COMPARISON TO BUDGET - FISCAL YEAR 2010

NOVEMBER 30, 2009

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 9,462	\$ 9,906	\$ (444)	-4.5%
Other Revenue	26	-	26	-
Total Operating Revenue	\$ 9,488	\$ 9,906	\$ (417)	-4.2%
Personnel costs	\$ 99	\$ 193	\$ 93	48.5%
Outside services	16,704	16,865	161	1.0%
Transit operations funding	-	-	-	-
Materials and supplies	1	13	12	93.7%
Energy	2,666	2,860	194	6.8%
Risk management	-	-	-	-
General & administrative	1	2	1	61.2%
Vehicle/facility leases	60	61	1	1.9%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	368	368	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 19,900	\$ 20,362	\$ 462	2.3%
Operating income (loss)	\$ (10,412)	\$ (10,457)	\$ 45	0.4%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (10,412)	\$ (10,457)	\$ 45	-0.4%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

OPERATIONS

Att. A, AI 7, 2/18/10

MULTIMODAL OPERATIONS (PARATRANSIT)

COMPARISON TO BUDGET - FISCAL YEAR 2010

NOVEMBER 30, 2009

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 744	\$ 941	\$ (197)	-20.9%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 744	\$ 941	\$ (197)	-20.9%
Personnel costs	\$ 62	\$ 84	\$ 21	25.6%
Outside services	3,990	4,630	640	13.8%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	710	1,000	290	29.0%
Risk management	-	-	-	-
General & administrative	0	3	3	99.5%
Vehicle/facility leases	-	1	1	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	15	15	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 4,777	\$ 5,732	\$ 955	16.7%
Operating income (loss)	\$ (4,033)	\$ (4,791)	\$ 758	15.8%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (4,033)	\$ (4,791)	\$ 758	-15.8%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED CHULA VISTA TRANSIT OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2010
NOVEMBER 30, 2009
(in \$000's)

Att. A, AI 7, 2/18/10

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 1,685	\$ 1,594	\$ 91	5.7%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 1,685	\$ 1,594	\$ 91	5.7%
Personnel costs	\$ 131	\$ 135	\$ 4	2.7%
Outside services	2,425	2,490	65	2.6%
Transit operations funding	-	-	-	-
Materials and supplies	0	2	2	98.7%
Energy	186	351	165	47.0%
Risk management	-	-	-	-
General & administrative	19	1	(19)	-3252.5%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	57	57	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 2,818	\$ 3,035	\$ 217	7.2%
Operating income (loss)	\$ (1,134)	\$ (1,442)	\$ 308	21.3%
Total public support and nonoperating revenues	1,794	1,794	-	0.0%
Income (loss) before capital contributions	\$ 661	\$ 353	\$ 308	87.2%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

**OPERATIONS
CORONADO FERRY**

Att. A, AI 7, 2/18/10

**COMPARISON TO BUDGET - FISCAL YEAR 2010
NOVEMBER 30, 2009
(in \$000's)**

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	-	-	-	-
Total Operating Revenue	\$ -	\$ -	\$ -	-
Personnel costs	\$ -	\$ -	\$ -	-
Outside services	63	63	-	0.0%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	-	-	-	-
Risk management	-	-	-	-
General & administrative	-	-	-	-
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	-	-	-	-
Depreciation	-	-	-	-
Total Operating Expenses	\$ 63	\$ 63	\$ -	0.0%
Operating income (loss)	\$ (63)	\$ (63)	\$ -	0.0%
Total public support and nonoperating revenues	77	77	-	0.0%
Income (loss) before capital contributions	\$ 14	\$ 14	\$ -	0.0%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

ADMINISTRATION

Att. A, Al 7, 2/18/10

CONSOLIDATED

COMPARISON TO BUDGET - FISCAL YEAR 2010

NOVEMBER 30, 2009

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	2,058	2,547	(489)	-19.2%
Total Operating Revenue	\$ 2,058	\$ 2,547	\$ (489)	-19.2%
Personnel costs	\$ 5,247	\$ 5,397	\$ 149	2.8%
Outside services	3,709	3,860	151	3.9%
Transit operations funding	-	-	-	-
Materials and supplies	3	13	10	76.1%
Energy	284	246	(38)	-15.5%
Risk management	192	167	(26)	-15.4%
General & administrative	371	344	(27)	-7.8%
Vehicle/facility leases	18	23	6	24.3%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(8,153)	(8,153)	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 1,671	\$ 1,897	\$ 226	11.9%
Operating income (loss)	\$ 387	\$ 651	\$ (263)	40.5%
Total public support and nonoperating revenues	(875)	(876)	1	-0.1%
Income (loss) before capital contributions	\$ (488)	\$ (225)	\$ (263)	116.6%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

OTHER ACTIVITIES

Att. A, AI 7, 2/18/10

CONSOLIDATED

COMPARISON TO BUDGET - FISCAL YEAR 2010

NOVEMBER 30, 2009

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	214	131	83	62.9%
Total Operating Revenue	\$ 214	\$ 131	\$ 83	62.9%
Personnel costs	\$ 264	\$ 273	\$ 10	3.6%
Outside services	65	55	(10)	-19.1%
Transit operations funding	-	-	-	-
Materials and supplies	4	2	(1)	-62.9%
Energy	5	8	4	43.4%
Risk management	14	10	(4)	-41.4%
General & administrative	45	44	(1)	-3.1%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	28	28	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 425	\$ 421	\$ (4)	-1.0%
Operating income (loss)	\$ (211)	\$ (289)	\$ 78	27.1%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (211)	\$ (289)	\$ 78	-27.1%



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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.

FIN 370

February 18, 2010

SUBJECT:

MTS: PENSION OBLIGATION BONDS REFINANCING UPDATE

RECOMMENDATION:

That the Board of Directors ratify actions taken by staff on the refinancing of the variable pension obligation bonds (POBs).

Budget Impact

\$508,000 - this is the difference in greater contingency reserve utilization.

DISCUSSION:

Board Actions

On October 22, 2009, the Board of Directors approved staff's recommendation to refinance the POBs. These actions included:

1. Approving a resolution providing authority for the CEO to:
 - A. pay off the Series B Variable POBs at a cost of \$38,800,000;
 - B. terminate the swap agreement with UBS Bank at a cost of \$2,833,000;
and
 - C. borrow \$30,000,000 from Dexia Credit Local (Dexia).
2. Amending the FY 2010 Capital Improvement Program (CIP) budget reducing \$5,000,000 in the below-listed projects to aid in the above payoff of the variable POBs:
 - A. CIP 11237 East County Bus Maintenance Facility - \$3,790,000
 - B. CIP 11224 Work Platform Truck - \$149,000


- C. CIP 11239 MCS Bus Purchases - \$360,000
 - D. CIP 11200 Miscellaneous Operating Capital - \$701,000
3. Authorizing the use of \$6,768,000 from MTS contingency reserves to aid in the above payoff of the variable POBs.

Staff Implementation

1. On November 5, 2009, MTS paid off the swap agreement at a cost of \$3,240,000. The \$2,833,000 estimate above was given to staff by MTS's financial advisor.
2. Staff has adjusted the FY 2010 CIP budgets for the above projects to reflect the changes approved by the Board of Directors.
3. During October, November, and December, staff worked with its financial adviser, MTS's bond counsel, Dexia and its attorney, MBIA, and Standard & Poors. This led to the successful drafting of a bond issue with Dexia for \$30,000,000.
4. The above \$30,000,000 bond issue was executed on December 23, 2009. Upon the receipt of those funds and coupled with \$8,800,000 from MTS, the variable POBs of \$38,800,000 were redeemed that day.
5. On Thursday, December 24, 2009, MTS received back the \$35,630,000 of its funds that were invested in the POBs.
6. The total amount of fees paid for the transaction to date is \$236,000. Fees were estimated at \$125,000.
7. The usage of reserves was \$7,276,000.

Series A Fixed-Rate Bonds

The Series A fixed-rate bonds were not affected by this transaction. These bonds for \$38,690,000 were issued as fixed-rate bonds in 2004. They mature in annual installments between 2006 and 2024 and bear various interest rates ranging from 2.58% to 5.15% increasing progressively over the maturities. Interest is due and payable semiannually on June 1 and December 1. Principal is due and payable on December 1. The current outstanding balance of these bonds is \$31,150,000.



Paul G. Jablonski
Chief Executive Officer

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

JAN21-10.8.POB REF UPDATE.TLYNCH.doc



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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.

FIN 305

February 18, 2010

SUBJECT:

MTS: INVESTMENT REPORT – DECEMBER 2009

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

Attachment A comprises a report of MTS investments as of December 2009. The first column provides details about investments restricted for capital support and debt service—the majority of which are related to the 1995 lease and leaseback transactions. The second column represents MTS's unrestricted investments, which shows the working capital for operations, including employee payroll and vendors' goods and services. In December, MTS refunded its pension obligation bonds (POBs), which provided \$35 million in additional available cash to fund operations.

Total cash and investment balances have decreased by \$3 million largely due to expenditures related to the POB refunding transaction. Transfers from the Local Agency Investment Fund (LAIF) to the operating account totaling \$3 million were initiated in December. The current monthly yield in the LAIF investment is 0.61%, which represents a reduction from 2.779% since August 2008. The funds restricted for debt service are structured investments with fixed returns that do not vary with market fluctuations if held to maturity. These investments are held in trust and will not be liquidated in advance of the scheduled maturities. Other restricted funds are designated for various capital improvement projects.



Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Investment Report for December 2009

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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
December 31, 2009**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	Average rate of return
Cash and Cash Equivalents				
Bank of America - concentration sweep account	<u>\$ 5,718,275</u>	<u>\$ 38,826,229</u>	<u>\$ 44,544,504</u>	0.00%
Total Cash and Cash Equivalents	<u>5,718,275</u>	<u>38,826,229</u>	<u>44,544,504</u>	
Cash - Restricted for Capital Support				
US Bank - retention trust account	2,720,655		2,720,655	N/A *
Local Agency Investment Fund (LAIF) Proposition 1B TSGP grant funds	<u>2,705,336</u>		<u>2,705,336</u>	0.61%
Total Cash - Restricted for Capital Support	<u>5,425,991</u>	<u>-</u>	<u>5,425,991</u>	
Investments - Working Capital				
Local Agency Investment Fund (LAIF)		1,055,303	1,055,303	0.61%
Bank of New York Money Market POB interest	<u>-</u>	<u>40</u>	<u>40</u>	
Total Investments - Working Capital	<u>-</u>	<u>1,055,344</u>	<u>1,055,344</u>	
Investments - Restricted for Debt Service				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	33,652,019	-	33,652,019	
Rabobank - Payment Undertaking Agreement	<u>84,951,545</u>	<u>-</u>	<u>84,951,545</u>	7.69%
Total Investments Restricted for Debt Service	<u>118,603,564</u>	<u>-</u>	<u>118,603,564</u>	
Total cash and investments	<u>\$ 129,747,830</u>	<u>\$ 39,881,573</u>	<u>\$ 169,629,402</u>	

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



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Agenda

Item No. 10

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

CIP 10426.14

February 18, 2010

SUBJECT:

MTS: MVE LRT PROJECT LEGAL SERVICES - CONTRACT AMENDMENT

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. M6655.13-07 (in substantially the same form as Attachment A) with Hecht, Solberg, Robinson, Goldberg, and Bagley, LLP for legal services on the Mission Valley East Light Rail Transit (MVE LRT) Project.

Budget Impact

\$250,000 for the legal services contract amendment would come from the MVE LRT Project budget line item (10426-0800 Professional Services) leaving a balance of \$2,190,767.

DISCUSSION:

On March 22, 2007, the MTS Board of Directors approved a contract with Hecht, Solberg, Robinson, Goldberg, and Bagley, LLP (the law firm) for legal services on the MVE LRT Project on an as-needed, on-call basis. MTS has been utilizing the professional services of James G. Ehlers and others from the law firm for several years through various MTS contracts.


Additional hours for the legal services of the law firm are needed for MVE LRT Project issues. The amount of the contract, which now totals \$3,120,000, is as follows:

1. The initial \$100,000 was approved by the Board on March 22, 2007;
2. Amendment No. 1 for \$100,000 was approved by the Board on June 28, 2007;

3. Amendment No. 2 for \$90,000 was approved by the CEO on August 13, 2007;
4. Amendment No. 3 for \$500,000 was approved by the Board on September 13, 2007;
5. Amendment No. 4 for \$90,000 was approved by the CEO on May 25, 2008;
6. Amendment No. 5 for \$500,000 was approved by the Board on October 16, 2007;
7. Amendment No. 6 was for a no-cost increase to add authorized legal staff and was approved on June 11, 2008;
8. Amendment No. 7 for \$95,000 was approved by the CEO on November 14, 2008;
9. Amendment No. 8 for \$100,000 was approved by the Board on December 11, 2008;
10. Amendment No. 9 for \$700,000 was approved by the Board on February 19, 2009;
11. Amendment No. 10 for \$100,000 was approved by the CEO on March 24, 2009;
12. Amendment No. 11 for \$650,000 was approved by the Board on April 9, 2009; and
13. Amendment No. 12 for \$95,000 was approved by the CEO on August 14, 2009.

The hours invoiced by the law firm are reaching the contract limit. Amendment No. 13 would provide funds for legal services until the conclusion and administrative closing, which is estimated to be in March 2010.

Staff is requesting approval of Amendment No. 13 to MTS Doc. No. M6655.0-07, which would increase the total contract amount to \$3,370,000 for legal services from Hecht, Solberg, Robinson, Goldberg, and Bagley, LLP in the settlement of contractor claims by BBO against MTS on the MVE LRT Project.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Dennis L. Wahl, 619.235.2635, dwa@sandag.org
Ramon A. Ruelas, 619.699.6944, rrue@sandag.org

FEB18-10.10.MVE LRT LEGAL SVCS AMDMT.DWAHL.doc

Attachment: A. Draft MTS Doc. No. M6655.13-07

DRAFT

February 18, 2010

MTS Doc. No. M6655.13-07
CIP 10426

Mr. James Ehlers
Hecht, Solberg, Robinson, Goldberg, & Bagley, LLP
600 West Broadway, 8th Floor
San Diego, CA 92101-3542

Dear Mr. Ehlers:

Subject: AMENDMENT NO. 13 TO MTS DOCUMENT NO. M6655.0-07; LEGAL SERVICES FOR THE
MISSION VALLEY EAST LRT PROJECT

This letter will serve as Amendment No. 13 to MTS Document No. M6655.0-07 for professional services as further described below.

SCOPE OF SERVICES

The approved contract amount is hereby increased by \$250,000 for all expenditures outlined in the original contract not to exceed \$3,370,000.

SCHEDULE

There shall be no changes in the contract schedule for services outlined in the original contract and prior amendments, including this amendment.

PAYMENT

Payment shall be based on actual costs not to exceed \$250,000 (WBS 10426-0800) in accordance with the original contract provisions. There shall be no change in the basic hourly billing rate or contract amount, up to and including this Amendment No. 13, other than those allowed in the original contract. Additional authorization is contingent upon written approval of MTS. The total value of MTS Document No. M6655.0-07, including this amendment, is \$3,370,000. All other conditions of the original contract shall remain the same.

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

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

James Ehlers
Hecht, Solberg, Robinson, Goldberg, & Bagley, LLP

FEB18-10.10.AttA.MVE LRT LEGAL SVCS
M6655.13-07.DWAHL.doc

Date: _____

cc: Tiffany Lorenzen - MTS
Jim Linthicum, Bill Prey, Dennis Wahl - SANDAG



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Agenda

Item No. 11

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

FIN 340.2

February 18, 2010

SUBJECT:

MTS: TRANSPORTATION DEVELOPMENT ACT (TDA) REVENUE ESTIMATE

RECOMMENDATION:

That the MTS Board of Directors receive the revised Fiscal Year 2010 Transportation Development Act (TDA) revenue estimate.

Budget Impact

The new TDA revenue estimate would result in the reduction of expected revenue by an additional \$2,461,052 from the November 12, 2009, approved FY 10 TDA forecast.

DISCUSSION:

On January 22, 2010, the San Diego Association of Governments (SANDAG) Board approved the reduction of TDA revenue by 10% compared to FY 09 actual TDA receipts. Sales tax revenues continue to fall, and SANDAG believes that this projection more accurately represents the current economic climate. As a result of the continued economic decline, the proposed estimate for fiscal year 2010 TDA allocation for MTS totals \$62,405,140.

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: Lisa Fowler, 619.557.4510, lisa.fowler@sdmts.com

FEB18-10.11.TDA REVENUE ESTIMATE.LFOWLER.doc

Attachment: A. FY 2010 Revision to TDA

Proposed FY 2010 Revision to Transportation Development Act (TDA) Apportionment

	FY 2009		FY 2010		
	Approved Estimate	Actual*	Approved Estimate 11/09	Proposed Estimate	Estimate \$ Change
Total Available for MTS	\$72,584,074		\$64,192,974	\$61,785,712	(\$2,407,262)
Less Regional Planning/Capital Projects	(\$951,080)		(\$762,703)	(\$762,703)	\$0
Less Transferred Functions	(\$2,121,958)		(\$1,876,654)	(\$1,806,281)	\$70,373
Total Community Transit Service	<u>\$3,745,346</u>		<u>\$3,312,575</u>	<u>\$3,188,412</u>	<u>(\$124,163)</u>
<i>Subtotal</i>	\$73,256,382		\$64,866,192	\$62,405,140	(\$2,461,052)
Total Available to Claim	\$73,256,382		\$64,866,192	\$62,405,140	(\$2,461,052)



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Agenda

Item No. 12

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

LEG 491 (PC 50633)

February 18, 2010

SUBJECT:

MTS: EXCESS LIABILITY INSURANCE RENEWAL

RECOMMENDATION:

That the Board of Directors ratify and confirm the placement of the liability insurance policy (limits of \$75 million less a \$2 million self-insurance retention).

Budget Impact

The combined proposed premium, including taxes and fees, would be approximately \$1,783,565 effective March 1, 2010, through March 1, 2011. The total premium for excess liability insurance coverage, including terrorism coverage and excess workers' compensation, represents a small percentage decrease.

The specific allocation among MTS, San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), and San Diego and Arizona Eastern (SD&AE) Railway Company would be based on the underwriting exposure. Costs associated with the excess insurance policies are allocated across two fiscal years. For fiscal year 2010, staff estimates that SDTI, SDTC, and MTS will be within budget. No budget adjustment is proposed at this time. Fiscal year 2011 budgets are being developed, and funds should be designated and included within them.

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

COMBINED TOTAL EXCESS INSURANCE PREMIUMS					
Agency	MTS	SDTC	SDTI	SD&AE	Total
Total Liability	\$235,966	\$603,365	\$666,391	\$31,513	\$1,537,235
Liability Premium Split	15.4%	39.2%	43.4%	2.1%	
Excess Work Comp	\$26,780	\$128,200	\$89,350	\$2,000	\$246,330
Payroll Split	10.9%	52.0%	36.3%	0.8%	
Total Excess Premium	\$262,746	\$731,565	\$755,741	\$33,513	\$1,783,565
Excess Split	14.7%	41.0%	42.4%	1.9%	

DISCUSSION:

MTS, SDTC, SDTI, and SD&AE jointly purchase commercial insurance in order to finance large catastrophic awards for bodily injury and other damage claims. Existing policies will expire on March 1, 2010, with limits up to \$75 million, including \$2 million in self-insurance retention per general liability loss occurrence. MTS's insurance broker, BB&T-John Burnham Insurance Services, has contacted interested insurance companies to obtain the best coverage for a tolerable premium. This report outlines the proposal for renewing MTS's liability insurance and staff's recommendations.

Current Program

MTS currently has excess liability coverage contained in four layers of insurance limits from various insurance companies. These layers provide for a total general liability limit of \$75 million. These policies contain coverage for war or warlike action, including specific forms of terrorism. The current cost of these policies, including taxes and fees, is approximately \$1,555,983.

Proposed Program

The proposed liability program is anticipated to include four policy layers and would carry a self-insurance retention of \$2 million for general liability and public entity excess liability. The self-insurance retention for workers' compensation is \$1 million. Additional coverage to include terrorism is being proposed. All of this coverage would provide full limits up to \$75 million at an annual cost of approximately \$1,537,235. Terrorism coverage has become critical due to the potential of a catastrophic loss from the occurrence of one event. The need to obtain terrorism coverage rests with the importance of avoiding the broadly worded terrorism exclusion.

The total premium for excess liability insurance coverage, including terrorism coverage and excess workers' compensation, represents a 1 percent decrease (\$12,964) from the previous year.

An underlying policy just for workers' compensation has been retained for the limits between \$1 million and \$2 million. This policy will offer the required policy outline form for which the layers above will follow in coverage format. The premium coverage cost for this policy is approximately \$246,330, which represents a zero percent rate change. This premium has been incorporated in the total recommended insurance cost request.

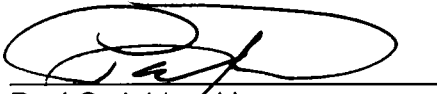
RENEWAL ISSUES

Underwriting Base

Some of the factors influencing the premium rates are payroll for excess workers' compensation and construction costs, car miles, and revenue miles. Calculated in for the policy period was a modest payroll adjustment increase. Overall annual passenger counts and revenue miles were below the counts submitted last policy period. For this present renewal, a shift of limits within liability layers assisted with the cost pricing structure.

Insurance Market

A favorable competitive market remains open, and carriers have the capacity and willingness to write public entity risks, such as MTS. The lack of a large catastrophic insurable loss within the insurance market provided a favorable environment for those seeking coverage even though the carriers have been working on increasing their reserve funds through premiums.


Paul C. Jablonski
Chief Executive Officer

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

FEB18-10.12.LIABILTY INS RENEWAL.JDOW.doc

Attachment: A. MTS 2010 Excess Insurance Proposal (**Board Only Due to Volume**)

Presented by:

IRIS J. GLADNEY, CPCU, ARM
Vice President

and

MALIA GAGNON
Account Manager

METROPOLITAN TRANSIT SYSTEM

EXCESS LIABILITY AND WORKERS' COMPENSATION INSURANCE PROPOSAL (REVISED)

MARCH 1, 2010

BB&T INSURANCE SERVICES OF ORANGE COUNTY, 680 LANGSDORF DRIVE, FULLERTON, CA
BB&T — KNIGHT INSURANCE SERVICES, 535 N BRAND BLVD., 10TH & 11TH FLOORS, GLENDALE, CA
BB&T INSURANCE SERVICES OF ORANGE COUNTY, 19100 VON KARMAN AVENUE, STE 900, IRVINE, CA
BB&T — TANNER INSURANCE SERVICES, 4480 WILLOW ROAD, PLEASANTON, CA
BB&T — JOHN BURNHAM INSURANCE SERVICES, 750 B STREET, STE 2400, SAN DIEGO, CA
BB&T INSURANCE SERVICES OF CALIFORNIA, INC., 300 MONTGOMERY STREET, STE 200B, SAN FRANCISCO, CA

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Client Acceptance Estimated Premium, Taxes And Fees Summary**
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Additional BB&T Insurance Services Products
Compensation Disclosure
Provider Security Standards**
- XIV. Introduction To Mywave**

SPECIAL NOTATIONS

I**MPORTANT:** *This proposal of insurance is intended to be only a brief outline of coverages to be afforded. It is not intended to replace actual contract language. The policies themselves must be read for specific details of coverages, extensions, limitations, and exclusions, as well as conditions which, as an insured, you would need to comply with in the event of a loss.*

℞

Coverage recommendations and premiums are reflective of information (payrolls, locations, operations, products data, financial data, loss experience, etc.) provided to us and supplied to the carriers and could vary before or after inception date of the policy, subject to the carriers' final review. Premiums contained in this proposal are valid for 30 days unless extended by the carrier.

℞

The first named insured listed will be responsible for handling all communications, including but not limited to, payment of premium, request for policy changes and loss information, and receipt of cancellation notices.

℞

There is no coverage for any current or past joint venture, partnership, or corporation that is not shown as a named insured. Please notify us immediately of any entity changes.

℞

This proposal does not constitute an insurance binder, nor does it convey any type of interest, therein. Once coverage is ordered, evidence of coverage will be issued.

℞

If you need clarification of any terms, conditions, limitations, or exclusions contained in this proposal or checklist, please contact our office.

℞

Higher liability limits of coverage than those contained in this proposal may be available. We recommend that you consider increasing your liability limits to minimize the risk of being underinsured in the event of a large claim filed against you.

℞

NOTIFICATION OF IMPORTANT CHANGES RELATING TO TERRORISM RISK INSURANCE ACT

As you may be aware, President Bush recently signed legislation enacting a seven-year extension of the Terrorism Risk Insurance Act (TRIA) until December 31, 2014. There are several important changes that we would like to make you aware of.

A. Change in Definition of "Act of Terrorism"

Prior to the enactment of the extension legislation, TRIA applied only to acts of terrorism committed by an individual or individuals "acting on behalf of any foreign person or foreign interest." This restriction has been removed such that the Secretary of Treasury may also certify acts of terrorism commonly described as "domestic terrorism." Because your policy may contain a limitation or exclusion relating to "certified acts of terrorism" and/or "other acts of terrorism" or "non-certified acts of terrorism" this change in the law may impact coverage under your policy. You should review your insurance policy and note the revised certification criteria under TRIA (as described below).

B. Revised Definition of Act of Terrorism under TRIA

TRIA defines "act of terrorism" as any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States:

1. To be an act of terrorism;
2. To be a violent act or an act that is dangerous to human life, property or infrastructure;
3. To have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of Title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and
4. To have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

C. Clarification of Operation of \$100 Billion Cap on AH Insurer and Federal Obligations

If aggregate insured losses attributable to terrorist acts certified under TRIA exceed \$100 billion in a Program Year (January 1 through December 31) and an insurer has met its deductible under the program, that insurer shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of Treasury.

D. Change in the Recoupment of the Federal Share of Insured Losses

Should there be a terrorist act certified under TRIA, Treasury must recoup 133% of the amount of its payments under the program (limited to \$27.5 billion minus the amount insurers retain in that calendar year as a result of the insurer deductible and co-share) through policyholder surcharges:

1. For an act of terrorism occurring prior to 2011, the collection must be completed by September 30, 2012;
2. For an act of terrorism occurring during 2011, the collection must be 35% completed by September 30, 2012 with the balance collected by September 30, 2017; and
3. For a later event, the collection must be completed by September 30, 2017.

No act may be certified as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or if losses resulting from the act, in the aggregate for insurance subject to TRIA, do not exceed \$5,000,000.

The information above is a summary only. The United States Treasury maintains a copy of the act relevant regulations and other materials. The Web site for the Terrorism Risk Insurance Program is located at www.treas.gov under the Office of Financial Institutions, which is part of the Domestic Finance Section. You can also visit the National Association of Insurance Commissioners' website at www.naic.org and use the NAIC Search Tool for more information on the Terrorism Risk Insurance Program Reauthorization Act of 2007.

Insurers will continue to replace existing TRIA disclosure notices with notices that contain current information regarding the federal program. For mid-term policies effective prior to December 26, 2007 little action is required as those policies are in compliance with prior legislation. For policies effective December 26th and later, insurers will continue to provide disclosure notices. At BB&T Insurance Services of California, Inc., we will continue to work with our insurance carriers to minimize disruption or confusion to our policyholders as this transition into the extension period proceeds. Please call your BB&T Insurance Services of California, Inc. representative if you have questions.

III



SERVICING PERSONNEL

IMPORTANT PHONE NUMBERS & E-MAIL:

Vice President:

Direct Line:	Iris J. Gladney
Fax Number:	619.525.2807
E-mail:	888.328.1308
	IGladney@BBandT.com

Account Manager:

Direct Line:	Malia Gagnon
Fax Number:	619.525.2842
E-mail:	888.328.1312
	MGagnon@BBandT.com

Vice President/Claims Manager:

Direct Line:	Denise Johnson
Fax Number:	619.525.2832
E-mail:	888.328.1270
	DJohnson@BBandT.com

Loss Control Consultant:

Direct Line:	Kathleen Goggin
Fax Number:	714.578.7344
E-mail:	714.626.7639
	KGoggin@BBandT.com

ADDRESSES/TELEPHONES:

750 B Street, Suite 2400
San Diego, CA 92101-2476

PO Box 129077
San Diego, CA 92112-9077

Main Office Number:	619.231.1010
Main Facsimile:	619.236.9134

IV



SCHEDULE OF NAMED INSUREDS

- Metropolitan Transit System (MTS)
- San Diego Metropolitan Transit Development Board (MTDB)
- San Diego Trolley, Inc. (SDTI)
- San Diego & Arizona Eastern Railway (SD&AE)
- San Diego Transit Corporation (SDTC)
- San Diego Vintage Trolley

A

EXCESS WORKERS' COMPENSATION

Carrier:	ACE American Insurance Company
A.M. Best Rating:	A+ XV (admitted)
Policy Term:	March 1, 2010 to March 1, 2011
Coverage and Limits:	
WORKERS' COMPENSATION:	STATUTORY Each Accident STATUTORY Each Employee for Disease
EMPLOYER'S LIABILITY:	\$ 2,000,000 Each Accident \$ 2,000,000 Each Employee for Disease
Self-Insured Retention:	\$ 1,000,000 Each Accident / Each Employee for Disease
Covered State:	California
Terrorism:	Included in premium
Rate:	\$ 0.3787 per \$100 Payroll (Second year of two-year rate agreement)
Estimated Annual Payroll:	\$ 65,039,787 (increased from \$63,512,787)
Endorsements:	<ul style="list-style-type: none"> ACE Specific Excess WC and EL policy CKE-1167 (10-06) Loss and Expense Adjustment Endorsement – ALAE included Endorsement CK-12887b (04-08) Disclosure Notice of Terrorism Insurance Coverage TRIA 11b (01-08) ACE Producer Compensation Practices & Policies WC990342 (10-06) Communicable Disease Coverage WC990348 (04-08) US Treasury Dept's Office of Foreign Assets and Control Notice ILP0010104



EXCESS WORKERS COMPENSATION

Endorsements:

- Notification of Premium Adjustment WC990444 (06-08)
- Trade or Economic Sanctions Endorsement WC990773 (11-06)
- Voluntary Compensation Schedule CKE18768a (01-07)
- Name and Address Amendatory Endorsement CK-18364a (09-05)
- Cap on Losses from Certified Acts of Terrorism WC990459A (01-08)
- Applicable State Amendatory Endorsements
- Attachment TRIA Disclosure TR 19606a

Binding Conditions:

- ACE shall have the right but not the duty to have ACE USA Claims or, at our discretion, a designated vendor of ACE, audit the claims handling process within 60 days after binding coverage. ACE is not obligated to share the results of their claims audit as part of a condition for binding coverage.
- ACE USA will not be required to supply system generated loss information under their program.
- You must supply loss data in a form that meets the ACE Excess WC submission requirements as documented under their program.
- You must adhere to the notification requirements as documented under their program.
- You must notify ACE of any new, additional or replacement aircraft (owned or leased) within 30 days of acquisition.
- The Insurance Carrier indicated in this quotation reserves the right, at its sole discretion, to amend or withdraw this quotation if it becomes aware of any new, corrected or updated information that is believed to be material change and consequently would change the original underwriting decision.

Premium:

\$ 246,330.00 Minimum & Deposit. 25% Minimum Earned Premium. 100% Minimum & Deposit Premium

- The net premium is due 15 days of binding
- Failure to remit by that date, will normally result in Notice of Cancellation

VI



EXCESS LIABILITY – FIRST LAYER

Carrier: Everest National Insurance Company

A.M. Best Rating: A+ XV (admitted)

Policy Term: March 1, 2010 to March 1, 2011

Coverage: Special Excess Liability for Public Entities covered excess of a Retained Limit or Scheduled Underlying insurance.

Limits:

Aggregate Limits

\$ 10,000,000 "Products-Completed Operations Hazard" Aggregate

\$ 10,000,000 "Employment Practices Liability Wrongful Acts" Aggregate

\$ 10,000,000 Employee Benefit Liability Aggregate

Per "Occurrence or "Wrongful Act" or Employee Benefit Wrongful Act" Limit

\$ 10,000,000 Any one "occurrence", "wrongful act" or "employee benefit wrongful act" or series of continuous, repeated, or related "occurrences", "wrongful acts" or "employee benefit wrongful acts" in excess of your "retained limit"

Per "Employment Practice Liability Wrongful Act" Limit

\$ 10,000,000 Any one "employment practice liability wrongful act" or series of continuous, repeated, or related "employment practice liability wrongful act" in excess of your "retained limit"

Inclusive of Loss Adjustment Expenses and Costs

EXCESS LIABILITY – FIRST LAYER

Self-Insured Retention:	<p>\$ 2,000,000 Any one "occurrence", "wrongful act" or "employee benefit wrongful act" or series of continuous, repeated, or related "occurrences", "wrongful acts" or "employee benefit wrongful acts"</p> <p>\$ 2,000,000 Any one "employment practice liability wrongful act" or series of continuous, repeated, or related "employment practice liability wrongful act"</p>
Terrorism:	Premium is included (\$15,648)
Rate:	Flat
Endorsements:	<ul style="list-style-type: none"> ▪ Public Entity Excess Liability Declarations ▪ California Changes – Cancellation and Nonrenewal ▪ Common Policy Conditions ▪ Nuclear Energy Liability Exclusion ▪ Pollution Exclusion "Blended" 72 Hour form as per current coverage (Manuscript) ▪ Earlier Notice of Cancellation or Nonrenewal Provided by Us ▪ Delete Transit Exclusion (Manuscript) ▪ Reimbursement of Defense costs EPLI ▪ Delete UN/UIM Exclusion (Manuscript) ▪ Named Insured Endorsement ▪ Pollution Changes ▪ Addendum to Declarations ▪ Certified Acts and Other Acts of Terrorism Coverage Above Retained Limit; Cap on Losses (for risks that accept terrorism) ▪ Additional Insured, per current coverage: <i>San Diego Unified Port District; California State University-SDSU as respects Mission Valley East Line; Executive Complex, LP Jamison as respects leased property (The Transit Store)</i>
Premium:	<p>\$ 798,055.00 Minimum & Deposit. 25% Minimum Earned Premium. 100% Minimum & Deposit Premium</p> <ul style="list-style-type: none"> ▪ The net premium is due 15 days of binding ▪ Failure to remit by that date, will normally result in Notice of Cancellation

IIA

EXCESS LIABILITY – SECOND LAYER

Carrier: Endurance American Specialty Insurance Company

A.M. Best Rating: A XV (non-admitted)

Policy Term: March 1, 2010 to March 1, 2011

Coverage: Following Form Excess Liability

Limits: \$ 15,000,000 Each Occurrence
\$ 15,000,000 Annual Aggregate, Where Applicable

Inclusive of Loss Adjustment Expenses and Costs

Excess Of: \$ 10,000,000 Underlying limit excess of
\$ 2,000,000 Each Occurrence SIR

Inclusive of Loss Adjustment Expenses and Costs

Terrorism: Included in premium (\$6,860)

Rate: Flat

Endorsements:

A. EXCLUSIONS: Asbestos
Nuclear Energy
Silica
War
Certified Acts of Terrorism and Other Acts of Terrorism

B. OTHER ATTACHMENTS: Following Form Pollution Exclusion – Time Element 3/40
Policyholder Notice Applicable to TRIA
Defense & Expense Amendatory Endorsement
OFAC Advisory Notice
Service of Suit Clause

EXCESS LIABILITY – SECOND LAYER

Attachments:

- Public Entity Excess Liability Declarations
- Common Policy Conditions
- Nuclear Energy Liability Exclusion Endorsement
- California Changes – Cancellation and Non-Renewal
- Pollution Changes
- Named Insured Endorsement
- Earlier Notice of Cancellation or Non-Renewal Provided By Us
- Reimbursement of Defense Costs for Employment Practice Liability Wrongful Ace
- Additional Insured – Insured Contract
 - Blended Pollution Limitation Endorsement
 - Delete Transit Exclusion
 - Deletion of Transit UM Exclusion

Everest National Insurance Company's lead terms and conditions:

Exclusion:

Per Public Entity Excess Liability (Form EUM 00 514 06 06) and Attachments

Binding Conditions:

- Signed TRIA form.
- Signed D-1 form.

Premium:

\$ 350,000.00	Minimum & Deposit.	25% Minimum Earned
	Premium – 100%	Minimum & Deposit
	Premium	
10,500.00	State Tax	
<u>875.00</u>	Stamping Fee	
\$ 361,375.00		

- The net premium is due 15 days of binding
- Failure to remit by that date, will normally result in Notice of Cancellation

Endurance

Name of Applicant: San Diego Transit Corporation
San Diego Metropolitan Transit Development Board
Date of Notice: January 26, 2010
Insurance Company: Endurance American Specialty Insurance Company

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act, as reauthorized and amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury - in concurrence with the Secretary of State, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS REAUTHORIZED AND AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Acceptance or Rejection of Terrorism Insurance Coverage

- ☐ I hereby elect to purchase Terrorism coverage for certified acts of terrorism for a prospective premium of \$6,860.
- ☐ I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

Policyholder Signature

Date

NOTICE:

Att. A, AI 12, 2/18/10

1. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED "NONADMITTED" OR "SURPLUS LINE" INSURERS.
2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.
3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.
4. CALIFORNIA MAINTAINS A LIST OF ELIGIBLE SURPLUS LINE INSURERS APPROVED BY THE INSURANCE COMMISSIONER. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: www.insurance.ca.gov.
5. FOR ADDITIONAL INFORMATION ABOUT THE INSURER YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR "SURPLUS LINE" BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE, AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357.
6. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER'S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

Date: _____

Insured: _____

EXCESS LIABILITY – THIRD LAYER

Carrier:	Great American Assurance Co.
A.M. Best Rating:	A XIV (admitted)
Policy Term:	March 1, 2010 to March 1, 2011
Coverage:	Following Form Excess Liability Form #GA16524 (06-97)
Limits:	\$ 25,000,000 Each Occurrence/Aggregate Excess of \$25,000,000 Each Occurrence/Aggregate Inclusive of Loss Adjustment Expenses and Costs
Excess Of:	<ul style="list-style-type: none">▪ XS: \$15mm xs \$10mm xs \$2mm – Endurance▪ Lead Umbrella: \$10mm xs \$2mm SIR / \$2mm Excess EL – Everest National▪ XS EL: \$2mm/\$2mm/\$2mm – ACE American▪ In excess of \$1,000,000 Self-Insured Retention▪ Defense expenses are included in the SIR
Terrorism:	Included in premium (\$7,275)
Rate:	Flat, except for acquisitions
Lead Forms, Exclusions and/or Limitations:	We will follow all of the exclusions and limitations of the Everest National Ins Co Excess form and any additional exclusions/modifications/limitations as noted in their quote.
Exclusions:	<ul style="list-style-type: none">▪ Named Perils/Time Element
Attachments:	<ul style="list-style-type: none">▪ Delete Transit Exclusion▪ Delete UM Exclusion▪ Public Entity Excess Liability Policy▪ Reimbursement of Defense Costs for Employment Practices Liability Wrongful Act

EXCESS LIABILITY – THIRD LAYER

Our Exclusions, Limitations and/or Attachments:

Exclusions:

- Email, Fax or Phone Exclusion – GA16827 (10/04)
- Fungi, Mold or Spores Exclusion – GA16635 (01/02)
- Lead Exclusion – GA16533 (06/97)
- Pollution Liability Coverage – Follow Form – GA16966 (04/09)
- Silica or Related Dust Exclusion – GA16665 (10/04)
- War Liability Exclusion – GA16650 (03/03)

Attachments:

- Defense Expense Included in the Company's Limit of Liability – GA16011 (06/97)
- Cap on losses from Certified Acts – GA16452 (01-08)
- Disclosure Pursuant of TRIA Act – GA16472 (01-08)

Binding Conditions:

- Complete loss data reflecting total incurred, ground up and uncapped.
- Copies of all Underlying Binders evidencing issuing carrier, policy number, policy limits and terms immediately upon binding coverage. Policy issuance will be upheld pending receipt of confirmation
- Signed TRIA form, prior to binding.

Premium:

\$ 249,775.00 Minimum & Deposit. 25% Minimum Earned
 Premium – 100% Minimum & Deposit
 Premium
 No Flat Cancellations

- The net premium is due 15 days of binding
- Failure to remit by that date, will normally result in Notice of Cancellation



**POLICYHOLDER DISCLOSURE
OFFER OF TERRORISM COVERAGE**

The Terrorism Risk Insurance Act establishes a program within the United States Department of the Treasury, under which the Federal Government shares, with the insurance industry, the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. The Act provides that, to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals as part of an effort to coerce the government or population of the United States.

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

The Terrorism Risk Insurance Act, as amended in 2007, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

In accordance with the Terrorism Risk Insurance Act, we are required to offer you coverage for losses resulting from an act of terrorism that is certified under the federal program as an act of terrorism. The policy's other provisions will still apply to such an act.

See below for the section of this Notice titled **SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE**. If you choose to accept this offer of coverage, your premium will include the additional premium for terrorism as stated in this disclosure. Failure to pay the premium by the due date will constitute rejection of the offer and your policy will include an exclusion for losses caused by terrorism.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE WITH GREAT AMERICAN INSURANCE GROUP

_____ I hereby elect to purchase Terrorism coverage for acts of terrorism that are certified under the federal program as an act of terrorism for a premium of \$7,275. I understand that if the quoted premium is not remitted within 30 days of the policy effective date, an exclusion of terrorism losses will be made a part of this policy.

_____ I hereby reject the offer of terrorism coverage. I understand that an exclusion of terrorism losses will be made part of this policy.

Print Name

San Diego Transit Corporation
Named Insured

Policyholder/Applicants Signature

March 1, 2010
Policy Effective Date

Date

\$25,000,000 P/O \$25,000,000 XS \$25,000,000
Limits / Attachment Point

Policy Number

XI

EXCESS LIABILITY – FOURTH LAYER

Carrier:	AXIS Surplus Insurance Company
A.M. Best Rating:	A, XV (non-admitted)
Policy Term:	March 1, 2010 to March 1, 2011
Coverage:	Following Form Excess Liability.
Limits:	<p>\$ 23,000,000 Each Occurrence</p> <p>\$ 23,000,000 Combined Aggregate, Where Applicable</p> <p>Excess of Scheduled Underlying Insurance</p> <p>Inclusive of Loss Adjustment Expenses and Costs</p>
Excess Of:	<ul style="list-style-type: none"> ▪ XS: \$25mm xs \$25mm xs \$2mm SIR – Great American ▪ XS: \$15mm xs \$10mm xs \$2mm SIR – Endurance American Specialty ▪ Lead Umbrella: \$10mm xs \$2mm SIR - Everest <p>Inclusive of Loss Adjustment Expenses and Costs</p>
Terrorism:	Included in premium
Rate:	Flat (except for acquisitions)
Endorsements:	<ul style="list-style-type: none"> ▪ Contractors ▪ Minimum Earned Premium ▪ Deletion of Pollution Exclusion – Amendatory Endt. ▪ Service of Suit ▪ SOS – CA ▪ SLN – CA
Exclusions:	<ul style="list-style-type: none"> ▪ Auto No-Fault & Similar Laws Exclusion ▪ Professional Liability Exclusion ▪ Lead Exclusion ▪ Silica Exclusion ▪ Violation of Statutes that Govern E-mails, Fax or Phone Calls Exclusion

**EXCESS LIABILITY – FOURTH LAYER*****Exclusions within policy form
Included but are not limited to:***

- Asbestos
- Cyber Liability
- Fungi or Bacteria
- Pollution
- War or Terrorism

Binding Conditions:

- * Signed TRIA form.
- * Signed D-1 form

Premium:

\$ 124,000.00	Minimum & Deposit.	25% Minimum Earned
	Premium – 100%	Minimum & Deposit
	Premium	
	No Flat Cancellations	
3,720.00	State Tax	
<u>310.00</u>	Stamping Fee	
\$ 128,030.00		

- The net premium is due 15 days of binding
- Failure to remit by that date, will normally result in Notice of Cancellation



Att. A, AI 12, 2/18/10

BB&T Insurance Services of California, Inc.

**EXCESS LIABILITY – FOURTH LAYER
D-1 FORM (FOR SIGNATURE)**

NOTICE:

Att. A, AI 12, 2/18/10

1. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED "NONADMITTED" OR "SURPLUS LINE" INSURERS.
2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.
3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.
4. CALIFORNIA MAINTAINS A LIST OF ELIGIBLE SURPLUS LINE INSURERS APPROVED BY THE INSURANCE COMMISSIONER. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: www.insurance.ca.gov.
5. FOR ADDITIONAL INFORMATION ABOUT THE INSURER YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR "SURPLUS LINE" BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE, AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357.
6. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER'S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

Date: _____
Insured: _____

X

Insurance Renewal Comparison

3/1/2009 - 3/1/2010

3/1/2010 - 3/1/2011

First Layer Excess Liability

Everest National Insurance Company		
\$	10,000,000	Each Occurrence
\$	10,000,000	Aggregate
\$	2,000,000	Retention Per Occurrence
FLAT rate		
\$	798,055.00	Total Premium

Everest National Insurance Company		
\$	10,000,000	Each Occurrence
\$	10,000,000	Aggregate
\$	2,000,000	Retention Per Occurrence
FLAT rate		
\$	782,407.00	Total Premium

Second Layer Excess Liability

Endurance American Specialty Insurance Co.		
\$	15,000,000	Each Occurrence
\$	15,000,000	Aggregate
	Excess Of \$10M; \$2M SIR	
FLAT rate		
\$	361,287.50	Total Premium (includes tax & fees)

Endurance American Specialty Insurance Co.		
\$	15,000,000	Each Occurrence
\$	15,000,000	Aggregate
	Excess Of \$10M; \$2M SIR	
FLAT rate		
\$	361,375.00	Total Premium (includes tax & fees)

Third Layer Excess Liability

Steadfast Insurance Company		
\$	30,000,000	Each Occurrence
\$	60,000,000	Aggregate
	Excess Of \$25M; \$2M SIR	
FLAT rate		
\$	300,640.75	Total Premium (includes taxes & fees)

Great American Insurance Co.		
\$	25,000,000	Each Occurrence
\$	25,000,000	Aggregate
	Excess Of \$25M; \$2M SIR	
FLAT rate		
\$	249,775.00	Total Premium

Fourth Layer Excess Liability

AXIS Surplus Insurance Company		
\$	18,000,000	Each Occurrence
\$	18,000,000	Aggregate
	Excess Of \$55M; \$2M SIR	
FLAT rate		
\$	95,999.25	Total Premium (includes tax & fees)

AXIS Surplus Insurance Company		
\$	23,000,000	Each Occurrence
\$	23,000,000	Aggregate
	Excess Of \$60M; \$2M SIR	
FLAT rate		
\$	128,030.00	Total Premium (includes tax & fees)

Workers Compensation Excess Liability

ACE American Insurance Company		
Statutory	Work Comp Limit	
Statutory	Communicable Disease Limit	
	0.3787 rate per \$100 Payroll	
\$	63,512,787	Estimated Annual Payroll
\$	240,546.00	Total Premium (includes CIGA Fee)

ACE American Insurance Company		
Statutory	Workers Comp Limit	
Statutory	Communicable Disease Limit	
	0.3787 rate per \$100 Payroll	
\$	65,039,787	*Estimated Annual Payroll
\$	246,330.00	Total Premium (includes CIGA Fee)

PREMIUM COMPARISON

PURE PREMIUM SUMMARY COMPARISON

	3/1/2009 – 3/1/2010	3/1/2010 – 3/1/2011	Increase/Decrease
1 ST Layer xs Liability	\$ 798,055.00	\$ 798,055.00	0
2 nd Layer xs Liability	\$ 350,000.00	\$ 350,000.00	0
3 rd Layer xs Liability	\$ 291,248.00	\$ 249,775.00	-14.3%
4 th Layer xs Liability	\$ 93,000.00	\$ 124,000.00	+33.3%
Excess Workers Comp	\$ 240,546.00	\$ 246,330.00	+2.4%
Total	\$ 1,772,849.00	\$ 1,768,160.00	Less than 1%

PREMIUM COMPARISON INCLUDING TAXES AND FEES

	3/1/2009 – 3/1/2010	3/1/2010 – 3/1/2011	Increase/Decrease
1 ST Layer xs Liability	\$ 798,055.00	\$ 798,055.00	0
2 nd Layer xs Liability	\$ 361,287.50	\$ 361,375.00	Less than 1%
3 rd Layer xs Liability	\$ 300,640.75	\$ 249,775.00	-17%
4 th Layer xs Liability	\$ 95,999.25	\$ 128,030.00	+33.3%
Excess Workers Comp	\$ 240,546.00	\$ 246,330.00	+2.4%
Total	\$ 1,796,528.50	\$ 1,783,565.00	Less than 1%

PREMIUM SUMMARY

- **Disclaimer**

The Proposal of Coverage appearing herein is only illustrative and is not intended as a policy of insurance, binder or statement of coverage, or as an amendment, modification or waiver of the terms and conditions of any policy of insurance. In every instance, the policy is the only accepted statement of coverage.

- **Audit**

Your policy is subject to audit by the insurance company at which time new operations may be noted and appropriate premium adjustments made. To make sure that your policy is properly written to provide the coverage you expect, you should always let us know of any new business activities you have made or are planning. In addition, your liability, auto and workers compensation insurance policies are based upon estimates of annual sales and payrolls. An audit of these policies may result in return or additional premiums.

PAYMENT TERMS

Direct Bill Accounts

- The agency will not notify the client in the event of pending or final cancellation notice.

Agency Bill Accounts

- Invoices are due on the effective or transaction date, whichever is later.
- Payment should be made by invoice as no statements will be issued.
- Payments must be made no later than the 28th day after due date to avoid cancellation.

IX

CLIENT ACCEPTANCE**I. COVERAGES/LIMITS:**

- A. We do hereby accept underwriters' offer of coverages and limits as outlined in BB&T – John Burnham Insurance Services. proposal dated March 1, 2010 except as noted below:
- B. Further, we do hereby acknowledge our understanding that the referenced proposal is not intended to alter, amend, or otherwise change actual policy language. Actual policy terms, conditions, limitations, and exclusions will prevail in all circumstances.

II. TERMS: The following terms are understood and agreed to:

- A. **PAYMENT IN FULL:** All premiums are due and payable on the inception date of the policies referenced. Premiums will be considered past due and policies subject to cancellation 30 days after inception.
- B. **FINANCE/INSTALLMENT OPTION:** Premium financing/installments are generally available upon request. Deposit premiums are due and payable on the inception date of the policies. Policy cancellation provisions apply to finance/installment options as referenced above.
- C. **AUDITS:** Various elements of the proposed insurance program are subject to annual audit. Resulting "additional premium" charges are due and payable upon receipt of invoices. "Return premiums" will be applied to outstanding balances. If there are no outstanding items, a refund check will be issued.

Insured's Signature_____
Printed Name & Title_____
DateNamed Insured: **METROPOLITAN TRANSIT SYSTEM**

CLIENT ACCEPTANCE ESTIMATED PREMIUM, TAXES AND FEES SUMMARY

Policy Term: March 1, 2010 to March 1, 2011

Coverage	Insurer	AM Best Rating	Estimated Premium	Insurer or Intermediary Fee	Estimated Taxes	Broker Fee	Total
Excess Workers Comp	ACE American Ins Co.	A+ XV	\$ 246,330.00				\$ 246,330.00
1 st Layer Excess	Everest National Ins Co.	A+ XV	\$ 798,055.00				\$ 798,055.00
2 nd Layer Excess	Endurance American Specialty Steadfast Ins Co.	A XV	\$ 350,000.00		\$ 11,375.00		\$ 361,375.00
3 rd Layer Excess	AXIS Surplus Ins Co	A XV	\$ 249,975.00				\$ 249,975.00
4 th Layer Excess			\$ 124,000.00		\$ 4,030.00		\$ 128,030.00

Estimated Total \$1,783,565.00

This is a convenient premium exhibit, not a legal contract. This is provided to facilitate your understanding of the insurance program requested.
Note, the estimated premiums may be subject to audit based on actual exposures to loss.

ACCEPTED BY: _____

_____ Date

NAME OF INSURED: METROPOLITAN TRANSIT SYSTEM

Premium Payment Terms:

Minimum and/or Fully Earned Premium and Fees May Apply:
(Refer to individual coverage page(s) for details)

Binding Conditions:
(Refer to individual coverage page(s) for details)

Subjectivities:
(Refer to individual coverage page(s) for details)

III

PROPOSED INSURERS/PLACEMENT AUTHORIZATION

<u>Policy Type</u>	<u>Insurance Company</u>	<u>A.M. Best Rating</u>	<u>Admitted</u>
1 ST Layer Excess	Everest National Ins Co	A+ XV	Yes
2 nd Layer Excess	Endurance American Spec. Ins Co	A XV	No
3 rd Layer Excess	Steadfast Ins Co	A XV	No
4 th Layer Excess	AXIS Surplus Insurance Company	A XV	No
Excess Work Comp	ACE American Ins Co	A+ XV	Yes

A.M. BEST'S RATINGS

Assigned to Insurers which meet Best's standards for the quantitative and qualitative analysis of the company's financial condition and operating performance. For further information, see the Best's Guide to Ratings.

Secure Ratings

A++, A+ Superior
A, A- Excellent
B++, B+ Very Good
B, B- Fair

Vulnerable Ratings

C++, C+ Marginal
C, C- Weak
D Poor
E Regulatory
F In Liquidation
S Rating Suspended

Rating Modifiers

g Group
p Pooled
r Reinsured
u Under Review

Guide to Best's Financial Size Categories (in \$Millions of Reported Policyholders' Surplus & Conditional Reserve Funds)

FSC I Up to 1	FSC VI 25 to 50	FSC XI 750 to 1,000
FSC II 1 to 2	FSC VII 50 to 100	FSC XII 1,000 to 1,250
FSC III 2 to 5	FSC VIII 100 to 250	FSC XIII 1,250 to 1,500
FSC IV 5 to 10	FSC IX 250 to 500	FSC XIV 1,500 to 2,000
FSC V 10 to 25	FSC X 500 to 750	FSC XV 2,000 or greater

Not Rated Categories (NR) (Companies not assigned a Best's Rating or FPR are assigned to one of the five NRT categories which identifies the primary reason a rating opinion was not assigned to the company.)

NR-1 Insufficient Data
NR-2 Insufficient Size and/or Operation Experience
NR-3 Rating Procedure Inapplicable

NR-4 Company Request
NR-5 Not Formally Followed

NON-ADMITTED CARRIERS

Insurance policies issued by insurers that are not licensed by the State of California are called "Non-Admitted" or "Surplus Lines" insurers. These insurers are not subject to the financial solvency regulation and enforcement which applies to California licensed insurers. These insurers do not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.

Signature is required when purchasing coverage from either a non-admitted insurer, non-rated insurer or an insurer rated less than A- by the A.M. Best Company.

I understand the explanations above and approve the use of the above insurers and hereby authorize and their representatives to complete the placement of my insurance with this company.

Signed By: _____

Title: _____ Date: _____

Name of Company: METROPOLITAN TRANSIT SYSTEM

ADDITIONAL BB&T INSURANCE SERVICES PRODUCTS

- Life Insurance-** Our life insurance professionals can provide any and all product solutions for your individual needs, ie term, whole, universal, variable, etc., as well as retirement and estate planning expertise. For immediate interest in life insurance please contact our Life Sales Center @ 800-474-1471.
- Employee Benefits-** Our EB Department provides various coverage options to employers with employees from 2-5000+. Benefits may include medical, dental, vision, life, AD&D, flexible spending accounts, section 125 plans, etc. There are many ways to provide benefits to you and your staff and these professionals will assist your planning.
- Long Term Care-** Nursing home expenses can be very costly. This coverage provides funding for that possibility in the future. This product allows your funding today for future needs.
- Individual Health Insurance-** We can provide various types of individual health/medical insurance coverage through our health insurance sales center @ 800-348-7228.
- Personal Insurance-** Our Personal Lines division can provide coverage for homes, primary and secondary, autos, motorcycles, boats, jet skis, and ATV's. Individual items such as art, jewelry, furs, guns and silver can also be covered. We also offer umbrella liability protection to provide coverage over and above underlying protection from homeowner's, auto and other personal policies. Please let us know if you would like a personal lines representative to contact you.



COMPENSATION DISCLOSURE

BB&T Insurance Services, Inc.

BB&T Insurance Services of California, Inc.

Compensation Statement

Our principal remuneration for the placement and service of your insurance policy(ies) will be by commission (a proportion of the premium paid that is allowed to us by the insurance company(ies)) and/or a mutually agreed fee.

You should be aware that we may receive additional income from the following sources:

- **Interest or Investment Income** earned on insurance premiums,
- **Expense Allowances or Reimbursements** from insurance companies and other vendors for (a) educational and professional development programs; (b) managing and administering certain binding authorities and other similar facilities, including claims which may arise, and (c) attendance at insurance company meetings and events; all of which we believe enable us to provide more efficient service and competitive terms to those clients for whom we consider the use of such facilities appropriate.
- **Contingent Commission** (sometimes referred to as "profit sharing") which can be based on profitability, premium volume and/or growth. If any part of your account is on a fee basis, we will not accept contingent commissions related to your account.

If you have questions or desire additional information about remuneration and other income, please contact your Agent who will put you in touch with our Senior Insurance Compliance Officer for assistance. If any part of your insurance program is placed through any BB&T-owned sister companies (including wholesale insurance broker CRC Insurance Services, Inc.; Florida domiciled insurance company, American Coastal Insurance Company; managing general underwriter AmRisc, LP; insurance premium finance company, Prime Rate Premium Finance Corporation, Inc.; or BB&T Assurance Company, Ltd.) disclosure of that income will also be included.

06/07 ed



PROVIDER SECURITY STANDARDS

BB&T Insurance Services, Inc. Provider Security Standards

The following is a brief summary of the measures that we have taken as your agent/broker to review and report to you objectively on the financial security of your insuring companies. Information is included on A.M. Best Company, our primary security rating source, and the internal policies and standards, which we have established to address this important issue for our customers.

BB&T Insurance Services Market Security Review- BB&T Insurance Services has established and continues to maintain an internal "Market Security Review Committee" composed of senior management representatives from the Finance, Marketing, Branch, Wholesale and Administrative Divisions of the company. This committee's purpose is to develop and implement a policy, procedure, and standard for the financial security of all insurers, intermediaries, and associations used by BB&T Insurance Services.

This committee meets periodically to review the current listing of all companies, intermediaries and associations, which are actively used by BB&T Insurance Services. It will also act on any pending requests received from throughout the agency to have new providers activated, and to inactivate any providers that do not meet current BB&T Insurance Services standards.

BB&T Insurance Services, Inc. Provider Classifications:

"Approved Provider" – Any provider whose Best's rating is "A- V" or higher. The Best's rating of an "approved" provider will be included on all BB&T Insurance binders and proposals delivered to clients or prospects.

"Acceptable Provider" - Any provider whose Best's rating is "B V" or higher, but below "A-V." The Best's rating of an "acceptable" provider will be included on all BB&T Insurance binders and proposals delivered to clients or prospects.

In addition, these providers which have been reviewed by the BB&T Insurance Services Market Security Review Committee and the applicable client, may be considered acceptable security based on other factors. The client may be required to sign a form of disclaimer or acknowledgement of receipt of this information.



PROVIDER SECURITY STANDARDS

"Restricted Provider" – Any domestic insurance provider whose Best's rating is "B+ V" or lower, or which has no Best's rating and has not been given an exception by the BB&T Insurance Services Market Security Review Committee. These providers will be accessible only upon presentation of a hold harmless letter after a request for the provider has been submitted to the committee. The Best's rating of any "restricted" provider (if available) will be included on all BB&T Insurance Services binders and proposals delivered to clients or prospects.

"Prohibited Provider" – All other providers not mentioned in one of the paragraphs above. These providers will not be set up for active use in the BB&T Insurance Services management system at any time, for any reason.

History - A.M. Best Company was incorporated in 1899 as the first rating agency in the world to offer reliable information on the financial condition of U.S. insurance companies. The *Best's Rating Guide* was first published in 1900, and has since become a cornerstone of the security review process by continuously evaluating the financial integrity of over 4,100 insurance companies. In 1984, the first edition of the *Best's International Rating Guide* was published, reporting on the claims-paying ability of over 950 international insurers.

The information used by Best's to rate insurance carriers is provided by the companies themselves as a part of their normal filings with the National Association of Insurance Commissioners, those states in which the company is licensed, the SEC and/or with its shareholders. Rating reviews are performed annually on each insurance company and on an interim basis as conditions dictate.

Best's Rating System – The Best's rating system is designed to evaluate a wide range of objective and subjective factors that affect the overall performance of an insurance company (not applicable to associations or intermediaries). These factors deal with the company's financial strength, its operational performance, and its ability to meet its financial obligations to policyholders, as follows:

- | | |
|--|--|
| *Profitability | *Spread of risk |
| *Quality of reinsurance program | *Leverage/Capitalization |
| *Quality and diversification of assets | *Liquidity |
| *Adequacy of policy loss reserves | *Adequacy of policyholder's surplus |
| *Capital structure | * Management experience and objectives |

PROVIDER SECURITY STANDARDS

Best's Rating Symbols – A typical Best's rating is composed of two parts. The **"Security"** portion provides an alphabetical indication of the quality of the security provided by a company to its policyholders. This rating is further defined in three categories, "Secure", "Vulnerable", or "Not Assigned". The **"Financial Size"** (FSC) portion of the Best's rating uses Roman numerals to rank companies based on the dollar amount of their policyholder's surplus and contingent reserve funds.

While comparative rankings for security or financial size by themselves may not adequately portray the complete financial health of a company, the combination of the two has proven to be reliable in predicting the ability of a company to meet its claims obligations in a timely manner, both now and in the near future. The actual rating symbols used by Best and their meanings are:

"Secure" Ratings	A++ or A+	Superior
	A or A-	Excellent
	B++ or B+	Very Good
"Vulnerable" Ratings	B or B-	Adequate
	C++ or C+	Fair
	C or C-	Marginal
	D	Very Vulnerable
	E	Under Supervision
	F	In Liquidation

"Not Assigned" Ratings - NA-1 through NA-11, indicating conditions such as inadequacy of size (to justify a rating), inapplicable rating procedure, incomplete financial information, significant change in rating, insufficient operating experience, or a suspended rating.

Financial Size Categories

I	Under \$1,000,000	VIII	100,000,000 – 250,000,000
II	1,000,000 - 2,000,000	IX	250,000,000 – 500,000,000
III	2,000,000 - 5,000,000	X	500,000,000 – 750,000,000
IV	5,000,000 - 10,000,000	XI	750,000,000 – 1,000,000,000
V	10,000,000 - 25,000,000	XII	1,000,000,000 - 1,250,000,000
VI	25,000,000 - 50,000,000	XIII	1,250,000,000 – 1,500,000,000
VII	50,000,000 - 100,000,000	XIV	1,500,000,000 – 2,000,000,000
		XV	Over \$2,000,000,000

7-07 Edition

INTRODUCTION TO MYWAVE

MyWave™ Portal

Click+Connect+Communicate

Welcome to a whole new way of working — MyWave is your personalized Web site that allows you to effortlessly click, connect, and communicate with

BB&T - John Burnham Insurance Services.

It's designed to offer you time-saving tools and resources that build convenience into managing your everyday work tasks. Whether you want to collaborate with our agency online, quickly access timely news, information, and resources, or connect with over 100,000 peers in your industry, this is the place to be. It's easily accessible, hardworking, and just one of the many value-added services available to you when you partner with us.



"The Community section allows us to easily find out what other companies are doing in a variety of situations. I can get answers quickly from other colleagues in the industry; the Community has become my personal sounding board."

Trevor, MyWave Portal User, Northeast

Collaboration Center

- Our two-way document posting capabilities allow a seamless exchange of information sharing and collaboration
- Users can download and share documents, make updates, and track a document's history – simplifying updates to reports, worksheets, questionnaires, and policies
- Saves time by allowing you to manage team projects and streamline everyday work tasks

Survey Benchmarking

- Participate in benefit plan and/or P&C program surveys
- Allows you to determine how your plans and programs compare to other employers across the U.S.

Community

- Through MyWave Community, you have access to a vast and knowledgeable network of colleagues from across the country
- Share information and resources via the Community's interactive forum that allows you to post questions to your peers, provide insight into other users' questions, and allows you to track responses based on topics or individual questions
- Community topics include Compensation, Employee Relations, HR Development, HR Management Topics, Recruitment, Risk Management, and Other



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Agenda

Item No. 13

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

February 18, 2010

SUBJECT:

MTS: HUMAN RESOURCES CONSULTING SERVICES – CONTRACT AMENDMENT

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1250.1-09 (in substantially the same form as Attachment A) with Keenan & Associates for human resources consulting services.

Budget Impact

MTS would reduce the amount of the original contract and pay Keenan & Associates \$35,700 for work performed under that agreement. Under the amendment, Keenan & Associates would have the right to collect fees from life insurance companies based on MTS's insurance contracts as they relate to this agreement in an aggregate amount not to exceed \$84,000 for the calendar year 2010.


DISCUSSION:

Background Information

In April of 2009, MTS conducted a best-value procurement to select a consultant to assist Human Resources in evaluating cost-saving options for restructuring the way the agency purchases health care. Keenan and Associates (Keenan) was the successful bidder. Keenan has proficiently performed all of the services within the scope of its initial agreement.

Subsequent to Keenan's initial evaluation, MTS decided to withdraw from the CalPERS health program and implement broad cost-saving measures for calendar/plan year 2010. This allows MTS to reduce premiums and administrative costs. For example, the cost of group life insurance, accidental death and dismemberment, and disability insurance will be reduced by 20% in 2010. Keenan assisted in bidding and implementing these changes, but it was inadvertently done outside of the scope of the original agreement. Based on the implementation time line, it was and is not feasible to competitively bid the extra consulting services that MTS needs to implement the benefits changes and administer the new insurance agreements that started on January 1, 2010. Therefore, staff is requesting a six-month extension of the terms of MTS's agreement with Keenan through December 31, 2010, to coincide with the insurance plan year.

A new contract for these services beginning on January 1, 2011, is currently being prepared for a competitive bid.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Brendan Shannon, 619.557.4569, Brendan.shannon@sdmmts.com

FEB18-10.13.HR CONSULTING SVCS.KEENAN & ASSOC.MLAWRENCE.doc

Attachment: A. Draft MTS Doc. No. G1250.1-09
B. Memo of 12/9/09 Regarding Sole-Source Justification

DRAFT

February 18, 2010

MTS Doc. No. G1250.1-09

Mr. John Scatterday
Senior Vice President
Keenan & Associates
901 Calle Amanecer, #200
San Clemente, CA 92673

Dear Mr. Scatterday:

Subject: AMENDMENT NO. 1 TO MTS DOC. NO. G1250.0-09 - PROCUREMENT OF MEDICAL
INSURANCE REVIEW SERVICES

This amendment shall serve to modify our agreement for the procurement of medical insurance review services from Keenan & Associates, as further described below.

SCOPE OF SERVICES

Add the following services to the existing contract:

1. Contractor shall provide all services outlined in tiers one through three of Contractor's February 20, 2009, proposal including monitoring pricing and benefits for medical and life insurance, accidental death and dismemberment, and voluntary life insurance for the calendar year 2010.
2. Contractor shall bid and oversee the execution of MTS Flex 125 and 132(a) accounts for the calendar year 2010.
3. Contractor shall analyze the existing MTS self-funded plans and provide recommendations for new dental, vision and medical plans for the calendar year 2010.
4. Contractor shall bid out any elements of the MTS self-funded plans, as selected by MTS, for total replacement or network changes for the calendar year 2010.
5. Contractor shall submit documentation demonstrating the total amounts of any commissions, rebates, group discounts, broker fees, or any other form of compensation or consideration (hereinafter "Fee") received from any insurance company no later than January 15, 2011. MTS shall have the right to audit Contractor's books and records to confirm the amount of any Fee received by Contractor.

SCHEDULE

The original contract shall be extended six months until December 31, 2010.

PAYMENT

MTS shall pay Contractor \$35,700 for the work performed under the original contract. Contractor shall have the right to collect Fees based on MTS's insurance contracts as they relate to this agreement in an aggregate amount not to exceed \$84,000 for the calendar year 2010. Any Fee received above and

beyond the \$84,000 shall be refunded to MTS. If the Fee paid to Contractor by the insurance companies is less than \$84,000, MTS shall pay Contractor the delta between the Fee received and the \$84,000; however, any such payment shall not exceed \$30,450. Contractor will provide documentation demonstrating the total amounts of any Fees no later than January 15, 2011, along with either an invoice or payment for the delta between \$84,000 and total Fees received during the term of the contract.

If you agree with the above, please sign below and return the document marked "Original" to the Contracts Specialist at MTS. All other terms and conditions shall remain the same and in effect. The other copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

John Scatterday
Keenan & Associates

FEB18-10.13.AITA.G1250.1-09.KEENAN &
ASSOC HR SVCS.MLAWRENCE.doc


Date: _____

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San Diego, CA 92101-7490
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Memorandum

DATE: December 9, 2009

TO: Procurement File

FROM: Brendan R. Shannon, Manager of Human Resources 

SUBJECT: Sole Source Justification – Keenan and Associates

In April of 2009, MTS conducted a best-value procurement to select a consultant to assist Human Resources in evaluating cost-saving options for restructuring the way the Agency purchases healthcare. Keenan and Associates ("Keenan"), the largest broker/consultant firm serving public entities in the state, was the successful bidder. Keenan proficiently performed all of the services within the scope of their initial agreement.

Subsequent to Keenan's initial evaluation, MTS decided to withdraw from the CalPERS Health program and implement broad cost-saving measures for calendar/plan year 2010. This would allow MTS to reduce premiums and administrative costs. For example, the cost of group life insurance, AD&D and disability insurance will be reduced by 20% in 2010. Keenan's assistance in bidding and implementing these changes was outside the scope of the original agreement.

Based on the fact that services from Keenan did not require payment directly from the Agency (compensation will be paid in the form of commissions), I believed we could authorize the Contractor to assist in implementing the new insurance program without Board approval, especially since it cut cost when compared to current expenditures. I directed the contractor to proceed, however this work was not part of the original scope of the project and exceeds the original contract duration. Subsequent to authorizing continued work I learned that my action did not comply with MTS policy 52, which requires that the purchase of goods and services be competitively bid. We now seek Board approval for this procurement as required by Policy 52.

Based on the current implementation timeline, it is and was infeasible to competitively bid the consulting services MTS will need to implement the benefits changes and administer the new insurance agreements starting on January 1, 2010. Staff is therefore requesting a six month extension of the term of MTS's agreement with Keenan through December 31, 2010, to coincide with our insurance plan year. Generally a competitive RFP of this magnitude takes six months. Additionally, assuming Keenan was not the successful bidder, orienting



another consultant to the structure of the Agency's benefit plans would take several months. Since implementation cannot be delayed even a few weeks, Keenan is the only vendor who can provide this service at this time.

The original competitively-bid agreement for consulting services in 2009 was to be billed hourly with a cap of \$66,000. Keenan has agreed, subject to MTS Board approval, to accept payment in the amount of \$35,700 for work performed under the original scope of the contract. Keenan has agreed to accept up to \$84,000 to provide continuing services throughout 2010. The \$84,000 will be paid through commissions on MTS's healthcare and other insurance contracts by the insurance companies. Any commissions paid over the \$84,000 will be refunded to MTS. If the Contractor does not receive \$84,000 in commissions (a highly unlikely scenario), MTS will pay the difference up to \$30,450. This means there will be no increase in the original contract value.

By way of comparison, Bay Area Rapid Transit (BART) has a similar five-year deal with Keenan not to exceed \$2,000,000 with an estimated expenditure of \$341,888 per year. Because Keenan is not the only contractor that can provide these services, but rather the only contractor that can provide them within the required timeframe, MTS will competitively bid this service during calendar year 2010.



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Agenda

Item No. 14

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

CIP 11289

February 18, 2010

SUBJECT:

MTS: SANDAG BUDGET TRANSFER FOR THE SDTC KMD BUILDING
REHABILITATION PROJECT

RECOMMENDATION:

That the Board of Directors forward a request to the San Diego Association of Governments (SANDAG) Transportation Committee (TC) to transfer \$150,000 from the SANDAG KMD Drop Table Project (CIP 1100200) to the SANDAG SDTC KMD Building Rehabilitation Project (CIP 1128900).

Budget Impact

None.

DISCUSSION:

On the behalf of MTS, SANDAG is planning capital improvements to the Kearny Mesa Division Bus Maintenance Facility (KMD) as part of the SANDAG SDTC KMD Building Rehabilitation Project. Improvements include, but are not limited to, the removal and replacement of failed Portland cement concrete pavement at various locations throughout the facility as well as various facility and equipment improvements.

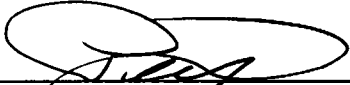
A total of \$450,000 in project costs has been identified to implement the project, and the current project has a \$300,000 budget. An additional \$150,000 is required to fund the project.

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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.

SANDAG policy requires the TC to approve cumulative budget amendments over \$100,000 per fiscal year for transportation items. The TC prefers that the MTS Board of Directors request budget amendments before the TC considers the item for approval.

The financial impact of this fund transfer to the KMD Drop Table Project will be negligible. Work on the project has been completed, and there are surplus funds available in excess of \$150,000.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Frank Toth, 619.238.0100 Ext. 6494, frank.toth@sdmts.com

FEB18-10.14.SANDAG BUDGET TRANSFER
TO SDTC KMD BLDG REHAB.FTOTH.doc

Attachment: A. KMD Building Rehabilitation Budget Transfer Summary

Budget Transfer Summary			
Project (CIP #)	FY 10 Budget	Proposed Budget	Budget Change
SDTC KMD Building Rehabilitation (1128900)	\$300,000	\$450,000	\$150,000
KMD Drop Table (1100200)	\$820,000	\$670,000	(\$150,000)

FEB18-10.14.AIA.BUDGET TRANSFER
SDTC KMD BLDG REHAB.FTOTH.doc



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Agenda

Item No. 25

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

LEG 461

February 18, 2010

SUBJECT:

MTS: PUBLIC HEARING OF NECESSITY TO ADOPT A RESOLUTION OF
NECESSITY FOR FULL ACQUISITION OF ASSESSOR'S PARCEL NO. 623-250-23,
3650 MAIN STREET, CHULA VISTA, CALIFORNIA OWNED BY SAV-ON SYSTEMS,
A CALIFORNIA LIMITED PARTNERSHIP (TIM ALLISON)

RECOMMENDATION:

That the Board of Directors:

1. receive public testimony;
2. adopt Resolution of Necessity No. 10-4 (Attachment A) by a two-thirds vote approving the full acquisition of Assessor's Parcel No. (APN) 623-250-23; and find that:
 - the public interest and necessity require the project;
 - the project is planned or located in a manner that will be the most compatible with the greatest public good and the least private injury;
 - the acquisition of the property is necessary for the project; and
 - an offer of just compensation has been made to the property owner; and
3. authorize staff to proceed with condemnation proceedings to acquire the subject parcel.

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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.

Budget Impact

The cost of purchase would come from the Right-of-Way line item of the South Bay Maintenance Facility (SBMF) Acquisition Project (11272-0900), which has an available balance of \$8,334,365.

DISCUSSION:

MTS has identified the property at 3650 Main Street, Chula Vista, California (Assessor Parcel No. 623-250-23), as required for the expansion of the South Bay Maintenance Facility (Attachment B). The property is owned by Sav-On Systems, a California Limited Partnership (Sav-On). The parcel is adjacent to and immediately behind the existing MTS property currently in operation as a bus maintenance facility. The parcel is 2.83 acres and houses a self-storage business run by Sav-On. The parcel does not have direct frontage onto Main Street and gets its access to the street by an easement running through the MTS property.

The property is considered to be part of a larger parcel. Sav-On has a long-term, leasehold interest in the adjoining parcel at 3708 - 3712 Main Street, Assessor Parcel No. 623-230-06. This parcel is 4.80 acres and is owned by the L. J. & Eva Crawford Family LLC. Together the parcels total 7.63 acres. Sav-On operates the Sav-On Self-Storage business on both parcels. The larger parcel is a combined 128,508 square feet of rentable space containing up to 1,267 individual storage units of various sizes. Sav-On also operates a vehicle rental and storage business on a portion of the leasehold site.

California eminent domain law provides that a public entity may not commence an eminent domain proceeding until its governing body has adopted a Resolution of Necessity, which resolution may only be adopted after the governing body has given each party with an interest in the affected property, or their representatives, a reasonable opportunity to appear and be heard on the following matters:

1. The public interest and necessity require the project.
2. The project is planned or located in a manner that will be the most compatible with the greatest public good and the least private injury.
3. The interest in the property is necessary for the project.
4. An offer of just compensation has been made to the property owner.

The Public Interest and Necessity Require the Project

The existing MTS bus maintenance and operations facility is on 7.8 acres of land that currently supports 158 buses and more than 50 support vehicles (Attachment C). The facility accommodates bus parking, employee parking, bus maintenance facilities, compressed natural gas (CNG) fueling, management offices, driver facilities, and training facilities. The site is strategically located and was found to be advantageous to reduce unnecessary out-of-direction travel that wastes fuel and increases vehicle

mileage. MTS operates this facility with buses dispatched throughout the South Bay and central San Diego region. The location of this facility has been crucial to the operation of transit in the San Diego region since its inception in 1992.

Future service expansion, including the South Bay Bus Rapid Transit Project, requires additional space. MTS completed a Master Plan Study of the area in 2005 that identified a total of 10.6 acres to complete the ultimate build out of the facility (Attachment D). The master plan proposes improvements to the site to accommodate increased bus parking, support vehicle and employee vehicle parking, and improve vehicle maneuvering for safety. Additional maintenance facilities, fueling facilities, operational and management spaces, and site improvements are also proposed.

The Project is Planned or Located in a Manner that will be the Most Compatible with the Greatest Public Good and the Least Private Injury

The initial environmental work for this site began in 2003, and all required environmental analysis was completed and adopted by the Board as well as federal and state agencies in 2008. The proposed project was chosen as the best alternative because of proximity to the existing MTS property that would provide the most security, safety, and space efficiency. The property to the west was not preferred because it is a City of Chula Vista recreation center, a park, and an elementary school. Acquiring these types of properties is problematic. The final site, approved in the environmental process, consists of 10.6 acres, including the Sav-On parcel. Furthermore, the site has very little environmental or community impacts. The environmental studies approved by both federal and state authorities resulted in a National Environmental Policy Agency (NEPA) categorical exemption for the federal level and a CEQA mitigated negative declaration for the state level. The impacts for the California Environmental Quality Act (CEQA) mitigated negative declaration were insignificant and either have been or will be mitigated.

The Interest in the Property is Necessary for the Project

This Sav-On parcel is the final 2.8 acres of a 10.6-acre master plan site. Any further acquisition south, east, or west would have much greater environmental impacts and operational negatives. MTS has studied numerous properties and options over the past decade and found that this parcel is vital and necessary for the South Bay Maintenance Facility greater project.

The current access to the Sav-On parcel is through the MTS facility. Private vehicles and pedestrians accessing the Sav-On site must interact with MTS buses and support vehicles on a daily basis. MTS security officials have expressed concerns that the MTS site is not secure from possible safety, vandalism, or other more significant terrorist threats due to the public access through the MTS site.

Construction is planned to begin in early summer 2010, including demolition of outdated buildings at the MTS site, re-grading the site for new parking areas, and site preparation for a new maintenance facility, which includes demolition of all of the buildings on the Sav-On parcel. A new maintenance facility is planned for to be located on the Sav-On parcel north of the existing maintenance and support facilities. This will improve maintenance capability and allow for future expansion. It is planned that the parcel will be occupied by late summer or early fall 2010 to start construction, including relocation

activities. Funds exist for the construction project. The parking areas and additional capabilities of the site will be realized if this parcel can be occupied and construction completed in a timely manner.

An Offer of Just Compensation Has Been Made to the Property Owner

MTS Policy No. 8, Acquisition of Real Property Interests, outlines the requirements for establishing fair market value for a property being considered for acquisition. It also outlines the process for acquisition considering current state and federal law. MTS is obligated to offer as just compensation at least fair market value and compensate the owner for other expenses, such as title and escrow fees.

An appraisal was prepared by Lipman, Stevens, and Carpenter, Inc. for APN 623-250-23, establishing the fair market value of the real property sought to be acquired. On July 23, 2009, MTS made an offer of just compensation to the property owner to purchase the fee title to the property based on the appraisal. Although a negotiated settlement may still be possible for the property cited above, it would be appropriate to commence the procedures to acquire the real property through eminent domain to ensure that access and the necessary property will be available to meet the critical time frames associated with the development of the project.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Elliot Hurwitz, 619.595.7031, elliott.hurwitz@sdmts.com
Tim Allison, 619-595-4903, tim.allison@sdmts.com

FEB18-10.25.ACQ NECESSITY SAV-ON SYSTEMS.TALLIS.doc

Attachments: A. Resolution of Necessity No. 10-4
B. Sav-On Property Exhibit
C. SBMF Site Exhibit
D. Master Plan Exhibit

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION OF NECESSITY NO. 10-4

APN 623-250-23

A Resolution Declaring that the Acquisition of Certain Real Property by Eminent Domain
is Necessary for the South Bay Bus Maintenance Facility Expansion Project

WHEREAS, the San Diego Metropolitan Transit System ("MTS") proposes to acquire a 2.83-acre property located at 3650 Main Street, Chula Vista, California, APN 623-250-23 ("Property"), for the purpose of expanding its bus maintenance facility as part of the South Bay Bus Maintenance Facility Expansion Project ("Project"); and

WHEREAS, MTS is empowered to acquire real and personal property of every kind necessary by eminent domain pursuant to Code of Civil Procedure sections 1240.110 and 1240.120 and Public Utilities Code section 120240-120244; and

WHEREAS, pursuant to Code of Civil Procedure section 1245.235, MTS scheduled a public hearing for February 18, 2010, at 9:00 a.m., in the Board Meeting Room on the 10th Floor of the James R. Mills Building of the Metropolitan Transit System, located at 1255 Imperial Avenue, San Diego, California 92101, and gave to each person whose property is to be acquired and whose name and address appears on the last equalized county assessment roll, notice and a reasonable opportunity to appear at the public hearing and be heard on the matters referred to in Code of Civil Procedure section 1240.030; and

WHEREAS, the public hearing has been held by MTS, and each person whose property is to be acquired by eminent domain was afforded the opportunity to be heard regarding the subject matter of this resolution; and

WHEREAS, MTS may now adopt a Resolution of Necessity pursuant to Code of Civil Procedure section 1240.040;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by a vote of two-thirds or more of the Board of Directors of the San Diego Metropolitan Transit System as follows:

Section 1. Notice and Hearing Compliance

MTS has provided notice of this hearing as required by Code of Civil Procedure section 1245.235.

Section 2. Public Use

The public use for which the real property is to be acquired is to construct the Project, which will expand the South Bay Bus Maintenance Facility. MTS is authorized to acquire, by eminent domain, property necessary for such a purpose pursuant to Code of Civil Procedure sections 1240.110 and 1240.120.

Section 3. Description of Property

Attached and incorporated herein as Exhibit "A" is the legal description of the real property to be acquired in fee by MTS describing the general location of the property to be acquired with sufficient detail for reasonable identification.

Section 4. Findings.

Based upon the evidence presented at the public hearing, MTS hereby finds and determines the following:

- a. The public interest and necessity require the proposed Project; and
- b. The proposed Project is planned or located in the manner that will be the most compatible with the greatest public good and with the least private injury; and
- c. The property is necessary for the proposed Project; and
- d. The offer required by Government Code section 7267.2 was sent to the record owner of the property described herein at the address as it appears in the records of the San Diego County Assessor's Office.

Section 5. Further Activities.

All appropriate officers, representatives, and attorneys for MTS are hereby authorized to acquire the described real property in the name of and on behalf of MTS by eminent domain and are further authorized to institute and prosecute such legal proceedings as may be required. All appropriate officers, representatives, and attorneys for MTS may take such steps as may be required by law and make such deposits as authorized by law to permit MTS to take possession of and use the real property at the earliest possible time. All appropriate officers, representatives, and attorneys for MTS are further authorized to correct any errors or to make or agree to nonmaterial changes in the legal description of the real property that is deemed necessary for the conduct of the condemnation action or any other proceedings or transactions required to acquire the subject real property.

PASSED AND ADOPTED, DETERMINED, AND ORDERED this ____ day of February 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

EXHIBIT A

LEGAL DESCRIPTION

PARCEL A: APN 623-250-23

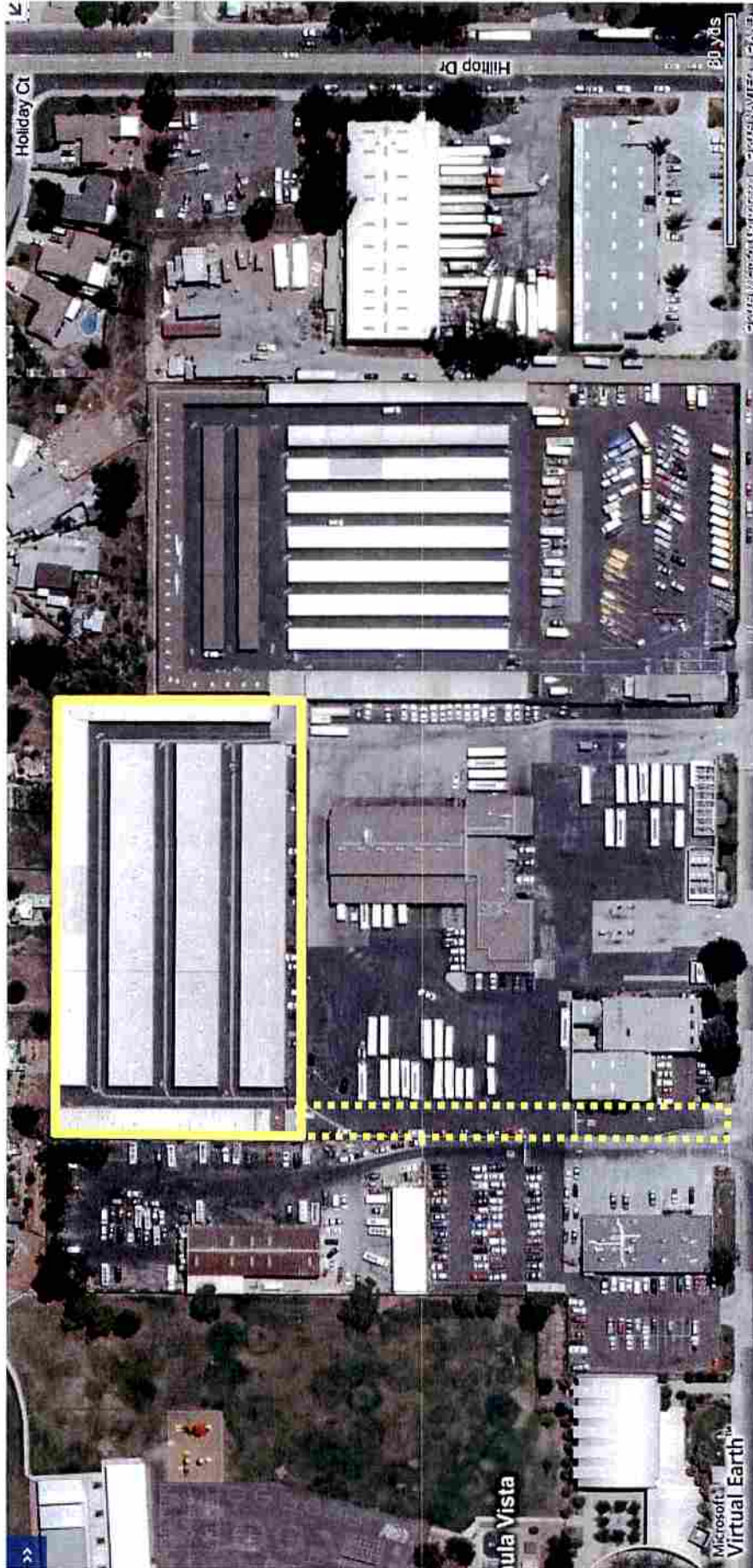
PARCEL 3 OF PARCEL MAP NO. 8092, IN THE CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, ON NOVEMBER 22, 1978.

PARCEL B:

AN EASEMENT FOR INGRESS, EGRESS AND DRAINAGE STRUCTURES AND PUBLIC UTILITIES OVER, UNDER, ALONG AND ACROSS THAT PORTION OF PARCELS 2 AND 4 OF PARCEL MAP NO. 8092, IN THE CITY OF CHULA VITA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, NOVEMBER 22, 1978 DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 4; THENCE NORTH 0°01'51" EAST, 449.06 FEET; THENCE SOUTH 89°39'18" EAST, 56.00 FEET; THENCE SOUTH 0°01'51" WEST, 10.00 FEET TO A POINT IN THE ARC OF A 20.00 FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY, A RADIAL LINE TO SAID CURVE BEARS NORTH 0°01'51" EAST; THENCE WESTERLY AND SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90°00'00" A DISTANCE OF 31.42 FEET; THENCE TANGENT TO SAID CURVE SOUTH 0°01'51" WEST, 378.97 FEET; THENCE SOUTH 89°58'09" EAST 4.50 FEET; THENCE SOUTH 0°01'51" WEST, 40.00 FEET; THENCE NORTH 89°39'00" WEST, 40.00 FEET TO THE POINT OF BEGINNING.

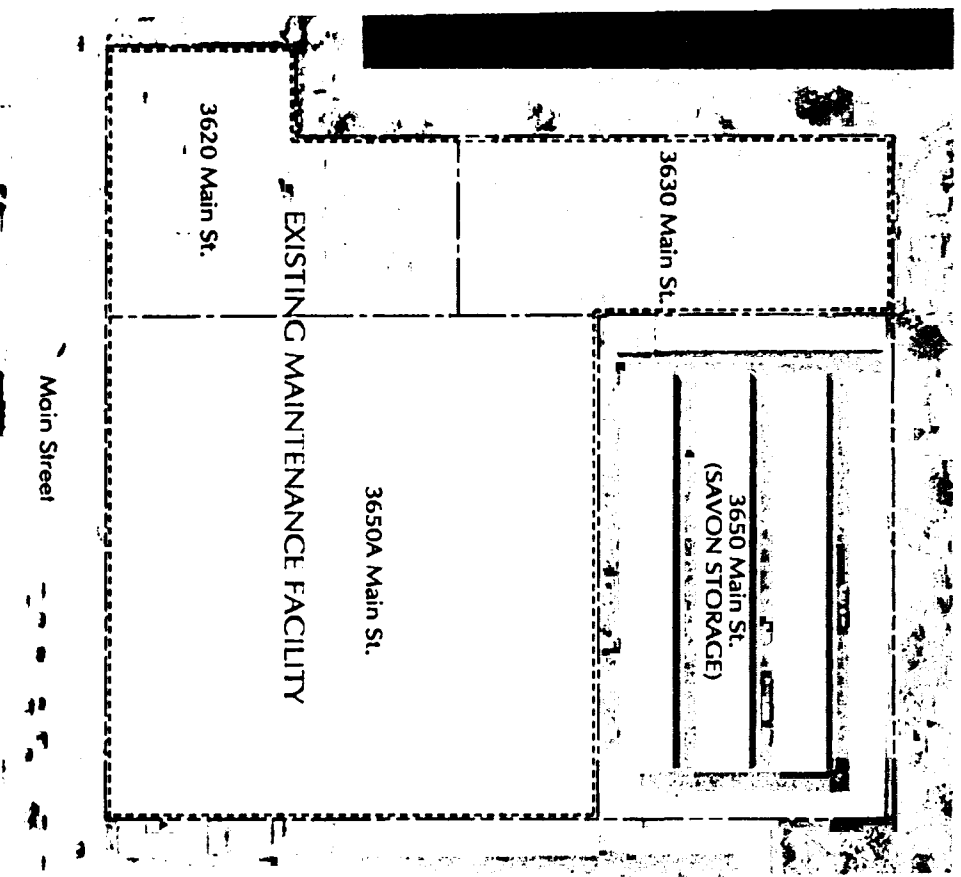
3650 Main Street, Chula Vista



Assessor's Parcel No. 623-250-23

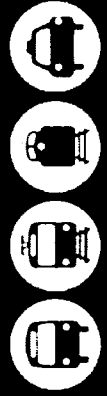
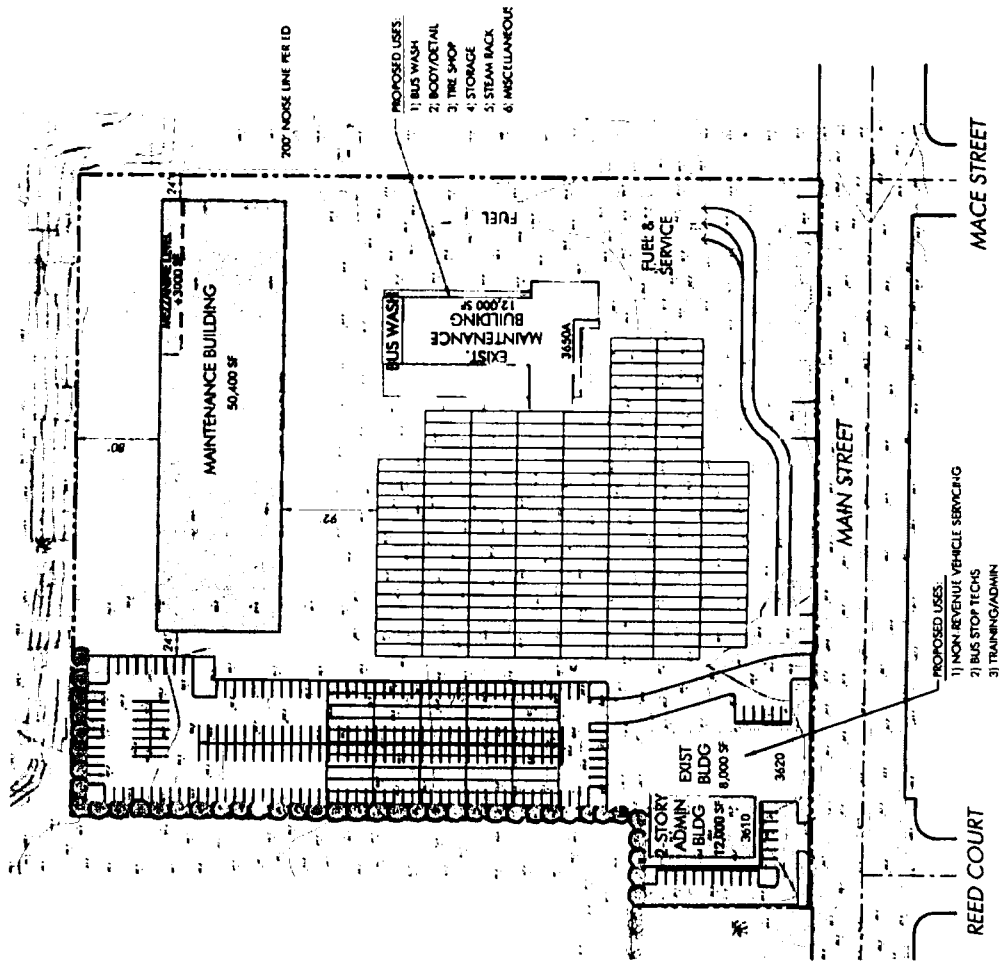
Owner: San-On Systems, a California limited partnership

SOUTH BAY BUS MAINTENANCE FACILITY EXISTING SITE



SOUTH BAY BUS MAINTENANCE FACILITY

MASTER PLAN SITE LAYOUT



Hearing of Necessity

3650 Main Street, Chula Vista Sav-On Systems

February 18, 2010

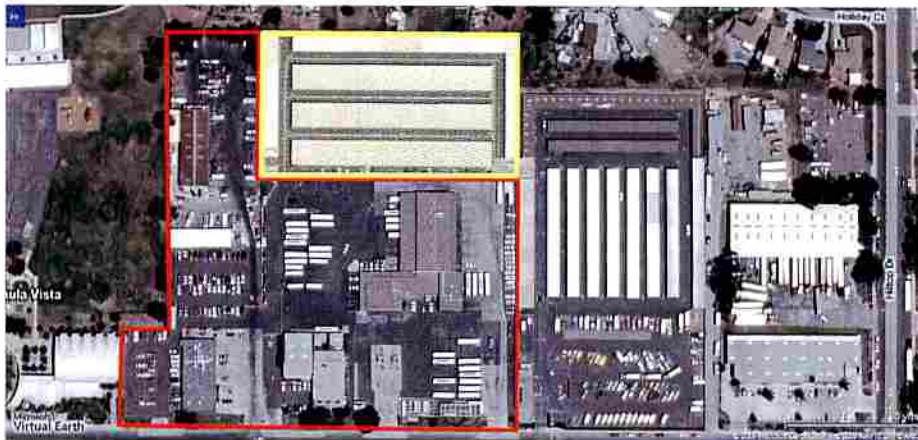


1



1

South Bay Maintenance Facility

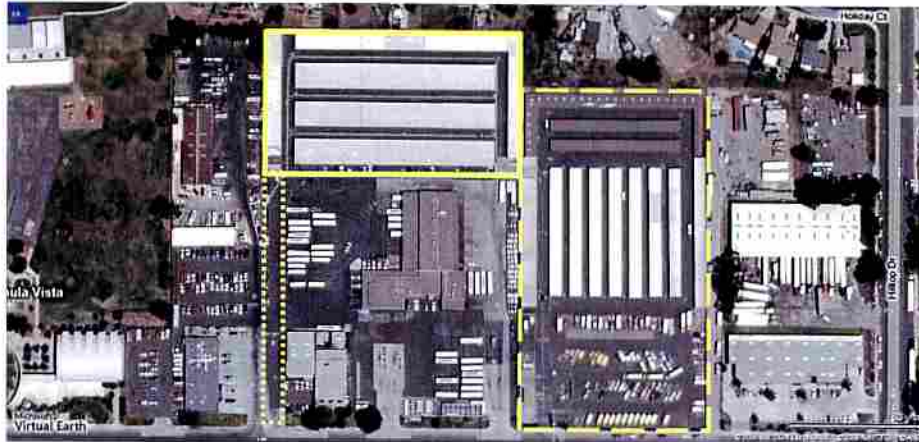


2



2

Sav-On Systems Parcel



3



3

Sav-On Parcel – Looking North



4



4

Adoption of a Resolution of Necessity

- The public interest and necessity require the project.
- The project is planned and located in a manner compatible with the greatest public good and the least private injury.
- The property is needed for the project.
- An offer of just compensation has been made to the owner of the property.



5



5

***“The public interest
and necessity
require the project.”***

Project:

South Bay Maintenance Facility
Expansion



6



6

South Bay Maintenance Facility

- Existing Acreage – 7.8 acres
- Bus maintenance, CNG fueling, management offices, driver and training facilities
- Bus parking
- Employee parking

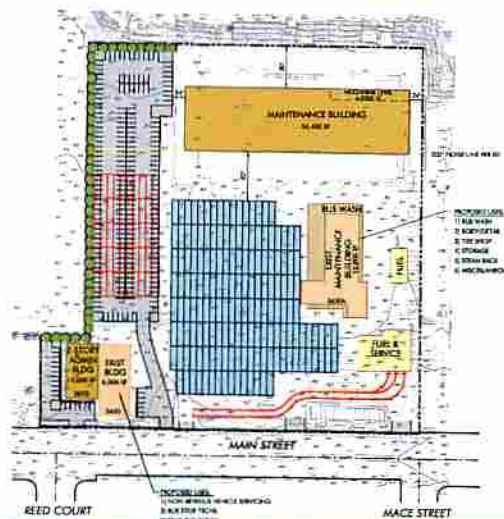


7



7

SOUTH BAY BUS MAINTENANCE FACILITY MASTER PLAN SITE LAYOUT



8



8

“The project is planned or located in a manner that will be the most compatible with the greatest public good and the least private injury.”



9



9

South Bay Maintenance Facility



RELIX

Proposed Expansion Area
SOUTHBAY MAINTENANCE FACILITY EXPANSION PROJECT
Figure 3

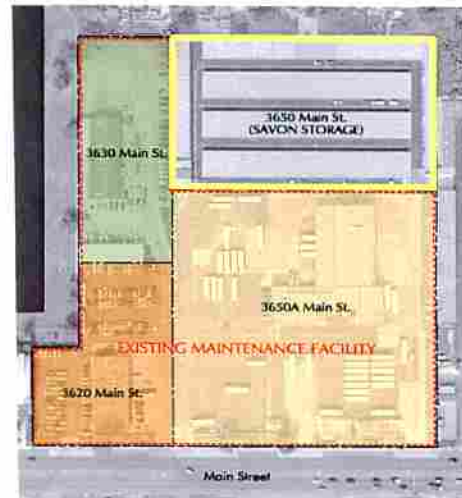


10



10

“Interest in the property is necessary for the project.”



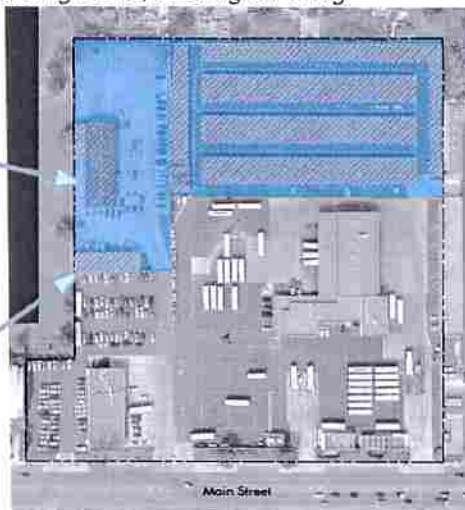
11



11

South Bay Bus Maintenance Facility

Current Project: Building Demo, Grading & Paving



12



12

“An offer of just compensation has been made to the property owner.”

- MTS Policy 8, Acquisition of Real Property Interests
 - ❖ obligated by state and federal law to offer just compensation of at least fair market value plus expenses.
- Appraisal was prepared by Lipman Stevens & Carpenter, Inc. (licensed and MAI certified).
- July 23, 2009 – offer of just compensation to the property owner.
- A negotiated settlement has not been reached.



13



13

Recommendation

- Open the public hearing, receive testimony, and close the hearing
- Approve a Resolution of Necessity No. 10-4, by a two-thirds vote, pertaining to the acquisition of Assessor Parcel No. 623-250-23
- Authorize staff to proceed with the condemnation



14



14



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

Agenda

Item No. 30

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

AG 220

February 18, 2010

SUBJECT:

MTS: STATE BUDGET UPDATE AND SUPPORT FOR TRANSPORTATION BALLOT
INITIATIVE (SHARON COONEY AND MARK WATTS OF SMITH WATTS, LLC)

RECOMMENDATION:

That the Board of Directors:

1. receive a report on state budget discussions from MTS's Sacramento representative; and
2. approve Resolution No. 10-3 (Attachment C), Resolution in Support of the Local Taxpayer, Public Safety and Transportation Protection Act of 2010.

Budget Impact

None.

DISCUSSION:

On January 8, 2010, the Administration released its draft proposal for a California State 2010-2011 budget intended to bridge a projected \$19 billion shortfall. As part of this proposal, the Governor proposes to eradicate the Public Transportation Account and to reform transportation funding through a tax swap. The California State Legislature is currently discussing this proposal and others, and MTS's Sacramento representative will provide the Board with an update on these discussions.

Prior to release of the current budget proposal, a coalition of local government, transportation and transit advocates filed a constitutional amendment with the California Attorney General, called the Local Taxpayer, Public Safety, and Transportation Protection Act of 2010, for potential placement on California's November 2010 statewide ballot (Attachment A). This measure is intended to prohibit the state from taking, borrowing or redirecting local tax funds currently dedicated to cities, counties, special districts, redevelopment agencies, and sales tax funds dedicated to transportation. If this measure succeeds, proponents contend that the state will no longer be able to redirect or eliminate public transit funding currently provided as part of the State Transit Assistance Program and the Public Transportation Account. A fact sheet published by the coalition in support of the initiative is included as Attachment B.



Paul C. Jablonski
Chief Executive Officer

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

FEB18-10.30.STATE.COONEY.doc

Attachments: A. Ballot Measure Text
B. Ballot Measure Fact Sheet
C. Resolution No. 10-03

October 26, 2009

09 - 0063

Amdt. #1NS

VIA PERSONAL DELIVERY

The Honorable Edmund G. Brown, Jr.
Attorney General
1300 I Street
Sacramento, CA 95814

RECEIVED

OCT 26 2009

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Attention: Krystal Paris, Initiative Coordinator

Re: Request to Make Non-Substantive Amendments to Initiative No. 09-0063

Dear Mr. Brown:

Attached are two Amendments to Initiative No. 09-0063, filed October 20, 2009. First, the Initiative designates two sections, the Findings and Declarations and Statement of Purpose, as "Section Two." The first amendment renumbers the Statement of Purpose as "Section Two and One-Half." Second, in Section 7 of the Initiative, the numbering of the subdivisions in Cal. Const. Art. XIX B, section 2 jumps from "(d)" to "(f)" without including a subdivision "(e)." The second amendment renumbers subdivisions (f) through (i) of section 2 of Article XIX B as subdivisions (e) through (h) so that a subdivision (e) is included between subdivisions (d) and (f). The proponents believe these changes are non-substantive.

Thank you for your assistance.

Sincerely,

Enclosure: Proposed Initiative

PROPONENTS:

Joshua Shaw

Christopher K. McKenzie

James N. Earp

Amdt. #1NS

Section One. Title.

This act shall be known and may be cited as the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010."

Section Two. Findings and Declarations.

The people of the State of California find and declare that:

(a) In order to maintain local control over local taxpayer funds and protect vital services like local fire protection and 9-1-1 emergency response, law enforcement, emergency room care, public transit, and transportation improvements, California voters have repeatedly and overwhelmingly voted to restrict state politicians in Sacramento from taking revenues dedicated to funding local government services and dedicated to funding transportation improvement projects and services.

(b) By taking these actions, voters have acknowledged the critical importance of preventing State raids of revenues dedicated to funding vital local government services and transportation improvement projects and services.

(c) Despite the fact that voters have repeatedly passed measures to prevent the State from taking these revenues dedicated to funding local government services and transportation improvement projects and services, state politicians in Sacramento have seized and borrowed billions of dollars in local government and transportation funds.

(d) In recent years, state politicians in Sacramento have specifically:

(1) Borrowed billions of dollars in local property tax revenues that would otherwise be used to fund local police, fire and paramedic response and other vital local services;

(2) Sought to take and borrow billions of dollars in gas tax revenues that voters have dedicated to on-going transportation projects and tried to use them for non-transportation purposes;

(3) Taken local community redevelopment funds on numerous occasions and used them for unrelated purposes;

(4) Taken billions of dollars from local public transit like bus, shuttle, light-rail and regional commuter rail, and used these funds for unrelated state purposes.

(e) The continued raiding and borrowing of revenues dedicated to funding local government services and dedicated to funding transportation improvement projects can cause

severe consequences, such as layoffs of police, fire and paramedic first responders, fire station closures, healthcare cutbacks, delays in road safety improvements, public transit fare increases and cutbacks in public transit services.

(f) State politicians in Sacramento have continued to ignore the will of the voters, and current law provides no penalties when state politicians take or borrow these dedicated funds.

(g) It is hereby resolved, that with approval of this ballot initiative, state politicians in Sacramento shall be prohibited from seizing, diverting, shifting, borrowing, transferring, suspending or otherwise taking or interfering with tax revenues dedicated to funding local government services or dedicated to transportation improvement projects and services.

Section Two and One-Half. Statement of Purpose.

The purpose of this measure is to conclusively and completely prohibit state politicians in Sacramento from seizing, diverting, shifting, borrowing, transferring, suspending or otherwise taking or interfering with revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services.

Section Three. Section 24 of Article XIII of the California Constitution is hereby amended to read as follows:

(a) The Legislature may not impose taxes for local purposes but may authorize local governments to impose them.

(b) The Legislature may not reallocate, transfer, borrow, appropriate, restrict the use of, or otherwise use the proceeds of any tax imposed or levied by a local government solely for the local government's purposes.

(c) Money appropriated from state funds to a local government for its local purposes may be used as provided by law.

(d) Money subvented to a local government under Section 25 may be used for state or local purposes.

Section Four. Section 25.5 of Article XIII of the California Constitution is hereby amended to read as follows:

SEC. 25.5. (a) On or after November 3, 2004, the Legislature shall not enact a statute to do any of the following:

(1) (A) Except as otherwise provided in subparagraph (B), modify the manner in which ad valorem property tax revenues are allocated in accordance with subdivision (a) of Section 1 of Article XIII A so as to reduce for any fiscal year the percentage of the total amount of ad valorem property tax revenues in a county that is allocated among all of the local agencies in that county below the percentage of the total amount of those revenues that would be allocated among those agencies for the same fiscal year under the statutes in effect on November 3, 2004. For purposes of this subparagraph, "percentage" does not include any property tax revenues referenced in paragraph (2).

(B) ~~Beginning with the 2008-09~~ In the 2009-10 fiscal year only, and except as otherwise provided in subparagraph (C), subparagraph (A) may be suspended for a that fiscal year if all of the following conditions are met:

(i) The Governor issues a proclamation that declares that, due to a severe state fiscal hardship, the suspension of subparagraph (A) is necessary.

(ii) The Legislature enacts an urgency statute, pursuant to a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, that contains a suspension of subparagraph (A) for that fiscal year and does not contain any other provision.

(iii) No later than the effective date of the statute described in clause (ii), a statute is enacted that provides for the full repayment to local agencies of the total amount of revenue losses, including interest as provided by law, resulting from the modification of ad valorem property tax revenue allocations to local agencies. This full repayment shall be made not later than the end of the third fiscal year immediately following the fiscal year to which the modification applies.

~~(C)(i) Subparagraph (A) shall not be suspended for more than two fiscal years during any period of 10 consecutive fiscal years, which period begins with the first fiscal year for which subparagraph (A) is suspended.~~

~~(ii) Subparagraph (A) shall not be suspended during any fiscal year if the full repayment required by a statute enacted in accordance with clause (iii) of subparagraph (B) has not yet been completed.~~

~~(iii) Subparagraph (A) shall not be suspended during any fiscal year if the amount that was required to be paid to cities, counties, and cities and counties under Section 10754.11 of the Revenue and Taxation Code, as that section read on November 3, 2004, has not been paid in full prior to the effective date of the statute providing for that suspension as described in clause (ii) of subparagraph (B).~~

~~(iv)~~ (C) A suspension of subparagraph (A) shall not result in a total ad valorem property tax revenue loss to all local agencies within a county that exceeds 8 percent of the total amount of ad valorem property tax revenues that were allocated among all local agencies within that county for the fiscal year immediately preceding the fiscal year for which subparagraph (A) is suspended.

(2)(A) Except as otherwise provided in subparagraphs (B) and (C), restrict the authority of a city, county, or city and county to impose a tax rate under, or change the method of distributing revenues derived under, the Bradley-Burns Uniform Local Sales and Use Tax Law set forth in Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code, as that law read on November 3, 2004. The restriction imposed by this subparagraph also applies to the entitlement of a city, county, or city and county to the change in tax rate resulting from the end of the revenue exchange period, as defined in Section 7203.1 of the Revenue and Taxation Code as that section read on November 3, 2004.

(B) The Legislature may change by statute the method of distributing the revenues derived under a use tax imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law to allow the State to participate in an interstate compact or to comply with federal law.

(C) The Legislature may authorize by statute two or more specifically identified local agencies within a county, with the approval of the governing body of each of those agencies, to enter into a contract to exchange allocations of ad valorem property tax revenues for revenues derived from a tax rate imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law. The exchange under this subparagraph of revenues derived from a tax rate imposed under that law shall not require voter approval for the continued imposition of any portion of an existing tax rate from which those revenues are derived.

(3) Except as otherwise provided in subparagraph (C) of paragraph (2), change for any fiscal year the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county other than pursuant to a bill passed in each house of the Legislature by roll call vote entered in the journal, two-thirds of the membership concurring. The Legislature shall not change the pro rata shares of ad valorem property tax pursuant to this paragraph, nor change the allocation of the revenues described in Section 15 of Article XI, to reimburse a local government when the Legislature or any state agency mandates a new program or higher level of service on that local government.

(4) Extend beyond the revenue exchange period, as defined in Section 7203.1 of the Revenue and Taxation Code as that section read on November 3, 2004, the suspension of the authority, set forth in that section on that date, of a city, county, or city and county to impose a sales and use tax rate under the Bradley-Burns Uniform Local Sales and Use Tax Law.

(5) Reduce, during any period in which the rate authority suspension described in paragraph (4) is operative, the payments to a city, county, or city and county that are required by Section 97.68 of the Revenue and Taxation Code, as that section read on November 3, 2004.

(6) Restrict the authority of a local entity to impose a transactions and use tax rate in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), or change the method for distributing revenues derived under a transaction and use tax rate imposed under that law, as it read on November 3, 2004.

(7) Require a community redevelopment agency (A) to pay, remit, loan or otherwise transfer, directly or indirectly, taxes on ad valorem real property and tangible personal property allocated to the agency pursuant to Section 16 of Article XVI to or for the benefit of the State, any agency of the State, or any jurisdiction; or (B) to use, restrict, or assign a particular purpose for such taxes for the benefit of the State, any agency of the State, or any jurisdiction, other than (i) for making payments to affected taxing agencies pursuant to Sections 33607.5 and 33607.7 of Health and Safety Code or similar statutes requiring such payments, as those statutes read on January 1, 2008; or (ii) for the purpose of increasing, improving, and preserving the supply of low and moderate income housing available at affordable housing cost.

(b) For purposes of this section, the following definitions apply:

(1) "Ad valorem property tax revenues" means all revenues derived from the tax collected by a county under subdivision (a) of Section 1 of Article XIII A, regardless of any of this revenue being otherwise classified by statute.

(2) "Local agency" has the same meaning as specified in Section 95 of the Revenue and Taxation Code as that section read on November 3, 2004.

(3) "Jurisdiction" has the same meaning as specified in Section 95 of the Revenue and Taxation Code as that section read on November 3, 2004.

Section Five. Article XIX of the California Constitution is hereby amended to read as follows:

SECTION 1. The Legislature shall not borrow revenue from the Highway Users Tax Account, or its successor, and shall not use these revenues for purposes, or in ways, other than those specifically permitted by this article.

SEC. 2. Revenues from taxes imposed by the State on motor vehicle fuels for use in motor vehicles upon public streets and highways, over and above the costs of collection and any refunds authorized by law, shall be deposited into the Highway Users Tax Account (Section 2100 of the Streets and Highways Code) or its successor, which is hereby declared to be a trust

fund, and shall be allocated monthly in accordance with Section 4, and shall used solely for the following purposes:

(a) The research, planning, construction, improvement, maintenance, and operation of public streets and highways (and their related public facilities for nonmotorized traffic), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes.

(b) The research, planning, construction, and improvement of exclusive public mass transit guideways (and their related fixed facilities), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, the administrative costs necessarily incurred in the foregoing purposes, and the maintenance of the structures and the immediate right-of-way for the public mass transit guideways, but excluding the maintenance and operating costs for mass transit power systems and mass transit passenger facilities, vehicles, equipment, and services.

~~SEC. 2.~~ SEC. 3. Revenues from fees and taxes imposed by the State upon vehicles or their use or operation, over and above the costs of collection and any refunds authorized by law, shall be used for the following purposes:

(a) The state administration and enforcement of laws regulating the use, operation, or registration of vehicles used upon the public streets and highways of this State, including the enforcement of traffic and vehicle laws by state agencies and the mitigation of the environmental effects of motor vehicle operation due to air and sound emissions.

(b) The purposes specified in Section ~~1~~ 2 of this article.

~~SEC. 3.~~ SEC. 4. (a) Except as provided in subdivision (b), The Legislature shall provide for the allocation of the revenues to be used for the purposes specified in Section 1 of this article in a manner which ensures the continuance of existing statutory allocation formulas in effect on June 30, 2009 which allocate the revenues described in Section 2 to cities, counties, and areas of the State shall remain in effect.

(b) The Legislature shall not modify the statutory allocations in effect on June 30, 2009 unless and until both of the following have occurred:

(1) # The Legislature determines in accordance with this subdivision that another basis for an equitable, geographical, and jurisdictional distribution exists; provided that, until such determination is made, any use of such revenues for purposes specified in subdivision (b) of Section 1 of this article by or in a city, county, or area of the State shall be included within the existing statutory allocations to, or for expenditure in, that city, county, or area. Any future statutory revisions shall (A) provide for the allocation of these revenues, together with other

similar revenues, in a manner which gives equal consideration to the transportation needs of all areas of the State and all segments of the population; and (B) be consistent with the orderly achievement of the adopted local, regional, and statewide goals for ground transportation in local general plans, regional transportation plans, and the California Transportation Plan;

(2) The process described in subdivision (c) has been completed.

(c) The Legislature shall not modify the statutory allocation pursuant to subdivision (b) until all of the following have occurred:

(1) The California Transportation Commission has held no less than four public hearings in different parts of the State to receive public input about the local and regional goals for ground transportation in that part of the State;

(2) The California Transportation Commission has published a report describing the input received at the public hearings and how the modification to the statutory allocation is consistent with the orderly achievement of local, regional, and statewide goals for ground transportation in local general plans, regional transportation plans, and the California Transportation Plan; and

(3) Ninety days have passed since the publication of the report by the California Transportation Commission.

(d) A statute enacted by the Legislature modifying the statutory allocations must be by a bill passed in each house of the Legislature by roll call vote entered in the journal, two-thirds of the membership concurring, provided that the bill does not contain any other unrelated provision.

(e) The revenues allocated by statute to cities, counties, and areas of the State pursuant to this article may be used solely by the entity to which they are allocated, and solely for the purposes described in Sections 2, 5, or 6 of this article.

(f) The Legislature may not take any action which permanently or temporarily does any of the following: (1) changes the status of the Highway Users Tax Account as a trust fund; (2) borrows, diverts, or appropriates these revenues for purposes other than those described in subdivision (e); or (3) delays, defers, suspends, or otherwise interrupts the payment, allocation, distribution, disbursement, or transfer of revenues from taxes described in Section 2 to cities, counties, and areas of the State pursuant to the procedures in effect on June 30, 2009.

~~SEC. 4.~~ SEC. 5. Revenues allocated pursuant to Section ~~3~~ 4 may not be expended for the purposes specified in subdivision (b) of Section ~~1~~ 2, except for research and planning, until such use is approved by a majority of the votes cast on the proposition authorizing such use of

such revenues in an election held throughout the county or counties, or a specified area of a county or counties, within which the revenues are to be expended. The Legislature may authorize the revenues approved for allocation or expenditure under this section to be pledged or used for the payment of principal and interest on voter-approved bonds issued for the purposes specified in subdivision (b) of Section 4 ~~2~~.

~~SEC. 5. SEC. 6. (a) The Legislature may authorize Up to 25 percent of the revenues available for expenditure by any city or county, or by the State, allocated to the State pursuant to Section 4 for the purposes specified in subdivision (a) of Section 2 of this article may be pledged or used by the State, upon approval by the voters and appropriation by the Legislature, for the payment of principal and interest on voter-approved bonds for such purposes issued by the State on and after November 2, 2010 for such purposes.~~

~~(b) Up to 25 percent of the revenues allocated to any city or county pursuant to Section 4 for the purposes specified in subdivision (a) of Section 2 of this article may be pledged or used only by any city or county for the payment of principal and interest on voter-approved bonds issued by that city or county for such purposes.~~

~~SEC. 6. The tax revenues designated under this article may be loaned to the General Fund only if one of the following conditions is imposed:~~

~~(a) That any amount loaned is to be repaid in full to the fund from which it was borrowed during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the budget bill for the subsequent fiscal year.~~

~~(b) That any amount loaned is to be repaid in full to the fund from which it was borrowed within three fiscal years from the date on which the loan was made and one of the following has occurred:~~

~~(1) The Governor has proclaimed a state of emergency and declares that the emergency will result in a significant negative fiscal impact to the General Fund.~~

~~(2) The aggregate amount of General Fund revenues for the current fiscal year, as projected by the Governor in a report to the Legislature in May of the current fiscal year, is less than the aggregate amount of General Fund revenues for the previous fiscal year, adjusted for the change in the cost of living and the change in population, as specified in the budget submitted by the Governor pursuant to Section 12 of Article IV in the current fiscal year.~~

~~(c) Nothing in this section prohibits the Legislature from authorizing, by statute, loans to local transportation agencies, cities, counties, or cities and counties, from funds that are subject to this article, for the purposes authorized under this article. Any loan authorized as~~

~~described by this subdivision shall be repaid, with interest at the rate paid on money in the Pooled Money Investment Account, or any successor to that account, during the period of time that the money is loaned, to the fund from which it was borrowed, not later than four years after the date on which the loan was made.~~

SEC. 7. If the Legislature reduces or repeals the taxes described in Section 2 and adopts an alternative source of revenue to replace the moneys derived from those taxes, the replacement revenue shall be deposited into the Highway Users Tax Account, dedicated to the purposes listed in Section 2, and allocated to cities, counties, and areas of the State pursuant to Section 4. All other provisions of this article shall apply to any revenues adopted by the Legislature to replace the moneys derived from the taxes described in Section 2.

~~SEC. 7.~~ SEC. 8. This article shall not affect or apply to fees or taxes imposed pursuant to the Sales and Use Tax Law or the Vehicle License Fee Law, and all amendments and additions now or hereafter made to such statutes.

~~SEC. 8.~~ SEC. 9. Notwithstanding Sections ~~1 and 2 and 3~~ of this article, any real property acquired by the expenditure of the designated tax revenues by an entity other than the State for the purposes authorized in those sections, but no longer required for such purposes, may be used for local public park and recreational purposes.

~~SEC. 9.~~ SEC. 10. Notwithstanding any other provision of this Constitution, the Legislature, by statute, with respect to surplus state property acquired by the expenditure of tax revenues designated in Sections ~~1 and 2 and 3~~ and located in the coastal zone, may authorize the transfer of such property, for a consideration at least equal to the acquisition cost paid by the ~~s~~State to acquire the property, to the Department of Parks and Recreation for state park purposes, or to the Department of Fish and Game for the protection and preservation of fish and wildlife habitat, or to the Wildlife Conservation Board for purposes of the Wildlife Conservation Law of 1947, or to the State Coastal Conservancy for the preservation of agricultural lands.

As used in this section, "coastal zone" means "coastal zone" as defined by Section 30103 of the Public Resources Code as such zone is described on January 1, 1977.

Section Six. Article XIX A of the California Constitution is hereby amended to read as follows:

SECTION 1. (a) The Legislature shall not borrow revenues from the Public Transportation Account, or any successor account, and shall not use these revenues for purposes, or in ways, other than those specifically permitted by this article.

(b) The funds in the Public Transportation Account in the State Transportation Fund, or any successor account, is a trust fund. The Legislature may not change the status of the Public Transportation Account as a trust fund. Funds in the Public Transportation Account may

not be loaned or otherwise transferred to the General Fund or any other fund or account in the State Treasury. ~~may be loaned to the General Fund only if one of the following conditions is imposed:~~

(c) All revenues specified in paragraphs (1) through (3), inclusive, of subdivision (a) of Section 7102 of the Revenue and Taxation Code, as that section read on June 1, 2001, shall be deposited no less than quarterly into the Public Transportation Account (Section 99310 of the Public Utilities Code), or its successor. The Legislature may not take any action which temporarily or permanently diverts or appropriates these revenues for purposes other than those described in subdivision (d), or delays, defers, suspends, or otherwise interrupts the quarterly deposit of these funds into the Public Transportation Account.

(d) Funds in the Public Transportation Account may only be used for transportation planning and mass transportation purposes. The revenues described in subdivision (c) are hereby continuously appropriated to the Controller without regard to fiscal years for allocation as follows:

(1) Fifty percent pursuant to subdivisions (a) through (f), inclusive, of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(2) Twenty-five percent pursuant to subdivision (b) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Twenty-five percent pursuant to subdivision (c) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009.

~~(a) That any amount loaned is to be repaid in full to the account during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the budget bill for the subsequent fiscal year.~~

~~(b) That any amount loaned is to be repaid in full to the account within three fiscal years from the date on which the loan was made and one of the following has occurred:~~

~~(1) The Governor has proclaimed a state of emergency and declares that the emergency will result in a significant negative fiscal impact to the General Fund.~~

~~(2) The aggregate amount of General Fund revenues for the current fiscal year, as projected by the Governor in a report to the Legislature in May of the current fiscal year, is less than the aggregate amount of General Fund revenues for the previous fiscal year, as specified in the budget submitted by the Governor pursuant to Section 12 of Article IV in the current fiscal year.~~

(e) For purposes of paragraph (1) of subdivision (d), "transportation planning" means only the purposes described in subdivisions (c) through (f), inclusive, of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(f) For purposes of this article, "mass transportation," "public transit," and "mass transit" have the same meaning as "public transportation." "Public transportation" means:

(1)(A) Surface transportation service provided to the general public, complementary paratransit service provided to persons with disabilities as required by 42 U.S.C. 12143, or similar transportation provided to people with disabilities or the elderly; (B) operated by bus, rail, ferry, or other conveyance on a fixed route, demand response, or otherwise regularly available basis; (C) generally for which a fare is charged; and (D) provided by any transit district, included transit district, municipal operator, included municipal operator, eligible municipal operator, or transit development board, as those terms were defined in Article 1 of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code on January 1, 2009, a joint powers authority formed to provide mass transportation services, an agency described in subdivision (f) of Section 15975 of the Government Code, as that section read on January 1, 2009, any recipient of funds under Sections 99260, 99260.7, 99275, or subdivision (c) of Section 99400 of the Public Utilities Code, as those sections read on January 1, 2009, or a consolidated agency as defined in Section 132353.1 of the Public Utilities Code, as that section read on January 1, 2009.

(2) Surface transportation service provided by the Department of Transportation pursuant to subdivision (a) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Public transit capital improvement projects, including those identified in subdivision (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

SEC. 2. (a) As used in this section, a "local transportation fund" is a fund created under Section 29530 of the Government Code, or any successor to that statute.

(b) All local transportation funds are hereby designated trust funds. The Legislature may not change the status of local transportation funds as trust funds.

(c) A local transportation fund that has been created pursuant to law may not be abolished.

(d) Money in a local transportation fund shall be allocated only by the local government that created the fund, and only for the purposes authorized under Article 11 (commencing with Section 29530) of Chapter 2 of Division 3 of Title 3 of the Government Code and Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code, as those provisions existed on October 1, 1997. Neither the county nor the Legislature

may authorize the expenditure of money in a local transportation fund for purposes other than those specified in this subdivision.

(e) This section constitutes the sole method of allocating, distributing, and using the revenues in a local transportation fund. The purposes described in subdivision (d) are the sole purposes for which the revenues in a local transportation fund may be used. The Legislature may not enact a statute or take any other action which, permanently or temporarily, does any of the following:

(1) Transfers, diverts, or appropriates the revenues in a local transportation fund for any other purpose than those described in subdivision (d);

(2) Authorizes the expenditures of the revenue in a local transportation fund for any other purpose than those described in subdivision (d);

(3) Borrows or loans the revenues in a local transportation fund, regardless of whether these revenues remain in the Retail Sales Tax Fund in the State Treasury or are transferred to another fund or account.

(f) The percentage of the tax imposed pursuant to section 7202 of the Revenue and Taxation Code allocated to local transportation funds shall not be reduced below the percentage that was transmitted to such funds during the 2008 calendar year. Revenues allocated to local transportation funds shall be transmitted in accordance with Section 7204 of the Revenue and Taxation Code and deposited into local transportation funds in accordance with Section 29530 of the Government Code, as those sections read on June 30, 2009.

Section Seven. Article XIX B of the California Constitution is hereby amended to read as follows:

SECTION 1. The Legislature shall not borrow revenues from the Transportation Investment Fund, or its successor, and shall not use these revenues for purposes, or in ways, other than those specifically permitted by this article.

SEC. 2. (a) For the 2003-04 fiscal year and each fiscal year thereafter, all ~~moneys~~ revenues that are collected during the fiscal year from taxes under the Sales and Use Tax Law (Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code), or any successor to that law, upon the sale, storage, use, or other consumption in this State of motor vehicle fuel, as defined for purposes of the Motor Vehicle Fuel License Tax Law (Part 2 (commencing with Section 7301) of Division 2 of the Revenue and Taxation Code), and that are deposited in the General Fund of the State pursuant to that law, shall be transferred to deposited into the Transportation Investment Fund or its successor, which is hereby created in

the State Treasury and which is hereby declared to be a trust fund. The Legislature may not change the status of the Transportation Investment Fund as a trust fund.

(b)(1) For the 2003-04 to 2007-08 fiscal years, inclusive, moneys in the Transportation Investment Fund shall be allocated, upon appropriation by the Legislature, in accordance with Section 7104 of the Revenue and Taxation Code as that section read on March 6, 2002.

(2) For the 2008-09 fiscal year and each fiscal year thereafter, moneys in the Transportation Investment Fund shall be allocated solely for the following purposes:

(A) Public transit and mass transportation. Moneys appropriated for public transit and mass transportation shall be allocated as follows: (i) Twenty-five percent pursuant to subdivision (b) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009; (ii) Twenty-five percent pursuant to subdivision (c) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009; and (iii) Fifty percent for the purposes of subdivisions (a) and (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(B) Transportation capital improvement projects, subject to the laws governing the State Transportation Improvement Program, or any successor to that program.

(C) Street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by cities, including a city and county.

(D) Street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by counties, including a city and county.

(c) For the 2008-09 fiscal year and each fiscal year thereafter, moneys in the Transportation Investment Fund are hereby continuously appropriated to the Controller without regard to fiscal years, which shall be allocated, ~~upon appropriation by the Legislature,~~ as follows:

(A) Twenty percent of the moneys for the purposes set forth in subparagraph (A) of paragraph (2) of subdivision (b).

(B) Forty percent of the moneys for the purposes set forth in subparagraph (B) of paragraph (2) of subdivision (b).

(C) Twenty percent of the moneys for the purposes set forth in subparagraph (C) of paragraph (2) of subdivision (b).

(D) Twenty percent of the moneys for the purposes set forth in subparagraph (D) of paragraph (2) of subdivision (b).

~~(d) (1) Except as otherwise provided by paragraph (2), the transfer of revenues from the General Fund of the State to the Transportation Investment Fund pursuant to subdivision (a) may be suspended, in whole or in part, for a fiscal year if all of the following conditions are met:~~

~~(A) The Governor issues a proclamation that declares that, due to a severe state fiscal hardship, the suspension of the transfer of revenues required by subdivision (a) is necessary.~~

~~(B) The Legislature enacts by statute, pursuant to a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, a suspension for that fiscal year of the transfer of revenues required by subdivision (a) and the bill does not contain any other unrelated provision.~~

~~(C) No later than the effective date of the statute described in subparagraph (B), a separate statute is enacted that provides for the full repayment to the Transportation Investment Fund of the total amount of revenue that was not transferred to that fund as a result of the suspension, including interest as provided by law. This full repayment shall be made not later than the end of the third fiscal year immediately following the fiscal year to which the suspension applies.~~

~~(2) (A) The transfer required by subdivision (a) shall not be suspended for more than two fiscal years during any period of 10 consecutive fiscal years, which period begins with the first fiscal year commencing on or after July 1, 2007, for which the transfer required by subdivision (a) is suspended.~~

~~(B) The transfer required by subdivision (a) shall not be suspended during any fiscal year if a full repayment required by a statute enacted in accordance with subparagraph (C) of paragraph (1) has not yet been completed.~~

~~(e) (d) The Legislature may not enact a statute that modifies the percentage shares set forth in subdivision (c) by a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, provided that the bill does not contain any other unrelated provision and that the moneys described in subdivision (a) are expended solely for the purposes set forth in paragraph (2) of subdivision (b) until all of the following have occurred:~~

(1) The California Transportation Commission has held no less than four public hearings in different parts of the State to receive public input about the need for public transit, mass transportation, transportation capital improvement projects, and street and highway maintenance;

(2) The California Transportation Commission has published a report describing the input received at the public hearings and how the modification to the statutory allocation is

consistent with the orderly achievement of local, regional and statewide goals for public transit, mass transportation, transportation capital improvements, and street and highway maintenance in a manner that is consistent with local general plans, regional transportation plans, and the California Transportation Plan;

(3) Ninety days have passed since the publication of the report by the California Transportation Commission.

(4) The statute enacted by the Legislature pursuant to this subdivision must be by a bill passed in each house of the Legislature by roll call vote entered in the journal, two-thirds of the membership concurring, provided that the bill does not contain any other unrelated provision and that the revenues described in subdivision (a) are expended solely for the purposes set forth in paragraph (2) of subdivision (b).

~~(f)~~ (e)(1) An amount equivalent to the total amount of revenues that were not transferred from the General Fund of the State to the Transportation Investment Fund, as of July 1, 2007, because of a suspension of transfer of revenues pursuant to this section as it read on January 1, 2006, but excluding the amount to be paid to the Transportation Deferred Investment Fund pursuant to Section 63048.65 of the Government Code, shall be transferred from the General Fund to the Transportation Investment Fund no later than June 30, 2016. Until this total amount has been transferred, the amount of transfer payments to be made in each fiscal year shall not be less than one-tenth of the total amount required to be transferred by June 30, 2016. The transferred revenues shall be allocated solely for the purposes set forth in this section as if they had been received in the absence of a suspension of transfer of revenues.

(2) The Legislature may provide by statute for the issuance of bonds by the state or local agencies, as applicable, that are secured by the minimum transfer payments required by paragraph (1). Proceeds from the sale of those bonds shall be allocated solely for the purposes set forth in this section as if they were revenues subject to allocation pursuant to paragraph (2) of subdivision (b).

(f) This section constitutes the sole method of allocating, distributing, and using the revenues described in subdivision (a). The purposes described in paragraph (2) of subdivision (b) are the sole purposes for which the revenues described in subdivision (a) may be used. The Legislature may not enact a statute or take any other action which, permanently or temporarily, does any of the following:

(1) Transfers, diverts, or appropriates the revenues described in subdivision (a) for any other purposes than those described in paragraph (2) of subdivision (b);

(2) Authorizes the expenditures of the revenues described in subdivision (a) for any other purposes than those described in paragraph (2) of subdivision (b) or;

(3) Borrows or loans the revenues described in subdivision (a), regardless of whether these revenues remain in the Transportation Investment Fund or are transferred to another fund or account such as the Public Transportation Account, a trust fund in the State Transportation Fund.

(g) For purposes of this article, "mass transportation," "public transit" and "mass transit" have the same meanings as "public transportation." "Public transportation" means:

(1)(A) Surface transportation service provided to the general public, complementary paratransit service provided to persons with disabilities as required by 42 U.S.C. 12143, or similar transportation provided to people with disabilities or the elderly; (B) operated by bus, rail, ferry, or other conveyance on a fixed route, demand response, or otherwise regularly available basis; (C) generally for which a fare is charged; and (D) provided by any transit district, included transit district, municipal operator, included municipal operator, eligible municipal operator, or transit development board, as those terms were defined in Article 1 of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code on January 1, 2009, a joint powers authority formed to provide mass transportation services, an agency described in subdivision (f) of Section 15975 of the Government Code, as that section read on January 1, 2009, any recipient of funds under Sections 99260, 99260.7, 99275, or subdivision (c) of Section 99400 of the Public Utilities Code, as those sections read on January 1, 2009, or a consolidated agency as defined in Section 132353.1 of the Public Utilities Code, as that section read on January 1, 2009.

(2) Surface transportation service provided by the Department of Transportation pursuant to subdivision (a) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Public transit capital improvement projects, including those identified in subdivision (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(h) If the Legislature reduces or repeals the taxes described in subdivision (a) and adopts an alternative source of revenue to replace the moneys derived from those taxes, the replacement revenue shall be deposited into the Transportation Investment Fund, dedicated to the purposes listed in paragraph (2) of subdivision (b), and allocated pursuant to subdivision (c). All other provisions of this article shall apply to any revenues adopted by the Legislature to replace the moneys derived from the taxes described in subdivision (a).

Section Eight. Article XIX C is hereby added to the Constitution to read as follows:

SECTION 1. If any challenge to invalidate an action that violates Articles XIX, XIX A, or XIX B of the California Constitution is successful either by way of a final judgment, settlement, or resolution by administrative or legislative action, there is hereby continuously appropriated from the General Fund to the Controller, without regard to fiscal years, that amount of revenue necessary to restore the fund or account from which the revenues were unlawfully taken or diverted to its financial status had the unlawful action not been taken.

SEC. 2. If any challenge to invalidate an action that violates Section 24 or Section 25.5 of Article XIII of this Constitution is successful either by way of a final judgment, settlement, or resolution by administrative or legislative action, there is hereby continuously appropriated from the General Fund to the local government an amount of revenue equal to the amount of revenue unlawfully taken or diverted.

SEC. 3. Interest calculated at the Pooled Money Investment Fund rate from the date or dates the revenues were unlawfully taken or diverted shall accrue to the amounts required to be restored pursuant to this section. Within thirty days from the date a challenge is successful, the Controller shall make the transfer required by the continuous appropriation and issue a notice to the parties that the transfer has been completed.

SEC. 4. If in any challenge brought pursuant to this section a restraining order or preliminary injunction is issued, the plaintiffs or petitioners shall not be required to post a bond obligating the plaintiffs or petitioners to indemnify the government defendants or the State of California for any damage the restraining order or preliminary injunction may cause.

Section Nine.

Section 16 of Article XVI of the Constitution requires that a specified portion of the taxes levied upon the taxable property in a redevelopment project each year be allocated to the redevelopment agency to repay indebtedness incurred for the purpose of eliminating blight within the redevelopment project area. Section 16 of Article XVI prohibits the Legislature from reallocating some or that entire specified portion of the taxes to the State, an agency of the State, or any other taxing jurisdiction, instead of to the redevelopment agency. The Legislature has been illegally circumventing Section 16 of Article XVI in recent years by requiring redevelopment agencies to transfer a portion of those taxes for purposes other than the financing of redevelopment projects. A purpose of the amendments made by this measure is to prohibit the Legislature from requiring, after the taxes have been allocated to a redevelopment agency, that the redevelopment agency transfer some or all of those taxes to the State, an agency of the State, or a jurisdiction; or use some or all of those taxes for the benefit of the State, an agency of the State, or a jurisdiction.

Section Ten. Continuous Appropriations.

The provisions of Sections 6, 7, and 8 of this Act that require a continuous appropriation to the Controller without regard to fiscal year are intended to be "appropriations made by law" within the meaning of Section 7 of Article XVI of the California Constitution.

Section Eleven. Liberal Construction.

The provisions of this Act shall be liberally construed in order to effectuate its purposes.

Section Twelve. Conflicting Statutes.

Any statute passed by the Legislature between October 21, 2009 and the effective date of this measure, that would have been prohibited if this measure were in effect on the date it was enacted, is hereby repealed.

Section Thirteen. Conflicting Ballot Measures.

In the event that this measure and another measure or measures relating to the direction or redirection of revenues dedicated to funding services provided by local governments and/or transportation projects or services appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure shall receive a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure or measures shall be null and void.

Section Fourteen. Severability.

It is the intent of the People that the provisions of this Act are severable and that if any provision of this Act or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other provision or application of this Act which can be given effect without the invalid provision or application.



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YES to Protect Local Taxpayers and Funding for Public Safety, Transportation & Other Vital Local Services from State Raids

THE PROBLEM: STATE RAIDS AND BORROWING ARE JEOPARDIZING PUBLIC SAFETY, EMERGENCY RESPONSE, TRANSPORTATION, TRANSIT AND OTHER VITAL LOCAL SERVICES.

California voters have overwhelmingly passed separate ballot measures to dedicate local funding sources to essential local services and to prevent the State from shifting or raiding local government, transit and transportation funds. Despite this, the State recently passed a budget that borrowes and takes approximately \$5 billion in city, county, transit, redevelopment and special district funds this year. This year's raids and previous, ongoing state raids and borrowing are jeopardizing the services Californians need most:

- X *Police, fire and emergency 911 services have been cut.*
- X *Healthcare services for children, seniors and the disabled are being slashed.*
- X *Road repair and maintenance, congestion relief and safety improvements are constantly at risk.*
- X *Public transit like buses, commuter rail and shuttles are being slashed and fares are being raised.*
- X *Parks and libraries are closing, and other local government services critical to protect our neighborhoods and improve our quality of life are shutting down.*
- X *Vital community economic development and job creation projects are being shut down.*

State raids of local funds are fiscally irresponsible. The fiscally irresponsible practice of borrowing local taxpayer and transportation funds makes our budget problems worse down the line because local government and transportation funds have to be repaid, with interest. Additionally, many of the outright raids are ultimately rejected by the courts, creating even larger state budget deficits down the line.

THE SOLUTION: PROHIBIT THE STATE FROM RAIDING LOCAL GOVERNMENT, TRANSIT AND TRANSPORTATION FUNDS.

The Local Taxpayer, Public Safety and Transportation Protection Act, scheduled for the November 2010 statewide ballot, would:

- ✓ Prohibit the State from taking, borrowing or redirecting local taxpayer funds dedicated to public safety, emergency response and other vital local government services. The measure would close loopholes to prevent the taking of local taxpayer funds currently dedicated to cities, counties, special districts and redevelopment agencies. It would also revoke the State's authority to borrow local government property tax funds.
- ✓ Protect vital, dedicated transportation and public transit funds from state raids. The measure would prevent State borrowing, taking or redirecting of the state sales tax on gasoline (Prop 42 funds) and Highway User Tax on gasoline (HUTA) funds that are dedicated to transportation maintenance and improvements. It would also prevent the State from redirecting or taking public transit funds.
- ✓ Protect local taxpayers by keeping more of our local tax dollars local where there's more accountability to voters, and by ensuring once and for all that our gas taxes go to fund road improvements. The measure also reduces pressure for local tax and fee increases that become necessary when the State redirects local funds.
- ✓ Reform state government and enhance fiscal accountability. This measure is a key step in reforming California's broken budget system by restoring more local control and accountability. It also stops the irresponsible practice of the State borrowing special funds that have to be repaid with interest, which only puts our State further in debt.

Paid for by Californians to Protect Local Taxpayers and Vital Services, a coalition of taxpayers, public safety, local government, transportation, business and labor, with major funding from the League of California Cities (non-public funds and CitiPAC) and the California Alliance for Jobs

1121 L Street, #803 – Sacramento, CA 95814

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 10-3

Resolution in Support of the Local Taxpayer, Public Safety,
and Transportation Protection Act of 2010

WHEREAS, California voters have repeatedly and overwhelmingly passed separate ballot measures to stop state raids of local government funds and to dedicate the taxes on gasoline to fund local and state transportation improvement projects; and

WHEREAS, these local government funds are critical to provide the police and fire, emergency response, parks, libraries, and other vital local services that residents rely upon every day, and gas tax funds are vital to maintain and improve local streets and roads, to make road safety improvements, relieve traffic congestion, and provide mass transit; and

WHEREAS, despite the fact that voters have repeatedly passed measures to prevent the state from taking these revenues dedicated to funding local government services and transportation improvement projects, the state legislature has seized and borrowed billions of dollars in local government and transportation funds in the past few years; and

WHEREAS, this year's raid of transit funds, as well as previous raids of transit funds, have led to fare increases and cutbacks in public transit services in the MTS service area; and

WHEREAS, state politicians in Sacramento have continued to ignore the will of the voters, and current law provides no penalties when state politicians take or borrow funds dedicated to mass transit; and

WHEREAS, a coalition of local government, transportation, and transit advocates recently filed a constitutional amendment with the California Attorney General, known as the Local Taxpayer, Public Safety, and Transportation Protection Act of 2010, for potential placement on California's November 2010 statewide ballot; and

WHEREAS, approval of this ballot initiative would close loopholes and change the constitution to further prevent state politicians in Sacramento from seizing, diverting, shifting, borrowing, transferring, suspending, or otherwise taking or interfering with tax revenues dedicated to funding local government services, including redevelopment or dedicated to transportation improvement projects and mass transit; NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that MTS formally endorses the Local Taxpayer, Public Safety and Transportation Protection Act of 2010, a proposed constitutional amendment.

BE IT FURTHER RESOLVED that MTS hereby authorize the listing of it in support of the Local Taxpayer, Public Safety, and Transportation Protection Act of 2010 and instructs staff to fax a copy of this resolution to campaign offices at 916.442.3510.

PASSED AND ADOPTED by the MTS Board of Directors this ____ day of February 2010 by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
Metropolitan Transit System

Office of General Counsel
Metropolitan Transit System

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MTS Board of Directors

STATE BUDGET OVERVIEW AND FUNDING ISSUES

MARK WATTS
FEBRUARY 18, 2010

1

Overview – Governor’s 2010-11 Budget Proposal : Transportation Programs

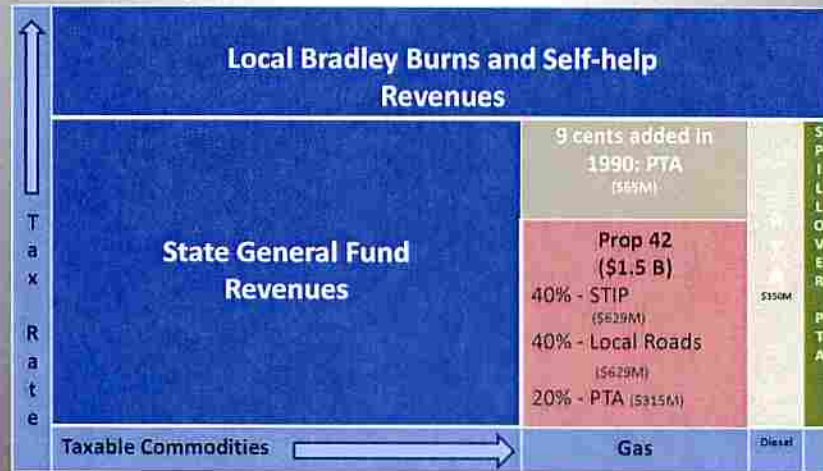
Eliminate state sales tax on gas and diesel, reducing revenues by \$2.8 billion. The proposal would partially offset the revenue loss with a 10.8 cents per gallon gas tax increase, which would generate about \$1.9 billion for the following:

- \$629 million for state highways.
- \$629 million for local roads.
- \$603 million for debt service on transportation bonds. (The Governor would use an additional \$400 million in transportation funds to pay other General Fund debt-service costs.)

- ✓ There would be a net reduction in transportation revenues of about \$1 billion in 2010–11.
- ✓ This gives California motorists a tax cut equivalent to about 5 cents per gallon.
- ✓ No new state funding would be provided for public transit and rail in the budget year.
- ✓ Under current law, about \$1.6 billion would have been provided for these purposes.
- ✓ The Governor’s proposal would provide an ongoing dedicated source of funding, in addition to the General Fund, to pay transportation debt service.
- ✓ Depending on how the level of transportation debt-service costs changes from year to year, the gas tax rate would be adjusted, up to the proposed cap.

2

Interaction of Sales Tax on Fuels: Where does the revenue go?



3

Implications of the Governor's Budget Proposal

Positive:

- ✓ Local sales taxes not affected
- ✓ HUTA (local gas tax) not in play
- ✓ Holds Prop 42 STIP and local roads funding "harmless"

Negative:

- ✓ Overall net reduction of at least \$976 million
- ✓ loss of approximately \$1.6 billion in annual state funding for public transit
- ✓ No operations support for transit
- ✓ Cuts transit capital from STIP, reducing county shares
- ✓ STIP reduction felt on both transit and highway sides
- ✓ Trades out growing fund base with declining base

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Additional Impacts of Governor's Budget Proposal

- Intercity Rail and some transportation planning costs will continue to be funded from the PTA until those funds are exhausted in 2011-12. At that time, it will become necessary to fund these activities from the General Fund or other funding sources.
- \$72 million in miscellaneous Caltrans revenues transferred to the PTA under prior law will instead be retained in the State Highway Account to offset a portion of Proposition 116 rail bond debt service.
- From the revenue received in the PTA in 2009-10, \$57 million in 2009-10 and \$254 million in 2010-11 will be used to fund transit programs' bond debt service costs.
- \$350 M in Prop 1B is provided for transit capital improvements.
- No discretionary funding from Prop 1A (HSRA) is provided for system "connectivity" purposes.

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Senate Democratic Caucus Proposal

- ✓ Repeal sales tax on gas (update amount is equal to 18 cents per gallon)
- ✓ Replace with new 18 cents per gallon excise tax/fee (produces \$2.6 billion), includes an index
- ✓ Dedicate an amount equal to 5 cents per gallon (\$720 million) to offset GF support for debt service.
- ✓ Reserve sales tax on diesel for transit (\$313million); possibly cover I/C Rail, CT planning costs;
- ✓ Use accumulated PTA reserves (\$924) to fund transit until funds run out.
- ✓ New transit-oriented gas fee, delegated to MPO's (SANDAG), with AB 32 and SB 375 nexus

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Comparison of Current Law and Proposed Budget		
Current Law	Governor's Proposal	Senate Proposal
\$900 M (Spillover – PTA)	5.2 cents per gallon (\$936 M) “Head room” to absorb Future GF debt service	Repeal the gasoline sales tax ; leave Diesel sales tax for state transit
\$1.5 B (Prop 42)	10.8 cents per gallon Replacement Funds (\$1.9 B)	Replace with a statewide tax/fee on gasoline (18 cents/gallon), with an index. This amounts to \$2.6b billion, compared with Prop 42 at \$1.5 billion
\$410 M (PTA – diesel, Prop 111)	<ul style="list-style-type: none"> •STIP - \$629 M •Local roads - \$629 M •GF debt service - \$603 M 	<p>The revenue generated by the gasoline allocated as follows:</p> <ul style="list-style-type: none"> * 30% STIP * 30% SHOPP * 40% Local Streets and Roads <p>Authorize MPOs to impose a new Sinclair fee on gasoline in an MPO's region, and that fee would be used for transit operations.</p> <p>The fee would require a majority vote of the MPO board.</p>
Total \$2.8 billion	Total \$2.8 billion (up to gross 34 cents per gallon)	Total \$3.0 billion (up to 36 cents per gallon)



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

Agenda

Item No. 31

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

FIN 340

February 18, 2010

SUBJECT:

MTS FISCAL YEAR 2011 CAPITAL IMPROVEMENT PROGRAM (CIP)
(LARRY MARINESI)

RECOMMENDATION:

That the Board of Directors:

1. approve the fiscal year 2011 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels (Attachments A and B). As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels;
2. forward a recommendation to the San Diego Association of Governments (SANDAG) Board of Directors to approve the submittal of federal Section 5307 and Section 5309 applications for the MTS fiscal year 2011 CIP (shown in Attachment A);
3. approve the transfer of \$4,372,601 from previous CIP projects to the fiscal year 2011 CIP; and
4. forward a recommendation to the SANDAG Board of Directors to approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2011 CIP recommendations.

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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.

Budget Impact

Pending final approval by the SANDAG Board of Directors, the fiscal year 2011 MTS CIP would be included in the regional 5307 Urbanized Area Formula and Section 5309 grant applications (total federal formula program estimated at \$67.1 million including local match). Additional federal formula funds from prior years totaling \$6.3 million, including local match, have been added to the 2011 CIP. MTS also received \$896,000 in Transportation Security Grant Program (TSGP) funding, which has been applied to this year's CIP.

The Federal Transit Administration (FTA) funding that MTS receives is structured on a reimbursement basis (after expenses are incurred). Local funding (TDA/TransNet) that MTS receives is scheduled at the beginning of the fiscal year and is received monthly. In many situations, funds are received before expenses are incurred. The FTA allows federal recipients to move federal dollars to operations to fund the organization's preventative maintenance.

Prior to finalizing the recommendation, all previously budgeted capital projects were reviewed to identify certain projects that may have been delayed or completed under budget to be sure that deserving new projects do not go unfunded while prior-year capital programming remains tied up and unused. As a result of this review, staff identified and transferred \$4,372,601 to the fiscal year 2011 CIP.

The total estimated funding for fiscal year 2011 is \$83 million (Attachment A). After the utilization of \$41.5 million in preventative maintenance, \$4.1 million for ADA preventative maintenance (fiscal year 2010 operating budget), and funding for planning studies for SANDAG totaling \$933,006, \$36.4 million is available for capital projects.

DISCUSSION:

Availability of Section 5307 and Section 5309 Funds

The recommended MTS CIP for fiscal year 2011 (Attachment A) would serve as the basis for the federal formula grant applications. The FTA requires submission of grant applications to obligate annual appropriations under Section 5309 (Rail Modernization and Fixed-Guideway New Starts) and Section 5307 (Urbanized Area Formula Assistance). The Section 5307 and Section 5309 funding levels as indicated within Attachment A are estimates. Staff currently estimates the federal funding levels as a flat amount compared to fiscal year 2010.

Traditionally, SANDAG has apportioned the formula funds between MTS and the North County Transit District (NCTD) based on population with MTS receiving approximately 70 percent and NCTD receiving approximately 30 percent of the Section 5307 funds after the off-the-top funds are programmed for the regional vanpool program. Section 5307 and Section 5309 funds can generally be used to provide 80 percent of the cost of capital projects and the cost of preventive maintenance activities, which is an operating cost. The ratio increases to 83 percent for the "clean-fuel" buses and vehicles meeting the Americans with Disabilities Act (ADA) requirements.

The Section 5307 Urbanized Area Formula Program is a block grant program in which each urbanized area over 50,000 in population receives financial assistance to provide public transit. The formula for determining each metropolitan area's share of funds is based on an urbanized area's population, population density, levels of existing fixed-guideway service, and levels of existing bus service and ridership. The Section 5307 program is designed to meet routine capital needs. Section 5307 Formula funds may not be used for operating assistance; however, the Transportation Equity Act for the 21st Century (TEA-21) expanded the definition of capital to include preventive maintenance, thereby, in effect, mitigating the relative lack of federal assistance for operations. In addition to the expanded definition of capital, the Section 5307 Urbanized Area Formula Program also allows for a 10 percent maximum allocation from the Federal 5307 apportionment to support operations of the ADA complementary paratransit service provided by MTS. This provision will then free up the identical amount of non-Federal funds to be used for capital expenses totaling \$4.1 million.

The estimated allocation for the MTS Section 5307 program is \$40.9 million, which would be matched with local funds of \$9.2 million. This program would provide an estimated \$50.1 million to fund fiscal year 2011 capital projects.

The Fixed-Guideway Modernization Program (also known as Rail Mod) is one of three categories of funding under the Section 5309 Capital Investment Program, which also includes the Bus Capital and Fixed-Guideway New Starts Programs. Unlike the Section 5309 Bus Capital and Fixed-Guideway New Starts Programs, which are designed to assist in meeting extraordinary capital needs and are awarded generally at the discretion of Congress or the FTA, Section 5309 Rail Mod funds are allocated on a formula basis to rail systems that have been in operation for at least seven years. Eligible projects include the modernization of existing fixed-guideway systems, including rolling stock. For fiscal year 2011, the Section 5309 funds estimated allocation to MTS is \$13.6 million and would be matched with local funds of \$3.4 million. The program would provide an estimated \$17.0 million to fund fiscal year 2011 capital projects.

Local Match

The local match for CIP projects will come from the pooled transit finances for the MTS region. While it is likely that the actual funds used would be TDA funds, final decisions on the matching source would be made during the fiscal year 2011 CIP implementation process in order to maximize the availability and flexibility of funding.

Development of the MTS Fiscal Year 2011 CIP

The CIP process began in August 2009 with the call for projects. The recommended CIP assumes \$41.5 million for project management, \$4.1 million for ADA project management, and \$933,006 in SANDAG planning studies. The remaining projects compete for the balance of available funding. A meeting of the Capital Projects Review Committee (CPRC) was held to review the project list and to develop a CIP recommendation for fiscal year 2011. In accordance with the Capital Projects Selection Process, the CPRC is comprised of representatives from MTS Bus, MTS Rail, MTS Administration, Chula Vista Transit (CVT), and SANDAG. Each CPRC member was

responsible for submitting the capital requests for its division, agency, or city. The CPRC reviewed and approved the prioritization of those capital requests.

The capital project list (Attachment A) represents the five-year, unconstrained need for the MTS operators. Each MTS agency submitted its capital project requests in priority order, and the lists were consolidated for review by the CPRC. The CPRC reviewed the projects in the context of their impact on operations and determined the most critical projects to fund this year. The remaining projects were deferred; however, it is recognized that the continued deferral of some projects could have negative impacts on system infrastructure in future years.

The \$36.4 million available after preventative maintenance and SANDAG planning studies, \$17 million or 47% has been dedicated to rail and bus facility and construction projects. In addition, \$9 million, or 24.8 percent, would be dedicated to infrastructure rehabilitation. The table below is a summary of the CPRC recommendations, the major categories that are proposed to be funded, and the percentage of total available funding.

FY 11 Capital Project Categories	Funding	% of Total
Major Facility & Construction Projects	\$ 17,134	47.0%
Rail Infrastructure	\$ 9,039	24.8%
LRV Components (Tires, Body Rehab, Other)	\$ 4,885	13.4%
CNG Revenue Vehicles	\$ 2,405	6.6%
Other Equipment & Installations (LRV & Bus)	\$ 1,268	3.5%
Security Projects	\$ 1,198	3.3%
Miscellaneous Operating Capital	\$ 500	1.4%
Total Project Funding Available	\$ 36,429	100.0%

Five-Year Capital Program Projections

Attachment B summarizes a high-level look at the five-year capital program. The federal 5307 and 5309 funding levels are projected to not increase for fiscal year 2011 and to increase by 4 percent through 2015. Total capital needs for fiscal year 2011 and beyond exceed the available projected funding levels. The fiscal year 2011 capital needs total \$62.3 million, and the available funding for the year is 58.5 percent of total project needs.

There are several unknowns that could impact fiscal year 2011 and future capital funding. Discussions at the federal level indicate interest in funding capital infrastructure as a way to spur economic growth. In addition, the continued financial crisis at the state level has eliminated MTS's State Transit Assistance funding, which was used in the past to support the MTS CIP.

The disparity between funding levels and capital needs will continue in future years without the identification of additional revenue sources. Total project needs over the five-year term are projected to be \$445.9 million. Projected deficits from fiscal year 2011

to fiscal year 2015 total \$217.9 million. The ratio of total funding to total capital needs over the five-year term is projected at 51.1 percent.



Paul G. Jablonski
Chief Executive Officer

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

FEB18-10.31.FY 11 CIP.LMARINESI.doc

Attachments: A. Fiscal Year 2011 Detailed CIP
B. Funding Compared to Capital Needs for Fiscal Years 2011- 2015

Fiscal Year 2011 Detailed CIP

Funding Description	Grant	FY11	FY12	FY13	FY14	FY15
FFY10-5307 Funding Estimate		40,895.0	42,530.8	44,232.0	46,001.3	47,841.4
TDA Local Match (5307) 20%	TDA	9,201.4	-	9,569.4	9,952.2	10,350.3
FFY10-5309 Rail Mod Funding Estimate (adj 01/25/10)		13,568.0	14,110.7	14,675.1	15,262.2	15,872.6
TDA Local Match (5309) 20%	TDA	3,392.0	3,527.7	3,668.8	3,815.5	3,968.2
FFY09- 5307 Carry forward		3,440.6				
TDA Local Match (5307) 20%	TDA	860.1				
FFY09- 5309 Carry forward		1,598.5				
TDA Local Match (5309) 20%	TDA	399.6				
FFY09 TSGP (LRV Station CCTV)		398.0				
FFY09 TSGP (Bus On Board CCTV)		498.0				
FY09 CNG Rebate Overage		238.4				
Project Transfer- MTS #11199 (2007)	CA-90-Y474	51.2				
Project Transfer- MTS #11199 (2008)	CA-05-0220	106.7				
Project Transfer- MTS #11199 (2009)	CA-05-0233	21.4				
Project Transfer- MTS #11199 (2009)	CA-05-Y677	392.2				
Project Transfer- MTS #11199	TDA	142.9				
Project Transfer- MTS #11192	CA-90-Y474	280.0				
Project Transfer- MTS #11192	TDA	70.0				
Project Transfer- MTS #11163	CA-90-Y474	8.8				
Project Transfer- MTS #11163	TDA	2.2				
Project Transfer- SANDAG #11147- no match (drawn in 12/2009)	CA-90-Y350	66.3				
Project Transfer- MTS #11239- no match	CA-90-Y677	931.0				
Project Transfer- MTS #11237	Earmarks (2)	777.7				
Project Transfer- MTS #11237	Y677	121.3				
Project Transfer- MTS #11237	Y748	58.4				
Project Transfer- MTS #11237	TDA	342.5				
Project Transfer- MTS #11272	Y748	800.0				
Project Transfer- MTS #11272	TDA	200.0				
Prop1B		-	16,400.0	16,400.0	16,400.0	16,400.0
TDA swap for ADA federal funds		4,089.5	4,253.1	4,423.2	4,600.1	4,784.1
SANDAG Planning Study		(933.0)	(970.3)	(1,009.1)	(1,049.5)	(1,091.5)
Preventive Maintenance- Federal, no match req		(4,089.5)	(4,253.1)	(4,423.2)	(4,600.1)	(4,784.1)
Preventive Maintenance- Fed+Match		(41,500.0)	(41,500.0)	(41,500.0)	(41,500.0)	(41,500.0)
Available Funding for FY 11 Capital Program		36,429.2	43,668.3	46,419.0	49,279.8	52,255.0

Attachment A.

Project Description	Thru FY10	FY11 funded	FY11 Unfunded	FY12	FY13	FY14	FY15
SBMF Acquisition & Expansion	11,037.0	5,500.0	1,000.0	32,000.0	1,000.0	-	-
Substation Rehabilitation (Substation Standardization)	3,618.0	3,200.0		-	-	-	-
MTS CNG Station Improvements- IAD, KMD, SB	575.0	3,000.0	2,100.0	-	-	-	-
East County Facility Redevelopment (Constr)	1,427.8	2,120.0		12,197.5	20,947.5	17,947.5	-
South Bay Radio, Dispatch equipmnt, AVL, & APC's	-	2,000.0	3,500.0	-	-	-	-
New Wheel Truing Machine/ Wheel scan		1,800.0		-	-	-	-
IAD HVAC and Roof Repairs		1,438.0		-	-	-	-
Para-Transit Vehicles	7,810.9	1,351.0		7,482.0	-	7,482.0	-
LRV HVAC Overhaul- multi yr contract	2,228.5	1,325.0					
Bus Replacement		1,054.4		22,500.0	22,500.0	22,500.0	22,500.0
NEW IT System	101.9	1,000.0		901.0	-	-	-
Substation SCADA design CTC integration (MWW/Orange)		1,000.0		-	-	-	-
Overhead Catenary System Standardization (Head spans)	400.0	975.0		-	-	-	-
Buffer/ Coupler Overhaul (SD-100)		960.0		520.0	520.0	-	-
LRV Carwash -Construction	150.0	850.0		-	-	-	-
Bus Video Cameras (533) & Back office (4)- multi yr contract	4,128.0	800.0		1,500.0	-	-	-
LRV Tires- multi yr contract	2,117.4	750.0		750.0	750.0	750.0	750.0
SD-100 Main Breaker Replacement		650.0		-	-	-	-
Misc. Capital Non Federal	1,730.0	500.0		500.0	500.0	500.0	500.0
Gearbox Overhaul- multi yr. contract	2,000.0	500.0		500.0	-	-	-
SDTI Ticket Vending Equipment- multi yr contract	500.0	500.0		868.8	-	-	-
LRV Brake Overhaul	975.0	450.0		800.0	800.0	800.0	800.0
IAD Bus Wash Replacement		450.0		-	-	-	-
Crane Truck		400.0		-	-	-	-
Body Hoist Overhaul (C4&C5)		400.0		-	-	-	-
LRV On Board CCTV	2,094.0	398.0		-	-	-	-
High Voltage Breaker Replacement	320.0	350.0		-	-	-	-
Service Trucks & Sign Trucks		335.0		-	650.0	-	-
Rail Profile grinding (continued)- multi yr contract	1,323.0	325.0		325.0	325.0	325.0	325.0
SD100 Traction Motor Disconnects	275.0	275.0		-	-	-	-
LRV Electronic Components- multi yr contract	730.3	250.0					
System Cross Ties & Ballast- multi yr contract	990.0	225.0		280.0	280.0	280.0	280.0
Direct fixation track repair on Fletcher bridge		200.0		-	-	-	-
Platform Truck		180.0		-	-	-	-
Mainline drainage- Palm to Hill in El Cajon	260.0	143.0		-	-	-	-
Spring Street Transit Center- retaining wall and platform repair		128.0		-	-	-	-
Escalator and Elevator Capital expenses		125.0		127.5	130.1	132.7	135.3

Attachment A.

Building A- A/C and heating replacement		125.0		500.0	-	-	-
Transit Center Signage Project	-	100.0		100.0	100.0	-	-
ADA Station Improvement- Old Town handrail / fence repair	589.0	98.0		-	-	-	-
Bucket Truck-2010 compliant engine and hyrail gear	1.0	85.0		-	-	-	-
Building A- roll up door replacement		50.0		-	-	-	-
Fiber Optic Equipment		25.0		-	-	-	-
Radio Communications Recorder	-	19.0		-	-	-	-
Multifunction Color Copier	-	13.0		-	-	-	-
Multifunction Welder	-	6.9		-	-	-	-
ADA Land & Facility Purchase	-		11,781.0	-	-	-	-
Rio Vista station- Retaining wall and platform repair			510.0	-	-	-	-
Blue line bridge repairs- Chollas Creek, 8th St., Beyer.			950.0	-	-	-	-
Para-Transit Automatic Vehicle Locator, Mobile Data Terminal & Cameras			1,863.0	-	-	-	-
MTS Solar Panel Installations	-		4,175.0	-	-	-	-
Regional Communication System Radio Replacement (178)	-			1,355.0	-	-	-
Electronic Message Board Replacement				3,200.0	-	-	-
Station cleaning equipment				80.0	80.0	-	-
Sanding/Shop				350.0	-	-	-
Switch Frog procurement				120.0	-	-	-
Grade crossing replacement				1,200.0	1,200.0	1,200.0	1,200.0
Inverters				1,300.0	1,300.0	-	-
Power Yard Switch automation/ replacement design				400.0	-	-	-
Fare Box Support Equipment (DCU's, mobile safes, etc.)				-	-	-	-
Signal drawing update				500.0	-	-	-
Chopper (propulsion container) Overhaul				1,250.0	1,250.0	1,250.0	1,250.0
CVT 40-Foot Full-size Buses (15,10)	5,102.0			6,375.0	4,250.0	-	-
Blue Line	43,441.6			33,179.3	37,179.3	39,179.3	32,179.3
Gas lamp permanent ticket booth				25.0	-	-	-
New Train Operator Seats				370.0	-	-	-
Office Space				200.0	-	-	-
Old Town Permanent Ticket Booth				25.0	-	-	-
Back Hoe & Trailer				700.0	-	-	-
Ticket Trailer Rehab				15.0	-	-	-
Wood Chipper				80.0	-	-	-
Crane Truck				750.0	-	-	-
Parking lot pavement				150.0	150.0	150.0	-
Yard switch Mods				400.0	1,500.0	-	-
Destination Sign, Comm., GPS(SD-100)				1,900.0	-	-	-

TOTAL	93,925.4	36,429.2	25,879.0	135,776.0	95,411.8	92,496.4	59,919.6
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ANNUAL DEFICIT	-	(25,879.0)	(92,107.7)	(48,992.8)	(43,216.6)	(7,664.6)
ACCUMULATED DEFICIT	-	(25,879.0)	(117,986.7)	(166,979.5)	(210,196.1)	(217,860.7)

Funding Compared to Capital Needs

Fiscal Years 2011-2015

	<u>Proposed FY11</u>	<u>Projected FY12</u>	<u>Projected FY13</u>	<u>Projected FY14</u>	<u>Projected FY15</u>	<u>FY11 to FY15</u>
Total Revenues						
Recurring Dedicated CIP Revenues	67,056	90,392	93,351	96,429	99,631	446,860
Other Non Recurring Revenues	15,895	-	-	-	-	15,895
Total Capital Revenues	82,952	90,392	93,351	96,429	99,631	462,755
Less: "Off the Top" Expenses						
SANDAG Planning Studies	(933)	(970)	(1,009)	(1,050)	(1,091)	(5,053)
ADA Preventative Maintenance	(4,090)	(4,253)	(4,423)	(4,600)	(4,784)	(22,150)
Preventative Maintenance	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(207,500)
Total "Off The Top" Expenses	(46,523)	(46,723)	(46,932)	(47,150)	(47,376)	(234,704)
Adjusted Available CIP Revenues	36,429	43,668	46,419	49,280	52,255	228,051
Total Project Needs	62,308	135,776	95,412	92,496	59,920	445,912
Total Deficit	(25,879)	(92,108)	(48,993)	(43,217)	(7,665)	(217,861)
% of Funding / Needs	58.5%	32.2%	48.7%	53.3%	87.2%	51.1%
Accumulated Deficit	(25,879)	(117,987)	(166,979)	(210,196)	(217,861)	

Metropolitan Transit System Capital Improvement Program (CIP) FY11 Budget February 18, 2010



1



Development of the FY11 CIP

- Began August 2009 with the request for projects
- Capital Projects Review Committee (CPRC) meeting was held to discuss the priority project list
- The CPRC is comprised of:
 - Bus Operations
 - Rail Operations
 - Chula Vista Transit
 - Metropolitan Transit Systems Administration
 - SANDAG Engineering
- Each Committee member was responsible for submitting and discussing their capital requests for the agency and cities it serves.
- The Committee reviewed and the CEO approved the prioritization of the capital requests



2



Capital Funding Levels - Fiscal Year 2011

(estimated in 000's)

	Proposed FY 2011
Federal Funding Levels (Section 5307 / 5309)	54,463
Transportation Development Act (TDA)	17,943
* FY09 Federal Funding Carry Forward	5,039
* Capital Project Transfers	4,373
* Transit Security Grant Program	896
* FY09 CNG Rebate Carry Forward	238
General Preventative Maintenance	(41,500)
ADA Preventative Maintenance	(4,090)
SANDAG Planning Studies	(933)
Total Funding Available	36,429
* Non-recurring revenues total \$10,546	



3



FY11 Capital Project Highlights

Project	Proposed
Major Facility & Construction Projects	17,134
Rail Infrastructure	9,039
LRV Components (Tires, Body Rehab, Other)	4,885
Revenue Vehicles	2,405
Other Equipment & Installations (LRV & Bus)	1,268
Security Projects	1,198
Miscellaneous Operating Capital	500
Total Capital Projects Funded	36,429

➤ 46 Projects Funded in FY11 CIP



4



Capital Improvement Program Fiscal Years 2011-2015

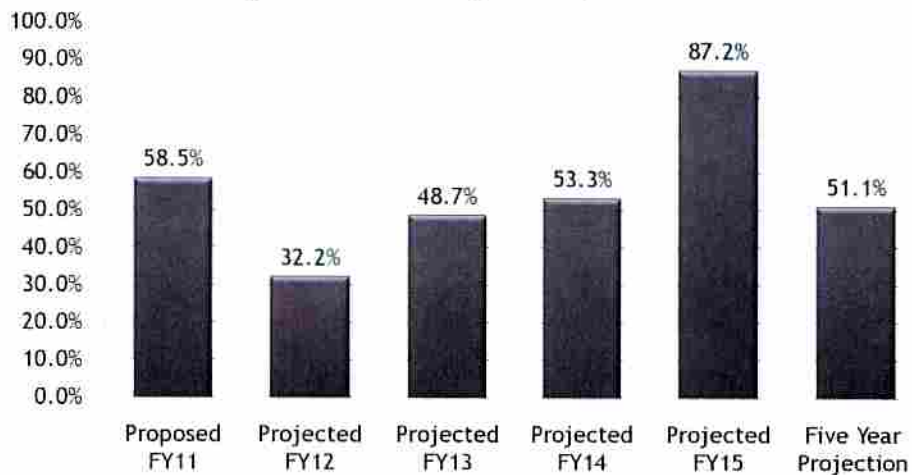
	Proposed FY11	Projected FY12	Projected FY13	Projected FY14	Projected FY15	FY11 to FY15
Total Revenues						
Recurring Dedicated CIP Revenues	67,056	90,392	93,351	96,429	99,631	446,860
Other Non Recurring Revenues	15,895	-	-	-	-	15,895
Total Capital Revenues	82,952	90,392	93,351	96,429	99,631	462,755
Less: "Off the Top" Expenses						
SANDAG Planning Studies	(933)	(970)	(1,009)	(1,050)	(1,091)	(5,053)
ADA Preventative Maintenance	(4,090)	(4,253)	(4,423)	(4,600)	(4,784)	(22,150)
Preventative Maintenance	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(207,500)
Total "Off The Top" Expenses	(46,523)	(46,723)	(46,932)	(47,150)	(47,376)	(234,704)
Adjusted Available CIP Revenues	36,429	43,668	46,419	49,280	52,255	228,051
Total Project Needs	62,308	135,776	95,412	92,496	59,920	445,912
Total Deficit	(25,879)	(92,108)	(48,993)	(43,217)	(7,665)	(217,861)
% of Funding / Needs	58.5%	32.2%	48.7%	53.3%	87.2%	51.1%
Accumulated Deficit	(25,879)	(117,987)	(166,979)	(210,196)	(217,861)	



5



Five Year Outlook Percentage of Funding Compared to Needs



6



Fiscal Year 2011 CIP Recommendations

1. approve the fiscal year 2011 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels (Attachments A and B). As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels;
2. recommend that the San Diego Association of Governments (SANDAG) Board of Directors approve the submittal of federal Sections 5307 and 5309 applications for the MTS fiscal year 2011 CIP (shown in Attachment A);
3. approve the transfer of \$4,372,601 from previous CIP projects to the fiscal year 2011 CIP;
4. recommend that the SANDAG Board of Directors approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2011 CIP recommendations



7



Metropolitan Transit System Capital Improvement Program (CIP) FY11 Budget February 18, 2010



8





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

Agenda

Item No. 32

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

FIN 310

February 18, 2010

SUBJECT:

MTS: PROPOSED REVISIONS TO MTS POLICY NO. 59 (NATURAL GAS HEDGE POLICY) (LARRY MARINESI)

RECOMMENDATION:

That Board of Directors:

1. approve the updated Energy Hedge Program;
2. approve the Direct Access Program;
3. approve revisions to MTS Policy No. 59 (Natural Gas Hedge Policy) (Attachment A), including the continued designation of the Chief Executive Officer and Chief Financial Officer as the administrators of the policy, and authorize the administrators to execute hedges in accordance with this policy.

Budget Impact

None at this time.

DISCUSSION:

In February 2009, the MTS Board of Directors approved the Natural Gas Hedge Program and adopted Policy No. 59 (Natural Gas Hedge Policy) to administer that program. In summary, this program enabled MTS to purchase compressed natural gas (CNG) via a competitive bidding process and also to enter into a financial hedge to fix the CNG rates for FY 2010. In addition to the goal of creating budget certainty for this volatile commodity, MTS staff anticipates that this program will also save MTS over \$200,000 over the course of FY 2010.

MTS staff would like to expand this program to include electricity as well by participating in the State of California's Direct Access Program. The California legislature passed Senate Bill 695 in late 2009, which will open the Direct Access window for a limited time and limited volume for electric customers allowing them to purchase electricity directly from the state at market rates. MTS spends approximately \$6.7 million each year on traction power for rail operations, and preliminary estimates show at least \$500,000 savings over MTS's current rate structure if MTS could participate in this program.

MTS staff needs to act quickly to take advantage of the Direct Access window currently set to open in late March 2010. A Request for Proposals (RFP) needs to be issued to select an electricity service provider for MTS. The electricity service provider needs to be in place to then submit MTS's notification of intent to switch to Direct Access on the date the Direct Access window opens.

As part of this program, MTS could also use a financial hedge to fix its electricity rates for FY 2010 as was done with CNG.

The proposed revisions to MTS Policy No. 59 (Natural Gas Hedge Policy) are included as Attachment A.



Paul C. Jablonski
Chief Executive Officer

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

FEB18-10.32.POLICY 59 REVISIONS HEDGING PROGRAM.MTHOMPSON.doc

Attachment: A. Proposed Revisions to MTS Policy No. 59 (Natural Gas Hedge Policy)



Att. A, AI 32, 2/18/10

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

Policies and Procedures

No. 59

SUBJECT:

Board Approval: ~~2/19/09~~

2/18/2010

Natural Gas and Energy Commodity Hedge Policy

PURPOSE

The purpose of this policy (the "Policy") is to establish guidelines for the execution and management of the Metropolitan Transit System's ("MTS") use of hedging instruments and related transactions in connection with the purchase of natural gas fuel and electrical energy for MTS's ~~compressed natural gas bus fleet~~ transit operations.

Specific objectives of the Policy are as follows:

1. Achieve a high degree of budget certainty in the purchase of natural gas fuel and energy commodities.
2. Maintain a high degree of fuel and energy supply reliability.
3. Ensure no adverse operational impacts.
4. Ensure no adverse impacts on MTS's credit rating.
5. Ensure that all hedging instruments are acquired through competitive bidding with credit-worthy counterparties.

This policy confirms the commitment of MTS management to adhere to sound financial and risk management practices. The Policy shall govern the execution and management of all hedging instruments and activities carried out in connection with natural gas fuel and energy purchases for MTS's ~~compressed natural gas bus fleet~~ transit operations.

59.1 AUTHORIZATIONS AND APPROVALS

The Chief Executive Officer and Chief Financial Officer are the designated administrators of the Policy ("Hedge Administrators") and are authorized to execute hedges in accordance with this Policy without further approval of the Board.

59.2 CONDITIONS FOR THE USE OF HEDGING PRODUCTS

59.2.1 General Usage

Financial commodity swaps may be used to lock in a fixed price for natural gas ~~fuel~~ and ~~energy commodities~~ in accordance with the conditions and restrictions set forth below. Should MTS elect to purchase gas or ~~electricity~~ from a qualified ~~gas services~~ ~~energy services~~ provider ("GSPESP") ~~as part of the San Diego Gas and Electric Company's Core Aggregation Transportation ("CAT") program~~, MTS may accomplish its gas ~~price~~ commodity hedging objectives by converting the price of an ~~GSPESP-provided gas~~ ~~energy~~ supply from a variable market price to a fixed price so long as the competitive bidding and other provisions of this Policy are met.

59.2.2 Maximum Transaction Volume

The maximum aggregate transaction volume for all financial commodity swaps entered into for any budget year shall be equal to the volume of natural gas ~~fuel~~ or ~~energy~~ forecast to be used in connection with the ~~compressed natural gas bus~~ transit fleet during that year. If, at any time prior to or during the fiscal year being hedged, the projected volumes change by more than 10% below or above the amount hedged, additional hedges may be entered into, or termination of existing hedges may be executed in order to account for the change in projected volume.

59.2.3 Hedge Frequency

The number of hedge transactions for any fiscal year shall be no greater than four as determined by the Hedge Administrators except as may be required in response to a change in the volume of ~~gas~~ ~~fuel~~ or ~~energy~~ projected as provided in Section 59.1 above.

59.2.4 Hedge Timing

Hedging instruments shall be entered into no sooner than 30 months in advance of the first business day of the fiscal year being hedged. All hedges for any fiscal year will be in place in advance of the annual budget submission to the Board of Directors for that fiscal year.

59.2.5 Hedge Termination

The Hedge Administrators may terminate any and all hedges in whole or in part in response to changes in the projected volume of ~~gas~~ ~~fuel~~ or ~~energy~~ in any fiscal year as provided in Section 59.1 above or if required due to any action by the California Public Utilities Commission or the San Diego Gas and Electric Company, which impacts the effectiveness of the hedge. Under no circumstance will hedges be terminated for the sole purpose of generating a profit.

59.2.6 Hedge Term

All hedging instruments will be limited in term to 24 months.

59.2.7 Prohibited Commodity Swap Features

The MTS will not use commodity swaps that: (i) involve any purpose other than hedging natural gas ~~fuel~~ or ~~energy commodity~~ prices as set forth in this Policy; (ii) lack adequate

liquidity to terminate without incurring a significant bid/ask spread; (iii) provide insufficient price transparency to allow reasonable valuation; or (iv) are used as investments.

59.3 HEDGE INSTRUMENT FEATURES

59.3.1 Hedge Agreement

The International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement shall be used as the basis for the documentation of commodity swaps. The swap agreement between the MTS and each counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions, provisions and safeguards as MTS, in consultation with its legal counsel, and/or hedge advisor deems necessary or desirable.

If MTS takes part in SDG&E's CAT Program for natural gas purchases, or becomes a Direct Access customer for electric energy purchases, the hedging objectives of this policy may be met by execution of an appropriate amendment to the Gas-relevant Purchase and Sale Agreement entered into with a qualified GSPEP.

59.3.2 Commodity Swap Counterparty Credit Criteria

Qualified commodity swap counterparties will be those having, at the time of execution, a general credit rating not lower than "A3" or "A-" by at least two of the nationally recognized rating agencies, unless such party provides a guaranty from a parent or other guarantor rated "A3" or "A-". The nationally recognized rating agencies are Moody's Investors Services, Inc., Standard and Poor's, and Fitch Ratings.

59.3.3 Collateral Requirements

Threshold collateral amounts shall generally be established in accordance with the guidelines set forth below.

Counterparty Credit Rating	Threshold
Aa3/AA- or better	Unlimited
A3/A- to A1/A+	\$25 million
Baa1/BBB+	\$15 million
Baa2/BBB	\$10 million
Baa3/BBB-	\$2.5 million

Collateral shall be deposited with a third-party custodian or as mutually agreed upon between MTS and the counterparty. A list of acceptable securities that may be posted as collateral and the valuation of such collateral will be determined and mutually agreed upon during negotiation of the swap agreement with each swap counterparty. Once collateral has been posted, the market value of the collateral shall be determined at least weekly.

59.3.4 Security and Source of Repayment

Commodity swaps will be payable from any lawfully available funds of MTS. Whenever possible, language will be included in the swap agreement specifying that with respect to farebox revenues, swap obligations of the MTS are payable on a basis subordinate to the payment of MTS taxable pension obligation bonds, certificates of participation, or any other obligation secured on a parity therewith.

59.4 SELECTING AND PROCURING COMMODITY SWAPS

59.4.1 Counterparty Selection

Commodity swap counterparties will be selected by the Hedge Administrators consistent with the credit and performance criteria set forth in this Policy.

59.4.2 Competitive Bidding

All hedge instruments will be procured through a competitive bidding process that will provide the lowest commodity price. The nature and timing of the bidding process will be determined by the Hedge Administrators.

59.5 MONITORING, REPORTING, AND DISCLOSURE

59.5.1 Quarterly Reporting

The hedge program will be monitored to ensure consistency with this Policy. Annual and quarterly reports will be provided to the MTS Board of Directors in written form which shall include, but not be limited to, the following:

- (a) A description of all outstanding commodity swaps, including terms, rates paid and received, and current termination value.
- (b) Current counterparty credit ratings.
- (c) Collateral required and posted by MTS and each commodity swap counterparty, if any.
- (d) Any material event involving outstanding swap agreements, including a default by a commodity swap counterparty, counterparty downgrade, or termination.
- (e) Updated projection of the volume of gas-fuel or energy expected to be required for operational purposes and compared to the volume hedged.
- (f) Description of any regulatory changes, including changes in the energy--pricing methodology of the California Independent Systems Operator (CAISO) or changes to San Diego Gas and Electric's hedging practices, which may impact the hedge program.

59.5.2 Disclosure and Financial Reporting

Steps will be taken to ensure that there is full and complete disclosure of all commodity swaps to the Board. With respect to its financial statements, MTS adheres to the guidelines for the financial reporting of commodity swaps as set forth by the Government Accounting Standards Board.

Metropolitan Transit System Energy Hedging Program

(Michael McDonald, McDonald Partners)

MTS Board of Directors Meeting
February 18, 2010



1



MTS Energy Hedging Program

- Last February, Board approved Natural Gas Hedging Program
 - Compressed natural gas (CNG) fuels over 80% of bus operations
 - MTS spends over \$10 million on CNG each year
 - CNG commodity prices highly volatile
- Results of Program
 - MTS purchased CNG directly from gas service provider, instead of SDG&E, at market rates
 - Financial hedge put into place to fix MTS's rate for FY 2010
 - Achieved budget certainty for FY 2010
 - Additional savings of over \$200,000 versus staying with SDG&E
- Significant opportunity in electricity market



2



Electricity deregulation in California

- 1998 - First implemented in California, "direct access" available for all customers including residential
- 2000-01 - Energy crisis
 - Utilities exposed to prices higher than their customers artificially-capped prices
 - DWR steps in to buy high-priced electricity on behalf of utilities
 - Deregulated market suspended on September 20, 2001
- 2009 - California legislature passes Senate Bill 695
 - Responding to customer interest due to continued rate increases
 - Lifts the market suspension
 - Paves the way for reopening the market to non-residential customers in 2010 with a cap on the amount of load that can leave the utilities
- 2010 - New market to be phased in during a 4-year period
 - 50% of available Year 1, 20% Year 2, 20% Year 3, 10% Year 4
 - SDG&E available Year 1: 231,000 Megawatt hours (MWh)



3



Market reopening timeline

- Enrollment options under discussion. Current expectations:
 - Electricity Service Providers (ESP's) provide notice to utilities through already established channels
 - Customers will be accepted on of first come, first served basis
- Final decision on above details expected in mid-March 2010
- First available power deliveries could begin in April 2010
- Being prepared now is key to taking advantage of the opportunity



4



SDG&E tariffs and electricity costs

- MTS currently served as “bundled” customer - electricity plus distribution served by SDG&E
 - Complex tariff design has summer and winter demand components, summer and winter on-peak, part-peak and off-peak energy components
 - MTS also subject to Critical Peak Pricing adjustments (2009 had 9 events, costing approximately \$400K due to rates 10x higher than normal)
 - Portion of total that is related to electricity is \$85/MWh to \$90/MWh, depending on tariff
- Electricity is the piece available to be served by ESP
- No impact to operations
 - On all service, MTS still served by SDG&E for distribution of electricity
 - Essentially a change to billing practices in the background



5



MTS Rail Sites in SDG&E Territory

- MTS Rail uses approximately 55,700 MWh in total
 - 213 meters in total
 - 32 IDR meters (measuring every 15 minutes) = approx. 48,800 MWh
 - 181 monthly meters = approximately 6,900 MWh
 - Monthly meters would have to be upgraded to be part of the program
- If MTS moved all 32 IDR accounts to Direct Access
 - 48,800 MWh would be 21% of SDG&E's total availability in Year 1 (231,000 MWh)
 - Indexed electrical rates expected between \$65/MWh to \$70/MWh, versus the SDG&E rates of \$85/MWh to \$90/MWh
 - Potential savings of \$500,000 to \$1 million
 - These accounts no longer subject to Critical Peak Pricing
 - Could potentially enter in financial hedge to fix rates for FY 2011 to create budget certainty



6



Next Steps

- Revise MTS Energy Hedge Policy to include electricity
- Select Electricity Service Provider (ESP)
 - Solicit Request For Proposals
 - Select ESP by the beginning of March
- ESP submits Notification of Intent (NOI) to SDG&E
 - Submit NOI immediately upon opening of the program in mid-March
 - Customers selected on a first come, first served basis
 - SDG&E has 20-days or less to process the NOI and inform customers if they are under the cap
 - If selected, ESP submits direct access service request for MTS
 - Utilization of direct access electricity as early as April 11, 2010
- Post selection
 - Cost/Benefit analysis of fixing electrical rates with financial hedge
 - If appropriate, bid and secure fixed rate



7



MTS Staff Recommendations

- Approved the updated Energy Hedge Program
 - Pursuing electricity in addition to CNG
- Approve Direct Access for Electricity Program
- Approve the revised Energy Hedge Policy
 - Including the continued designation the Chief Executive Officer and Chief Financial Officer as the administrators of the policy, and authorizing administrators to execute hedges in accordance with this policy



8



Metropolitan Transit System Energy Hedging Program

(Michael McDonald, McDonald Partners)

MTS Board of Directors Meeting
February 18, 2010



9





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

Agenda

Item No. 45

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

OPS 970.2

February 18, 2010

SUBJECT:

SDTI: CHARGERS FOOTBALL 2009 YEAR-END SUMMARY (TOM DOOGAN)

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

The 2009 season represented the 12th complete year that San Diego Trolley (SDTI) has provided special service to Chargers games at Qualcomm Stadium. Service was also provided to the final three games of the 1997 season after the opening of the Mission Valley West extension in November 1997. The year marked the fifth season for Green Line operations to Qualcomm Stadium providing direct service to the games from East County locations.

Attendance and Ridership Recap:

The following represents 2009 season figures in comparison with the 2008 season:

	2008 (11 games)	2009 (11 games)
Overall Attendance	727,911	727,315 (- 0.1%)
Average Attendance	66,174	66,120
Overall Ridership	174,275	167,722 (- 3.8%)
Average Ridership	15,843	15,247
Average Gate %	23.9%	23.1%
Total Boardings	348,550	335,444
Manual Sales	\$501,915	\$465,638 (- 7.2%)
TVM Sales	\$209,992	\$287,615 (+ 37.0%)
AMTRAK/Coaster	\$15,855	\$17,375 (+ 9.6%)
Overall Revenue	\$727,762	\$770,627 (+ 5.9%)
Average Revenue	\$66,160	\$70,057
Amount per trip	\$2.09	\$2.30

Cost Recovery

To determine the current status of operating efficiency, a cost-recovery exercise was conducted. An average game was chosen to compare the marginal costs of operating event service against the revenue generated by event ridership. All operating costs associated with the event service were considered, including car miles, staffing levels, and contract services. Revenue sources include manual tickets sales, estimated revenue from ticket vending machines (TVMs), and AMTRAK fare receipts. The TVM figures were established based upon sales averages by day of the week and comparing sales on nonevent dates with the date in the sample. The game selected was played on Sunday, November 1, 2009, vs. the Oakland Raiders.

Security Staffing Efficiencies

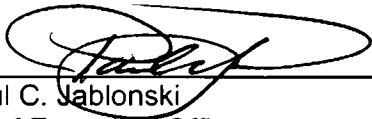
The largest single expense line item, Transit System Security (TSS), has been almost eliminated from this exercise. TSS routinely makes adjustments to its weekly schedule by moving its "common day" (which is a day each week when both watches are scheduled) so that it occurs on game day. This limits the amount of new expenses incurred to facilitate the event deployment.

CHARGERS MID-SEASON SAMPLE		
	November 1, 2009:	2009 Season Average:
• Attendance	67,012	66,120
• Ridership	14,066	15,247
• Gate %	21.0%	23.1%
• Gross Revenue (estimate)	\$72,482	\$70,057
• Operating Costs	\$13,376	
• Net Revenue (estimate)	\$59,107	
• Revenue per Rider (estimate)	\$4.20	

OPERATING COST/REVENUE COMPARISON

1 Game

Category	Revenue	Expenses
Ticket sales (Booth)	\$39,445.00	
Ticket sales (TVM)	\$31,180.00	
AMTRAK	\$1,858.00	
Security (Marginal Costs)		(\$51.00)
Security (Heritage)		(\$1,779.00)
Transportation Department		(\$4,585.00)
Car Miles (Traction Power)		(\$3,933.00)
Revenue Department		(\$1,404.00)
Facilities Department		(\$218.00)
LRV Department		(\$1,406.00)
Total Expenses:		(\$13,376.00)
Total Revenues:	\$72,483.00	
Net Operating Rev. (est.):	\$59,107.00	



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tom Doogan, 619.595.4984, tom.doogan@sdti.sdmts.com

FEB18-10.45.CHARGERS 2009 YEAR-END SUMMARY.TDOOGAN.doc

Attachment: A. Attendance/Ridership Summary

CHARGERS 2009 SEASON

SAN DIEGO TROLLEY, INC.

DAY	DATE	TEAM	GAME ATT (GATE)	CUMULATIVE ATTENDANCE 2009	CUMULATIVE ATTENDANCE 2008	% CHANGE ATTENDANCE 08 - 09	NUMBER RIDERS TO GAME	% OF GAME ATT	CUMULATIVE TOTAL RIDERS 2009	CUMULATIVE TOTAL RIDERS 2008	% DIFFER 08 - 09	RIDERS FROM GAME	GAME TOTAL RIDERS	COMMENTS
SAT	1	8/15	SEATTLE	58,373	58,373	-5.8%	12,805	21.9%	12,805	14,614	-12.4%	12,114	24,919	7:00PM Pre-Season
FRI	2	9/4	SAN FRAN	59,049	117,422	2.4%	13,355	22.6%	26,160	27,458	-4.7%	12,793	26,148	7:00PM Pre-Season
SUN	3	9/20	BALTIMORE	66,880	184,302	1.4%	15,601	23.3%	41,761	42,987	-2.9%	14,620	30,221	1:15PM Home Opener
SUN	4	9/27	MIAMI	67,320	251,622	0.3%	16,190	24.0%	57,951	61,751	-6.2%	15,952	32,142	1:15PM
MON	5	10/19	DENVER	68,615	320,237	0.2%	17,852	26.0%	75,803	78,480	-3.4%	14,636	32,488	5:30PM MNF
SUN	6	11/1	OAKLAND	67,012	387,249	0.1%	14,066	21.0%	89,869	93,146	-3.5%	13,103	27,169	1:05PM
SUN	7	11/15	PHILADELPHIA	68,875	456,124	0.2%	16,134	23.4%	106,003	109,415	-3.1%	15,748	31,882	1:15PM
SUN	8	11/29	KANSAS CITY	65,280	521,404	-0.2%	14,090	21.6%	120,093	122,422	-1.9%	12,916	27,006	1:05PM
SUN	9	12/20	CINCINNATI	68,889	590,293	-0.1%	15,383	22.3%	135,476	138,409	-2.1%	13,559	28,942	1:05PM
SUN	10	1/3	WASHINGTON	67,554	657,847	-0.3%	15,158	22.4%	150,634	156,677	-3.9%	11,129	26,287	1:15PM
SUN	11	1/17	NEW YORK	69,468	727,315	-0.1%	17,088	24.6%	167,722	174,275	-3.8%	15,076	32,164	Divisional Playoffs
			GRAND TOTAL	727,315	167,722	23.1%						151,646	319,368	
			2008 Totals	727,911	174,275	23.9%						164,096	333,745	
			08-09 Difference	(596)	(6,553)	-0.88%							(14,377)	
			2009 Averages	66,120	15,247	23.1%							29,033	
			2008 Averages	66,174	15,843	23.9%							30,340	
			08-09 Difference	(54)	(596)								(1,307)	

SAN DIEGO TROLLEY, INC.

Ticket Booth Revenue

CHARGERS 2009 SEASON

DAY	DATE	TEAM	GAME ATT (GATE)	RIDERS TO GAME	GATE %	CUM TOT RIDERS TO GAME	REVENUE COLLECTED AT BOOTHS	CUMULATIVE REVENUE 2009	CUM BOOTH REV 2008	DIFFERENCE 08 - 09	% DIFF	\$ PER FAN IN ATT.	BOOTH \$ PER RIDER	AMTRAK REVENUE	EST. TVM CASH	EST. TVM DEBIT/CR	EST. GROSS REVENUE	GAME BY GAME REV 2008	TOTAL \$ PER RIDER
SAT	8/15	SEA	58,373	12,805	21.9%	12,805	\$34,755.00	\$34,755.00	\$33,766.75	\$988.25	2.9%	\$0.60	\$2.71	--	\$18,476.00		\$53,231.00	\$60,803.25	\$4.16
FRI	9/4	SF	59,049	13,355	22.6%	26,160	\$33,941.25	\$68,696.25	\$67,566.50	\$1,129.75	1.7%	\$0.57	\$2.54	--	\$23,044.00	\$7,314.25	\$64,299.50	\$54,142.65	\$4.81
SUN	9/20	BALT	66,880	15,601	23.3%	41,761	\$45,145.00	\$113,841.25	\$116,057.75	-\$2,216.50	-1.9%	\$0.68	\$2.89	\$1,652.50	\$20,041.00	\$3,896.25	\$70,734.75	\$68,653.05	\$4.53
SUN	9/27	MIA	67,320	16,190	24.0%	57,951	\$43,563.75	\$157,405.00	\$173,124.00	-\$15,719.00	-9.1%	\$0.65	\$2.69	\$2,495.00	\$18,060.00	\$2,173.50	\$66,292.25	\$86,530.11	\$4.09
MON	10/19	DEN	68,615	17,852	26.0%	75,803	\$50,821.25	\$208,226.25	\$222,871.50	-\$14,645.25	-6.6%	\$0.74	\$2.85	--	\$25,946.75	\$8,577.42	\$85,345.42	\$78,614.35	\$4.78
SUN	11/1	OAK	67,012	14,066	21.0%	89,869	\$39,445.00	\$247,671.25	\$266,741.50	-\$19,070.25	-7.1%	\$0.59	\$2.80	\$1,857.50	\$23,795.38	\$7,384.25	\$72,482.13	\$56,979.50	\$5.15
SUN	11/15	PHILLY	68,875	16,134	23.4%	106,003	\$44,223.75	\$291,895.00	\$316,274.00	-\$24,379.00	-7.7%	\$0.64	\$2.74	\$2,655.00	\$21,277.27	\$7,481.25	\$75,637.27	\$66,986.70	\$4.69
SUN	11/29	KC	65,280	14,090	21.6%	120,093	\$38,885.00	\$330,780.00	\$354,720.25	-\$23,940.25	-6.7%	\$0.60	\$2.76	\$2,172.50	\$12,993.27	\$5,778.50	\$59,829.27	\$50,754.50	\$4.25
SUN	12/20	CIN	68,889	15,383	22.3%	135,476	\$43,307.50	\$374,087.50	\$399,521.50	-\$25,434.00	-6.4%	\$0.63	\$2.82	\$2,050.00	\$22,211.05	\$7,303.38	\$74,871.93	\$62,328.18	\$4.87
SUN	1/3	WASH	67,554	15,158	22.4%	150,634	\$42,247.50	\$416,335.00	\$452,634.00	-\$36,299.00	-8.0%	\$0.63	\$2.79	\$2,246.00	\$18,664.75	\$9,363.00	\$72,521.25	\$72,399.95	\$4.78
SUN	1/17	NY JETS	69,468	17,088	24.6%	167,722	\$49,302.50	\$465,637.50	\$501,915.25	-\$36,277.75	-7.2%	\$0.71	\$2.89	\$2,246.00	\$15,844.90	\$7,989.00	\$75,382.40	\$69,570.13	\$4.41
		GRAND TOTAL	727,315	167,722	23.1%	167,722	\$465,637.50		\$501,915.25	-\$36,277.75	-7.2%	\$0.64	\$2.78	\$17,374.50	\$220,354.37	\$67,260.80	\$770,627.17	\$727,762.37	\$4.59
11-Game Averages			66,120	15,247			\$42,330.68		\$45,628.66	-\$3,297.98				\$2,171.81	\$20,032.22	\$6,114.62	\$70,057.02	\$66,160.22	

Chargers Football

2009 Year-End Summary

Board of Directors Meeting
February 18, 2010



1



LRT Service Overview

- Fifth year of Green Line service to the stadium (12th full season overall)
- Green Line operated 4-car trains for each weekend game (except S-70 trains, which operated as 3-cars each)
- Special event shuttle service operated between Old Town and Qualcomm Stadium
- Mid-line trips operated beginning at the Hazard Center station eastbound and at the Grantville station westbound
- Additional trains were dispatched from the yard for post-game service



2



LRT Service Overview (cont.)

- A mid-season adjustment was made to broaden the expanded service area and to help maintain the Green Line schedule
- Midline trips were extended to the 70th Street Station
- 70th Street was designated because:
 - Furthest point east without conflicting with Orange Line operations
 - Existing infrastructure (routing capabilities)
 - Provided service to stations growing in popularity (70th St., Alvarado, SDSU)
 - One additional train required

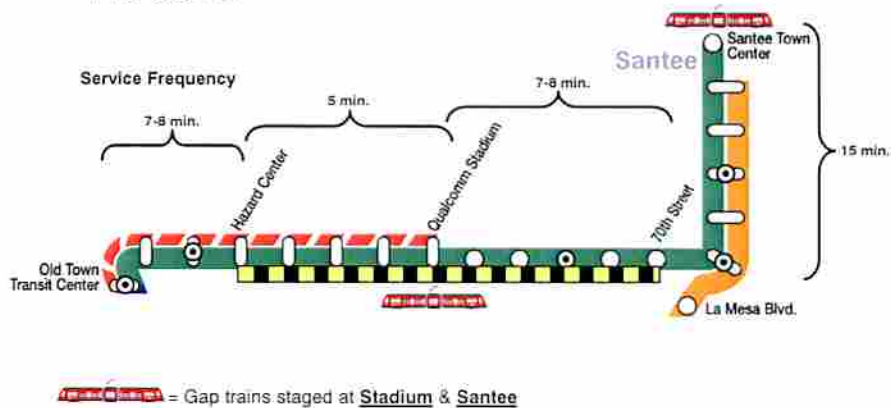


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LRT Service Overview (cont.)

Pre-Game



4



Attendance & Ridership

2009 figures compared to 2008 Season

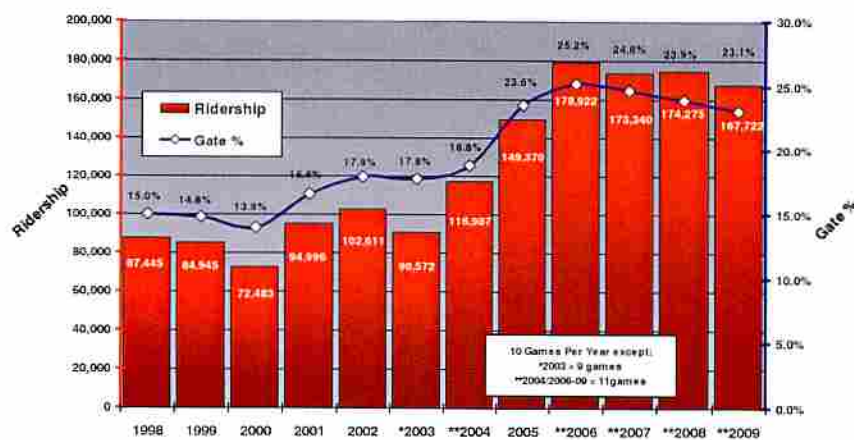
- Overall Stadium attendance down 0.1% (727,315)
 - Average attendance (66,120)
- Overall Trolley ridership down 3.8% (167,722)
 - Average ridership (15,247)
- Gate % = 23.1%
(vs. 23.9% in 2008)



5



Ridership History



6



Ticket Sales Revenue

Season Summary

- Manual tickets sales were conducted at 11 locations between Old Town and El Cajon (same as in 2008)
- Ticket booth revenue was down 7% vs. 2008
- Increase in Debit / Credit Card transactions at TVMs
- Inbound and outbound fare inspections conducted at stadium turnstiles for all games.

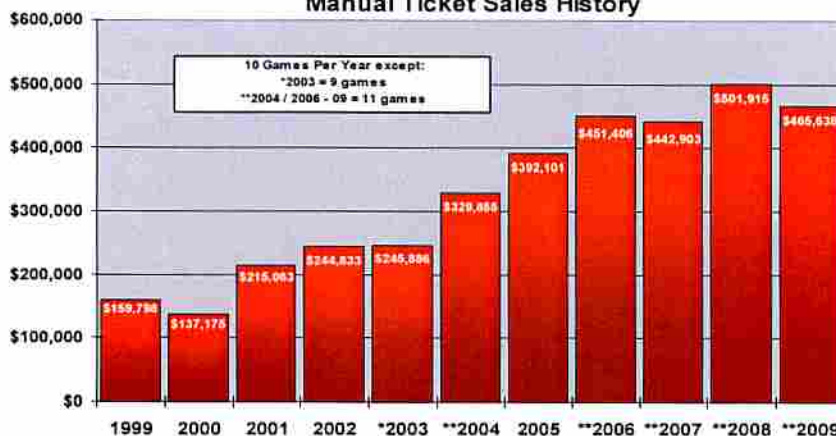


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Manual Ticket Sales History

SDTI / Chargers Football Manual Ticket Sales History



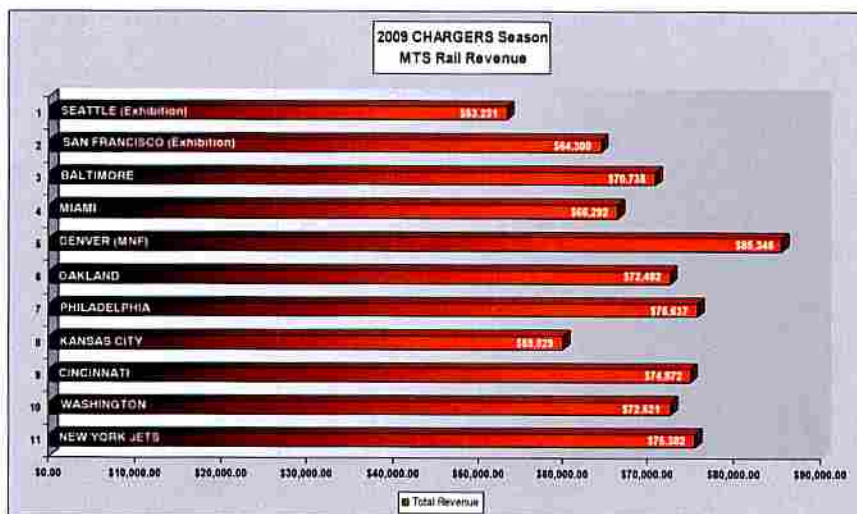
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Pre-Game Fare Inspection

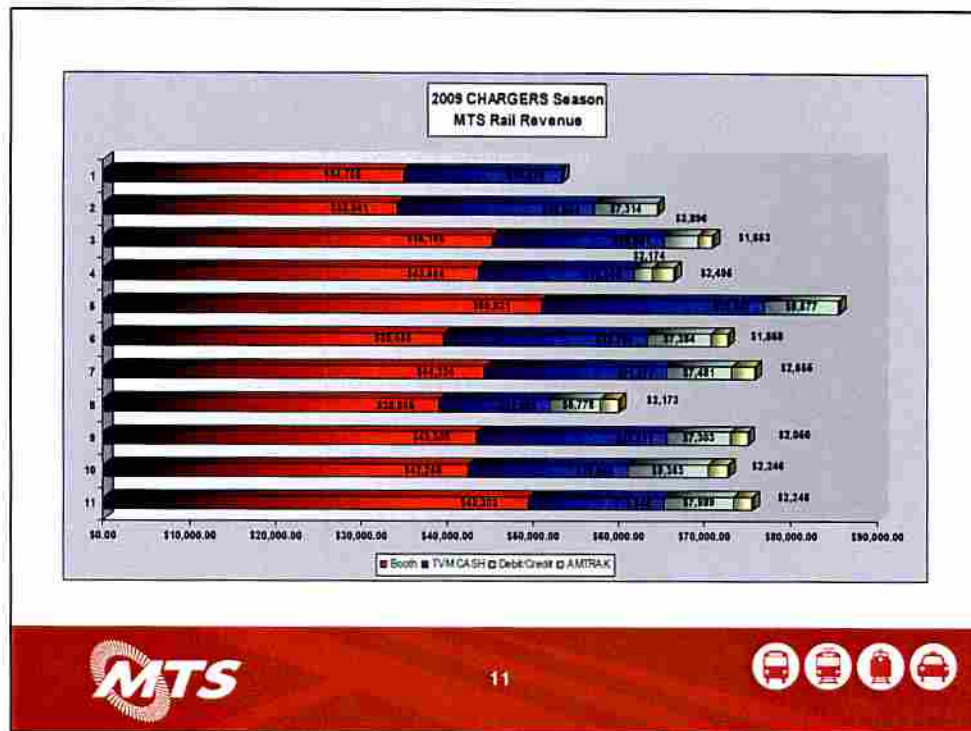


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10





Cost Recovery Exercise

- One game was selected to provide comparison data for event operating expenses vs. revenue generated
- All marginal operating costs were included;
 - personnel hours
 - contract services
 - power consumption
 - car miles
- Goal: To measure event service efficiencies

Cost Recovery (Chargers vs. Raiders, 11/1/2009)			
Category	Revenue	Expenses	
Ticket sales (Booth)	\$39,445		
Ticket sales (TVM)	\$31,180		
AMTRAK	\$1,858		
Security (TSS)		(\$51)	*
Security (Heritage)		(\$1,779)	
Transportation Dept.		(\$4,585)	
Car Miles (Traction power)		(\$3,933)	
Revenue Dept.		(\$1,404)	
Facilities Dept.		(\$218)	
LRV Dept.		(\$1,406)	
TOTAL EXPENSES		(\$13,376)	
TOTAL REVENUE	\$72,483		
NET OPERATING REVENUE (1 GAME)		\$59,107	13
13			

Average Net Revenue

- Gross revenue: 2009 Season = \$770,627
- Average Revenue = \$70,057
- Average Event Costs = (\$13,500)
- Average Net Revenue = \$56,557



Estimated Net Revenue 2009 Chargers Season

\$621,000



15



Chargers Summary Challenges for 2010

- Stay the course; continued success requires continued effort
- Prepare for scheduling and staffing challenges under new Sunday timetable
- Look for ways to improve efficiency during weeknight games
- Promote ridership from East County
 - Existing park & ride capacity
 - Routing & headway options
 - Additional fleet requirements



16



NCAA Bowl Games

Poinsettia Bowl

Wednesday, December 23, 2009

Kickoff 5:00pm

Cal vs. Utah



Attendance	32,665	down 27%
Ridership	4,480	down 18%
Gate %	13.7%	up from 12.3% in 2008



17



NCAA Bowl Games (cont.)

Holiday Bowl

Wednesday, December 30, 2009

Kickoff 5:00pm

Nebraska vs. Arizona



Attendance	64,270	up 9%
Ridership	20,810	up 53%
Gate %	32.4%	up from 23.0% in 2008



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Holiday Bowl 2009 A Record Setting Day!

- 3rd highest stadium event ridership ever
- Surpassed only by two Super Bowl games (1998 and 2003)
- Within approx. 2,000 passengers of Super Bowl XXXVII totals
- Pre-game operations: smooth and all fans arrived by kickoff
- Super Bowl XXXVII: 80 buses set aside for LRT support during post-game egress
- 2009 Holiday Bowl: LRT only
- Platforms cleared with 90 minutes of final whistle
- 80% of crowd traveling west



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Holiday Bowl Summary Challenges for 2010

- Anticipate lower numbers; only 1 team hotel near LRT in 2010
- Work with HB officials to improve customer experience;
 - Assemble serpentine queue (as for Chargers' games)
 - Provide stadium security to manage crowds on parking lot level
 - Promote off-site parking at SDSU and other MTS park & rides
 - Continue to promote MTS
- Work to overcome resource limitations by increasing efficiency



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Agenda

Item No. 46

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

S RTP 830

February 18, 2010

SUBJECT:

MTS: SAFETY AND TRANSIT FACILITIES (KRISTEN ROHANNA FROM SANDAG)

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

The San Diego Association SANDAG recently completed a study analyzing public transit's impact on neighborhood safety. The study compared the crime rates between similar neighborhoods with and without a transit station (Coaster or trolley) as well as crime rates before and after the implementation of the Green Line Trolley extension. Additional analyses were also included to determine if station design or features of the surrounding areas were related to the amount of crime found near a station. A report on this study and its results will be provided by SANDAG staff.

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

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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.



Public Safety at Transit Stations

February 18, 2010



How Did We Select Neighborhoods?

- total population
- population density
- ethnicity
- median age
- percent of families below poverty
- income
- educational attainment
- presence of children under the age of 18
- female-headed households
- housing type
- renter-occupied
- proportion zoned industrial
- proportion zoned residential
- proportion zoned commercial
- presence of parking lot



3



How Did We Select Neighborhoods?

$$\ln[\Pr(\tilde{Q}_i = 1) / \Pr(\tilde{Q}_i = 0)] = \beta_0 + X_1\beta_1 + X_2\beta_2 + X_3\beta_3 + \varepsilon$$

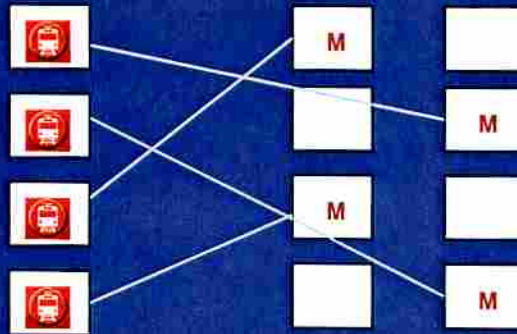


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How Did We Select Neighborhoods?

$$\ln[\Pr(Y_i = 1) / \Pr(Y_i = 0)] = \beta_0 + X_{i1}\beta_1 + X_{i2}\beta_2 + X_{i3}\beta_3 + \varepsilon_i$$

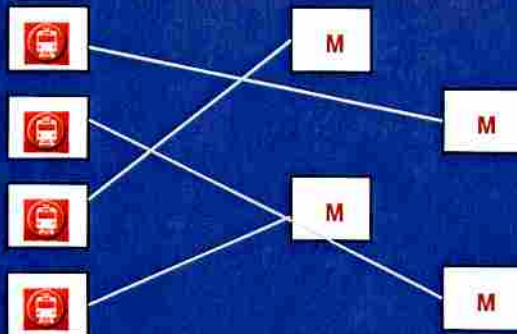


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How Did We Select Neighborhoods?

$$\ln[\Pr(Y_i = 1) / \Pr(Y_i = 0)] = \beta_0 + X_{i1}\beta_1 + X_{i2}\beta_2 + X_{i3}\beta_3 + \varepsilon_i$$



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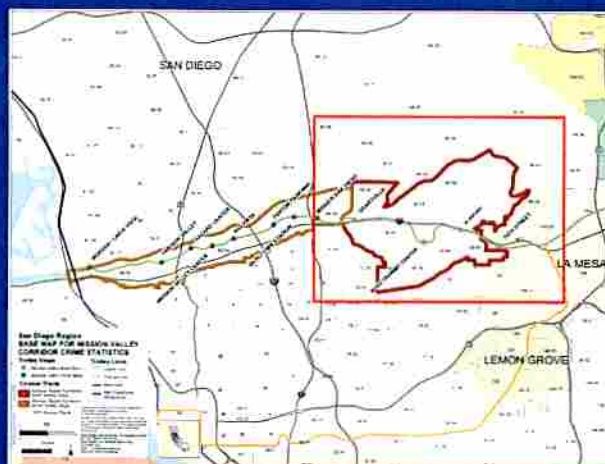
No Significant Differences

Crime Type	Station Presence in Neighborhood	Sample Size (N)	Average Number of Crimes	Standard Deviation	t-test p value
Total Crimes	Station	50	228.38	240.79	.387
	No Station	50	193.68	148.06	
Property Crimes	Station	50	176.36	219.57	.438
	No Station	50	148.68	122.05	
Motor Vehicle Thefts	Station	50	44.82	61.15	.634
	No Station	50	39.36	52.85	
Violent Crimes	Station	50	52.02	35.88	.328
	No Station	50	45.00	35.58	

7



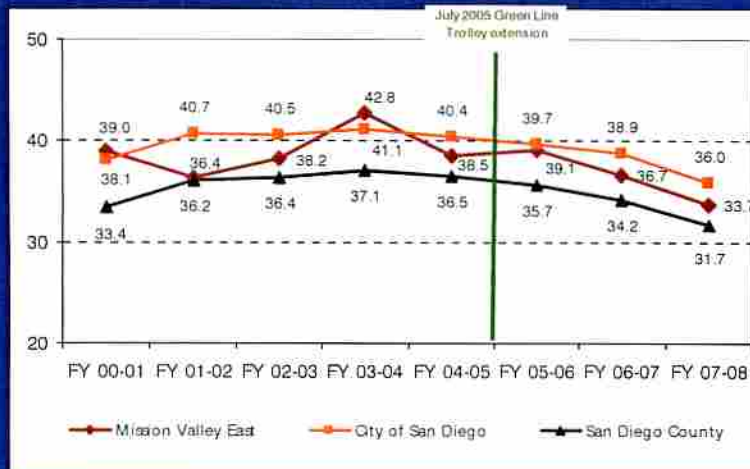
Were There Differences After Transit Stations Were Added?



8



No, Crime Has Not Increased



Crime rate per 1,000 residents

9

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Station Design and Surrounding Area - CPTED



10

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Surrounding Area is Related to Amount of Crime

- **Stations without:**
 - Visible convenience stores
 - Major employment center surrounding
 - Nearby retail or on-site
 - High vehicle or pedestrian traffic

...Had fewer crimes

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Conclusions

- **Presence of transit station does not increase neighborhood crime**
- **Neighborhood characteristics tend to influence crime rates**

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

Agenda

Item No. 47

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

S RTP 835

February 18, 2010

SUBJECT:

MTS: URBAN AREA TRANSIT STRATEGY (CAROLINA GREGOR OF SANDAG)

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

As part of the development of the 2050 Regional Transportation Plan (RTP), SANDAG is preparing an innovative and visionary "Urban Area Transit Strategy" to significantly increase the attractiveness of transit, walking, and biking that will lead to increased use of alternative modes in the more urbanized areas of the region. Through this project, three transit network alternatives will be developed and tested with the ultimate incorporation of one of the networks (or a combination or variation thereof) into the 2050 RTP and its Sustainable Communities Strategy (SCS).

The overarching goal is to create a world-class transit system for the San Diego region in 2050. Other key goals include:

- Significantly increasing the use of transit, walking, and biking in the trolley ring and other urban areas as depicted in Attachment A;
- Making transit more time-competitive with automobile travel;

- Maximizing the potential increase in transit by better integrating land use and transportation planning through coordination of SANDAG's smart growth strategy with the long-range transit vision in the upcoming 2050 RTP; and
- Reducing vehicle miles traveled and greenhouse gas emissions in the region.

The project schedule includes a number of detailed tasks that need to be completed in a very concentrated time span. Stakeholder input will be sought around three key points:

1. Transit mode-share goals and network performance measures;
2. Transit network alternatives and their evaluation; and
3. Phasing and implementation.

The Urban Area Transit Strategy is being prepared in compliance with the terms of the 2008 RTP Settlement Agreement on the 2030 RTP Environmental Impact Report.

SANDAG has contracted with PB Americas to conduct the work on this project, including assembling an international consulting team of PB professional consultants to help develop concepts and cost estimates for the alternative transit networks. The PB consultant team convened in San Diego last month over four days, which resulted in the development of three initial transit concepts. SANDAG staff has been working with staffs from both MTS and the North County Transit District (NCTD) to refine the concepts and begin developing transit networks that reflect the concepts. The networks will be coded and modeled, and an initial overview of the performance of the networks will be available in the April time frame. In addition, SANDAG will assemble a peer review panel to critically assess the alternative transportation networks and provide comments and recommendations regarding the networks.

In order to kick off the project, staff facilitated initial brainstorming sessions late last year with local elected officials, stakeholders, and member-agency staffs on potential transit concepts that could be considered in the development of the alternative networks. Input collected to date is summarized in Attachment 2. The MTS Board is invited to provide input, which would be used to continue to refine the initial concepts and alternative networks.

The draft 2050 RTP is scheduled to be released for public review in early 2011. The SANDAG Transportation Committee will be responsible for making recommendations to the SANDAG Board of Directors on the preferred regional transit network resulting from this project. The Board of Directors will ultimately select the transit network that will be incorporated into the 2050 RTP.



Paul C. Jablonski
Chief Executive Officer

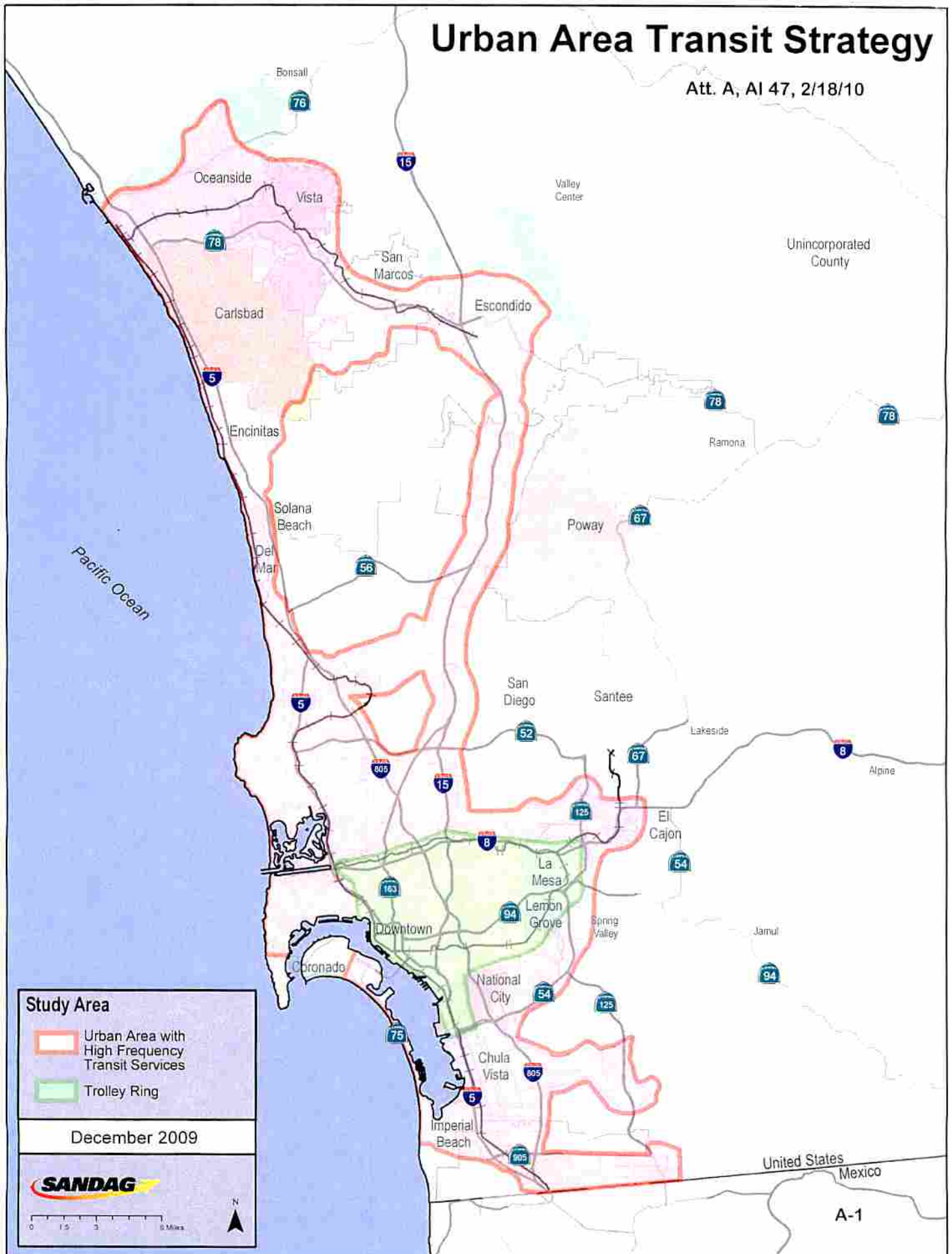
Key Staff Contact: Denis Desmond, 619.515.0929, denis.desmond@sdmts.com

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Attachments: A. Study Area
B. Results of Brainstorming Sessions

Urban Area Transit Strategy

Att. A, AI 47, 2/18/10



Key Points from Brainstorming Sessions on the Urban Area Transit Strategy

Brainstorming sessions on the Urban Area Transit Strategy were held from October to December 2009 with SANDAG's Transportation Committee and Regional Planning Committee; the North County Transit Development (NCTD) Board of Directors; and SANDAG's Regional Planning Stakeholders Working Group (SWG), Regional Planning Technical Working Group (TWG), Cities/County Transportation Advisory Committee (CTAC), and Regional Housing Working Group (RHWG). In preparation for the development of the alternative transit networks, staff has been facilitating brainstorming sessions on ideas and concepts that could be considered in the networks. The following are "key points" from those brainstorming sessions. (Due to scheduling constraints, outreach is scheduled for the Metropolitan Transit System (MTS) Board of Directors in February 2010.)

SANDAG Transportation Committee

- Liked the world-class transit systems of London, Paris, Brisbane, Shanghai, and Portland; also cited lessons that could be learned from transit systems in Phoenix and Pittsburgh.
- Emphasized the importance of keeping the focus on maintaining and upgrading the region's existing transit infrastructure (such as double-tracking of COASTER and SPRINTER lines)
- Encouraged higher frequencies (for example, five-minute frequencies in key corridors)
- Encouraged more directional signage, benches, and shelters at transit stations
- Urged better use of technology (such as cell phone applications) to assist transit customers with real-time transit information
- Advocated for significant improvements between transit networks and bike infrastructure (for example, bike racks at transit stations, bike rental facilities at transit stations, bike racks on trains and buses, similar to European examples)
- Recognized the cleanliness and safety of the existing transit system in San Diego
- Cited Portland as an example of high bike ridership, a free downtown transit ridership zone, and good ties to the airport

SANDAG Regional Planning Committee

- Liked the world-class transit systems of London, Paris, Manila
- Emphasized the need to test the alternative transit networks against the reduction of vehicle miles traveled (VMT) as a key metric
- Suggested the use of smaller vehicles, such as shuttles or jitneys, to increase frequencies and to provide services in residential neighborhood areas
- Advocated building upon the existing transit network, and focusing the future transit network improvements in the urban core areas
- Suggested creating more "express" transit services to targeted areas to minimize travel times in key corridors
- Advocated the incorporation of the Smart Growth Design Guidelines and the Regional Bike Plan into the Urban Core Transit Strategy planning process
- Cited Portland as an example of an area where expenditure decisions have resulted in a tangible benefit to active transportation (high bike mode share)

NCTD Board of Directors

- Emphasized the need to figure out how to make transit work in communities that don't want increased density
- Expressed support for focusing on enhancements to the existing network, not just new ideas, and evaluating last-mile solutions
- Encouraged the evaluation of how high-speed rail fits into the study
- Stated that more service is a great idea, but urged that we consider how we pay for it
- Emphasized that transportation should fit into the land use plans of cities, not the other way around
- Expressed the concept that "transit is what the community wants it to be," and reemphasized that we need better coordination with local plans, especially in the short-term. For example, cities and transit agencies should enter into agreements to better coordinate land use and transportation.

TWG/CTAC

- Liked world-class transit systems of San Francisco, Washington, D.C., Paris, Bogota
- Emphasized building upon our existing transit system backbone and continuing multimodal transit technologies with a variety of options
- Suggested more shared use of parking facilities at transit stations as a way to enhance the quality and activity centers of local places
- Recognized that cul-de-sacs are bad for connectivity
- Urged implementation of bike network improvements, and implementation of more (and better-designed) pedestrian paths
- Suggested making collector streets more pedestrian and bike-friendly (reducing lanes, widening sidewalks, adding landscaping)
- Suggested reintroduction of streetcars in areas where there are space constraints

SWG/RHWG

- Emphasized the desire for more frequent transit, higher-speed transit services, lower fares, and fare free zones in some areas, such as Downtown
- Urged the creation of more well-maintained bike and pedestrian paths that connect to transit stations, with a focus on a multi-modal system with good connections and more bike racks
- Encouraged the availability of transit information and "applications" on cell phones
- Commented on the need for more signage, information, and security at stations
- Commented on the opportunity to increase the broad-base appeal for transit by linking "green issues"
- Voiced the need for more accessibility to transit stations and transit vehicles by the disabled, and the opportunity to link for-profit and non-profit partners



Urban Area Transit Strategy

A component of the 2050 RTP

February 18, 2010



Project Goals

Overarching Goal: A world class transit system
for the San Diego Region

- ◆ Transit, walking, and biking
- ◆ Maximizing role of transit
- ◆ Reduction of greenhouse gas emissions

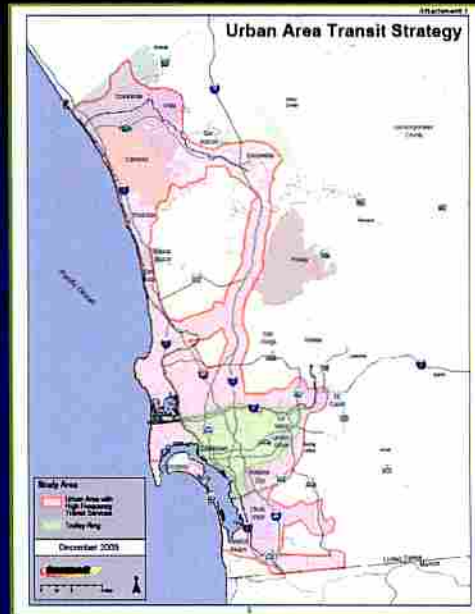
Three regional transit network alternatives



Study Area

Boundaries:

- ◆ Urban Area
- ◆ Trolley Ring



3

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Project Highlights

- ◆ Peer regions – lessons learned
- ◆ Transit mode share goals
- ◆ PB Professional Consultant Team -- alternative transit networks
- ◆ Peer Review Panel
- ◆ Five- and ten-year action plans



4

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In a Nutshell

- ◆ Develop three innovative and progressive transit network alternatives
- ◆ Analyze and test alternative networks
- ◆ Incorporate preferred network into the 2050 RTP
- ◆ Develop action plans



5



Brainstorming Sessions

- ◆ World class transit characteristics
- ◆ Thoughts on current transit system
- ◆ Key destinations
- ◆ Ideas for better linking transit, walking, and biking
- ◆ Additional ideas for the planning process



6



Transportation Committee

- ◆ Keep focus on maintaining and upgrading existing transit infrastructure
- ◆ Higher frequencies
- ◆ More signage, benches, and shelters at stations
- ◆ Better use of technology for real-time transit information
- ◆ Provide better access to transit services for cyclists



7

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Regional Planning Committee

- ◆ Test alternative transit networks against reduction of VMT as a key metric
- ◆ Smaller vehicles in residential neighborhoods
- ◆ Build upon the existing transit network and focus future transit services in urban core areas
- ◆ Incorporate Smart Growth Design Guidelines and Regional Bike Plan



8

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NCTD

- ◆ Focus on existing transit network, not just new ideas
- ◆ Evaluation of how high-speed rail fits in
- ◆ Financial considerations
- ◆ Transportation should fit into land use plans
- ◆ Better coordination with local plans



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Planning and Public Works Directors

- ◆ Build upon existing transit backbone and continue multimodal technologies
- ◆ Shared use of parking at transit stations
- ◆ Cul-de-sacs are bad for connectivity
- ◆ Implementation of bike network improvements and pedestrian paths
- ◆ Make collector streets more friendly to bikes and pedestrians



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Stakeholder and Housing Working Groups

- ◆ Lower fares; fare-free zones
- ◆ Need safe, well-maintained pedestrian and bike paths that connect to transit stations; more bike racks
- ◆ Increase the broad-base appeal for transit by linking "green issues"
- ◆ More accessibility for disabled – link up for-profit and non-profit partners
- ◆ More security at stations



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Input from MTS?



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PB Professional Consulting Team



13

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How is this study different from others?

- ◆ 2050 vision, with emphasis on most urbanized areas
- ◆ Diverse alternatives; thorough testing and evaluation
- ◆ Enhanced connections to walking and biking
- ◆ Integration into 2050 RTP
- ◆ Five- and ten-year action plans and RTIP

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Next Steps

- ◆ Alternative transit networks
- ◆ Public outreach
- ◆ Peer Review Panel



Urban Area Transit Strategy

A component of the 2050 RTP

February 18, 2010





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

Agenda

Item No. 48

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

FIN 310.2

February 18, 2010

SUBJECT:

MTS: OPERATIONS BUDGET STATUS REPORT FOR DECEMBER 2009
(MIKE THOMPSON)

RECOMMENDATION:

That the Board of Directors receive a report on the Metropolitan Transit System's (MTS's) operations budget status for December 2009.

Budget Impact

None at this time.

DISCUSSION:

This report summarizes MTS's operating results for December 2009 compared to the fiscal year 2010 budget. Attachment A-1 combines the operations, administration, and other activities results for December 2009. Attachment A-2 details the December 2009 combined operations results, and Attachments A-3 to A-8 present budget comparisons for each MTS operation. Attachment A-9 details budget comparisons for MTS Administration, and A-10 provides December 2009 results for MTS's other activities (Taxicab/San Diego and Arizona Eastern Railway Company).

MTS NET-OPERATING SUBSIDY RESULTS

As indicated within Attachment A-1, the year-to-date December 2009 MTS net-operating subsidy unfavorable variance totaled \$2,145,000 (-3.8%). Operations produced a \$1,490,000 (-2.6%) unfavorable variance, and the administrative/other activities areas were unfavorable by \$655,000.

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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.

MTS COMBINED RESULTS

Revenues

Year-to-date combined revenues through December 2009 were \$46,599,000 compared to the year-to-date budget of \$50,357,000, which represents a \$3,758,000 (-7.5%) negative variance. This is primarily due to unfavorable variances within passenger revenue due to lower-than-budgeted ridership.

Expenses

Year-to-date combined expenses through December 2009 were \$105,843,000 compared to the year-to-date budget of \$107,456,000 resulting in a \$1,613,000 (1.5%) favorable variance.

Personnel Costs. Year-to-date personnel-related costs totaled \$50,687,000 compared to a year-to-date budgetary figure of \$51,049,000, producing a favorable variance of \$362,000 (0.7%). This is primarily due to favorable year-to-date variances within rail operations.

Outside Services and Purchased Transportation. Total outside services for the first six months of the fiscal year totaled \$35,591,000 compared to a budget of \$36,353,000 resulting in a year-to-date favorable variance of \$762,000 (2.1%). This is primarily due to purchased transportation favorable variances within paratransit operations.

Materials and Supplies. Total year-to-date materials and supplies expenses totaled \$3,393,000 compared to a budgetary figure of \$3,518,000 resulting in a favorable expense variance of \$125,000 (3.6%). This is primarily due to favorable year-to-date variances within rail operations.

Energy. Total year-to-date energy costs were \$12,973,000 compared to the budget of \$13,553,000 resulting in a year-to-date favorable variance of \$580,000 (4.3%). Traction power was unfavorable by \$309,000 primarily due to critical peak-pricing events and was offset by positive variances in diesel and compressed natural gas (CNG).

Year-to-date diesel prices averaged \$2.399 per gallon compared to the budgetary rate of \$2.300 per gallon. Year-to-date CNG prices averaged \$1.184 per therm compared to the budgetary rate of \$1.350 per therm.

Risk Management. Total year-to-date expenses for risk management were \$2,250,000 compared to the year-to-date budget of \$2,009,000 resulting in an unfavorable variance totaling \$241,000 (-12.0%). This is primarily due to higher-than-expected legal claims costs within rail operations.

General and Administrative. Year-to-date general and administrative costs, including vehicle and facilities leases, were \$24,000 (2.5%) favorable to budget totaling \$949,000 through December 2009 compared to a year-to-date budget of \$974,000.

YEAR-TO-DATE SUMMARY

The December 2009 year-to-date net-operating subsidy totaled an unfavorable variance of \$2,145,000 (-3.8%). These factors include unfavorable variances in passenger revenue, other revenue, and risk management partially offset by favorable variances in personnel costs, purchased transportation, and energy.



Paul C. Jablonski
Chief Executive Officer

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

FEB18-10.48.OPS BUDGET DEC 09.MTHOMPSON.doc

Attachment: A. Comparison to Budget

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

**MTS
CONSOLIDATED**

Att. A, AI 48
2/18/10

**COMPARISON TO BUDGET - FISCAL YEAR 2010
DECEMBER 31, 2009
(in \$000's)**

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 43,641	\$ 46,932	\$ (3,291)	-7.0%
Other Revenue	2,958	3,425	(467)	-13.6%
Total Operating Revenue	\$ 46,599	\$ 50,357	\$ (3,758)	-7.5%
Personnel costs	\$ 50,687	\$ 51,049	\$ 362	0.7%
Outside services	35,591	36,353	762	2.1%
Transit operations funding	-	-	-	-
Materials and supplies	3,393	3,518	125	3.6%
Energy	12,973	13,553	580	4.3%
Risk management	2,250	2,009	(241)	-12.0%
General & administrative	651	662	10	1.6%
Vehicle/facility leases	298	312	14	4.5%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	0	0	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 105,843	\$ 107,456	\$ 1,613	1.5%
Operating income (loss)	\$ (59,244)	\$ (57,099)	\$ (2,145)	-3.8%
Total public support and nonoperating revenues	636	(811)	1,446	-178.4%
Income (loss) before capital contributions	\$ (58,609)	\$ (57,910)	\$ (699)	1.2%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

**OPERATIONS
CONSOLIDATED OPERATIONS**

Att. A, AI 48
2/18/10

**COMPARISON TO BUDGET - FISCAL YEAR 2010
DECEMBER 31, 2009
(in \$000's)**

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 43,641	\$ 46,932	\$ (3,291)	-7.0%
Other Revenue	376	290	86	29.6%
Total Operating Revenue	\$ 44,017	\$ 47,222	\$ (3,205)	-6.8%
Personnel costs	\$ 43,893	\$ 44,194	\$ 302	0.7%
Outside services	30,732	31,605	873	2.8%
Transit operations funding	-	-	-	-
Materials and supplies	3,386	3,500	114	3.2%
Energy	12,638	13,245	606	4.6%
Risk management	1,999	1,797	(202)	-11.3%
General & administrative	197	207	9	4.6%
Vehicle/facility leases	270	284	14	4.9%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	9,749	9,749	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 102,864	\$ 104,580	\$ 1,716	1.6%
Operating income (loss)	\$ (58,847)	\$ (57,358)	\$ (1,490)	-2.6%
Total public support and nonoperating revenues	1,522	72	1,450	2022.3%
Income (loss) before capital contributions	\$ (57,325)	\$ (57,286)	\$ (39)	0.1%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
TRANSIT SERVICES (SAN DIEGO TRANSIT CORPORATION)
COMPARISON TO BUDGET - FISCAL YEAR 2010
DECEMBER 31, 2009
(in \$000's)

Att. A, AI 48
2/18/10

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 13,323	\$ 13,641	\$ (318)	-2.3%
Other Revenue	32	30	2	8.3%
Total Operating Revenue	\$ 13,355	\$ 13,671	\$ (316)	-2.3%
Personnel costs	\$ 28,383	\$ 28,396	\$ 13	0.0%
Outside services	891	794	(97)	-12.2%
Transit operations funding	-	-	-	-
Materials and supplies	2,122	2,009	(114)	-5.7%
Energy	3,586	3,685	99	2.7%
Risk management	771	817	46	5.6%
General & administrative	70	78	8	10.3%
Vehicle/facility leases	100	97	(4)	-3.6%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	3,316	3,316	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 39,239	\$ 39,192	\$ (48)	-0.1%
Operating income (loss)	\$ (25,884)	\$ (25,521)	\$ (364)	-1.4%
Total public support and nonoperating revenues	(362)	(1,813)	1,450	-80.0%
Income (loss) before capital contributions	\$ (26,247)	\$ (27,333)	\$ 1,087	-4.0%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
RAIL OPERATIONS (SAN DIEGO TROLLEY, INCORPORATED)
COMPARISON TO BUDGET - FISCAL YEAR 2010
DECEMBER 31, 2009
(in \$000's)

Att. A, AI 48
2/18/10

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 16,159	\$ 18,584	\$ (2,425)	-13.0%
Other Revenue	312	260	52	19.9%
Total Operating Revenue	\$ 16,471	\$ 18,844	\$ (2,373)	-12.6%
Personnel costs	\$ 14,913	\$ 15,060	\$ 146	1.0%
Outside services	1,755	1,668	(87)	-5.2%
Transit operations funding	-	-	-	-
Materials and supplies	1,262	1,473	211	14.3%
Energy	4,869	4,543	(326)	-7.2%
Risk management	1,228	980	(248)	-25.3%
General & administrative	109	122	13	10.7%
Vehicle/facility leases	97	112	15	13.3%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	5,905	5,905	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 30,139	\$ 29,864	\$ (275)	-0.9%
Operating income (loss)	\$ (13,668)	\$ (11,020)	\$ (2,649)	-24.0%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (13,668)	\$ (11,020)	\$ (2,649)	24.0%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

OPERATIONS

Att. A, AI 48
2/18/10

MULTIMODAL OPERATIONS (FIXED ROUTE)

COMPARISON TO BUDGET - FISCAL YEAR 2010

DECEMBER 31, 2009

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 11,347	\$ 11,726	\$ (379)	-3.2%
Other Revenue	32	-	32	-
Total Operating Revenue	\$ 11,379	\$ 11,726	\$ (347)	-3.0%
Personnel costs	\$ 123	\$ 231	\$ 108	46.8%
Outside services	20,133	20,309	176	0.9%
Transit operations funding	-	-	-	-
Materials and supplies	2	15	13	89.3%
Energy	3,173	3,445	272	7.9%
Risk management	-	-	-	-
General & administrative	(0)	3	3	115.8%
Vehicle/facility leases	72	74	1	1.9%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	442	442	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 23,944	\$ 24,519	\$ 575	2.3%
Operating income (loss)	\$ (12,565)	\$ (12,793)	\$ 228	1.8%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (12,565)	\$ (12,793)	\$ 228	-1.8%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

OPERATIONS

MULTIMODAL OPERATIONS (PARATRANSIT)

COMPARISON TO BUDGET - FISCAL YEAR 2010

DECEMBER 31, 2009

(in \$000's)

Att. A, AI 48
2/18/10

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 900	\$ 1,108	\$ (207)	-18.7%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 900	\$ 1,108	\$ (207)	-18.7%
Personnel costs	\$ 80	\$ 101	\$ 20	20.2%
Outside services	4,770	5,579	808	14.5%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	833	1,206	373	30.9%
Risk management	-	-	-	-
General & administrative	0	4	4	99.6%
Vehicle/facility leases	-	1	1	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	18	18	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 5,702	\$ 6,908	\$ 1,206	17.5%
Operating income (loss)	\$ (4,801)	\$ (5,800)	\$ 999	17.2%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (4,801)	\$ (5,800)	\$ 999	-17.2%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED CHULA VISTA TRANSIT OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2010
DECEMBER 31, 2009
(in \$000's)

Att. A, AI 48
2/18/10

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 1,912	\$ 1,874	\$ 38	2.0%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 1,912	\$ 1,874	\$ 38	2.0%
Personnel costs	\$ 205	\$ 218	\$ 14	6.2%
Outside services	2,951	3,023	72	2.4%
Transit operations funding	-	-	-	-
Materials and supplies	0	3	3	95.6%
Energy	178	365	188	51.4%
Risk management	-	-	-	-
General & administrative	19	1	(18)	-2194.9%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	68	68	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 3,420	\$ 3,678	\$ 258	7.0%
Operating income (loss)	\$ (1,508)	\$ (1,804)	\$ 296	16.4%
Total public support and nonoperating revenues	1,794	1,794	-	0.0%
Income (loss) before capital contributions	\$ 286	\$ (9)	\$ 296	-3156.6%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

**OPERATIONS
CORONADO FERRY**

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2/18/10

**COMPARISON TO BUDGET - FISCAL YEAR 2010
DECEMBER 31, 2009
(in \$000's)**

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	-	-	-	-
Total Operating Revenue	\$ -	\$ -	\$ -	-
Personnel costs	\$ -	\$ -	\$ -	-
Outside services	76	76	-	0.0%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	-	-	-	-
Risk management	-	-	-	-
General & administrative	-	-	-	-
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	-	-	-	-
Depreciation	-	-	-	-
Total Operating Expenses	\$ 76	\$ 76	\$ -	0.0%
Operating income (loss)	\$ (76)	\$ (76)	\$ -	0.0%
Total public support and nonoperating revenues	90	90	-	0.0%
Income (loss) before capital contributions	\$ 14	\$ 14	\$ -	0.0%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

**ADMINISTRATION
CONSOLIDATED**

Att. A, AI 48
2/18/10

**COMPARISON TO BUDGET - FISCAL YEAR 2010
DECEMBER 31, 2009
(in \$000's)**

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	2,325	2,977	(652)	-21.9%
Total Operating Revenue	\$ 2,325	\$ 2,977	\$ (652)	-21.9%
Personnel costs	\$ 6,458	\$ 6,525	\$ 67	1.0%
Outside services	4,788	4,683	(105)	-2.2%
Transit operations funding	-	-	-	-
Materials and supplies	3	15	12	80.1%
Energy	329	299	(30)	-10.1%
Risk management	234	200	(34)	-17.1%
General & administrative	402	403	1	0.2%
Vehicle/facility leases	28	28	0	0.9%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(9,783)	(9,783)	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 2,458	\$ 2,370	\$ (89)	-3.8%
Operating income (loss)	\$ (133)	\$ 607	\$ (740)	121.9%
Total public support and nonoperating revenues	(886)	(882)	(4)	0.5%
Income (loss) before capital contributions	\$ (1,019)	\$ (275)	\$ (745)	271.0%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

**OTHER ACTIVITIES
CONSOLIDATED**

Att. A, AI 48
2/18/10

**COMPARISON TO BUDGET - FISCAL YEAR 2010
DECEMBER 31, 2009
(in \$000's)**

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	257	158	99	62.9%
Total Operating Revenue	\$ 257	\$ 158	\$ 99	62.9%
Personnel costs	\$ 336	\$ 330	\$ (7)	-2.0%
Outside services	71	66	(6)	-8.9%
Transit operations funding	-	-	-	-
Materials and supplies	4	3	(1)	-35.4%
Energy	6	10	4	40.7%
Risk management	17	12	(5)	-40.0%
General & administrative	52	53	0	0.5%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	34	34	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 521	\$ 507	\$ (14)	-2.8%
Operating income (loss)	\$ (264)	\$ (349)	\$ 85	24.3%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (264)	\$ (349)	\$ 85	-24.3%

Metropolitan Transit System FY 2010 - December 2009 Financial Review (Mike Thompson)

MTS Board of Directors Meeting
February 18, 2010



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COMBINED MTS TRANSIT OPERATORS COMPARISON TO BUDGET - DECEMBER 31, 2009 - FY 2010 (in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VAR
Fare Revenue	\$43,641	\$46,932	(\$3,291)	-7.0%
Other Revenue	376	290	86	29.6%
Total Operating Revenue	\$44,017	\$47,222	(\$3,205)	-6.8%

Fare Revenue variance with Budget

- Ridership: -8.5% lower than Budget, -\$4,089K variance
- Average Fares: 1.6% higher than Budget, \$798K variance

Fare Revenue comparison to Prior Year

- Ridership decreased by 14.3%
- Average Fares increased by 13.1%



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COMBINED MTS TRANSIT OPERATORS
COMPARISON TO BUDGET - DECEMBER 31, 2009 - FY 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VAR
Personnel Costs	\$43,893	\$44,194	\$302	0.7%
Purchased Transportation	27,225	28,253	1,028	3.6%
Other Outside Services	3,507	3,352	(155)	-4.6%
Energy	12,638	13,245	606	4.6%
Other Expenses	15,602	15,536	(65)	-0.4%
Total Expenses	\$102,864	\$104,580	\$1,716	1.6%

Purchased Transportation

- ADA Service miles 15.0% lower than budgeted, 13.1% lower than prior year

Energy - December year to date rates:

- Traction Power \$309K unfavorable YTD due to critical peak pricing events
- CNG averaged \$1.184 per therm vs. budget of \$1.350
- Diesel averaged \$2.399 per gallon vs. budget of \$2.300



3



METROPOLITAN TRANSIT SYSTEM

COMPARISON TO BUDGET - FY 2010

TOTAL REVENUE LESS EXPENSES

(in \$000's)

Combined Net Operating Variance

MTS Operating Revenue	\$	(3,205)
MTS Operating Expenses		1,716
MTS Administration / Other Activities		(655)
Total Combined Net Operating Variance	\$	(2,144)



4



Metropolitan Transit System
FY 2010 - December 2009
Financial Review
(Mike Thompson)

MTS Board of Directors Meeting
February 18, 2010



5





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

Agenda

Item No. 62

Chief Executive Officer's Report

ADM 121.7

February 18, 2009

In accordance with Board Policy No. 52, Procurement of Goods and Services, attached are listings of contracts, purchase orders, and work orders that have been approved within the CEO's authority (up to and including \$100,000) for the period January 14, 2010 through February 8, 2010.

vicki.rogers/agenda item 62

REVENUE CONTRACT

Doc #	Organization	Subject	Amount	Day
G1304.0-10	SAN DIEGO CHARGERS	PILOT PROGRAM MEDIA PRODUCT FOR EMPLOYEE	(\$5,000.00)	1/19/2010
L5710.0-10	CIVTEL INC	JROE PERMIT NCTD SD PORT FIBER OPTIC PRO	(\$1,500.00)	1/22/2010
L6630.0-10	MCI METRO ACCESS	JROE PERMIT NCTD VERIZON FIBER OPTIC	(\$1,250.00)	1/22/2010
L0946.0-10	PACIFIC COAST CLEANING	ROE PERMIT WINDOW MAINT SMART CORNER	(\$1,000.00)	1/28/2010
S200-10-431	COX COMMUNICATIONS	LIC PLACE AERIAL XING ACROSS TRACKS PALM	(\$1,500.00)	1/28/2010
G0014.11-90	CREEKSIDE HOLDINGS LTD	RENTAL ADJUSTMENT AGREE CREEKSIDE VILLAS	(\$76,360.00)	1/28/2010
L4591.0-10	ELITE STRUCTURAL	ROE PERMIT BLDG MAINT WINDOW CLEANING	(\$1,000.00)	2/4/2010
G1307.0-10	PM REALTY GROUP	2010 PARTNERSHIP W/HAZ CTR CHARGER/PADS	(\$9,600.00)	2/8/2010
L0925.0-10	CITY OF SAN DIEGO	SEWER EASEMENT UNDERGROUND @ 54TH & MARK	(\$1,000.00)	2/8/2010
M6666.1-08	FOUR D PROPERTIES, INC	AMENDMENT TO LEASE AGREEMENT	(\$14,962.50)	2/8/2010
L0937.0-10	GRAN FONDO USA, LLC	ROE PERMIT FOR GRAN FONDO BIKE MAR 7 10	(\$500.00)	2/8/2010
S200-10-432	CITY OF SAN DIEGO	SEWER EASEMENT UNDERGROUND @ 54TH & MARK	(\$1,000.00)	2/8/2010

EXPENSE CONTRACT

Doc #	Organization	Subject	Amount	Day
L6343.51-01	WASHINGTON GROUP INT'L	AMEND 51 TO CM CONTRACT FOR MVE	\$0.00	1/14/2010
YCO076.1-07	ROMAINE ELECTRIC CORP	NAME CHANGE ON CONTRACT	\$0.00	1/14/2010
G1162.7-08	LAW OFFICES OF MARK H BARBER	LEGAL SERVICES-WORKERS COMP	\$60,000.00	1/19/2010
FG004.0-10	MISSION CENTERED SOLUTIONS	SECURITY PERSONNEL LEADERSHIP TRAINING	\$24,900.00	1/25/2010
S200-10-437	NOLTE ASSOCIATES	ROE PERMIT SDGE CONSULTANT LAND SURVEY	\$0.00	1/26/2010
B0509.2-09	KINGSBURY UNIFORMS INC	AMEND 2 REPLACE MENS/WOMENS POLOS	\$0.00	1/28/2010
L7039.0-10	CITY OF SAN DIEGO	STREET EASEMENT FOR SABRE SPRINGS TRANSI	\$0.00	1/28/2010
L7040.0-10	CITY OF SAN DIEGO	STREET EASEMENT FOR RANCHO BERNARDO TRAN	\$0.00	1/28/2010
M6677.0-10	SANDAG	LEASE AGREE PORTABLE TRAILERS BALTIMORE	\$0.00	1/28/2010
G1162.8-08	LAW OFFICES OF MARK H BARBER	LEGAL SERVICES - WORKERS COMPENSATION	\$85,000.00	2/1/2010
L6632.0-10	DAVID EVANS & ASSOC	JROE PERMIT SANDAG CIP 1239801 &	\$0.00	2/1/2010

EXPENSE CONTRACT

Doc #	Organization	Subject	Amount	Day
		1142200		
G1257.1-09	PRIZM JANITORIAL SERVICES	BRT STATION	\$21,427.44	2/4/2010
G1306.0-10	DEUTSCHE BANK	FINANCIAL CNG HEDGING AGREEMENT		2/4/2010
G1067.8-07	MCDUGAL LOVE ECKIS SMITH BOEH	LEGAL SERVICES - GENERAL & TORT LIABILIT	\$45,000.00	2/8/2010
L0848.2-09	COUNTY OF SD PARK & REC	ROE PERMIT AMEND BIO SURVEY, FLAG, VEGET	\$0.00	2/8/2010
L7037.0-10	THE POINT OFFICE PARTNERS LLC	QUIT CLAIM DEED FOR STORM DRAIN EASEMENT	\$0.00	2/8/2010
L7038.0-10	THE POINT OFFICE PARTNERS LLC	QUITCLAIM DEED OF TEMP CONST EASMT RANCH	\$0.00	2/8/2010

PO

DATE	Organization	Subject	AMOUNT
1/19/2010	FLEISHER PRODUCTS	LAMINATION MATERIAL SIZE 3 MIL GLOS	\$583.99
1/26/2010	AT&T	NEW GATEWAY ROUTERS, CISCO	\$10,214.00
1/26/2010	OMEGA ELEVATOR	NEW STEP CHAIN REPLACEMENT ESCALATO	\$16,849.25
1/28/2010	US POSTAL SERVICE	POSTAGE FOR METER	\$6,000.00
2/1/2010	STROMBERG INC	ANNUAL SUPPORT MAINT LICENSING	\$9,181.82
2/4/2010	RECOGNITION IDEAS & CONCEPTS	MTS AWARD PINS YRS OF SVC	\$6,679.38
2/8/2010	VISIBLE INK	KIOSK INSERTS SUNDAY SVC 20 QTY	\$3,999.99
2/8/2010	UNION TRIBUNE	STICKY NOTES AD-RT 880	\$1,009.78

WORK ORDERS

Doc #	Subject	Amount	Day
G1131.0-08.02.02	DBE, PREVAILING WAGE AND LABOR COMP	\$30,000.00	1/22/2010
G1246.0-09.04.01	NO COST TIME EXTENSION AMEND 1	\$0.00	1/26/2010
G1246.0-09.05.02	NO COST TIME EXTENSION AMEND 2	\$0.00	1/26/2010
G1246.0-09.06.02	FINAL DESIGN SVCS MILL'S BLDG SECUR	\$16,095.82	1/26/2010

WORK ORDERS

<i>Doc #</i>	<i>Subject</i>	<i>Amount</i>	<i>Day</i>
G1246.0-09.06.01	NO COST TIME EXTENSION AMEND 1	\$0.00	1/26/2010