



Agenda

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

JOINT MEETING OF THE EXECUTIVE COMMITTEE

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

March 4, 2010

Executive Conference Room
(Immediately following the Audit Oversight Committee Meeting)

ACTION RECOMMENDED

- A. ROLL CALL
- B. APPROVAL OF MINUTES - January 14, 2010 Approve
- C. COMMITTEE DISCUSSION ITEMS
 - 1. MTS: First Transit, Inc. ADA Paratransit Services (Jim Byrne) Approve
Action would forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. G1205.0-10 with First Transit, Inc. for ADA paratransit services for a 5-year base period with two 2-year options (9 years).
 - 2. MTS: Consultant Services for Naming Rights - Contract Award (Rob Schupp) Approve
Action would forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. G1262.0-10 with The Superlative Group for a two-year base period with two 1-year options for consultant services for naming rights.
 - 3. MTS - Report on Blue and Orange Line Construction Activities (Wayne Terry and John Haggerty of SANDAG) Receive
Action would receive a report for information.
 - 4. CLOSED SESSION – MTS: Conference with Real Property Negotiators Pursuant to California Government Code Section 54956.8; Properties: 7490 and 7550 Copley Park Place, San Diego, California (Assessor Parcel No. 356-410-08, 356-410-09); Agency Negotiators: Tiffany Lorenzen, General Counsel; Tim Allison, Manager Of Real Estate Assets; Negotiating Parties: (RV Investment CC, LLC, RV Investment CA, LLC II); Under Negotiation: Price and Terms of Payment Possible Action

Please turn off cell phones and pagers
during the meeting

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.

D. REVIEW OF DRAFT MARCH 11, 2010, JOINT BOARD AGENDA

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

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

Possible
Action

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

G. PUBLIC COMMENTS

H. NEXT MEETING DATE: March 18, 2010

I. ADJOURNMENT

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

MINUTES

January 14, 2010

MTS
1255 Imperial Avenue, Suite 1000, San Diego

A. ROLL CALL

Chairman Mathis called the meeting to order at 9:07 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Roberts moved for approval of the minutes of the November 5, 2009, Executive Committee meeting. Mr. Rindone seconded the motion, and the vote was 5 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Appointment of San Diego Association of Governments Transportation Committee Representative and Alternate (Sharon Cooney)

Action Taken

Mr. Roberts moved to nominate Mr. Mathis as the representative and Mr. Rindone as the alternate for the SANDAG Transportation Committee. (Mr. Mathis and Mr. Rindone were not present during their respective votes.) The vote was 4 to 0 in favor of each appointment.

2. MTS: Legislative Workshop (Sharon Cooney)

Ms. Cooney gave a presentation on the legislative slate to use as a guide for MTS's advocacy efforts at the state and federal level. She reviewed 2009 federal funding including Transit Security Grant Program (TSGP), Rural Funding (5311), earmarks in FY 2010 Appropriations, and the economic stimulus. She informed members about the Implementation of the Rail Safety Act of 2008 and how the requirement for Positive Train Control (PTC) affects MTS. She also reviewed Energy Security and Climate Change, San Ysidro Border Reconfiguration, and Reauthorization of the Surface Transportation Act.

Ms. Cooney stated that at the state level for 2009, the STA has been eliminated, which is a critical problem for MTS. She added that an initiative has been launched to protect transit and other local funding from raids. She stated that despite that, the state plans for next year's budget to not only take the funding, but to try to

prevent attempts to reinstate by eliminating the public transportation account entirely. There is a tax swap that is being proposed by the governor's budget that will completely revolutionize the way that transportation is funded in the state.

Ms. Cooney reviewed the 2009 state allocations, including Proposition 1B that was approved by the voters in 2007. This was supposed to be a good source of funding for transit capital projects. She stated that the state's inability to bond has put a hold on the program. MTS did receive money for the 2008 cycle; however, for the 2009 cycle, no funding has been received. An application has been submitted for \$16 million plus \$2.78 million for security grants. MTS has been told that the State Controller is assigning some of the funding to the program, but it will be significantly less than what is waiting to be allocated for the 2009 cycle. She explained that funding is being assigned by SANDAG for the low-floor vehicle purchases for the Blue Line. She pointed out that \$20 million for FY 2009 appropriations has not been assigned to MTS. She reported on zero emission buses and stated that the climate change implementation has been delayed and the state budget is too tight to fund the program.

Ms. Cooney reviewed the 2010 federal legislative priorities, including reauthorization and federal funding in the jobs bill. She stated that MTS is closely watching the CNG tax credit and will be looking for funding associated with the cap and trade program under climate change. She added that there have been attempts recently to bolster federal regulation of rail that could favorably impact MTS's light rail.

Ms. Cooney reviewed 2010 federal funding priorities to include Mid-Coast Trolley Extension, bus replacement vehicles, East County and South Bay bus maintenance facilities, Blue Line Station improvements, and RTMS for contract services. She stated that 2010 state legislative priorities include: opposition to loss of funding, seeking sales tax exemption for transit purchases, seeking delays in implementation of ZEB requirements, opposition to restrictive interpretations of transit exemptions in CEQA, seeking clarification on TDA-purchased property, and seek relief from regulations that prevent MTS from providing transit services in the most cost-effective way.

Ms. Cooney stated the approaches for advocacy include: expand transit support through public transportation, cultivate partnerships with groups sympathetic to transit's mission, work with state, federal associations, and other transit operators, educate legislators regarding increased demand for transit, and Board assistance in advocacy efforts.

Ms. Cooney stated that staff is requesting that the Executive Committee forward a recommendation to the Board of Directors to approve the proposed 2010 Federal Legislative Program and the 2010 State Legislative Program.

Action Taken

Mr. Rindone moved to forward a recommendation to the Board to approve the proposed 2010 Federal Legislative Program and the 2010 State Legislative Program. Mr. Rindone seconded the motion, and the vote was 5 to 0 in favor.

3. Number not used.

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

Mr. Terry stated that in March 2008, there was a significant accident in El Cajon that involved LRV 2052. This 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 undercar that caused 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 in house. He stated the Siemens' proposal to repair the car was \$1.3 million.

Mr. Summerlott described the process to rebuild the car body, repaint, and other repairs and replacements that were made. He stated that the total structure of the base, rib cages, interior, seat bases, and floor 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. He reviewed the overall savings in repairs, cost, and time to be \$243,860.

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. Terry stated that the replacement cost for the vehicle is \$3.6 million. The value of the vehicle in its current condition is \$1.8 million.

Action Taken

Mr. Selby moved to receive the report. Mr. Rindone seconded the motion, and the vote was 5 to 0 in favor.

5. MTS – Advertising Update (Rob Schupp)

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 reviewed 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 reviewed new advertising opportunities that are being sought. He pointed out that there are revenue impacts due to the dwindling number of buses allowing advertising. He stated that there are 380 buses that allow advertising in 2007 because of the new buses and the new paint schemes. In 2009, the number is down to 200, and it is projected to get smaller yet in 2010.

Mr. Schupp stated that in 2003, MTS made a policy decision not to put advertising on the newly painted buses. He stated that today there are 413 buses in the fleet with the new paint scheme; there are 211 that allow advertising. He stated that input is requested from the members to see if the policy should be revisited with the full Board at its next meeting.

Members discussed the importance of selling the MTS identity, the proactive decision the Board made to get away from the junk look of advertising, and seeking a clean, fresh look for transit. Mr. Selby stated that it may be time to look at the business model concerning advertising again. Mr. Roberts stated the importance of selling the brand and having a clean image. He stated that there is appropriateness to advertising, and he supports kiosk advertising.

Mr. Mathis stated that another look should be taken at the advertising policy so that the public can be assured that all other options have been explored.

In response to Ms. Lightner, Mr. Schupp stated that there is the ability to wrap 15 trolleys, and depending on the month, there has been a maximum of 8 wrapped at a time. (The wraps are sold for \$10,000 per month.)

Members agreed to forward the policy on advertising to the Board for review, and to include a discussion about the history of the policy.

Action Taken

Ms. Lightner moved to receive the report and forward a report to the Board regarding the advertising policy. Mr. Selby seconded the motion, and the vote was 5 to 0 in favor.

D. REVIEW OF DRAFT JANUARY 21, 2010, BOARD AGENDA (Taken Out of Order)

Recommended 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.
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.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Ms. Cooney pointed out that the Transportation Committee will be addressing a recommendation to adjust downward for FY 2010 TransNet and the Transportation Development Act revenues and projections for the transit operators.

G. PUBLIC COMMENTS

Clive Richard stated that he will reserve his comments for the next Board meeting.

6. MTS: CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION CHIEF EXECUTIVE OFFICER PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54957 – (Taken Out of Order)

Ms. Lorenzen stated that there is no report.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS (Taken Out of Order)

Ms. Lightner stated that her office is working with MTS Marketing to set up a press conference for next week regarding Route 880.

Mr. Selby stated that he has received positive comments about MTS tweets.

H. NEXT MEETING DATE

The next meeting is scheduled for Thursday, February 11, 2010, at 9:00 a.m. in the Executive Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 11:30 a.m.

Chairman

VRogers/
MINUTES - Executive Committee 1-14-10.doc

Attachment: Roll Call Sheet

**EXECUTIVE COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) January 14, 2010

CALL TO ORDER (TIME) 9:07 a.m.

RECESS None

RECONVENE ---

CLOSED SESSION 10:28 a.m.

RECONVENE 11:25 a.m. ---

ADJOURN 11:30 a.m.

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

SIGNED BY OFFICE OF THE CLERK OF THE BOARD

Vicki Rogers

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

[Signature]



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Agenda

Item No. C1

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

OPS 980.5

March 4, 2010

SUBJECT:

MTS: FIRST TRANSIT, INC. ADA PARATRANSIT SERVICES (JIM BYRNE)

RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1205.0-10 (in substantially the same format as Attachment A) with First Transit for ADA paratransit services for a 5-year base period with two 2-year options (9 years).

Budget Impact

The total cost for this contract is estimated to be \$106,007,025 and would be paid with federal funding. This would be inclusive of the monthly fixed fees as well as the estimated expenses for the variable-rate billing associated with the actual operations of the paratransit service.

DISCUSSION:

MTS issued a Request for Proposals (RFP) for ADA Paratransit Services on June 10, 2009, and mailed it to 25 contractors. Proposals were due on September 18, 2009, and four proposals were received.

Three proposals were found to meet the minimum requirements established in the RFP and deemed responsive and responsible. The proposals were evaluated by a committee consisting of representatives from SDTC Transportation Management, Multimodal Operations, Finance, Quality Assurance, and ADA Management.

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While considering the primary objectives of the RFP, the committee evaluated and ranked the proposals using the following nine criteria and their relative weights of importance:

- | | | |
|----|--|-----------|
| 1. | Price | 70 points |
| 2. | Key Personnel | 50 points |
| 3. | Corporate Experience | 30 points |
| 4. | Facility Plan | 20 points |
| 5. | Start-up Plan | 20 points |
| 6. | Customer Service | 20 points |
| 7. | Safety and Training Plan | 10 points |
| 8. | Corporate Capacity/Qualifications of the Firm | 10 points |
| 9. | 10% Bidding Preference for Personnel Retention | 23 points |

After initial ranking of the proposals, interviews of all proposers were conducted and two proposers remained in the competitive range. An extensive interview process was conducted with the remaining proposers to clarify all outstanding questions. An extensive financial analysis and negotiation process was also conducted to ensure fair and reasonable pricing. At the conclusion of these processes, a Best and Final Offer (BAFO) was solicited from the two proposers. A second evaluation was done by the committee and resulted in the following ranking:

PROPOSER'S SCORING	PROPOSER'S SCORE
First Transit, Inc.	818.5
MV Transportation	623.5

It was the unanimous finding of the evaluation committee that the proposal submitted by First Transit represented the best value to the MTS. First Transit received the highest overall rankings in almost every area. Its proposal included a clear understanding of the scope of work with a highly knowledgeable and experienced management team. Therefore, staff recommends requesting Board approval to award a contract to First Transit for ADA Paratransit Services.



Paul C. Jablonski
Chief Executive Officer

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

MAR4-10.C1.FIRST TRANSIT ADA PARATRANSIT SVCS CONTRACT.MLAWRENCE.doc

Attachment: A. MTS Doc. No. G1205.0-10

DRAFT

Att. A, AI C1, 3/4/10

STANDARD SERVICES AGREEMENT

G1205.0-10
CONTRACT NUMBER

FILE NUMBER(S)

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

Name: First Transit, Inc.

Address: 600 Vine Street, Suite 1400

Form of Business: Corporation
(Corporation, partnership, sole proprietor, etc.)

Cincinnati, OH 45202

Telephone: 513.684.8753

Authorized person to sign contracts: Rick Dunning
Name

Senior Vice President
Title

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

Provide ADA Paratransit services for up to nine years for the MTS, as specified in MTS's Request for Proposals (RFP), MTS Doc. No. G1205.0-10; including Addenda, Responses to Approved Equals/Clarifications; and in accordance with the Standard Services Agreement, Standard Conditions Services, Scope of Work, and ADA paratransit services proposal (hereinafter "Contract Documents"). If there are any inconsistencies between the Contract Documents, the following order of precedence will govern the interpretation of this contract.

1. MTS's ADA Paratransit Services Request for Proposals, Addendum, Responses to Approved Equals/Clarifications, MTS Safety Program, and Contractor's Bid.
2. Standard Services Agreement, including the Standard Conditions Services, and Federal Requirements.

This contract shall remain in effect for a five-year base term with two 2-year options. The term of the base contract shall be April 1, 2010, through March 31, 2015. MTS shall have the sole discretion to exercise the option years at the prices set forth in the attached Contractor's Cost Proposal. Compensation will be per the negotiated rates as stated in the attached First Transit Best and Final Offer.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

CONTRACTOR AUTHORIZATION

By: _____
Chief Executive Officer

Approved as to form:

By: _____
Office of General Counsel

Firm: _____

By: _____
Signature

Title: _____

AMOUNT ENCUMBERED

BUDGET ITEM

FISCAL YEAR

\$106,007,025

10-15

By: _____
Chief Financial Officer

Date

(____ total pages, each bearing contract number)

MAR4-10.C1.AttA.FIRST TRANSIT G1205.0-10.MLAWRENCE.doc

Instructions for Pricing Forms:

Click on the "Fixed Monthly Cost" Worksheet

Fill in the cells that are not highlighted with the amount for the category and Fiscal Year indicated

Cells that are highlighted gray contain formulas and are locked for autocalculation

Repeat process with worksheets "Variable Rate Costs" and "Options"

Line #	Description	Year 1-FY11	Year 2-FY12	Year 3-FY13	Year 4-FY14	Year 5-FY15	Year 6-FY16	Year 7-FY17	Year 8-FY18	Year 9-FY19
1	Total of all Monthly Fixed Costs:	\$ 197,638	\$ 202,282	\$ 210,158	\$ 216,633	\$ 224,697	\$ 228,115	\$ 236,315	\$ 246,462	\$ 254,972
2	Total of all Monthly Variable Costs:	\$ 598,935	\$ 639,777	\$ 679,035	\$ 695,382	\$ 728,640	\$ 769,724	\$ 813,638	\$ 870,864	\$ 914,724
3	Number of Operating Months:	12	12	12	12	12	12	12	12	12
4	Total Contract Cost Per Year:	\$ 9,558,879.07	\$ 10,104,709.04	\$ 10,670,322.82	\$ 10,944,181.09	\$ 11,440,040.16	\$ 11,974,071.37	\$ 12,599,433.04	\$ 13,407,905.71	\$ 14,036,344.17

Line #	Description	Total
1	Total Cost for Base Contract (Years 1-5)	\$ 52,718,132
2	Option 1 - Total Cost for Option Contract (Years 6-7)	\$ 24,573,504
3	Option 2 - Total Cost for Option Contract (Years 8-9)	\$ 27,444,250
4	Option 3 - Mobile Data Terminal System	\$ 889,059
5	Option 4 - Onboard Vehicle Video Event Recorder	\$ 382,080
6	Grand Total Contract Cost	\$106,007,025



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Agenda

Item No. C2

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

LEG 490

March 4, 2010

SUBJECT:

MTS: CONSULTANT SERVICES FOR NAMING RIGHTS – CONTRACT AWARD
(ROB SCHUPP)

RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1262.0-10 (in substantially the same format as Attachment A) with The Superlative Group for a two-year base period with two 1-year options for consultant services for naming rights.

Budget Impact

The total cost for this contract would be \$485,000 and would be offset by the revenue generated from naming-rights contracts.

DISCUSSION:

MTS issued a Request for Proposals (RFP) for Consultant Services for Naming Rights on July 23, 2009. The RFP was advertised and mailed to 16 contractors; proposals were due on October 8, 2009, and two proposals were received.

The two proposals received were found to meet the minimum requirements established in the RFP and were deemed responsive and responsible. The proposals were evaluated by a committee consisting of representatives from MTS Legal, Finance, Management, and Marketing Departments. While considering the primary objectives of

the RFP, the committee evaluated and ranked the proposals using the following four criteria and their relative weights of importance:

- | | | |
|----|----------------------------------|-----|
| 1. | Preliminary Compensation | 40% |
| 2. | Project Approach | 30% |
| 3. | Corporate Sponsorship Experience | 20% |
| 4. | Personnel Qualifications | 10% |

The process resulted in the following ranking:

PROPOSERS	PROPOSERS' SCORES
The Superlative Group, Inc.	58
Creative Intellects, Inc.	34

It was the unanimous finding of the evaluation committee that the proposal submitted by The Superlative Group represented the best value to the MTS. The Superlative Group received the highest overall rankings in almost every area. Its proposal included a clear understanding of the scope of work with a highly knowledgeable and experienced management team.

The Superlative Group also included the most favorable revenue split for MTS. The following is a summary of the potential revenue options:

	OPTION A	OPTION B
ASSET VALUATION	\$125k 3 payments: <ul style="list-style-type: none"> \$41.6k in 30 days \$41.6k in 90 days \$41.8k in 120 days - with draft report \$125k deducted from future commissions "Draw"	\$125k 2 payments
RETAINER	\$7.5k per month	0
COMMISSION	12% over term if term is less than 3 years. If deal is more than 3 years, then MTS chooses 6% if paid out during 1st 3 years of sponsorship or 12% paid over duration of agreement.	30% on every sale
OTHER SPONSORSHIPS	6% or 12% depending upon term (not 15%) of the difference between any existing revenue contract and a new agreement negotiated by Superlative. 12% if term is less than 3 years. 6% or 12% at MTS's choice if over 3 years.	30% on every sale
TRAVEL	Reimbursed at cost according to MTS guidelines.	No charge
DURATION OF CONTRACT:	2 years with 2 1-year options	

Therefore, staff recommends that MTS forward a recommendation to the Board of Directors to award MTS Doc. No. G1262.0-10 to The Superlative Group for consultant services for naming rights.

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

Paul G. Jablonski
Chief Executive Officer

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

MAR4-10.C2.NAMING RIGHTS SVCS.MLAWRENCE.doc

Attachment: A. MTS Doc. No. G1262.0-10

DRAFT

Att. A, AI C2, 3/4/10

STANDARD SERVICES AGREEMENT

G1262.0-09
CONTRACT NUMBER

FILE NUMBER(S)

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

Name: The Superlative Group, Inc.

Address: 1267 West 9th Street, Suite 200

Form of Business: Corporation
(Corporation, partnership, sole proprietor, etc.)

Cleveland, OH 4113

Telephone: 216.592.9400

Authorized person to sign contracts: Myles C. Gallagher
Name

President
Title

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

Provide consultant services for naming rights for up to four years for the MTS as specified in MTS's Request for Proposals (RFP) MTS Doc. No. G1262.0-09; including Addenda, Responses to Approved Equals/Clarifications; and in accordance with the Standard Services Agreement, Standard Conditions Services, Scope of Work, and Consultant Services for Naming Rights proposal (hereinafter "Contract Documents"). If there are any inconsistencies between the Contract Documents, the following order of precedence will govern the interpretation of this contract.

1. MTS's Consultant Services for Naming Rights Request for Proposals, Addendum, Responses to Approved Equals/Clarifications, MTS Safety Program, and Contractor's Bid.
2. Standard Services Agreement, including the Standard Conditions Services, and Federal Requirements.

This contract shall remain in effect for a two-year base term with two 1-year options. The term of the base contract shall be April 1, 2010, through March 31, 2012. MTS shall have the sole discretion to exercise option years 1 and 2 at the prices set forth in the Contractor's Cost Proposal. Compensation will be per the negotiated rates as stated in the Record of Negotiation document.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

CONTRACTOR AUTHORIZATION

By: _____
Chief Executive Officer

Approved as to form:

By: _____
Office of General Counsel

Firm: _____

By: _____
Signature

Title: _____

AMOUNT ENCUMBERED

BUDGET ITEM

FISCAL YEAR

\$485,000

2010

By: _____
Chief Financial Officer
(____ total pages, each bearing contract number)

Date
SA-SERVICES REVISED (REV 05-09)

A-1



1255 Imperial Avenue, Suite 1000
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Agenda

Item No. C3

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

OPS 970.2

March 4, 2010

SUBJECT:

MTS: REPORT ON BLUE AND ORANGE LINE CONSTRUCTION ACTIVITIES
(WAYNE TERRY AND JOHN HAGGERTY OF SANDAG)

RECOMMENDATION:

That the Executive Committee receive a report for information.

Budget Impact

None.

DISCUSSION:

The San Diego Association of Governments (SANDAG) is continuing to provide project management and design services for the program of projects to upgrade the Blue Line rail infrastructure and prepare the entire trolley system for low-floor vehicle operations. The design and construction is proceeding rapidly in stages.

The initial stage of the program delivers rail infrastructure on the Blue Line needed to facilitate the major reconstruction of stations and track. This initial work provides the operational flexibility needed to maintain a consistent level of service during the major reconstruction to follow. The next stage of work reconstructs stations from Washington Street to San Ysidro on the Blue Line and downtown to La Mesa on the Orange Line to provide the eight-inch-high platforms needed for the new low-floor vehicles. The final stages will include extensive rail and track rehabilitation on the Blue Line south of the 12th and Imperial Transfer Station to bring the rail into a state of good repair. SANDAG and

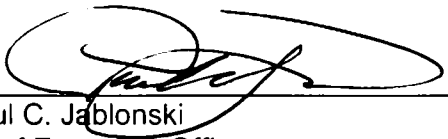
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MTS are working to parallel design and construction activities for all three stages to the extent possible.

To date, a contract has been awarded to replace approximately 32 miles of contact wires from 12th and Imperial to south of the Beyer Boulevard Station on the Blue Line. The contact wire replacement will be accomplished mostly on weekends over 18 months and will require track closures and bus bridges between stations to provide the contractor with useable work windows. Another construction contract is pending to provide fiber-optic signal and communications lines from 12th and Imperial to San Ysidro. This summer, another construction contract will be awarded to replace and upgrade crossovers and signaling on the Blue Line.

Design for the reconstruction of all of the Blue and Orange Line stations is underway. The design and construction schedules are being coordinated at a high level to assure work is completed to coincide with the low-floor vehicle delivery and minimize impacts to patrons.



Paul C. Jablonski
Chief Executive Officer

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

MAR4-10.C3.BLUE LINE SCOONEY.doc



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DRAFT Agenda

****JOINT MEETING AND FINANCE WORKSHOP****

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

March 11, 2010

» » 8:00 a.m. « «

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

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

FINANCE WORKSHOP - 8:00 a.m.

ACTION RECOMMENDED

1. Roll Call
2. MTS: FY 2010 Midyear Adjustment Approve
That the Board of Directors: (1) approve the combined MTS FY 2010 midyear adjustment, which includes the usage of nonrecurring revenues to balance the MTS operating budget (Resolution No. 10-5); and (2) receive a report on preliminary MTS FY 2011 projections.
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.
4. Adjournment
Please turn off cell phones and pagers
during the meeting

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

5. a. Roll Call
- b. Approval of Minutes - February 18, 2010 Approve
- c. 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 furnish a copy to the Clerk of the Board.

CONSENT ITEMS

6. MTS: Increased Authorization for Legal Services - Best Best & Krieger LLP Approve/
Action would authorize the CEO to execute MTS Doc. No. G1274.1-09 with Best Best & Krieger, LLP (BBK) for legal services and ratify the prior contract entered into under the CEO's authority. Ratify
7. MTS: FY 2010/11 Community-Based Transportation Planning Grant Approve
Action would approve Resolution No. 10-2 authorizing the CEO to enter into a contract with the California Department of Transportation (Caltrans) for the use of a community-based transportation planning grant (if awarded).
8. MTS: Investment Report - January 2010 Receive
Action would receive a report for information.
9. MTS: Fixed Assets Internal Audit Report Receive
Action would receive an internal audit report on fixed assets.
10. MTS: Trolley Automatic Passenger Counters - Contract Award Approve
Action would authorize the CEO to execute MTS Doc. No. L0912.0-10 with Init Innovations in Transportation (Init) for the purchase of automatic passenger counters (APCs) for the trolley fleet, including 53 base vehicles, 26 optional vehicles, and all required hardware, software, and services in an amount not to exceed the project balance of \$1.5 million.
11. MTS: Support for SANDAG Application for Proposition 1A Funds Assigned to MTS Approve
Action would approve Resolution No. 10-6 stating the commitment of San Diego Trolley, Inc.'s (SDTI's) share of California State Proposition 1A (2008) revenue for use on the Blue Line Rehabilitation Project and in support of the San Diego Association of Governments' (SANDAG's) application for funding.

CLOSED SESSION

24. a. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL Possible
EXISTING LITIGATION Pursuant to California Government Code section Action
54956.9(a): Daniel Lopez v. San Diego Transit Corporation (Case
No. 37-2009-00081786-CU-PA-CTL)

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. MTS: First Transit, Inc. ADA Paratransit Services (Jim Byrne)
Action would authorize the CEO to execute MTS Doc. No. G1205.0-10 with First Transit, Inc. for ADA paratransit services for a 5-year base period with two 2-year options (9 years). Approve
31. MTS: Consultant Services for Naming Rights - Contract Award (Rob Schupp)
Action would authorize the CEO to execute MTS Doc. No. G1262.0-10 with The Superlative Group for a two-year base period with two 1-year options for consultant services for naming rights. Approve

REPORT ITEMS

45. MTS: Chargers Football 2009 Year-End Summary (Tom Doogan)
Action would receive a report for information. Receive
46. MTS: Safety and Transit Facilities (Kristen Rohanna from SANDAG)
Action would receive a report for information. Receive
47. MTS: Hazard Center Development Update (Rob Schupp)
Action would receive a report for information. Receive
60. Chairman's Report Information
61. Audit Oversight Committee Chairman's Report Information
62. Chief Executive Officer's Report Information
63. Board Member Communications
64. Additional Public Comments Not on the Agenda
If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments.
65. Next Meeting Date: March 25, 2010
66. Adjournment



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Agenda

Item No. 6

JOINT MEETING OF THE BOARD OF DIRECTORS
for the

LEG 491 (PC 50633)

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

**Draft for
Executive Committee
Review Date: 3/4/10**

March 11, 2010

SUBJECT:

MTS: INCREASED AUTHORIZATION FOR LEGAL SERVICES – BEST BEST &
KRIEGER, LLP

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1274.1-09 (in substantially the same form as Attachment A) with Best Best & Krieger, LLP (BBK) for legal services and ratify the prior contract entered into under the CEO's authority.

Budget Impact

The amendment would increase the contract authorization by \$140,000 for a total contract amount of \$150,000. The contract increase would be funded from the Right-of-Way line item of the South Bay Maintenance Facility Right of Way Acquisition Project (WBS #11272-0900), which has an available balance of \$8,334,865.

DISCUSSION:


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

Pursuant to Board Policy No. 52 (Procurement of Goods and Services), the CEO may enter into contracts with service providers for up to \$100,000. The Board must approve all agreements in excess of \$100,000.

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Bruce Beach of BBK is providing legal services to MTS for the acquisition of right-of-way for the South Bay Maintenance Facility. The CEO has approved an initial contract of \$10,000. Staff is requesting Board approval of MTS Doc. No. G1274.1-09 with BBK for legal services and ratification of the prior contract entered into under the CEO's authority.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tim Allison, 619.557.4509, tim.allison@sdmts.com

MAR11-10.6.BBK LEGAL SERVICES.TALLISON.doc

Attachment: A. MTS Doc. No. G1274.1-09

DRAFT

February 3, 2010

MTS Doc. No. G1274.1-09
CIP 11272

Bruce W. Beach, Esq.
Best Best & Krieger, LLP
655 West Broadway, Suite 1500
San Diego, CA 92101-8493

Dear Mr. Beach:

Subject: AMENDMENT NO. 1 TO MTS DOCUMENT NO. G1274.0-09: LEGAL SERVICES FOR
SOUTH BAY MAINTENANCE FACILITY REAL ESTATE ACQUISITION

This letter will serve as Amendment No. 1 to MTS Document No. G1274.0-09.

SCOPE OF SERVICES

Continue to provide legal services in conjunction with the real estate acquisition for the South Bay Maintenance Facility identified in Attachment A.

SCHEDULE

There is no change in the contract schedule.

PAYMENT

This contract amendment authorizes additional costs not to exceed \$140,000 for the above-referenced legal services. The total value of this contract, including this amendment, is \$150,000. Additional authorization is contingent upon MTS approval. All other terms and conditions of the contract remain unchanged.

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

Sincerely,

Paul C. Jablonski
Chief Executive Officer

MAR11-10.6.AttA.LEGAL SVCS BBK G1274.1-09.TALLISON.doc



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Agenda

Item No. 7

JOINT MEETING OF THE BOARD OF DIRECTORS for the

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

March 11, 2010

AG 220.3

**Draft for
Executive Committee
Review Date: 3/4/10**

SUBJECT:

MTS: FY 2010/11 COMMUNITY-BASED TRANSPORTATION PLANNING
GRANT

RECOMMENDATION:

That the Board of Directors approve Resolution No. 10-02 (Attachment A) authorizing the Chief Executive Officer (CEO) to enter into a contract with the California Department of Transportation (Caltrans) for the use of a community-based transportation planning grant (if awarded).

Budget Impact

None at this time. MTS staff has applied for a grant totaling \$117,500 with a local match requirement of \$19,000. San Diego Gas and Electric (SDG&E) has already provided \$10,000 toward the local match, and the remaining \$2,500 would be in-kind contributions from MTS.

DISCUSSION:

Each year, Caltrans administers a federal transportation planning grant program that provides grants to transit agencies, regional planning agencies, and other community and governmental entities. MTS staff has filed an application for a community-based transportation planning grant under this program for a planning study entitled, "Feasibility Study of Streetcar Line between Downtown San Diego and Balboa Park." The study would assess the feasibility of constructing a

streetcar link along Park Boulevard between the San Diego City College Station and a final destination in the heart of the Park or at the San Diego Zoo. The study would also look at:

- the potential impacts that a streetcar line would have on improved access to Balboa Park for residents;
- changes in mode preference on trips to Balboa Park;
- impacts on nearby businesses and residents in neighborhoods adjacent to Balboa Park;
- construction, operating, and maintenance costs; and
- potential funding sources.

Therefore, staff is requesting approval of Resolution No. 10-02 authorizing the CEO to enter into a contract with Caltrans for the use of a community-based transportation planning grant (if awarded).



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Judy Leitner, 619.557.4526, judy.leitner@sdmts.com

MAR11-10.7.FY 2010-11 TRANSP PLNG GRANT.JLEITNER.doc

Attachment: A. Resolution No. 10-02

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 10-02

Resolution Authorizing the Chief Executive Officer to Enter into an Agreement
with the California Department of Transportation for
Use of Community-Based FY 10-11 Planning Grant Funding

WHEREAS, the U.S. Department of Transportation is authorized to make grants to states through the Federal Transit Administration (FTA) to support transit planning projects; and

WHEREAS, the California Department of Transportation has been designated by the Governor of the State of California to administer the federal transit planning grants; and

WHEREAS, MTS desires to apply for said financial assistance for a feasibility study for streetcar alignments between downtown San Diego and Balboa Park; NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that MTS does hereby authorize the Chief Executive Officer, or designated representative, to file and execute any actions necessary on behalf of MTS to contract with the California Department of Transportation in order to use any federal planning grants awarded.

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

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

PASSED AND ADOPTED, by the Board of Directors this _____ day of _____ 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



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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 305

**Draft for
Executive Committee
Review Date: 3/4/10**

March 11, 2010

SUBJECT:

MTS: INVESTMENT REPORT – JANUARY 2010

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.


DISCUSSION:

Attachment A comprises the report of MTS investments as of January 2010. The first column provides details about investments restricted for capital improvement projects and debt service—the majority of which are related to the 1995 lease and leaseback transactions. The balance in restricted cash and equivalents has decreased due to the allocation of \$4.5 million in restricted funds to approved capital projects.

The unrestricted investments shown in the second column report the working capital for MTS operations for employee payroll and vendors' goods and services. The balance in unrestricted cash and equivalents has increased by \$7.6 million in January largely due to the release of \$4.5 million from restricted funds as described above and the timing of certain vendor payments.

Quarterly interest earnings totaling \$10,000 were deposited in the unrestricted Local Agency Investment Fund (LAIF) account; interest earnings totaling \$4,000 were deposited in the restricted LAIF account. The current monthly yield in the LAIF is 0.56%, which represents a reduction from 2.83% 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.



Paul C. Jablonski
Chief Executive Officer

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

MAR11-10.8.JAN INVESTMT RPT.LMUSENGO.doc

Attachment: A. Investment Report for January 2010

**San Diego Metropolitan Transit System
Investment Report
January 31, 2010**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	Average rate of return
Cash and Cash Equivalents				
Bank of America - concentration sweep account	<u>\$ 1,209,485</u>	<u>\$ 46,380,202</u>	<u>\$ 47,589,687</u>	0.00%
Total Cash and Cash Equivalents	<u>1,209,485</u>	<u>46,380,202</u>	<u>47,589,687</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>2,683,459</u>		<u>2,683,459</u>	0.56%
Total Cash - Restricted for Capital Support	<u>5,404,114</u>	<u>-</u>	<u>5,404,114</u>	
Investments - Working Capital				
Local Agency Investment Fund (LAIF)		1,065,749	1,065,749	0.56%
Bank of New York Money Market POB interest	<u>-</u>	<u>40</u>	<u>40</u>	
Total Investments - Working Capital	<u>-</u>	<u>1,065,789</u>	<u>1,065,789</u>	
Investments - Restricted for Debt Service				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	34,344,851	-	34,344,851	
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>119,296,396</u>	<u>-</u>	<u>119,296,396</u>	
Total cash and investments	<u>\$ 125,909,995</u>	<u>\$ 47,445,991</u>	<u>\$ 173,355,986</u>	

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



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Agenda

Item No. 9

JOINT MEETING OF THE BOARD OF DIRECTORS
for the

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

March 11, 2010

LEG 492

**Draft for
Executive Committee
Review Date: 3/4/10**

SUBJECT:

MTS: FIXED ASSETS INTERNAL AUDIT REPORT

RECOMMENDATION:

That the Board of Directors receive an internal audit report on fixed assets.

Budget Impact

None.

DISCUSSION:

During January 2010, MTS's Internal Auditor performed a review of fixed-asset accounting procedures and internal controls. As a result of this review, five recommendations were made for management's consideration. Management has reviewed the recommendations and is taking action to address the issues noted.



Paul C. Jablonski
Chief Executive Officer

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

2010-3-11.9.AUDIT RPT FIXED ASSETS.MABBEY.doc

Attachment: A. Fixed Assets Internal Audit Report

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Att. A, AI 9, 3/11/10

Memorandum

DATE: February 9, 2010

LEG 492 (PC 50121)

TO: Tom Lynch

FROM: Mark Abbey

SUBJECT: AUDIT REPORT: MTS FIXED-ASSETS ACCOUNTING REVIEW

EXECUTIVE SUMMARY

I have completed a review of internal controls over fixed-asset accounting at MTS. The review was performed in accordance with the approved audit plan.

Audit Objectives and Scope

The objective of the review was to assess the adequacy of controls over fixed assets. The scope of the audit included a review of the fiscal 2009 records in the following areas:

- Controls over fixed-asset additions are adequate and done in accordance with agency policies and procedures.
- Controls over fixed-asset disposals and transfers are adequate and done in accordance with agency policies and procedures.
- Fixed assets are properly recorded at historical costs.
- Fixed-asset records reflect assets that physically exist.
- Depreciation of fixed assets is calculated correctly.

Background

MTS fixed-asset accounting is the responsibility of the MTS Property Accountant. Written procedures for capital assets accounting were established on April 1, 2006. The procedures cover capital asset acquisitions, asset disposals, and transfers between MTS agencies. Many capital procurements are managed by the San Diego Association of Governments (SANDAG). When capital projects are completed, assets are transferred to MTS. One challenging issue for MTS has been receiving adequate records from SANDAG on a timely basis in order to record new assets.

In accordance with federal guidelines, capital assets mean tangible, nonexpendable property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. Depreciation of capital assets is charged using the straight-line method over the asset's useful life. All capital assets are recorded in detail in the fixed-asset subledger. This subledger system, known as Bassets, is maintained by the MTS Property Accountant and is reconciled to the MTS, SDTC and SDTI general ledger accounts.

The figures below highlight the magnitude of fixed assets valued at historical cost:

CAPITAL ASSETS FOR BUSINESS-TYPE ACTIVITIES AS OF JUNE 30, 2009

Land and right-of-way	\$ 221,853,921
Construction-in-progress (CIP)	42,364,049
Buildings and structures	1,180,759,035
Buses, light rail vehicles, and other vehicles	421,315,115
Equipment and other	77,461,176
Capital lease property	<u>12,437,839</u>
TOTAL	\$ 1,691,973,165

A physical count was performed of all agency capital assets in June 2008. The counts were reconciled to the fixed-asset records, and the records were adjusted to agree with the count. Another count is scheduled for June 2010.

Observations and Recommendations

Controls over MTS fixed assets have improved since the 2007 internal audit. Some additional improvements can be made, and the following recommendations are offered for management's consideration:

1. Improve the physical count procedures as follows:
 - a. Prepare a recap of all count discrepancies and show a full explanation for each discrepancy and resulting adjustments to the fixed-asset records.
 - b. Clearly show all count dates and asset locations.
 - c. A Finance Department representative should perform test counts where appropriate.
2. Ensure that MTS fully complies with fixed-asset disposal policies and procedures.
3. Review the accounting treatment of the \$2.7 million LRV rehabilitation project.

A detailed explanation of these recommendations is provided under "Detailed Observations." I wish to thank Finance Department personnel for their cooperation and assistance during the course of this review.

DETAILED OBSERVATIONS

1.0 Physical-Count Procedures

In reviewing the work papers in support of the physical count that took place in 2008, I noted a number of procedures that should be improved during the upcoming count in June 2010.

Specifically, the following issues were noted:

1. There was no recap prepared that summarized all of the count discrepancies per the count sheets and showed the results of the investigation and corresponding adjustments to the fixed-asset subsidiary and general ledger records.
2. The count sheets were not dated.
3. The locations of the assets were not clearly listed.
4. A number of items were listed as "scrapped," but no indication was made on the count sheets of the corresponding adjustment made to the records for these scrapped items.

During the 2010 physical counts, all count discrepancies should be clearly identified in a written recap, with full explanations for count differences and resulting adjustments made to the asset records. In addition, all counts should be dated and locations of assets clearly identified. Where appropriate, a finance department representative should perform test counts to confirm the accuracy of the counts performed by operations personnel.

Recommendations

Improve the physical-count procedures as follows:

- a. Prepare a recap of all count discrepancies and show a full explanation for each discrepancy and resulting adjustments to the fixed-asset records.
- b. Clearly show all count dates and asset locations.
- c. A Finance Department representative should perform test counts where appropriate.

Management Response

1. A recap of differences between the count sheets and the existing capital asset record detail will be performed.
2. The count dates and asset locations will be put on the count sheets.
3. A Finance Department representative will perform test counts.

1.1 Fixed-Asset Disposals

The new capital assets procedures require that specific steps be followed when disposing of all capital assets. My review of recent disposals indicates that, in some instances, these steps were not followed on a timely basis. I noted some portable radios that were written off in January 2009; however, they were apparently disposed of by SDTI several years prior. I also

noted some SDTI count room equipment that had to be written off in February 2009 although it had been out of service for some time.

Recommendation

Ensure that MTS fully complies with fixed-asset disposal policies and procedures.

Management Response

The policies and procedures are in place. The issue is in gaining compliance across all areas of MTS. Much progress been made in the last few years in changing the culture to comply with MTS policies. This has included educating the operating areas in how to handle capital asset disposals. There have been no issues with current disposals. Management will continue to press compliance.

1.2 Rehab of LRV Cars

Carlos Guzman, Inc. has been assigned a project for painting and repairing a number of LRV cars. As of January 4, 2010, a total of 54 LRV cars have been painted at a cost of \$2,265,764. These costs have been charged to the CIP account. This accounting treatment does not appear to be consistent with generally accepted accounting principles, and these expenditures appear to be expenses.

The accounting procedure for these painting and repair costs should be reviewed and adjusted as appropriate.

Recommendation

Review the accounting treatment of the \$2.7 million LRV rehabilitation project.

Management Response

It is management's understanding that Federal Transit Administration guidelines require that these assets be capitalized in order to receive federal funding, and this is why MTS has historically done so.

The guidelines and other alternatives will be studied. The objective is to be compliant with generally accepted accounting principles (GAAP) and not jeopardize federal funding.

JGardetto/

M-DRAFT-FIXED ASSETS ACCOUNTING.MABBEY.doc

cc: Paul Jablonski
Tiffany Lorenzen
Cliff Telfer
Larry Marinesi
Eric Cheng



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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 11278

**Draft for
Executive Committee
Review Date: 3/4/10**

March 11, 2010

SUBJECT:

MTS: TROLLEY AUTOMATIC PASSENGER COUNTERS – CONTRACT AWARD

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L0912.0-10 (in substantially the same form as Attachment A) with Init Innovations in Transportation (Init) for the purchase of automatic passenger counters (APCs) for the trolley fleet, including 53 base vehicles, 26 optional vehicles, and all required hardware, software, and services in an amount not to exceed the project balance of \$1.5 million to include the base contract (\$1,211,581) plus optional equipment in the amount of up to \$288,419.

Budget Impact

The total contract price, including all optional vehicles if exercised, would be \$1,796,089.68. The funding would come from Capital Improvement Project 11278 (APCs for Trolley).

DISCUSSION:

Background

Ridership on the trolley is currently estimated through a program administered by the San Diego Association of Governments (SANDAG) called the Trolley Ridership Estimation Program (TREP). The ridership is estimated by counting the number of one-way tickets sold at ticket vending machines and multiplying that number by a ratio of passengers using one-way tickets. With the elimination of transfers in January 2008, less one-way tickets are purchased by passengers who now favor the Day Pass. As a result of this change in ticket purchasing habits, the smaller number of one-way tickets purchased and the variability of how many one-way tickets are purchased means there is a larger margin of error in the estimated ridership provided by the TREP.

The variability of the TREP ridership estimates led staff to seek a new method for counting passengers that is more accurate. APCs would provide a tool to accurately count ridership, match service levels to passenger demand, and track system productivity

Procurement

On September 29, 2009, MTS issued a Request for Proposals (RFP) under MTS Doc. No. L0912.0-10 for the purchase of trolley APCs. On October 26, 2009, two proposals were received. An evaluation panel composed of MTS Procurement, Trolley, Planning, and Finance staffs, including a representative from North County Transit District, deemed the two proposers to be responsive.

Both proposers were invited for an interview to answer the committee's questions and demonstrate specifics of their solutions. The committee asked each proposer to find cost savings, where appropriate, and to tender a Best and Final Offer (BAFO). The evaluation panel then took into account the responses to the RFP, the interviews, and the BAFOs and scored the proposals based on the following criteria:

- | | | |
|----|---|-----|
| 1) | Company background and experience | 25% |
| 2) | Architecture of proposed solution | 20% |
| 3) | Proposed project time line and testing plan | 15% |
| 4) | Cost and price | 40% |

After the final evaluation, the panel determined that Init Innovations in Transportation (Init) was the proposer with the best score. The prices that MTS received for the purchase of the APCs was in line with similar recent bids and was less than the estimated price presented to the MTS Board on September 24, 2009. The evaluation committee feels confident with Init's previous experience with the installation of APCs on rail systems in the U.S. and around the world and that it can perform successfully under the terms and conditions of the procurement.

Staff is seeking Board authorization for the CEO to execute the base contract (valued at \$1,211,581) plus optional equipment up to \$288,419.

The total amount to be spent from Capital Improvement Project 11278 (APCs for Trolley), including the base contract and selected optional items, would be \$1,500,000. The remainder of the total contract value of \$1,796,089.68 would be subject to Board approval and contingent upon receipt of future capital funds.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Devin Braun, 619.595.4916, devin.braun@sdmts.com

MAR11-10.10.TROLLEY APCs.MLAWRENCE.doc

Attachment: A. Draft MTS Doc. No. L0912.0-10

DRAFT

Att. A, AI 10, 3/11/10

STANDARD SERVICES AGREEMENT

L0912.0-10
CONTRACT NUMBER
CIP 11278
FILE NUMBER(S)

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

Name: INIT Innovations in Transportation, Inc.

Address: 1420 Kristina Way, Suite 101

Form of Business: Corporation
(Corporation, partnership, sole proprietor, etc.)

Chesapeake, VA 23320

Telephone: 757.413.9100

Authorized person to sign contracts: Andreas Rakebrandt
Name

Director of Business Development
Title

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

Furnish and install an automatic passenger counter system for the Metropolitan Transit System, as specified in MTS's Request for Proposals (RFP), MTS Doc. No. L0912.0-10; including Addenda, Responses to Approved Equals/Clarifications; and in accordance with the Standard Services Agreement, Standard Conditions Services, Scope of Work, and the contractor's proposal (hereinafter "Contract Documents"). If there are any inconsistencies between the Contract Documents, the following order of precedence will govern the interpretation of this contract:

1. MTS's Trolley Automatic Passenger Counter System Request for Proposals, Addendum, Responses to Approved Equals/Clarifications, MTS Safety Program, and the contractor's proposal; and

2. Standard Services Agreement, including the Standard Conditions Services and Federal Requirements.

Contractor shall be responsible for all equipment and labor to provide a complete system as required in the contract documents. Active sensors will be required on all trolleys receiving Automatic Passenger Counting equipment.

The term of the contract shall be April 1, 2010, through September 1, 2012. Base contract including all of the required base items, 144 optional dual-output GPS splitters, 55 optional U-2 antenna only installations, 17 optional SD 100 antenna only installations, spare parts, estimated software escrow account expenses, and 9 optional SD 100 hardware and installations will be completed by September 1, 2010. Exercise of the remaining optional 17 SD 100 cars will be at the sole discretion of MTS. Compensation will be per the negotiated rates as stated in the attached Best and Final Offer document. The total contract cost will not exceed \$1,796,089.68 for the base contract and options.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

CONTRACTOR AUTHORIZATION

By: _____
Chief Executive Officer

Approved as to form:

By: _____
Office of General Counsel

Firm: _____

By: _____
Signature

Title: _____

AMOUNT ENCUMBERED

BUDGET ITEM

FISCAL YEAR

\$1,500,000

2010

By: _____
Chief Financial Officer

Date

(____ total pages, each bearing contract number)

MAR11-10.10.AttA.INIT L0912.0-10.MLAWRENCE.doc

A-1



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

Agenda

Item No. 11

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

AG 220.3, CIP 11266

March 11, 2010

**Draft for
Executive Committee
Review Date: 3/4/10**

SUBJECT:

MTS: SUPPORT FOR SANDAG APPLICATION FOR PROPOSITION 1A FUNDS
ASSIGNED TO MTS

RECOMMENDATION:

That the Board of Directors approve Resolution No. 10-6 (Attachment A) stating the commitment of San Diego Trolley, Inc.'s (SDTI's) share of California State Proposition 1A (2008) revenue for use on the Blue Line Rehabilitation Project and in support of the San Diego Association of Governments' (SANDAG's) application for the funding.

Budget Impact

None at this time. SDTI's share of the voter-approved funding is \$57.855 million. This revenue is budgeted in SANDAG's System Station Platform (1210070) and Rail Infrastructure (1210040) projects and is part of the overall budget for the Blue Line Rehabilitation Project.

DISCUSSION:

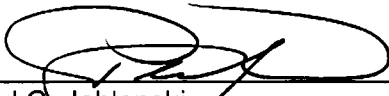
Proposition 1A (or the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century), approved by California voters in the November 2008 state elections, is a bond measure that authorized the allocation of \$9 billion in funds for California high-speed rail. In addition, it provided \$950 million in funding for rail corridors expected to eventually feed high-speed rail. SDTI will be allocated \$57.855 million to make improvements on its Blue Line. This funding will be used to augment other regional funding for the Blue and Orange Line Improvement 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 will submit an application for the full amount and will request a Letter of No Prejudice (LONP) from the state, which will permit the agency to start work on the project using TransNet revenue and gain reimbursement from the state as Proposition 1A funding becomes available. A resolution stating SDTI's commitment of its share of the Proposition 1A funding is required before SANDAG can receive an LONP.

Therefore, staff requests approval of Resolution No. 10-6 stating SDTI's commitment of its share of Proposition 1A revenues toward the Blue Line Rehabilitation Project.



Paul C. Jablonski
Chief Executive Officer

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

MAR11-10.11.PROP 1A RESOLUTION.SCOONEY.doc

Attachment: A. Resolution No. 10-6

SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)

RESOLUTION NO. 10-6

A Resolution of Commitment of San Diego Trolley, Incorporated (SDTI)
Allocation of California State Proposition 1A (2008) Revenue for Use
on the Blue Line Rehabilitation Project

WHEREAS, California voters approved Proposition 1A (or the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century) in 2008; and

WHEREAS, this bond measure provides funding for rail projects throughout the state; and

WHEREAS, San Diego Trolley Incorporated (SDTI) is expected to receive \$57.855 million from this revenue source for the purpose of improving MTS's Blue Line rail line; and

WHEREAS, SDTI is a wholly owned subsidiary of MTS, and the Board of MTS serves as the Board for SDTI; and

WHEREAS, the Blue Line Rehabilitation Project is a joint endeavor between MTS and the San Diego Association of Governments (SANDAG) to improve MTS's Blue Line rail line; and

WHEREAS, recent changes in California statutes have permitted agencies to enter into agreements with the state in order to start projects immediately and receive reimbursement as the bond funding becomes available; and

WHEREAS, this project is in a position to move forward expeditiously and prior to the full allocation of Proposition 1A funding to SDTI. NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that SDTI commits its allocation of Proposition 1A funding to SANDAG's Blue Line Rehabilitation Project for station improvements and other rail infrastructure improvements.

PASSED AND ADOPTED by the SDTI Board of Directors this ____ day of March 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

MAR11-10.11.AttA.PROP 1A RESOLUTION.SCOONEY.docx