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Agenda

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

July 15, 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 - June 24, 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: Investment Report - April 2010</u>
Action would receive a report for information. | Receive |
| 7. | <u>MTS: State Transit Assistance (STA) Claims</u>
Action would adopt Resolution No. 10-20 approving fiscal year (FY) 2010 STA claims. | Adopt |
| 8. | <u>MTS: Proposed 2010/2011 Internal Audit Plan</u>
Action would approve the proposed 2010/2011 Internal Audit Plan. | Approve |
| 9. | <u>MTS: Resolution of Designated Individual/Position Authorized to Act on Behalf of Metropolitan Transit System</u>
Action would adopt Resolution 10-16 to approve the Manager of Risk and Loss Prevention to act on matters relating to California State Association of Counties (CSAC) Excess Insurance Authority. | Adopt |
| 10. | <u>MTS: Investment Report - May 2010</u>
Action would receive a report for information. | Receive |
| 11. | <u>MTS: Internal Audit Report - Contract Services</u>
Action would receive a report for information. | Receive |
| 12. | <u>MTS: Internal Audit Report - Human Resources</u>
Action would receive a report for information. | Receive |
| 13. | <u>MTS: Fiscal Year 2011 Revised Transportation Development Act (TDA) 4.0 Capital Claim</u>
Action would adopt Resolution No. 10-19 approving the revised fiscal year (FY) 2011 Transportation Development Act (TDA) Article 4.0 claim. | Adopt |
| 14. | <u>MTS: Transit System Safety, Security, and Disaster Response Account Program</u>
Action would approve Resolution No. 10-17 authorizing the CEO to submit applications for funds provided by the Transit System Safety, Security, and Disaster Response Account (TSSSDRA) Program. | Approve |
| 15. | <u>MTS: Amendments to the Joint Exercise of Powers Agreement and the Bylaws of the Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor Member Agency</u>
Action would approve the proposed amendments to the LOSSAN Joint Exercise of Powers Agreement and Bylaws. | Approve |
| 16. | <u>MTS: Increased Authorization for Legal Services - Law Offices of R. Martin Bohl</u>
Action would authorize the CEO to execute MTS Doc. No. G1072.5-07 with the Law Offices of R. Martin Bohl for legal services and ratify prior amendments entered into under the CEO's authority. | Approve |

CLOSED SESSION

- | | | | |
|-----|----|---|--------------------|
| 24. | a. | MTS: CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant To California Government Code Section 54956.8;
<u>Properties:</u> 7490 and 7550 Copley Park Place, San Diego, California (Assessor Parcel Nos. 356-410-08 and 356-410-09);
<u>Agency Negotiators:</u> Tiffany Lorenzen, General Counsel; and Tim Allison, Manager of Real Estate Assets;
<u>Negotiating Parties:</u> RV Investment CA, LLC, RV Investment CA, LLC II;
<u>Under Negotiation:</u> Price and Terms of Payment | Possible
Action |
| | b. | MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a) <u>Metropolitan Transit System v. San Diego State University</u> (Case No. 37-2007-00083692-CU-WM-CTL) | Possible
Action |

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

- | | | |
|-----|--|---------|
| 30. | <u>MTS: Credit Agreement (Tom Lynch)</u>
Action would approve Resolution No. 10-18 authorizing the CEO to execute a credit agreement with Bank of America for \$10 million and any other ancillary documents necessary to complete the transaction. | Approve |
| 31. | <u>MTS: Procurement, Integration, and Installation of Onboard Video Surveillance Systems for MTS Buses (Claire Spielberg and John Miller)</u>
Action would authorize the CEO to award MTS Doc. No. B0521.0-09 to Apollo Video Technology to procure, integrate, and install onboard video surveillance systems (OBVSS) on MTS buses. The contract would be completed in two phases and would also include three 1-year options for additional OBVSS. | Approve |
| 32. | <u>SDTI: Closed-Circuit Video System for San Diego Trolley Stations - Contract Award (Bill Burke and Marco Yniquez)</u>
Action would authorize the CEO to execute MTS Doc. No. PWL125.0-10 with Electro Specialty Systems, Inc. for the procurement and installation of a closed-circuit video system for San Diego Trolley, Inc. (SDTI) stations. | Approve |
| 33. | <u>MTS: Siemens Light Rail Vehicle (LRV) Procurement - Contract Amendment (Tiffany Lorenzen and Wayne Terry)</u>
Action would: (1) authorize the CEO to execute a revised Amendment 2 identifying the list of spare parts, special tools, and training to be provided by Siemens; (2) authorize the CEO to execute Amendment 4 to add train-to-wayside communications to the car order; and (3) increase the total budget for the procurement of low-floor vehicles from \$228,168,000 to \$233,000,000 and amend the SANDAG LRV procurement funding Memorandum of Understanding (MOU). | Approve |

- | | | |
|-----|---|---------|
| 34. | <u>MTS: Salary Range Adjustments (Jeff Stumbo)</u>
Action would approve the revised salary ranges for management employees. | Approve |
| 35. | <u>MTS: Fiscal Year 2011 Revised Capital Improvement (CIP) Program (Larry Marinesi)</u>
Action would: (1) approve the adjusted fiscal year 2011 Capital Improvement Program (CIP) with the revised federal and nonfederal funding levels; and (2) forward a recommendation to the San Diego Association of Governments (SANDAG) Board of Directors to approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2011 CIP recommendations. | Approve |

REPORT ITEMS

- | | | |
|-----|---|-------------|
| 45. | <u>MTS: Operations Budget Status Report for May 2010 (Mike Thompson)</u>
Action would receive a report on MTS's operations budget status for May 2010. | Receive |
| 46. | <u>MTS: Blue Line Rehabilitation and Outreach Schedule (Rob Schupp)</u>
Action would receive a report for information. | Receive |
| 60. | <u>Chairman's Report</u> | Information |
| 61. | <u>Audit Oversight Committee Chairman's Report</u> | Information |
| 62. | <u>Chief Executive Officer's Report</u> | Information |
| 63. | <u>Board Member Communications</u> | |
| 64. | <u>Additional Public Comments Not on the Agenda</u>
If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments. | |
| 65. | <u>Next Meeting Date:</u> August 19, 2010 | |
| 66. | <u>Adjournment</u> | |

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

June 24, 2010

MTS
1255 Imperial Avenue, Suite 1000, San Diego

DRAFT MINUTES

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:01 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Young moved to approve the minutes of the June 10, 2010, MTS Board of Directors meeting. Mr. Van Deventer seconded the motion, and the vote was 10 to 0 in favor.

3. Public Comments

No public comments.

CONSENT ITEMS:

6. MTS: Proposed Revisions to MTS Policy No. 44 - Travel Expense Policy

Action would approve the proposed revisions to MTS Policy No. 44 - Travel Expense Policy.

7. MTS: Crane Truck Equipment Vehicle - Contract Award

Action would authorize the CEO to execute MTS Doc. No. L0969.0-10 with Altec Industries to purchase one crane truck vehicle.

8. MTS: Exercise Tire Run-Out with Michelin North America, Inc. for Leased Bus Tires - Contract Amendment

Action would authorize the CEO to execute MTS Doc. No. B05-001.2 with Michelin North America, Inc. to exercise the run-out option to cover payments for the remaining useful life of Michelin tires currently installed on buses at the Imperial Avenue and Kearny Mesa Divisions. The total duration of this run-out period would not exceed 36 months.

9. MTS: Assignment of Contract for San Diego Association of Governments' On-Call General Transportation Planning Services (Kimley-Horn and Associates, Inc.)

Action would authorize the CEO to execute MTS Doc. No. G1327.0-10 with Kimley-Horn and Associates (KHA) as part of the San Diego Association of Governments' (SANDAG's) On-Call

General Transportation Planning Service Agreement, which was established as a jobs-order contract with MTS. The execution of this agreement would allow MTS to use KHA on an as-needed basis for all planning and engineering-related activities.

10. MTS: Assignment of Contract for San Diego Association of Governments' On-Call General Transportation Planning Services (PB America's Inc.)

Action would authorize the CEO to execute MTS Doc. No. G1328.0-10 with Parsons Brinckerhoff Americas Inc. (PB) as part of SANDAG's On-Call General Transportation Planning Service Agreement, which was established as a jobs-order contract with MTS. The execution of this agreement would allow MTS to use PB on an as-needed basis for all planning and engineering-related activities.

Action on Recommended Consent Items

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

CLOSED SESSION:

24. Closed Session Items

The Board convened to Closed Session at 9:03 a.m.

- a. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a) Metropolitan Transit System v. San Diego State University (Case No. 37-2007-00083692-CU-WM-CTL)
- b. SDTI: CLOSED SESSION - CONFERENCE WITH LABOR NEGOTIATORS Pursuant to California Government Code Section 54957.6
Agency-Designated Representative - Jeff Stumbo
Employee Organization - International Brotherhood of Electrical Workers Local 465

The Board reconvened to open session at 9:28 a.m.

Oral Report of Final Actions Taken in Closed Session

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

- a. The Board received a report.
- b. The Board approved the Tentative Agreement on a new collective bargaining agreement between San Diego Trolley and the International Brotherhood of Electrical Workers Local 465.

NOTICED PUBLIC HEARINGS:

25. None

DISCUSSION ITEMS:

30. SDTI: Security Services - Contract Award (Bill Burke)

Mr. Larry Savoy, Assistant Director of Transit Security for MTS, gave the Board an overview of the San Diego Trolley, Inc. (SDTI) security services contract award. He explained that the principal mission of the security contractor is to protect patrons, employees, and MTS properties. He stated that the new contract calls for 130 security officers, 1 onsite captain, 2 onsite lieutenants, and 8 sergeants. The contract also provides for 6 Security Officers to staff the operations control center providing two-way communications with field officers and entails monitoring a fairly extensive CCTV network. Currently 22 stations have security cameras and 8 more stations will be outfitted with cameras by the end of the year. Mr. Savoy also explained that the new contract calls for 25 unarmed Ambassadors used for events throughout the year including Padres games, Charger games, Rock 'N' Roll Marathon and Comic-Con.

Mr. Savoy mentioned that security employees are active and proactive, involved with writing citations and making physical arrests. He also explained that security officers are deployed daily at 11 high density stations and there is a strong liaison effort between local law enforcement agencies and security agents.

Mr. Savoy mentioned that Heritage Security has a 29 year history working with MTS and because of their long history has a tremendous amount of institutional knowledge. He further explained that any issues that have arisen in the past have been handled expeditiously. He mentioned that one advantage of Heritage Security is the fact that the Owner, President, as well as senior and middle management are all residents of San Diego.

Ms. Marianne Lawrence, Principal Contract Administrator for MTS, explained the process for awarding the Security Services Contract. She explained that a Request for Proposals (RFP) was issued on February 11, 2010, and was mailed to 33 contractors. She relayed that 6 proposals were received and evaluated by a team of 5 panelists represented by Security, Procurement, Finance and Code Compliance as well as an outside panelist from local law enforcement. She explained that the proposals were ranked by the following four criteria and their relative weights of importance:

1. Price – 50 Points
2. Qualifications of the Firm and Project Personnel – 20 Points
3. Staffing, Firm Organization, and Management Plan – 15 Points
4. Work Plan – 15 Points

Ms. Lawrence further explained that after initial independent evaluation, a short list of firms was determined and 4 firms were invited for interviews. A second evaluation was performed after interviews and Heritage had the highest overall score of 94 points, the second highest firm, Wackenhut had 82 points.

Ms. Lawrence stated that a Best and Final Offer (BAFO) request was made to Heritage Security Services and a final review of the BAFO returned by Heritage was unanimously found by the evaluators to represent the best value to MTS. She explained that the BAFO is \$.55 an hour less than what the current contract for this service is currently, and the pricing will hold steady for the 4-year duration of the contract. She further explained that the evaluation panel felt the pricing was fair and reasonable and met all technical requirements outlined in the RFP.

Mr. Rindone commented that he felt the report was excellent and is supportive of the contract award based on the fact that all the evaluators unanimously chose Heritage. Mr. Gloria wanted clarification on how the final score was determined and asked if the interviews were subjective. In response, Ms. Lawrence explained that the final scores were determined after the interview process, and the interviews allowed the companies submitting bids, to explain and/or provide additional information regarding their proposals. She stated that everyone was given a fair opportunity and the process was deemed to be subjective as the evaluators independently evaluated the proposals. Mr. Rindone commented that he feels confident to award the contract to Heritage based on the evaluation results, and he is very pleased to see that the cost for all 4 years of the contract will be fixed instead of adjustable.

Mr. Young addressed questions directly to Heritage Security Services and wanted to know if the new contract included any differences in protocol. Heritage responded that the officers will be given hand-held automation devices. Mr. Young wanted Heritage to address some complaints he has received from his constituents regarding heavy-handed interactions at several station locations including Euclid Avenue, Park & Market, 62nd Street, and Imperial Avenue. Heritage responded that they have investigated complaints and have added re-training sessions designed to enhance Security Officers' customer service skills. Heritage also responded to Mr. Young by stating that they routinely move personnel to different locations if they are determined to not be a good fit for a certain area. Mr. Young also wanted to make certain that Heritage would be willing to receive contact from Board members directly should any issues arise.

Ms. Emerald asked to receive a copy of the EEOC Plan Security RFP. She also wanted clarification as to whether or not other companies that submitted proposals were locally based companies and if it not, did that play a part in their evaluation scoring. Ms. Lawrence responded that the other companies that submitted proposals had headquarters outside the San Diego region which added a layer of cost for them and was ultimately a disadvantage in their evaluation score. Ms. Emerald also wanted further clarification on the duties of an Ambassador. In response, Mr. Jablonski explained that ambassadors were designed to cut costs, they wear red shirts marked "MTS" and work only special events, and they are not part of the daily deployment of uniformed officers. He further explained that the ambassadors are mostly involved in crowd control, and in addition to working special events, they have been staffed at stations such as San Ysidro Transit Center to help patrons learn how to use the Compass Card. Ms. Emerald asked what background checks are performed on ambassadors. Heritage responded to her question, and said that they undergo a basic criminal background check.

Action Taken

Mr. Rindone made a motion to authorize the CEO to execute MTS Doc. No. G1299.0-10 with Heritage Security Services/Transit Systems Security for security patrol services for a 4-year

base period with two 1-year options (6 years). Mr. Ewin seconded the motion, and the vote was 15 to 0 in favor.

31. MTS: Compressed Natural Gas (CNG) Station Capital Improvement Upgrades and Operating and Maintenance Agreement

Mr. Jablonski stated that Clean Energy filed for a Protest Resolution for the award of the contract, however after a meeting between him and Clean Energy, they withdrew their protest.

Ms. Claire Spielberg, Chief Operating Officer of Transit for MTS, explained that the total fleet of buses consists of 90% Compressed Natural Gas (CNG) busses. She stated that the fiscal year 2010 budgeted operating and maintenance cost is \$0.47 per therm and the new contract award proposed by Trillium USA, LLC will be \$.16 per therm an estimated savings of \$2.4 million the first contract year. She discussed the strategy for Request for Proposal (RFP) was to include a combination of upgrading CNG equipment as well as operating and maintenance factors.

Mr. John Miller, Procurement Specialist with MTS, gave the Board a summary of the RFP process. He stated that the RFP was advertised in three newspapers; The San Diego Union Tribune, The San Diego Daily Transcript and La Prensa. The RFP was also issued to 15 potentially qualified vendors. Two proposals were received, one from Clean Energy and the other from Trillium USA, LLC. Mr. Miller mentioned that after initial review they were both deemed responsive and in compliance with the RFP submittal requirements. He then explained that the proposals were reviewed by a 5 member committee and were evaluated on the following criterion carrying equal weights of 25%; Capital Improvements, Operations and Maintenance, Contractor Qualifications, and Cost Proposals.

Mr. Frank Toth, Maintenance Facility Manager for MTS, reviewed the technical evaluation of the two proposals. He explained that the evaluation panel held oral presentations and discussions with Clean Energy and with Trillium USA, LLC. He mentioned that panel conducted site visits, equipment inspections and completed reference checks before a re-evaluation and consensus were made on which direction MTS would take with each proposer. Mr. Toth explained that a negotiation meeting with each firm took place regarding pricing concerns and discounts.

Mr. Miller stated that based on evaluations of each firm's technical proposal, past performance, discussions, negotiations and evaluation of price, staff determined that Trillium USA, LLC submitted a proposal that was most advantageous to the needs of MTS. The final score revealed Trillium USA, LLC to be 93.2 points with Clean Energy earning 71.2 points.

Mr. Cunningham commented that the staff had done a great job on the evaluation and was pleased with the cost savings. He had concern about the unusually long 10 year contract. Ms. Spielberg clarified that the 10 year contract is not unusual and in fact needs to be long to ensure capital improvement investments to amortize their investment.

Action Taken

Mr. Cunningham made a motion to authorize the CEO to award to Trillium USA, LLC (doing business as California Trillium Company): (1) MTS Doc. No. PWB127.0-10 for capital improvement upgrades to the MTS-owned CNG fueling facilities; and (2) MTS Doc. B0522.0-09

for a ten-year follow-on operations and maintenance service agreement. Mr. Van Deventer seconded the motion, and the vote was 14 to 0 in favor.

32. MTS: Trolley Ticket Vending Machine (TVM) Procurement - Memorandum of Understanding

Mr. James Dreisbach-Towle, Administrator of Systems Integration for SANDAG, presented to the Board a procurement request for 25 Trolley Ticket Vending Machines (TVM). He explained that in 2002, MTS and SANDAG have replaced all but 25 of the system's existing TVMs and that the remaining 25 are reaching the end of their expected life and need to be replaced to support Compass Card purchases. He then stated that Cubic recently contacted him with a better price for manufacturing if an order could be executed by July 2 due to the fact that the Los Angeles Metropolitan Transit Authority (LAMTA) recently executed a substantial order for the same equipment. Mr. Dreisbach-Towle explained that this would be about a 20% savings or roughly \$400,000 and close to the same price per machine purchased in 2002 and installed in 2005.

Mr. Jablonski stated that MTS and SANDAG have responded at record speed to try and execute an order for the additional 25 TVMs by the July 2 deadline. He explained that if the Board approves the procurement request today at the SANDAG Board meeting tomorrow, the SANDAG Board will have the opportunity to approve and ratify the Memorandum of Understanding (MOU) and send on a contract to Cubic for the purchase.

Mr. Ewin asked what the life expectancy of the upgraded TVMs purchased in 2002 and if they are adaptable to the future goals of the Compass Card. Mr. Dreisbach-Towle replied that the machines have another 10 years of life and that they are functional for the potential Compass Card uses. Mr. Jablonski further clarified that the machines have capabilities beyond the needs we have today.

Mr. McClellan asked if in the future the machines would be able to receive electronic funds transfer through cell phone purchases as this might be the new wave of bank purchases. Mr. Dreisbach-Towle responded that "near field communications" in roughly 5 to 10 years will provide a new wave of phones that will have a smart card chip built-in making it possible to act as a form of payment. He said that the machines have a smart card reader and is fully capable of interfacing with the smart phone technology.

Mr. Rindone thought that Mr. McClellan's question was excellent because the new iPhone 4 is just being released and to have smart capabilities is the wave of the future.

Mr. Mathis said, "We certainly want to keep up with the technology of enabling the public to conveniently pay us."

Mr. Jablonski requested the Board give him the authority to contract directly with Cubic, through purchase order should the process get held up at SANDAG. He explained that this would provide assurance to take advantage of the price as it is a substantial savings. He explained further that the organization was on target to purchase half of the TVMs and the price adjustment provides the opportunity to purchase all 25 TVMs. He stated that the new lower price offered, is even slightly lower than the cost in 2002.

Action Taken

Mr. Rindone made a motion to authorize the CEO to: (1) execute a Memorandum of Understanding (MOU) with the San Diego Association of Governments (SANDAG) for procurement of additional Ticket Vending Machines (TVMS); and (2) transfer funds for the project to SANDAG and (3) contract directly with Cubic if action (1) does not meet the July 2, 2010 deadline. Mr. McClellan seconded the motion, and the vote was 14 to 0 in favor.

REPORT ITEMS:

45. MTS: 2010 Rock 'N' Roll Marathon Recap

Mr. Jim Byrne, Director of Transportation for MTS, provided an overview of bus service for the 2010 Rock 'N' Roll Marathon held on Sunday, June 6. He explained to the Board this year's event posed many logistical challenges for the bus operations since the pre race parking was moved to Qualcomm Stadium and the finish line was moved to Sea World. He mentioned that MTS staff met extensively with the Competitor Group, SDPD and MTS Trolley to coordinate transportation to the Start Line, from the Morena/Linda Vista Trolley Station to the Finish Line and from the Finish Line back to the Trolley Station. Mr. Byrne noted that this event was the largest bus move thus far with 152 buses deployed to meet the needs of runners and their supporters. He also noted that the route included two "U" turns on Friars Road.

Mr. Byrne discussed the cooperation between all service providers, MTS Bus and Veolia Transportation, buses, operators, supervisors, and service trucks to provide timely and seamless service for runners and guests. He mentioned that the service impact on existing service and the cause to operate on detours during the race, and most of the downtown routes resumed normal operations after 10:00 a.m. He expanded that the trolley bridge required 10 shuttle buses to shuttle passengers between Smart Corner and Fifth and B Street which operated from 6:30 a.m. to 9:30 a.m. He explained that an 80 vehicle fleet was shifted to Morena/Linda Vista Trolley to start shuttle service to the finish line and shuttles ran continuously from 7:00 a.m. to 4:00 p.m.

Mr. Byrne explained the first bus was sent out to the Start Line at 3:40 a.m. and 147 bus trips went from Qualcomm Stadium to the Balboa Park Start Line. He mentioned that 7,431 runners were transported to the Start Line which was a 73% increase from last year. He also mentioned that 170 bus trips went to the Finish Line a total of 12,880 passengers. He noted that 470 buses transported 20,534 passengers from the Finish Line at Sea World back to the Morena/Linda Vista Trolley Station. A grand total of 41,925 passengers were transported by bus during the Rock 'N' Roll Marathon service. Mr. Byrne commented on the success of the event with all passengers transported safely with no incidents reported as well as an increase in ridership by 82% from the previous year. He also stated that Full Cost Recovery was achieved but feels that the Finish Line would have benefited from a larger number of passenger loading shuttles.

Mr. Tom Doogan, Special Events/Operations Coordinator for MTS, provided an overview of light rail transit (LRT) service for the 2010 Rock 'N' Roll Marathon. He mentioned that special downtown operations lasted 3 ½ hours because the marathon course intersected trolley tracks at four locations. He also mentioned that the marathon start times were staggered over a 50

minute timeframe, this and the addition of a half-marathon caused participation to increase from 13,858 in 2009 to 24,664 for 2010, up 78%.

Mr. Doogan explained that runners were allowed to ride the trolley at no cost and used their official race number as their ticket, costs were covered by the Competitor Group. He also explained that ticket sales were available in advance at the marathon expo as well as at trolley stations for the non-runners and 2010 ridership increased with approximately \$68,000 in ticket sales.

Mr. Doogan briefly explained the LRT service plan from the Morena/Linda Vista Station, which were 4-car trains on 5 minute headway (bi-directional) equating to 48 car departures per hour in each direction. In comparison, a normal Sunday schedule is 4 car departures per hour. He stated that the wait from trolley to bus was approximately 7 minutes even though lines looked quite long. Mr. Doogan discussed the lessons learned from the event service stating that in the future, the flow of pedestrians from the Morena/Linda Vista Station to the shuttle buses needs to be improved. He stated that the current pathway is too narrow to efficiently handle the demand which caused congestion and the inability to load the back of trains. He also stated that more signage is needed and would be beneficial for future marathon service.

Mr. Mathis wanted to thank staff and offered his congratulations on a job well done and on the plan and success of transporting larger numbers of riders than expected. Mr. Rindone echoed the Chairman's comments and added that a successful event such as this gives MTS an opportunity to highlight its effectuate positive events in the community.

Mr. Cox mentioned that his daughter works for the Competitor Group and has for the last 6 or 7 years which has provided him and his wife opportunities to volunteer at the event. He mentioned how amazing an operation like this is and is always amazed at how many runners actually finish the race. He also commented that marathon runners are generally pretty happy and are willing to put up with a lot. From his point of view the event service was efficient but there is room for improvement. He was happy to see such a successful event take place in the city of San Diego and mentioned that the Rock 'N' Roll marathon raised roughly \$15 million and the single largest day sporting event linked to a charity.

Mr. Cunningham commented that he has run 7 Rock 'N' Roll Marathons and mentioned that MTS buses are a sight for sore eyes and sore feet. He also mentioned that because of the Finish Line at Sea World this year, it really left runners no choice but to use public transit. He explained that many runners come from all over the world for this event and it is the only impression they have of San Diego, ie. the hotels and transit and so it is important to leave a good impression so they come back the following year having a positive impact on the local economy. He asked that a job well done be passed onto employees who worked the event.

Action Taken

Mr. Cunningham moved to receive the report. Mr. Rindone seconded the motion, and the vote was 10 to 0.

60. Chairman's Report

There was no Chairman's report.

61. Audit Oversight Committee Chairman's Report

There was no Audit Oversight Committee Chairman's report.

62. Chief Executive Officer's Report

Mr. Jablonski reported that he went to Washington D.C. last week and accompanied the Mid-Coast SANDAG Study Team and Consultants for a meeting with the Federal Transit Administration and it was positive.

63. Board Member Communications

Mr. Cox discussed an effort to get a two year region wide anti-graffiti program started. Some cities are already involved with the program and he is working to develop a plan to include cities not currently involved. He explained that the program would provide agencies with a GPS camera that would document, categorize, and index the graffiti. Instead of an armed officer, a public works crew sent to paint could document the graffiti, take a photo, measure the square footage, and download it to a company in Orange County called Graffiti Tracker. Mr. Cox provided a recent example of how the program has already proved to be valuable as the program enforced the restitution payment of \$87,000 when a young man in Imperial Beach was caught vandalizing – he had 117 instances of graffiti indexed in the City of Imperial Beach, and his parents are bringing a check to the City Manager for \$87,000 in restitution today. Mr. Cox mentioned the goal is to rollout the program after the first of January 2011 with a media event serving as a warning to vandals that the rules are changing and those caught will be held responsible. If the program is successful Mr. Cox will work with SANDAG to have the cost of the program included in the Automated Regional Justice Information System (ARJIS) dues. Mr. Cox reiterated that the anti-graffiti program will be a step in the right direction for those that have to deal with ramifications of graffiti.

64. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

65. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, July 15, 2010.

66. Adjournment

Chairman Mathis adjourned the meeting at 10:49 a.m.

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

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

Office of the General Counsel
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

H:\Minutes - Executive Committee, Board, and Committees\Minutes - 2010\MINUTES - Board 06-24-10 DRAFT.docx

METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL

MEETING OF (DATE): June 24, 2010

CALL TO ORDER (TIME): 9:01 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:03 a.m.

RECONVENE: 9:28 a.m.

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 10:49 a.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"/>		10:29 a.m.
EMERALD	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		9:57 a.m.
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:10 a.m.	10:37 a.m.
JANNEY	<input type="checkbox"/> (Bragg) <input checked="" type="checkbox"/>		
LIGHTNER	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		10:37 a.m.
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
OVROM	<input type="checkbox"/> (Denny) <input checked="" type="checkbox"/>	9:05 a.m.	
RINDONE	<input checked="" type="checkbox"/> (Castaneda) <input type="checkbox"/>		
ROBERTS	<input type="checkbox"/> (Cox) <input checked="" type="checkbox"/>	9:28 a.m.	
RYAN	<input type="checkbox"/> (B. Jones) <input checked="" type="checkbox"/>	9:10 a.m.	
SELBY	<input checked="" type="checkbox"/> (England) <input type="checkbox"/>		
VAN DEVENTER	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		10:49 a.m.
YOUNG	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		10:18 a.m.

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

Valerie Vizkeleti

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

Anthony Illers



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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.

FIN 305

July 15, 2010

SUBJECT:

MTS: INVESTMENT REPORT – APRIL 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 April 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 investments has increased by \$45 million due to receipt of TransNet funding related to future capital asset acquisitions. The funds restricted for debt service are structured investments with fixed returns that will not vary with market fluctuations if held to maturity. These investments are held in trust and will not be liquidated in advance of the scheduled maturities.

The second column (unrestricted investments) reports the working capital for MTS operations for employee payroll and vendors' goods and services. The balance in unrestricted cash and equivalents has increased by \$3.6 million in April due to normal variability in the timing of grant receipts and vendor payments.



Paul C. Jablonski
Chief Executive Officer

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

JULY15-10.6.APRIL INVESTMT RPT.LMUSENGO.doc

Attachment: A. April Investment Report

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Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations), and San Diego Vintage Trolley, Inc., a 501(c)(3) nonprofit corporation, in cooperation with Chula Vista Transit. MTS is the taxicab administrator for seven cities. MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.



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

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	Average rate of return
Cash and Cash Equivalents				
Bank of America - concentration sweep account	\$ 1,209,485	\$ 36,436,126	\$ 37,645,611	0.00%
Total Cash and Cash Equivalents	<u>1,209,485</u>	<u>36,436,126</u>	<u>37,645,611</u>	
Cash - Restricted for Capital Support				
US Bank - retention trust account	205,200		205,200	N/A *
Local Agency Investment Fund (LAIF) Proposition 1B TSGP grant funds	<u>2,687,156</u>		<u>2,687,156</u>	59.00%
Total Cash - Restricted for Capital Support	<u>2,892,356</u>	<u>-</u>	<u>2,892,356</u>	
Investments - Working Capital				
Local Agency Investment Fund (LAIF)	44,631,000	3,457,314	48,088,314	0.55%
Bank of New York				
Total Investments - Working Capital	<u>44,631,000</u>	<u>3,457,314</u>	<u>48,088,314</u>	
Investments - Restricted for Debt Service				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	34,601,020	-	34,601,020	
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>119,552,565</u>	<u>-</u>	<u>119,552,565</u>	
Total cash and investments	<u>\$ 168,285,406</u>	<u>\$ 39,893,440</u>	<u>\$ 208,178,846</u>	

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

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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.

FIN 340.2

July 15, 2010

SUBJECT:

MTS: STATE TRANSIT ASSISTANCE (STA) CLAIMS

RECOMMENDATION:

That the Board of Directors adopt Resolution No. 10-20 (Attachment A) approving fiscal year (FY) 2010 STA claims.

Budget Impact

None.

DISCUSSION:

Attachment A reflects the detailed breakdown of the claim.

STA Claims \$18,806,783

Discretionary STA funds are distributed to MTS on the basis of population. Formula STA funds are distributed to San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, and other operators on the basis of revenue generated.

State law and MTS Policy No. 20 "Allocation of State Transit Assistance Funds" require that priority consideration be given to STA claims for the following purposes:

- to enhance existing public transportation services;
- to meet priority regional, county, or areawide public transportation needs; and



- to offset reductions in federal operating assistance and unanticipated increases in fuel costs.

Periodic Review of Expenditures

The San Diego Association of Governments (SANDAG) requires each operator to submit at least quarterly operating reports to SANDAG staff for review. These reports allow SANDAG, local jurisdictions, and operators to track STA expenditures during the course of the fiscal year with appropriate budget and operational adjustments made as necessary. In certain instances, it may be necessary to revise the original STA claims.



Paul C. Jablonski
Chief Executive Officer

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

JULY15-10.7.STA CLAIMS.NDALL.doc

Attachment: A. MTS Resolution No. 10-20

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 10-20

Resolution Approving the MTS Area Revised FY 2010 STA Claim

WHEREAS, California Public Utilities Code Sections 99313.3 and 99313.6 established a State Transit Assistance (STA) fund and grants the Metropolitan Transit System (MTS) authority to allocate monies from this fund; and

WHEREAS, MTS Policy No. 20 established procedures for allocating these STA funds; and

WHEREAS, MTS, San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contracted Services, and Chula Vista, (claimants), qualify for STA monies under the provision of Public Utilities Code Section 99260 et seq.; and

WHEREAS, the sum of the claimants' allocations of STA and Transportation Development Act (TDA) funds do not exceed the amounts they are eligible to receive during the fiscal year; and

WHEREAS, the claimants are receiving the maximum of allowable amounts from the local transportation fund; and

WHEREAS, the San Diego Association of Governments (SANDAG) has determined the claimants have participated in efforts to define transit productivity recommendations and have made a reasonable effort toward implementing these recommendations in FY 2010; and

WHEREAS, the claimants are operating in conformance with MTS Policy No. 17, "Transportation Development Act Rules and Regulations;" and

WHEREAS, the claimants' proposed expenditures of STA monies are in conformance with the *Regional Transportation Plan* and *Transportation Improvement Program*; and

WHEREAS, priority consideration has been given to claims to offset reductions in federal operating assistance and the unanticipated increase in the cost of fuel, to enhance existing public transportation services and to meet high-priority, areawide public transportation needs; and

WHEREAS, the claims are consistent with the requirements of Public Utilities Code Section 99314.5, California Administrative Code Section 6754, and MTS Policy No. 20; and

WHEREAS, the claimants are not precluded by any contract or administrative code entered into on or after June 28, 1979, from employing part-time drivers or from contracting with common carriers or persons operating under a franchise or license; and

WHEREAS, no full-time employee of the claimants on June 28, 1979, has had his or her employment terminated or regular hours of employment reduced, excluding drivers or contracting with common carriers; NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board does hereby direct and empower MTS staff to prepare and transmit allocation instructions

to the County Auditor to disburse to MTS the FY 2010 STA amount totaling \$18,806,783 as shown in the FY 10 STA Claims Summary (attached) to this resolution.

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

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairman
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

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

Office of the General Counsel
San Diego Metropolitan Transit System

Attachment: MTS FY 2010 STA Claim Summary

JULY15-10.7.AltA.RESO 10-20.
STA CLAIMS.NDALL.doc

San Diego Metropolitan Transit System
FY 2010 STA Claim Summary

FY 2010 Allocation from the State Controller	\$18,806,783
Requested Payment - July 2010	\$18,806,783
Remaining Balance due to MTS	\$ -



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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.

LEG 492

July 15, 2010

SUBJECT:

MTS: PROPOSED 2010/2011 INTERNAL AUDIT PLAN

RECOMMENDATION:

That the Board approve the proposed 2010/2011 Internal Audit Plan (Attachment A).

Budget Impact

None.

Audit Oversight Committee Recommendation

At its meeting on June 17, 2010, the Audit Oversight Committee recommended forwarding this item to the Board of Directors for approval.

DISCUSSION:

The MTS Internal Auditor has proposed a 2010/2011 work plan consisting of 9 internal audit projects plus an allowance of 400 hours for completion of various management and Board requests. The estimated time required to complete each project is shown on the attached audit plan (Attachment A). Each agency process to be reviewed is listed as well as the estimated business risks associated with each process.

Paul C. Jablonski
Chief Executive Officer

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

JULY15-10.8.PROSED INTERNAL AUDIT PLAN.MABBEEY.doc

Attachment: A. Proposed 2010/2011 Internal Audit Plan Summary

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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.



Proposed 2010/2011 Internal Audit Plan Summary

GOALS, OBJECTIVES, AND ACTIVITIES

GOAL 1: Strengthen the Board's and its subsidiaries' performance and accountability to the public in managing resources and achieving outcomes

Objective 1: Improve performance levels and outcomes for the Board and its subsidiaries

Risk:

Misappropriation, waste, or loss (evaluate controls)

Misappropriation, waste, or loss (evaluate controls)

Bodily harm to customers or employees

Regulatory noncompliance and possible loss of funding.

Misappropriation, waste, or loss (evaluate controls)

Misappropriation, waste, or loss (evaluate controls)

Misappropriation, waste or loss of collected revenue (evaluate controls)

Misappropriation, waste or loss of collected revenue (evaluate controls)

Misappropriation, waste, or loss (evaluate controls)

Objective 2: Improve the public's ability to hold the Board and its subsidiaries accountable

Follow-up on all MTS and subsidiary audit and audit-related projects conducted in FY 10 and evaluate the quality and timeliness of action

GOAL 2: Improve the auditing and consulting capabilities of the internal audit function

Objective 1: Improve staff knowledge and skills

Identify opportunities for improvement and obtain appropriate training

Objective 2: Improve customer satisfaction and internal audit reputation through delivering high-quality and timely services

Prioritize special requests and conduct special projects

AGENCY- PROCESS	GROSS RISK ASSESSMENT	NUMBER TASK HOURS
--------------------	--------------------------	----------------------

Risk Management - TPA Disbursements	Medium	80
SDTI - Storeroom	High	160
SDTC - Training	Medium	120
California Air Resources Board Follow-up Review	Medium	40
Compass Card Controls	High	240
Transit Store Controls	High	120
SDTI - Revenue Collection	Extreme	160
SDTC - Revenue Collection	Extreme	160
Absenteeism-Sick Leave Review	High	120
Total:		1,200

160

Total: 160

80

400

TOTAL AUDIT HOURS: 1,840



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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.

LEG 491

July 15, 2010

SUBJECT:

MTS: RESOLUTION OF DESIGNATED INDIVIDUAL/POSITION AUTHORIZED TO
ACT ON BEHALF OF METROPOLITAN TRANSIT SYSTEM

RECOMMENDATION:

That the Board of Directors adopt Resolution 10-16 (Attachment A) to approve the Manager of Risk and Loss Prevention to act on matters relating to California State Association of Counties (CSAC) Excess Insurance Authority.


Budget Impact

None at this time. Any purchase of insurance shall follow MTS's policy on procurement of goods and services. The proposed resolution would not change or alter MTS's policy on signature authority.

DISCUSSION:

- MTS's property insurance policies are obtained through CSAC, which is a joint purchase group of all but a handful of California counties created for the purpose of obtaining insurance at a reduced cost. MTS has participated in this group purchase program since 1993. Primary contact has been within the MTS Risk Department.

In order for CSAC Excess Insurance Authority to update its records, the governing board for each public entity member needs to designate an individual or position that is authorized to officially act on behalf and enter into agreements with the authority.


Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Resolution No. 10-16

JULY15-10.9.RESO 10-16.DESIGNATE RISK MATTERS.JDOW.doc

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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

RESOLUTION NO. 10-16

Resolution Delegating Authority to Act on Behalf of San Diego Metropolitan Transit System

WHEREAS, the California State Association of Counties (CSAC) Excess Insurance Authority (Authority) has determined that it is necessary for each member of the Authority to delegate to a person[s] or position[s] authority to act on the member's behalf in matters relating to the member and the Authority; and

WHEREAS, except as to those actions that must be approved by the San Diego Metropolitan Transit System, such delegation of authority is necessary in order to carry out the purposes and functions of the Authority with its members; and

WHEREAS, in order to ensure a person[s] or position[s] is delegated with authority to act on the member's behalf in matters relating to the member and the Authority, action by the member's governing body is necessary;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that MTS does hereby authorize and appoint the Manager of Risk and Loss Prevention to act in all matters relating to the member (MTS) and the Authority.

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. 10

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

FIN 305

July 15, 2010

SUBJECT:

MTS: INVESTMENT REPORT – MAY 2010

RECOMMENDATION:

That the Board of Directors receive a report for information.

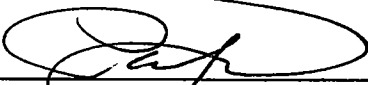
Budget Impact

None.

DISCUSSION:

Attachment A comprises the report of MTS investments as of May 31, 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 investments has decreased by \$42,000,000 due to expenditures related to acquisition of trolley cars. The funds restricted for debt service are structured investments with fixed returns that will not vary with market fluctuations if held to maturity. These investments are held in trust and will not be liquidated in advance of the scheduled maturities.

The second column (unrestricted investments) reports the working capital for MTS operations for employee payroll and vendors' goods and services. The balance in unrestricted cash and equivalents has increased by \$1.7 million in May due to variability in the timing of grant receipts and vendor payments.


Paul C. Jablonski
Chief Executive Officer

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

JULY15-10.10.MAY INVESTMT RPT.LMUSENGO.doc

Attachment: A. May Investment Report

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Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations), and San Diego Vintage Trolley, Inc., a 501(c)(3) nonprofit corporation, in cooperation with Chula Vista Transit. MTS is the taxicab administrator for seven cities. MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.



**San Diego Metropolitan Transit System
Investment Report
May 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	\$ 1,209,485	\$ 17,536,553	\$ 18,746,038	0.00%
Total Cash and Cash Equivalents	<u>1,209,485</u>	<u>17,536,553</u>	<u>18,746,038</u>	
Cash - Restricted for Capital Support				
US Bank - retention trust account	2,257,200		2,257,200	N/A *
Local Agency Investment Fund (LAIF) Proposition 1B TSGP grant funds	<u>2,544,156</u>		<u>2,544,156</u>	0.56%
Total Cash - Restricted for Capital Support	<u>4,801,356</u>	<u>-</u>	<u>4,801,356</u>	
Investments - Working Capital				
Local Agency Investment Fund (LAIF)		24,088,314	24,088,314	0.56%
Bank of New York				
Total Investments - Working Capital	<u>-</u>	<u>24,088,314</u>	<u>24,088,314</u>	
Investments - Restricted for Debt Service				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	35,247,675	-	35,247,675	
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>120,199,220</u>	<u>-</u>	<u>120,199,220</u>	
Total cash and investments	<u>\$ 126,210,061</u>	<u>\$ 41,624,867</u>	<u>\$ 167,834,928</u>	

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



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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.

LEG 492

July 15, 2010

SUBJECT:

MTS: INTERNAL AUDIT REPORT - CONTRACT SERVICES

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

During May 2010, the MTS Internal Auditor performed a review of the internal controls over the contract services management process. As a result of this review, eight 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

JULY15-10.11.AUDIT RPT CONTRACT SVCS.MABBEY.doc

Attachment: A. Audit Report – Contract Services





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

DATE: June 23, 2010
TO: Claire Spielberg
FROM: Mark Abbey
SUBJECT: AUDIT REPORT – CONTRACT SERVICES

LEG 492

EXECUTIVE SUMMARY

I have completed a review of Contract Services operations. The audit was performed in accordance with the approved audit plan.

Audit Objectives and Scope

The objective of this audit was to review the adequacy of the contract management process at MTS. During my audit, I reviewed the contract management process over the following major contracts:

- East County and South Bay fixed-route service (Veolia Transportation Services, Inc.)
- ADA Paratransit (First Transit Services)
- Southland Transit operations

Observations and Recommendations

Overall, the management of the major contracts is controlled effectively by the Contract Services staff. To further improve contract management processes, the following recommendations are offered for management's consideration.

VEOLIA CONTRACT

- 1.0 Ensure security camera coverage over vaulting area at East County facility, and ensure that the probe stick is locked up at East County facility when not in use.
- 1.1 Veolia should utilize cash handling and vaulting written procedures similar to San Diego Transit Corporation's (SDTC's).
- 1.2 Cash collected from Commuter Express buses should be deposited to bank a minimum of twice each month.



FIRST TRANSIT PARATRANSIT CONTRACT

- 2.0 Match bank deposit slips to First Transit bank deposits reported on monthly statements.
- 2.1 Paratransit buses should be subject to maintenance spot checks by SDTC's Quality Assurance Department.

SOUTHLAND TRANSIT CONTRACT

- 3.0 Two employees should make bank deposits.
- 3.1 Ensure valid insurance certificate is on file for Southland operation on an ongoing basis.

GENERAL

- 4.0 Contract Services position descriptions should be updated.

A detailed explanation of these recommendations is provided under the following section entitled *Detailed Observations*.

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

BACKGROUND

The following is a summary of the contracts administered by Contract Services managers:

CONTRACT COMPANY	SUBJECT	FY 10 BUDGET	NO. OF VEHICLES
Veolia Transportation Services	East Co. & South Bay Fixed-Route Bus Svc.	\$42,700,267	243
First Transit Services	ADA Paratransit	\$11,420,147	120
Southland Transit	Mini-fixed and Sorrento Valley Service	\$3,831,381	29

It is obvious from the statistics above that these are major operations. There are more public transit vehicles contracted out by the Contract Services Department than the total number of buses operated by SDTC. Each contract above is for a five-year term and is administered by a contract manager. Contract managers work closely with contractor management. A number of benchmarks are established within the contracts to ensure that contractor performance is effectively monitored.

Contractors invoice MTS on a monthly basis for their management fees and other expenses. A credit is given on invoices for cash fares collected during the month. Invoices are thoroughly reviewed by contract managers to ensure compliance with contractual terms.

All of the buses operated by Veolia (with the exception of 26 commuter express buses) now have new GFI Odyssey registering fare boxes, and cash is vaulted daily.

Capital upgrades are planned for both the East County and South Bay fixed-route facilities. Plans are also in place to relocate paratransit operations from the current El Cajon location to a more central location within the county.

DETAILED OBSERVATIONS

Veolia Contract

1.0 Security

During my site visit, I noted that the East County fixed-route facility does not have security camera coverage of the vaulting area. In addition, during my tour, I noted that the probe stick is left unlocked when not in use.

Improved security and camera coverage would provide better control over fare collections and improved safety for equipment and contract employees.

Recommendations

- Ensure security camera coverage over vaulting area at East County facility.
- Ensure probe stick is locked up at East County facility when not in use.

Management Response

MTS Contract Services management will work with Veolia to ensure a security camera monitoring system is installed and working at all times in the vaulting area at the East County facility. MTS Contract Services management will also work with Veolia project management to develop or adhere to MTS policy at all Veolia sites, including East County.

1.1 Revenue Collection Written Procedures

During my site visits, I noted that Veolia does not utilize any written procedures for its revenue collection and vaulting processes. The SDTC Revenue Manager has developed written revenue collection and vaulting procedures, which would prove valuable for Veolia's contract operations revenue staff.

Recommendation

Veolia should utilize cash-handling and vaulting written procedures similar to SDTC's.

Management Response

MTS Contract Services management will distribute the written revenue collection and vaulting procedures to all MTS Contract Services operating locations as they are received from the MTS Bus (SDTC) Revenue Manager to help ensure a seamless revenue collection process throughout MTS Bus.

1.2 Commuter Express Bank Deposits

Most of the cash received is vaulted and picked up by Sectran daily for delivery to the bank. However, the 26 Commuter Express buses operating out of the East County facility do not have new GFI Odyssey registering fareboxes that directly interface with the automated fare revenue

reporting system. The cash is counted daily by Veolia staff and picked up for deposit just once each month; \$6,000 to \$7,000 is received in cash from the Commuter Express buses monthly. This cash should be banked more frequently to minimize the risk of loss.

Recommendation

Cash collected from Commuter Express buses should be deposited to the bank a minimum of twice each month.

Management Response

MTS Contract Services management agrees with the recommendation and will work with Veolia East County project management to implement the new deposit process immediately.

First Transit ADA Paratransit Contract

2.0 Cash Revenues

The MTS ADA Manager reviews the monthly statement received from First Transit for various charges and credits for cash fares received. A valuable additional check would be to require First Transit to forward copies of validated bank deposit slips with the monthly reports. These deposit slips should be matched up with reported cash revenues.

Recommendation

Match bank deposit slips to First Transit bank deposits reported on monthly statements.

Management Response

MTS Contract Services management agrees with the recommendation and will implement a procedure to obtain validated bank deposit receipts from First transit to match up with reported cash revenues.

2.1 Maintenance Inspections

SDTC Quality Assurance staff inspects buses for Veolia on a random basis to ensure that buses are adequately maintained; however, the paratransit buses are not subject to the same inspections. If maintenance is not checked, the risk exists that bus maintenance will not be carried out in a satisfactory manner.

Recommendation

Paratransit buses should be subject to maintenance spot checks by SDTC's Quality Assurance Department.

Management Response

MTS Contract Services management agrees and will explore other methods for obtaining quarterly inspections. The in-house quality assurance inspection team is too small to take on another 120 vehicle fleet that is so dissimilar to other vehicles in the fleet.

Southland Transit Contract

3.0 Bank Deposits

During my site visit to Southland Transit, I noted that bank deposits are being made by one Southland employee twice each week. Bank deposits should either be made by an armored car service or at least two employees together. This would reduce the risk of loss and possible harm to Southland employees.

Recommendation

Two employees should make bank deposits.

Management Response

MTS Contract Services management agrees with the recommendation and will work with Southland Transit project management to implement the new bank deposit process immediately.

3.1 Insurance Certificates

I reviewed the insurance coverage of the various contractors and noticed that the insurance certificate for Southland was not on file, and the MTS insurance consultant did not have a copy of a valid certificate. MTS contract services staff contacted Southland and were able to obtain a valid certificate that showed that adequate insurance coverage was in fact in place.

If MTS and insurance consultant procedures were functioning correctly, MTS Contract Services staff should have been alerted that the certificate had not been received; however, this did not happen.

Recommendation

Ensure that a valid insurance certificate is on file for Southland operations on an ongoing basis.

Management Response

MTS Contract Services management will assist the MTS Loss Prevention Manager and the MTS Insurance Consultant in reviewing the existing notification procedure in place to help ensure a valid insurance certificate is on file for all MTS Contract Services contracts. A current insurance certificate was with the MTS Contract Services project manager at the time of the audit.

General

4.0 Position Descriptions

I reviewed the position descriptions for Contract Services staff. The position descriptions were all outdated and need to be reviewed and updated to match the current duties of the positions. This will provide existing and new staff with a clear description of the duties and objectives expected in their positions.

Recommendation

Contract Services position descriptions should be updated.

Management Response

MTS Contract Services management agrees with the recommendation and stands ready to assist Human Resources in updating the MTS Contract Services position descriptions.

JULY15-10.11.AttA.AUDIT RPT CONTRACT SVCS.MABBIEY.doc

cc: Paul Jablonski, Tiffany Lorenzen, Cliff Telfer - MTS
John Davenport, Jeff Codling, Elliot Hurwitz - SDTC



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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 492

July 15, 2010

SUBJECT:

MTS: INTERNAL AUDIT REPORT - HUMAN RESOURCES

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

During April 2010, the MTS Internal Auditor performed a review of the MTS Human Resources process. As a result of this review, three 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

JULY15-10.12.AUDIT RPT HR.MABBEY.doc

Attachment: A. Audit Report – Human Resources

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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.





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Memorandum

DATE: June 24, 2010

LEG 492 (PC 50121)

TO: Jeff Stumbo

FROM: Mark Abbey

SUBJECT: AUDIT REPORT - HUMAN RESOURCES

EXECUTIVE SUMMARY

I have completed a review of controls over the Human Resources process at MTS. The audit was performed in accordance with the approved audit plan.

Audit Objectives and Scope

The objective of the audit was to assess the adequacy of controls in place over the Human Resources process in order to determine the following:

- Personnel files are complete and properly maintained.
- MTS is in compliance with all relevant legal requirements.
- Adequate controls are in place over the new-hire process.
- Adequate controls are in place over the employee-termination process.
- Employee benefit plans are properly administered.

BACKGROUND

The Human Resources Department consists of 12 staff members. The Department is responsible for recruiting, hiring, administering employee files, employee terminations, management training, labor relations, and employee benefits administration. Human Resources Department employees also perform administrative work related to employee retirements. Personnel and medical files are maintained by the Human Resources Department. Some employee benefits plans are outsourced to third parties. Dental, 125, and 132 plans are administered by Employee Benefits Administrators (EBA). Prudential is the carrier for the life insurance and disability insurance plans. ICMA Retirement Corporation administers MTS's, San Diego Trolley, Inc.'s (SDTI's), and San Diego Transit Corporation's (SDTC's) IRS 457(b) and 401(a) plans. Pension plans for SDTI and MTS are administered by CalPERS. SDTC has its own pension plan.



Effective January 1, 2010, MTS began contracting directly with health insurance providers for the nonunion staff. SDTI union staff receives health insurance through CalPERS. SDTC union staff receives health insurance through a joint labor/management health and welfare trust. Below is a summary of FY 09 personnel costs (including fringe benefits) and personnel head counts.

	*FY 2009 PERSONNEL COSTS	HEAD COUNT**
SDTC	\$54,479,820	824
SDTI	\$33,712,024	530
MTS (includes Taxicab/Contract Services)	\$12,165,995	114

*Includes fringe benefits. **Source: MTS Payroll Record

Personnel costs represent a very large cost element to the MTS system and, therefore, having a strong system of internal controls over these costs is essential.

OBSERVATIONS AND RECOMMENDATIONS

The MTS Human Resources process is generally well controlled. Some areas that could be improved were noted during my review, and the following are my recommendations that should improve the process:

1. Review cases where employee salaries exceed their approved salary ranges to determine whether adjustment to ranges or some other action is required.
2. Consider additional training of Supervisors or other methods of communication to stress the importance of timely annual performance reviews.
3. Evaluate the feasibility of having an audit of employee dependents on medical plans.

A detailed explanation of these recommendations is provided under Detailed Observations below. I wish to thank all Human Resources personnel for their cooperation and assistance during the course of this review.

DETAILED OBSERVATIONS

1. Salary Administration

There have been instances where employee salary increases have placed their salaries above the approved range for their positions. This appears to be inconsistent with the MTS Management Handbook policies and procedures.

Section 4.4 of the Handbook mentions that employees receiving an increase that "*exceeds the top of their range*" will receive a lump-sum payment for the amount exceeding the salary range.

I also noted that one employee hired during late 2009 received a salary that exceeded the approved range for the position.

Recommendation

Review cases where employee salaries exceed their approved salary ranges to determine whether adjustments to ranges or some other action is required.

Management Response

We have proposed new salary ranges to the CEO, who is evaluating our recommendation. We hope to have a recommendation to present to the Board of Directors by August 2010.

2. Annual Performance Reviews

In my review of a random sample of employee files, I noted 8 instances where the annual performance reviews were considerably overdue. All 8 of the reviews were at least 6 months overdue. The Management Handbook in section 4.4 requires annual performance reviews be conducted on or close to the employees' anniversary date,

The risk exists that employees will not be made aware of performance concerns that could be corrected with proper communication.

Human Resources Department does an excellent job of notifying and reminding supervisors of the need to perform these reviews and later follows up on overdue reviews; however, it appears that some MTS supervisors may require additional training and/or education on the importance of the reviews.

Recommendation

Consider additional training of supervisors or other methods of communication to stress the importance of timely annual performance reviews.

Management Response

We will add a category to our Performance Appraisal form to rate the supervisor's timeliness conducting reviews of their staff. This should incentivize supervisors to conduct them in a timely manner.

3. Medical Dependent Coverage

MTS Human Resources Department now requests documentation from new hires to support dependents on employee medical coverage. Another U.S. transit agency has recently performed a comprehensive audit of ALL employee medical coverages and found some instances where dependents on employee medical plans have actually been ineligible. This audit has saved the agency significant dollars in employee benefits costs. It may be beneficial to do the same comprehensive review of ALL MTS employee dependents to ensure that MTS is only covering legitimate dependents.

Recommendation

Evaluate the feasibility of having an audit of employee dependents on medical plans.

Management Response

As I mentioned during the audit, the Human Resources Department was already considering such an audit and is in the process of determining if it is feasible for the open enrollment for the 2011 plan year.



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Agenda

Item No. 13

JOINT MEETING OF THE BOARD OF DIRECTORS

FIN 340

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

July 15, 2010

SUBJECT:

MTS: FISCAL YEAR 2011 REVISED TRANSPORTATION DEVELOPMENT ACT (TDA) 4.0
CAPITAL CLAIM

RECOMMENDATION:

That the MTS Board of Directors adopt Resolution No. 10-19 (Attachment A) approving the revised fiscal year (FY) 2011 Transportation Development Act (TDA) Article 4.0 claim.

Budget Impact

The FY 2011 revised TDA Article 4.0 claim would result in an additional \$3,192,571 in funds from the June 10, 2010-approved FY 10 TDA claim.

DISCUSSION:

On June 25, 2010, MTS staff elected to fund SANDAG-related capital projects with 100% federal funding as permitted by the Federal Highway Administration's Transportation Development Credit Program. Although this program does not increase the amount of funding received, it does provide for greater funding flexibility for use within the capital improvement program.

As a result, MTS has an unclaimed amount of \$3,192,571 in TDA to be allocated to MTS capital projects from the reduction in capital project transfer functions to SANDAG. Therefore, MTS is eligible to receive a net amount of \$59,509,312 in Article 4.0 TDA funds for fiscal year 2011; \$49,897,106 of the claim amount would be utilized for operating activities, and \$9,612,206 would be used to fund the capital improvement program.


Paul C. Jablonski
Chief Executive Officer

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

JULY15-10.13.FY 11 REVISED TDA 4.0 CLAIM.LFOWLER.doc

Attachment: A. Resolution No. 10-19



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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

RESOLUTION NO. 10-19

Resolution Approving Fiscal Year 2011 Revised Transportation Development Act

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

WHEREAS, consistent with the intent of consolidating all transit funding for MTS-area operators, the San Diego Association of Governments (SANDAG) approved MTS's FY 2011 TDA claim, and

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

WHEREAS, MTS and SANDAG staffs have analyzed this amendment and found it to be warranted pursuant to Section 6659 of Title 21 of the California Code of Regulations (CCR); NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors does hereby approve the FY 2011 TDA Article 4.0 MTS TDA claim of \$59,509,312. \$49,897,106 of the 4.0 TDA claim will be used for operating activities, and the remaining \$9,612,206 will be used to fund capital.

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

JULY15-10.13.AttA.RES 10-19.
TDA 4.0.LFOWLER.doc



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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.

AG 220

July 15, 2010

SUBJECT:

MTS: TRANSIT SYSTEM SAFETY, SECURITY, AND DISASTER RESPONSE
ACCOUNT PROGRAM

RECOMMENDATION:


That the Board of Directors approve Resolution No. 10-17 (Attachment A) authorizing the Chief Executive Officer (CEO) to submit applications for funds provided by the Transit System Safety, Security, and Disaster Response Account (TSSSDRA) Program.

Budget Impact

None.

DISCUSSION:

Resolution No. 10-17 would authorize filing applications with and requesting reimbursements from the California Emergency Management Agency and would satisfy requirements of the fiscal year 2009-2010 TSSSDRA. MTS's allocation is for closed-circuit television onboard systems for light rail vehicles and buses in the amount of \$2,700,000.



Paul C. Jablonski
Chief Executive Officer

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

JULY15-10.14.TSSSDRA.NDALL.doc

Attachment: A. Resolution No. 10-17

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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

RESOLUTION NO. 10-17

Resolution Approving the Submittal of Applications and
Requests for Reimbursements
for Fiscal Year 2009-2010 Transit System Safety, Security, and
Disaster Response Account Program

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

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 for the purpose of obtaining state financial assistance provided by the Transit System Safety, Security, and Disaster Response Account (TSSSDRA) Program and subgranted through the California Emergency Management Agency.

1. General Counsel, or designated representative, is authorized to file and execute any actions necessary on behalf of MTS or any other documents required by the California Emergency Management Agency.
2. The Chief Financial Officer, or designated representative, is authorized to file and execute any actions necessary on behalf of MTS or any other documents required by the California Emergency Management Agency.

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

JULY15-10.14.AttA.RESO 10-17.TSSSDRA.NDALL.doc



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Agenda

Item No. 15

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

AG 220.4

July 15, 2010

SUBJECT:

MTS: AMENDMENTS TO THE JOINT EXERCISE OF POWERS AGREEMENT AND
THE BYLAWS OF THE LOS ANGELES-SAN DIEGO-SAN LUIS OBISPO (LOSSAN)
RAIL CORRIDOR MEMBER AGENCY

RECOMMENDATION:

That the Board of Directors approve the proposed amendments to the LOSSAN Joint Exercise of Powers Agreement (Attachment A) and Bylaws (Attachment B).

Budget Impact

None with this action. MTS's fee for voting participation on the LOSSAN Board is \$7,200. Since 2004, the San Diego Association of Governments' (SANDAG's) has contributed annual dues for the San Diego members. This amount would not increase with this action. SANDAG, MTS, and North County Transit District (NCTD) plan to work on the FY 2012 funding strategy in conjunction with the FY 2012 budget process.

In addition to these administrative costs, LOSSAN plans to complete a number of planning and implementation projects over the next 18 months totaling \$1,251,500. Once a number of in-kind and funding commitments are applied, the amount needed from LOSSAN member agencies is \$486,501. San Diego's member agency share is \$136,601 for FY 2011. There are sufficient funds in SANDAG's FY 2011 Budget and Overall Work Program to cover San Diego's member agency share for FY 2011.



DISCUSSION:

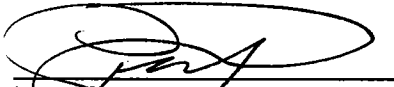
The LOSSAN Rail Corridor Agency is a joint powers authority that seeks to increase ridership, revenue, capacity, reliability, and safety on the coastal rail line from San Diego to Los Angeles to San Luis Obispo. Known as Amtrak's Pacific Surfliner corridor, it is the second busiest intercity passenger rail corridor nationwide and Amtrak's fastest growing. NCTD COASTER and Southern California Regional Rail Authority's Metrolink commuter trains and Burlington Northern Santa Fe (BNSF) Railway freight trains also share the 351-mile corridor. LOSSAN is governed by a Board of Directors whose voting members are MTS, NCTD, SANDAG, the California Department of Transportation (Caltrans), Los Angeles County Metropolitan Transportation Authority (LACMTA), Orange County Transportation Authority (OCTA), San Luis Obispo Council of Governments (SLOCOG), Santa Barbara County Association of Governments (SBCAG), and Ventura County Transportation Commission (VCTC). The Southern California Association of Governments (SCAG) is an ex-officio member. The agency's Technical Advisory Committee (TAC) includes these member agencies and Amtrak, Burlington Northern Santa Fe (BNSF) Railway, Union Pacific, Southern California Regional Rail Authority, and the California Public Utilities Commission as advisory members.

Since August 2008, LOSSAN member agencies have been working on ways to better integrate the corridor's three passenger rail services. Surveys were completed of riders onboard Amtrak, COASTER, and Metrolink trains and nonriders to learn more about their travel patterns and opinions as to why they use or don't use the corridor's passenger rail services. An analysis of the corridor's strengths, weaknesses, opportunities, and threats, combined with the public opinion research and input from the LOSSAN member agencies, assisted the LOSSAN Board of Directors to develop a shared corridor vision that outlines a corridorwide approach to planning and implementing service improvements for current and underserved markets.

At its September 9, 2009, meeting, the LOSSAN Board of Directors approved this corridor vision and instructed the member agency chief executive officers to develop an interagency memorandum of understanding (MOU) that outlines the roles and responsibilities for implementation, including short- and long-term actions. The LOSSAN Board of Directors approved this MOU in substantially the same form at its October 28, 2009, meeting, and the MTS Board of Directors authorized the Chief Executive Officer to execute the MOU on behalf of this agency on January 21, 2010.

The LOSSAN Board of Directors also requested that a project manager be hired to oversee this implementation over the next 18 months. SANDAG has agreed to handle the procurement for this limited-term position with funding from each LOSSAN member agency. A business plan, including detailed operations modeling and ridership forecasts, will be completed in order to test the key service changes proposed as part of the corridorwide vision. Funding for this position, business plan, and other short-term actions will be provided by each LOSSAN member agency. At its December 9, 2009, meeting, the LOSSAN Board of Directors approved a funding distribution formula based on the proportion of intercity and commuter passenger rail ridership by county. For San Diego, 28 percent of Amtrak, COASTER, or Metrolink riders use a station in San Diego County.

The LOSSAN Board approved amendments to the existing Joint Exercise of Powers Agreement (Attachment A) and the LOSSAN Bylaws (Attachment B), and each member agency Board is asked to approve these changes. The Joint Exercise of Powers Agreement includes a provision that any agency may unilaterally withdraw from the agreement with 90-day advance notice.


Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Linda Culp, 619.699.6957, lcu@sandag.org
Sharon Cooney, 619.557.4513, sharon.cooney@sdmts.com

JULY15-10.15.LOSSAN BYLAWS.LCULP.doc

Attachments: A. Amended Joint Exercise of Powers Agreement
B. Amended LOSSAN Bylaws

AMENDED AND RESTATED

JOINT EXERCISE OF POWERS AGREEMENT

**CONCERNING THE LOS ANGELES-SAN DIEGO-SAN LUIS OBISPO RAIL
CORRIDOR AGENCY**

INTRODUCTION

This Agreement is made and entered into in the State of California by and among the following public agencies that are parties of this Agreement:

Los Angeles County Metropolitan Transportation Authority;

Orange County Transportation Authority;

North County Transit ~~Development Board~~ District;

San Diego Metropolitan Transit ~~Development Board~~ System;

California Department of Transportation;

Southern California Association of Governments;

San Diego Association of Governments;

Ventura County Transportation Commission;

Santa Barbara County Association of Governments;

San Luis Obispo Council of Governments;

National Railroad Passenger Corporation;

California High-Speed Rail Authority.

RECITALS

WHEREAS, some, but not all of the parties to this Agreement had entered into that certain joint exercise of powers agreement to establish the Los Angeles-San Diego Rail Corridor Agency, effective February 6, 1989, but desire to amend and restate such existing joint exercise of powers agreement as provided herein; and

WHEREAS, the parties to this Joint Exercise of Powers Agreement recognize the need for a public agency to oversee increases in the level of intercity passenger rail service in the travel corridor between San Diego, Los Angeles and San Luis Obispo, and improvements to the facilities that will ensure reduced travel times and that will aid the joint operation of freight and passenger service in the Corridor; and

WHEREAS, the Los Angeles-San Diego State Rail Corridor Study Group created pursuant to Senate Bill 1095 (Chapter 1313, Statutes of 1985) analyzed the feasibility of increasing the level of intercity passenger service in the corridor and instituting commuter rail service from San Clemente to Union Station in Los Angeles and from Oceanside to San Diego; identified and recommended improvements to track and right-of-way to accommodate the higher levels of service; and recommended the creation of a joint exercise of powers agency to oversee the implementation of additional intercity rail passenger service and the necessary track improvements; and

WHEREAS, the parties to this Agreement believe that the joint exercise of their powers will provide an organization capable of implementing the recommendations contained in the State Rail Corridor Study Group's June 1987 report entitled, *Los Angeles-San Diego State Rail Corridor Study*, and undertaking related efforts to improve corridor services and facilities and coordinate sub-corridor commuter rail services with corridor services; and

WHEREAS, each party to this Agreement is authorized to contract with each other for the joint exercise of any common power under Article I, Chapter 5, Division 7, Title 1 of the Government Code of the State of California;

WHEREAS, rail service on the coast corridor has been extended to Ventura, Santa Barbara, and San Luis Obispo Counties;

NOW THEREFORE, in consideration of the recitals, the parties to this Agreement agree to the following:

1.0 DEFINITIONS

- 1.1 "Agency" means the Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency.
- 1.2 "Governing Board" or "Board" means the Board of Directors of the Agency.
- 1.3 "~~Fiscal year~~" ~~means from July 1 to and including the following June 30.~~
- 1.4 ~~"LOSSAN" is an~~ the acronym for Los Angeles-San Diego-San Luis Obispo.
- 1.5 ~~"4 Voting member agencies" means:~~ mean Los Angeles County Metropolitan Transportation Authority, Orange County Transportation Authority, San Diego Metropolitan Transit Development Board System, North San Diego County Transit Development Board District, San Diego Association of Governments, Ventura County Transportation Commission, Santa Barbara

County Association of Governments, San Luis Obispo Council of Governments and ~~California~~ California Department of Transportation.

1.6—“5 Ex-officio non-voting member agency” means the Southern California Association of Governments, the National Railroad Passenger Corporation (Amtrak) and California High-Speed Rail Authority.

1.7—“6 Regional Transportation Planning Agency” means an entity authorized to ~~prepare~~ prepare a regional transportation plan pursuant to Government Code Section 65080.

1.8—“7 Corridor City” means a city adjacent to the LOSSAN right-of-way.

1.8 Southern California Regional Rail Authority means the institutional structure developed under Article 10 of Chapter 4 of Division 12 of the Public Utilities Code, Sections 130450-130455, for coordination of Southern California commuter rail passenger services in the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura.

1.9 LOSSAN North is defined as Ventura, Santa Barbara, and San Luis Obispo Counties.

1.10 LOSSAN South is defined as Los Angeles, Orange, and San Diego Counties.

1.11 Fiscal Year means from July 1 to and including the following June 30.

1.12 California State Rail Plan is prepared every two years by the California Department of Transportation as an examination of passenger and freight rail transportation in California, in accordance with Section 14036 of the Government Code.

2.0 CREATION OF AGENCY

There is hereby created an organization to be known as the Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency, hereafter “Agency”, which shall be a public entity separate and apart from any member agency. The Agency shall be governed by the terms of this Joint Exercise of Powers Agreement and any Bylaws passed and adopted by its Governing Board.

3.0 PURPOSES

The specific purposes for the creation of the Agency and the exercise of common powers are as follows:

- 3.1 Plan, program, and fund improvements for intercity rail passenger services and facilities in the LOSSAN corridor, including the acquisition or leasing of right-of-way, stations and station sites; the leasing or acquisition of equipment; and related activities.
- 3.2 Negotiate for and accept funds to be expended for the purpose of providing and improving intercity rail passenger services and activities.
- 3.3 Review and comment on facility, service, and operational plans and programs of the agency or agencies operating sub-corridor commuter rail service in the LOSSAN Corridor.
- 3.4 Coordinate facility, service, and operational plans and programs with other organizations providing rail passenger service in the Southern California Region or with whom the Agency may share common facilities, including the agency or agencies operating sub-corridor commuter rail service in the LOSSAN Corridor, the ~~Burlington Northern Santa Fe Corporation~~ BNSF Railway and Union Pacific or their successor corporations, and the National Railroad Passenger Corporation (Amtrak).
- 3.5 Advocate before local, regional, state, and federal officials and agencies for improvements to services and facilities for the corridor.

4.0 POWERS OF THE LOS ANGELES-SAN DIEGO-SAN LUIS OBISPO RAIL CORRIDOR AGENCY

As may be necessary for the accomplishment of the purposes of this Agreement, the Agency shall have the power in its own name to undertake the following:

- 4.1 To exercise in the manner provided by this Agreement the powers common to each of the voting members and necessary to the accomplishment of the ~~pur-~~poses ~~purposes~~ of this Agreement.
- 4.2 To make and enter into contracts.
- 4.3 To employ agents and employees.
- 4.4 To contract for the services deemed necessary to meet the purposes of the Agency.
- 4.5 To acquire, by lease, purchase, or lease-purchase, and to hold and dispose of real and personal property necessary to carry out the purposes of this Agreement.
- 4.6 To construct, manage, and maintain facilities and services.
- 4.7 To sue and be sued in its own name.

- 4.8 To incur debts, liabilities, or obligations. However, the debts, liabilities, and obligations of the Agency shall not constitute any debt, liability, or obligation of any of the agencies that are parties to this Agreement.
- 4.9 To apply for and accept grants for financial aid pursuant to any applicable state or federal statutes.
- 4.10 To exercise any of the powers set forth in Section 6508 of the Government Code. In exercising these powers, the Agency is subject to the restrictions upon the manner of exercising the powers of the Los Angeles County Metropolitan Transportation Authority or its successor agency.
- 4.11 To exercise such other powers and to engage in such other activities as are authorized by law (except bonding powers) and approved by the Board.

5.0 GOVERNING BOARD OF THE LOS ANGELES-SAN DIEGO-SAN LUIS OBISPO RAIL CORRIDOR AGENCY

The composition of the membership of the Governing Board shall be as follows:

5.1. Voting Members of the Governing Board

All powers of the Agency shall be exercised by the Governing Board. The Governing Board shall be selected and composed as follows and each member agency's appointee(s) shall have one vote unless otherwise noted:

1. Two members appointed by the Los Angeles County Metropolitan Transportation Authority; one from its own membership or former membership, and one from its own membership, former membership or selected by the Authority from a corridor city.
2. Two members appointed by the Orange County Transportation Authority selected from its own membership or former membership.
3. A member appointed by the San Diego Metropolitan Transit System selected from its own membership or former membership.
4. A member appointed by the North County Transit District selected from its own membership or former membership.
5. A member appointed by the San Diego Association of Governments selected from its own membership or former membership.
6. While three members of the Governing Board shall represent San Diego County (San Diego Metropolitan Transit System, North County Transit District, and San Diego Association of Governments), these three members

shall have a total of two votes. This voting procedure shall be specified by separate agreement among the three San Diego County member agencies.

7. A member appointed by the Ventura County Transportation Commission selected from its own membership or former membership.
8. A member appointed by the Santa Barbara County Association of Governments selected from its own membership or former membership.
9. A member appointed by the San Luis Obispo Council of Governments selected from its own membership or former membership.
10. The Caltrans Director or designee.
11. Each voting member agency may appoint alternates to serve in the absence of the regular appointee.

5.2 Ex-Officio Member of the Governing Board

1. The Southern California Association of Governments shall be a non-voting, ex-officio member of the Governing Board and shall designate a representative to the Board. The ex-officio member may appoint alternates to serve in the absence of the regular appointee.
2. The National Railroad Passenger Corporation (Amtrak) shall be a non-voting, ex-officio member of the Governing Board and shall designate a representative to the board, preferably from its Board of Directors. The ex-officio member may appoint alternatives to serve in the absence of the regular appointee.
3. California High-Speed Rail Authority shall be a non-voting, ex-officio member of the Governing Board and shall designate a representative to the board, preferably from its Board of Directors. The ex-officio member may appoint alternatives to serve in the absence of the regular appointee.

~~set forth in the Agency's Bylaws.~~ All powers of the Agency shall be exercised by the Governing Board.

6.0 RELATIONSHIP OF THE LOS ANGELES-SAN DIEGO-SAN LUIS OBISPO RAIL CORRIDOR AGENCY TO EXISTING AND FUTURE SUB-CORRIDOR COMMUTER RAIL AGENCIES

The Agency will endeavor to ensure that there is coordination between itself and any sub-corridor commuter rail agency which uses the same facilities to provide commuter rail services as are used by the intercity passenger rail corridor service.

7.0 OFFICERS AND APPOINTEES OF THE GOVERNING BOARD AND THE AGENCY

- 7.1 The officers of the Governing Board, selected from among its voting ~~member-ship~~membership, shall be a Chair and Vice-Chair. The term of office shall be one year.
- 7.2 The officers of the Agency shall be:
 - 7.2.1 The Treasurer of one of the voting member agencies, designated by a majority of a quorum of the Governing Board, may serve as the Treasurer of the Agency. The Treasurer shall be the depository of funds and have custody of all funds of the Agency from whatever source.
 - 7.2.2 The Auditor of one of the voting member agencies, designated by a majority of a quorum of the Governing Board, may serve as the Auditor-Controller of the Agency. The Auditor-Controller shall draw warrants or check-warrants against the funds of the Agency in the Treasury when the demands are approved by the Board of Directors or such other persons as may be specifically designated for the purpose in the Bylaws.
- 7.3 The Auditor-Controller and the Treasurer shall comply with all duties imposed under Article 1, Chapter 5, Division 7, Title I, of the California Government Code commencing with Section 6500.
- 7.4 The Executive Director shall serve at the pleasure of the Board:
 - 7.4.1 The Governing Board may appoint such an Executive Director. The Agency shall obtain an official bond in an amount determined by the Board guaranteeing faithful performance of the Executive Director's duties.
 - 7.4.2 At the discretion of the Governing Board, duties of the Executive Director may be assigned to a voting member agency's staff person.

8.0 ANNUAL BUDGET

The Governing Board shall approve a preliminary administrative budget and a capital improvement program for the succeeding fiscal year no later than April 1 of each year. The Board shall adopt a final budget no later than June 30 of each year. No funding or financial obligations are created against any member agency solely as a consequence of executing this Agreement.

9.0 FUNDING FOR THE AGENCY

In addition to any funds derived from grants provided for in Section 4.9 of this Agreement, the voting member agencies (except California Department of Transportation) shall consider, through their agency's budgetary process, contribution of funds necessary to carry out the purposes and powers of the Agency, consistent with the Agency's adopted budget and any cost sharing formula adopted by the voting member agencies.

10.0 QUORUM

At least five of the voting member agencies of the Governing Board, including at least one ~~member agency member~~ from each county of Orange, San Diego, and Los Angeles Counties, and at least one voting member from LOSSAN North shall constitute a quorum for the transaction of business and all official acts of the Agency.

11.0 RALPH M. BROWN ACT

All meetings of the Agency shall be called, noticed, held, and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the California Government Code).

12.0 BYLAWS

The Board may adopt from time to time Bylaws as may be required for the conduct of its meetings and the orderly operation of the Agency.

13.0 COMMITTEES

The Board shall create the following committees:

- 13.1 The Board shall form a Technical Advisory Committee (TAC) to review on behalf of the Board technical issues associated with the improvements in passenger rail service and related facilities in the LOSSAN Corridor, including stations and rights-of-way, the coordination of public mass transit services and facilities, the coordination of passenger and freight services in the Corridor and other technical matters. The membership of the Committee ~~shall include representatives from~~ is authorized in the agencies that are parties to this Agreement as well as representatives from the California Public Utilities Commission, Burlington Northern Santa Fe Railroad, Union Pacific Railroad, Southern California Regional Rail Authority/Metrolink, and the National Railroad Passenger Corporation (Amtrak). Agendas will be provided to other agencies as requested Bylaws.

13.2 The Board shall form other committees as are necessary.

14.0 COOPERATION WITH OTHER AGENCIES

14.1 In order to conserve fiscal resources, the Board shall take actions to ensure that the technical expertise, results of previous analysis related to passenger rail service in the LOSSAN Corridor, information bases, and other ~~relevant~~ data available from member and other relevant agencies shall, to the extent feasible, be fully utilized.

14.2 In order to ensure that improvements to intercity rail passenger services and facilities are consistent with the ~~regional transportation plan~~ California State Rail Plan, the Agency shall submit an annual plan or program for expenditures in the Corridor prior to the beginning of each fiscal year to the California Department of Transportation. In order to coordinate improvements with the corridor's Regional Transportation Planning Agencies (RTPAs), this annual plan or program for expenditures shall be submitted to the Southern California Association of Governments and San Governments, San Diego Association of Governments, Santa Barbara County Association of Governments and San Luis Obispo Council of Governments. Each Regional Planning Agency RTPA shall determine whether or not the annual plan or program is consistent with the Regional Transportation Plan for its area of jurisdiction. ~~This determination may be made by the Regional Transportation Planning Agencies as part of their annual approval of the Regional Transportation Improvement Program for those expenditures required by federal or state law to be included therein~~ The Agency shall submit an annual plan or program for expenditures in the Corridor to Amtrak, for its review when developing its Strategic Guidance and Five-Year Financial Plan.

15.0 DURATION OF AGREEMENT

This Agreement shall continue in full force and effect until such time that a majority of the voting member agencies determine it is in the public interest to dissolve the Agency. This does not preclude member agencies from exercising their right to withdraw their membership in the Agency. Ninety day written notice shall be given.

16.0 DISPOSITION OF ASSETS

Upon termination of this Agreement, any money in possession of the Agency after the payment of all liabilities, costs, expenses, and charges validly incurred under this Agreement shall be returned to the member agencies in proportion to their contributions determined as of the time of termination. Land and fixed facilities shall revert to the voting member agencies in which they are located. Rolling stocks shall become the property of California Department of Transportation for use in the Corridor.

17.0 NOTICE

Addresses of the parties to the Agreement for the purpose of formal communications among the signatories.

Los Angeles County Metropolitan Transportation Authority
1 Gateway Plaza
Los Angeles, CA 90012-2952
(213) 922-3041

Orange County Transportation Authority
550 S. Main St.
P.O. Box 14184
~~Santa Ana~~
Orange, CA 92863-1584
(714) 560-6282

~~North San Diego County Transit Development Board~~District
810 Mission Avenue
Oceanside, CA 92054
(760) 967-2828

~~San Diego Metropolitan Transit Development Board~~System
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101
(619) 231-1466

California Department of Transportation
P.O. Box 942874
Sacramento, CA 94274-0001
(916) 323-0742

Southern California Association of Governments
818 W 7th Street, 12 Floor
Los Angeles, CA 90017-3435
(213) 236-1800

San Diego Association of Governments
401 B Street, Suite 800
San Diego, CA 92101
(619) 595-5300

Ventura County Transportation Commission
950 County Square Avenue, Suite 207
Ventura CA 93003
(805) 642-1591

Santa Barbara County Association of Governments
P.O. Box 8208
Goleta CA 93118-8208
260 North San Antonio Road, Suite B
Santa Barbara CA 93110
(805) 961-8900

San Luis Obispo Council of Governments
1150 Osos 1114 Marsh Street, Suite 202
San Luis Obispo, CA 93401
(805) 781-4219

Amtrak
510 Water Street, 5th Floor
Oakland CA 94607
(510) 238-4300

California High-Speed Rail Authority
925 L Street Suite 1425
Sacramento CA 95814
(916) 324-1541

18.0 AUDIT

The Agency shall provide for the accountability of all funds and shall provide for an annual audit pursuant to Section 6506 of the Government Code.

19.0 AMENDMENTS TO THE AGREEMENT

This Agreement may be amended at any time by the unanimous Agreement of the voting member agencies.

20.0 AGREEMENT, COMPLETE

This Agreement constitutes the full and complete Agreement of the parties. This Agreement shall be effective when all member agencies have approved and signed this Agreement. This Agreement shall supercede the Joint Powers Agreement to establish the Los Angeles – San Diego Rail Corridor Agency dated February 6, 1989 and subsequent amendments adopted prior to the dates indicated below.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by authorized officials on the dates indicated below.

21.0 COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

(Signature Pages for Each Member Agency Follow)

North County Transit District[AGENCY NAME HERE]

Date: _____ By: _____
{ name, title}

BYLAWS

THE LOS ANGELES-SAN DIEGO-SAN LUIS OBISPO RAIL CORRIDOR AGENCY

PREAMBLE

The Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency is a Joint Powers Agency created at the recommendation of the Los Angeles-San Diego State Rail Corridor Study Group which recognized the need for a public agency to oversee increases in the level of intercity passenger rail service in the travel corridor between San Diego and Los Angeles. This agency has evolved as rail service has been extended to Ventura, Santa Barbara, and San Luis Obispo Counties and now includes all counties along the Pacific Surfliner Corridor from San Diego to San Luis Obispo County.

ARTICLE I - FUNCTIONS

The functions of the Agency to be accomplished in coordination with the Southern California Regional Rail Authority called for in Article 10 of Chapter 4 of Division 12 of the Public Utilities Code, Sections 130450-130455, are:

- Section A. Plan, recommend programs, promote and identify funding sources for improvements to intercity and commuter passenger rail services and facilities in the LOSSAN corridor, including the acquisition or leasing of rights-of-way, stations and station sites; the leasing or acquisition of equipment; and related activities.
- Section B. Negotiate for and accept funds to be expended for the purpose of providing and improving intercity and commuter passenger rail services and activities.
- Section C. Review and comment on facility, service, and operational plans and programs of the agency or agencies operating sub-corridor commuter rail service in the LOSSAN corridor.
- Section D. Coordinate facility, service, and operational plans and programs with other organizations providing passenger rail service in the Southern California Region, adjacent regions or with whom the agency may share common facilities, including the agency or agencies operating sub-corridor commuter rail service in the LOSSAN corridor, the ~~Burlington Northern Santa Fe~~BNSF Railway Corporation and Union Pacific or their successor corporations, and the National Railroad Passenger Corporation (Amtrak).
- Section E. Advocate improvements to services and facilities for the corridor before local, regional, state, and federal officials and agencies.

ARTICLE II – DEFINITIONS

- Section A. **Agency** means the Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency.
- Section B. **Governing Board or Board** means the Board of Directors of the ~~Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency~~.
- Section C. **LOSSAN** is the acronym for Los Angeles-San Diego-San Luis Obispo.
- Section D. **Voting member agencies** mean Los Angeles County Metropolitan Transportation Authority, Orange County Transportation Authority, San Diego Metropolitan Transit Development Board~~System~~, North County Transit Development Board~~District~~, San Diego Association of Governments, Ventura County Transportation Commission, Santa Barbara County Association of Governments, San Luis Obispo Council of Governments and California Department of Transportation.
- Section E. **Ex-officio non-voting member agency** means the Southern California Association of Governments, the National Railroad Passenger Corporation (Amtrak), and California High-Speed Rail Authority.
- Section F. **Regional Transportation Planning Agency** means an entity authorized to prepare a regional transportation plan pursuant to Government Code Section 65080.
- Section G. **Corridor City** means a city adjacent to the LOSSAN right-of-way.
- Section H. **Southern California Regional Rail Authority** means the institutional structure ~~being developed under Article 10 of Chapter 4 of Division 12 of the Public Utilities Code, Sections 130450-130455, for coordination of Southern California commuter rail passenger services in the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura.~~
- Section I. **LOSSAN North** is defined as Ventura, Santa Barbara, and San Luis Obispo Counties.
- Section J. **LOSSAN South** is defined as Los Angeles, Orange, and San Diego Counties.
- Section K. **Fiscal Year** means from July 1 to and including the following June 30.
- Section J. **California State Rail Plan** is prepared every two years by the California Department of Transportation as an examination of passenger and freight rail transportation in California, in accordance with Section 14036 of the Government Code.

ARTICLE III - MEMBERSHIP

Section A. Voting Members of the Governing Board

All powers of the Agency shall be exercised by the Governing Board. The Governing Board shall be selected and composed as follows and each member agency's appointee(s) shall have one vote unless otherwise noted:

1. Two members appointed by the Los Angeles County Metropolitan Transportation Authority; one from its own membership or former membership, and one from its own membership, former membership or selected by the Authority from a corridor city.
2. Two members appointed by the Orange County Transportation Authority selected from its own membership or former membership.
3. A member appointed by the San Diego Metropolitan Transit Development Board~~System~~ selected from its own membership or former membership.
4. A member appointed by the North County Transit Development Board~~District~~ selected from its own membership or former membership.
5. A member appointed by the San Diego Association of Governments selected from its own membership or former membership.
6. While three members of the Governing Board shall represent San Diego County (San Diego Metropolitan Transit Development Board~~System~~, North County Transit Development Board~~District~~, and San Diego Association of Governments), these three members shall have a total of two votes. This voting procedure shall be specified by separate agreement among the three San Diego County member agencies.
7. A member appointed by the Ventura County Transportation Commission selected from its own membership or former membership.
8. A member appointed by the Santa Barbara County Association of Governments selected from its own membership or former membership.
9. A member appointed by the San Luis Obispo Council of Governments selected from its own membership or former membership.
10. The Caltrans Director or designee.
11. Each voting member agency may appoint alternates to serve in the absence of the regular appointee.

Section B. Ex-Officio Member of the Governing Board

1. The Southern California Association of Governments shall be a non-voting, ex-officio member of the Governing Board and shall designate a representative to the Board. The ex-officio member may appoint alternates to serve in the absence of the regular appointee.
2. The National Railroad Passenger Corporation (Amtrak) shall be a non-voting, ex-officio member of the Governing Board and shall designate a representative to the board, preferably from its Board of Directors. The ex-officio member may appoint alternatives to serve in the absence of the regular appointee.
3. California High-Speed Rail Authority shall be a non-voting, ex-officio member of the Governing Board and shall designate a representative to the board, preferably from its Board of Directors. The ex-officio member may appoint alternatives to serve in the absence of the regular appointee.

ARTICLE IV – ADMINISTRATION

Section A. **In General** - The Officers shall consist of the Chair and a Vice-Chair, both of whom shall represent a voting member of the Governing Board, a Treasurer, Auditor, and other officers as the Agency deems necessary and as set out in these By Laws.

Section B. **Term of Office** - The Chair and Vice-Chair shall serve one-year terms of office.

Section C. **Election of Officers** - The Agency at its first meeting and at its first quarterly meeting every year thereafter, and at such other times as there may be a vacancy in either office, shall elect a Chair who shall preside at meetings and a Vice-Chair who shall preside in the Chair's absence.

Section D. ~~**Rotation of Officers** – Each of the voting members shall succeed to the position of Chair and Vice Chair on an annual rotating basis, unless the Governing Board votes otherwise~~**Executive Committee** – There shall be a maximum of 4 voting members including the Chair, Vice-Chair and Past Chair if available or one person appointed by the Board with the Executive Director serving as a non-voting member. Among these members, there shall be at least one member from LOSSAN North and LOSSAN South. The Executive Committee will meet as needed.

1. The Executive Committee shall have the authority and duty to:

- a. Review and approve the agendas for the meetings of the Board as needed;

- b. Provide direction to the Executive Director;
- c. Make recommendations as needed to the Board regarding the work program, budget, positions to be taken on issues, contracts, and all other matters within the jurisdiction of the agency;
- d. Evaluate Executive Director in conjunction with the Board;
- e. Monitor the function of all agency committees.
- f. Minutes of Executive Committee shall be circulated to the Board of Directors.
- g. Executive Committee is authorized to act in emergency situations but all actions must be reported to the Board.

Section E. **Appointment of Executive Director** - The Executive Director and such other officers as the Agency may deem necessary shall be appointed by a majority vote of the Governing Board.

1. The Executive Director will serve at the pleasure of the Governing Board, which shall determine conditions of employment, including compensation.
2. At the discretion of the Governing Board, duties of the Executive Director may be assigned to a voting member agency's staff person.
3. Contested personnel decisions of the Executive Director may be appealed to the Board of Directors by any affected person with a statement of cause or purpose. The Board may make a determination to hear or not hear the matter solely at the Board's discretion by majority vote.

Section F. **Removal of Officers** - Officers may be removed from office by a majority vote of the member agencies. Voting on removal shall take place no sooner than at the next regular meeting following the meeting at which a motion to remove officers was introduced. The motion should include the reasons for removal.

Section G. **Duties of Various Officers**

1. **Duties of the Chair** - The Chair shall, if present, preside at all meetings of the Agency and exercise and perform such other powers and duties as may from time to time be assigned to the Chair by the Agency or provided herein. In any case in which the execution of a document or the performance of an act is directed, the Chair, unless an act of the Agency otherwise provides, is empowered and directed to execute such document or perform such act.

2. **Duties of the Vice-Chair** - The Vice-Chair shall perform, in order, the duties of the Chair in his or her absence and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Chair.
3. **Chair Pro Tempore** - In the event of the absence of or inability to act of the Chair and Vice-Chair, the voting members present at any meeting of the Agency, by order entered in the minutes, shall select one of their voting members to act as Chair Pro Tempore, who, while so acting, shall have all the authority of the Chair.
4. **Duties of the Treasurer** - The Treasurer of one of the voting member agencies, designated by a majority of a quorum of the Governing Board, may serve as the Treasurer of the Agency. The Treasurer shall be the depository of funds and have custody of all funds of the Agency from whatever source. If staff from one member agency is performing the Executive Director functions, the Treasurer duties will be performed by another member agency.
 - a. The Treasurer shall comply with all duties imposed under California Government Code, Section 6500 et.seq.
5. **Duties of the Auditor** - The Auditor of one of the voting member agencies, designated by a majority of a quorum of the Governing Board, may serve as the Auditor-Controller of the Agency. The Auditor-Controller shall draw warrants or check warrants against the funds of the Agency in the Treasury when demands are approved by the Governing Board or such other persons as may be specifically designated in the Bylaws.
 - a. The Auditor shall comply with all duties imposed under California Government Code, Section 6500 et.seq.
6. **Duties of the Executive Director** - The Executive Director shall be an officer of the Agency. The powers and duties of the Executive Director are:
 - a. To administer the personnel system, including contract and non-contract employees, of the Agency.
 - b. To administer all contracts.
 - c. To cause to be prepared by a Certified Public Accountant and submitted to the Agency as soon as practical after the end of each fiscal year, a post audit of the financial transactions and records of the Agency for the preceding year.
 - d. To keep the Agency advised as to the needs of the Agency.
 - e. To have full charge of the administration of the business affairs of the Agency.

- f. To see that all ordinances, rules, and regulations, motions, or resolutions are implemented and enforced.
- g. To prepare and submit to the Agency on or before the last meeting of March of each year a proposed budget for the succeeding fiscal year.
- h. The Executive Director is authorized to take any or all of the following actions in relation to non-contract employees of the Agency.
 - (1) To hire employees at the appropriate salary range, as determined by the Board.
 - (2) To promote, transfer, suspend with or without pay, or discharge any employee.
- i. The Executive Director is authorized to make disbursements of funds of the Agency not to exceed \$5,000 each for the business of the Agency, provided that this limitation shall not apply to salary or to other disbursements that are necessary to meet contractual obligations that have been approved by the Agency: per the authorized budget.
- j. The Executive Director is authorized to contract for and execute, on behalf of the Agency, supplies, equipment and materials, and personnel service contracts not to exceed \$5,000 without prior Agency approval.
- k. The Executive Director shall keep or cause to be kept a book of minutes of all meetings of the Agency.
- l. The Executive Director shall give or cause to be given notice of all meetings as may be required by law, by these By Laws, or by motion or resolution of the Agency.
- m. The Executive Director shall:
 - (1) Oversee the functions of the Treasurer and Auditor.
 - (2) Execute a bond with one or more corporate sureties approved by the Agency in the sum of \$250,000 payable to the Agency, conditioned upon the faithful performance of the duties of the office, and the payment of all money received by him according to law and the orders of the Agency.
 - (3) Prepare or cause to be prepared a written report filed with the Agency quarterly (July, October, January, and April) and circulated to the Board of each year reporting the amount of

money held, the amount and source of receipts since the last report, and the amount and recipient of the amounts paid out since the last report prior to the meeting.

- (4) Keep a full and complete record of all financial transactions and records of the Agency.
- n. The Executive Director shall define an annual work program and report annually to the Board on progress.
- o. The Executive Director shall have such other duties, powers, and responsibilities as may from time to time be assigned by the Agency.
- p. At the discretion of the Board, duties of the Executive Director may be assigned to a voting member agency' staff person.

Section H. **Committees**

1. **Technical Advisory Committee** - The Board shall form a Technical Advisory Committee (TAC) to review, on behalf of the Board, technical issues associated with the improvements in passenger rail service and related facilities in the LOSSAN corridor.
 - a. The membership of the Committee shall include representatives from the voting member agencies and Ex-Officio non-voting agencies as well as representatives from the California Public Utilities Commission, ~~Burlington Northern Santa Fe Railroad~~ ENSF Railway, Union Pacific Railroad, Southern California Regional Rail Authority/Metrolink, and the ~~National Railroad Passenger Corporation (Amtrak)~~ Federal Railroad Administration.
 - b. Quorum – At least 5 members of the TAC, including at least one member from each county of Orange, San Diego, and Los Angeles and at least one member from LOSSAN North shall constitute a quorum.
 - c. All actions of the TAC require a majority vote of the voting members present.
2. The Board shall form other committees as necessary.
3. The Chair shall name all members of Board committees with consent of a majority of the Board.

ARTICLE V - MEETINGS

- Section A. **Agenda** - Matters to be placed on the agenda for any regular meeting may be filed with the Executive Director or the Chair of the Agency. The agenda for each regular meeting shall be prepared by the Executive Director. Copies of the agenda shall be mailed or delivered to each member three working days prior to the regular meeting date. Formal action, other than appointment of the committee or subcommittee, will not ordinarily be taken with respect to any matter not included on the agenda unless a majority of the voting members of the Agency present at the meeting consent to such consideration.
- Section B. **Regular Meetings** - Regular meetings of the Agency shall be held at least quarterly, on the date determined by the Chair. The meetings of the Agency will be held at a location at the discretion of the Board.
1. The meeting place may rotate among the member agencies.
 2. The Chair shall announce the date and place of the next meeting.
- Section C. **Special Meetings** - A special meeting may be called at any time by the Chair or, in the Chair's absence, by the Vice-Chair, in order, or by any six members by delivering personally or by mail written notice to the Executive Director and to each member. Such notice shall be delivered at least 24 hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business transacted at such meeting. Such written notice may be dispensed with as to any member who at or prior to the time the meeting convenes files with the Secretary a written waiver of notice. Such waiver may be given by telegram or facsimile. Such written notice shall be deemed waived as to any member who is actually present at the meeting at the time it convenes.
- Section D. **Quorum** —At least five of the voting member agencies of the Governing Board, including at least one member from each county of Orange, San Diego, and Los Angeles ~~Counties~~, and at least one voting member from LOSSAN North shall constitute a quorum for the transaction of business and all official acts of the Agency.
- Section E. **Ralph M. Brown Act** - All meetings of the Agency shall be called, noticed, and conducted in the manner prescribed in the California Government Code, Section 54950, et.seq.
- Section F. **Committee of the Whole** - At any regular meeting not held because of a lack of a quorum, members present, if less than a quorum of the Agency, may constitute themselves a "Committee of the Whole" for purposes of discussing agenda matters or any other matter of interest to the members present. The committee shall automatically cease to exist if a quorum of the Agency is present at the meeting.

Section G. **Motions** - Only voting members may make and second motions.

Section H. **Actions of the Board** - All actions of the Board shall pass by a majority vote of the quorum.

ARTICLE VI - PROCUREMENT OF GOODS AND SERVICES

Section A. **In General** - The Agency may enter into contracts of any nature including, but not limited to, contracts to indemnify and hold harmless, to employ labor, and to do acts necessary and convenient for the full exercise of its powers. The Agency may contract with any public agency or with any other person or organization upon such terms and conditions as the approving authority finds are in the best interests of the Agency.

1. The Agency shall develop administrative procedures establishing proper procurement practices and authority to award contracts.
2. The Executive Director may authorize the purchase of goods or services for the Agency through the procurement department of any of the member agencies, counties, or other public agency if this would be advantageous to the Agency and if the purchase is conducted using acceptable contracting procedures. Approval of such purchases is restricted to the same level of approval authority as would be required were the Agency to conduct the procurement itself.

ARTICLE VII – BUDGET, DUES AND FINANCIAL RECORDS

Section A. **Budget Adoption** - Each year no later than the Agency's last meeting in March, the Executive Director shall submit for the Board's adoption the Annual Budget for the succeeding fiscal year. Approval of a majority of a quorum of the Board shall be required for adoption of the Budget and any amendments thereto.

Section B. **Board Approval of Expenditures**

1. The Board's approval of an Annual Budget shall be deemed approval of ~~any~~ expenditures made in accordance with the approved Budget. All expenditures in excess of the designations and limitations of the approved Annual Budget and in excess of \$5,000 shall be made only upon the approval of a majority of a quorum of the Board.
2. The Board shall receive a quarterly report on expenditures of \$5,000 and less.

3. With respect to procurements of goods and services, approvals of contract awards shall be made in accordance with the Agency's administrative procedures, but payment of a contractor or consultant in accordance with the terms of an approved contract is authorized without further Board approval.
4. Approvals of expenditures for travel, conference and business-related activities and reimbursement of Board Members and Agency employees for such expenditures shall be governed by the Travel, Conference and Business Expense procedures to be adopted by the Agency.

Section C. Dues. The Member agencies shall be responsible for the payment annually, of dues and the amounts periodically budgeted by the Board, as and for the operating costs of the organization ("Dues"). Sixty (60) days notice shall be provided to Members of the date of the meeting at which any increase in the Dues is to be determined for the following year. If an increase in dues is proposed from the previous year, a majority affirmative vote of the total voting membership of the Board is required to set the new dues.

Section D. **Books and Accounts** - A full and complete record of all financial transactions of the Agency shall be maintained by the Executive Director, with the support of the Auditor and Treasurer in accordance with practices established by, or consistent with those utilized by the Controller of the State of California for like public agencies. In particular, the Executive Director or designee, with the support of the Auditor and Treasurer, shall comply with the requirements of the statute governing joint power agencies, Chapter 5, Division 7, Title 1 of the Government Code commencing at Section 6500.

Section ~~D~~E. **Audit Reports** - The Executive Director or designee and the Auditor shall cause to be prepared by an independent Certified Public Accountant an audit of the financial transactions and records of the Agency for the preceding year. The audit shall be presented as soon as practical after the close of each fiscal year. In addition, the Executive Director or designee shall prepare and file with the Agency quarterly reports as stated in Article IV, Section G6m(4).

Section ~~E~~F. **Investment of Funds** - All funds of the Agency from whatever source shall be deposited with the Treasurer who shall have custody of the funds. All funds of the Agency will be invested in the manner and upon the conditions set forth in Government Code Section 53601. In the event that receipt of funds from a particular source shall be conditioned upon investment requirements for those funds, and furthermore, that those requirements do not conflict with Government Code Section 53601, the Treasurer shall invest such funds in compliance with the requirements of the funding source.

Section G. Should any provision of these Bylaws be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall be severable and enforceable.

ARTICLE VIII - AMENDMENTS

Amendments to these Bylaws may be proposed by a Board Representative. The Amendment shall be submitted to the Board at a meeting at least one month prior to the meeting at which the Amendment is voted upon. A vote of two-thirds (2/3) of the total voting membership of the Board is required to adopt an Amendment.

NORTH COUNTY TRANSIT DISTRICT[AGENCY NAME HERE]

Chair

Date

I HEREBY CERTIFY that the attached is a true and correct copy
of the original document approved by the Board of Directors:

Clerk of the Board

Date



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

Agenda

Item No. 16

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

LEG 490 (PC 50121)

July 15, 2010

SUBJECT:

MTS: INCREASED AUTHORIZATION FOR LEGAL SERVICES – LAW OFFICES OF
R. MARTIN BOHL

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) execute MTS Doc. No. G1072.5-07 (in substantially the same format as Attachment A) with the Law Offices of R. Martin Bohl for legal services and ratify prior amendments entered into under the CEO's authority.

Budget Impact

Not to exceed \$100,000 for the Law Offices of R. Martin Bohl. The recommended amounts would be contained within FY 2011 budget.

DISCUSSION:

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

Pursuant to Board Policy No. 52 (Procurement of Goods and Services), the CEO may enter into contracts with service providers for up to \$100,000. The Board must approve all agreements in excess of \$100,000. Attorney R. Martin Bohl has multiple pending matters for MTS that are moving toward resolution, and the total cost of legal services will exceed the CEO's authority.

The Law Offices of R. Martin Bohl is currently under contract with the Agencies for \$300,000. Attorney R. Martin Bohl has successfully assisted the Agencies in a number of environmental liability matters. Pending invoices for open matters along with past billings are anticipated to exceed current contract authority. The CEO has approved contracts up to the \$100,000 authority level.

Therefore, staff is requesting Board approval of MTS Doc. No. G1072.5.07 (Attachment A) with the Law Offices of R. Martin Bohl for legal services and ratification of prior contracts/amendments entered into under the CEO's authority.


Paul C. Jablonski
Chief Executive Officer

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

JULY15-10.16.LEGAL SVCS RM BOHLJDOW.doc

Attachment: A. MTS Doc. No. G1072.5-07

DRAFT

July 15, 2010

MTS Doc. No. G1072.5-07
LEG 490 (PC 50121)

Mr. R. Martin Bohl
Law Offices of R. Martin Bohl
501 West Broadway, Suite 520
San Diego, CA 92101-3544

Dear Mr. Bohl:

Subject: AMENDMENT NO. 5 TO MTS DOC. NO. G1072.0-07: LEGAL SERVICES – GENERAL
LAND USE

This letter will serve as Amendment No. 5 to MTS Doc. No. G1072.0-07. This contract amendment authorizes additional costs not to exceed \$100,000 for professional services. The total value of this contract, including this amendment, is \$400,000. Additional authorization is contingent upon MTS approval.

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

R. Martin Bohl
Law Offices of R. Martin Bohl

Date: _____



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.

FIN 360

July 15, 2010

SUBJECT:

MTS: CREDIT AGREEMENT (TOM LYNCH)

RECOMMENDATION:

That the Board of Directors approve Resolution No. 10-18 (in substantially the same form as Attachment A) authorizing the Chief Executive Officer (CEO) to execute a credit agreement with Bank of America (in substantially the same form as Attachment B) for \$10 million and any other ancillary documents necessary to complete the transaction.

Budget Impact

None at this time.

DISCUSSION:

MTS had a \$10 million credit line in place for FY 2010, which has expired. Staff is requesting a new line of credit for FY 2011.

Need for Short-Term Financing

MTS receives various forms of funding at different times of the year. Federal funding for preventative maintenance is always at least 12 to 18 months in arrears. MTS's expenses, for the most part, occur evenly throughout the year except for debt service, which occurs in December and June.



MTS experiences a timing difference between the receipt of its various funding sources and payment for normal expenses, which creates a need for financing to support MTS's cash flow.

Methods of Short-Term Financing

Historically, this has been achieved in four ways:

1. Reliance on MTS Cash Reserves – The MTS contingency reserve at June 30, 2009, was \$29.9 million. With FY 2010 budget changes, the estimated contingency reserve at June 30, 2010, will be \$21.7 million. These funds allow MTS to respond to unanticipated emergencies as well as provide options when MTS has reductions in subsidies.
2. Utilizing Funding Received in Advance for Capital Projects - Depending upon the source, MTS can receive funds for capital projects before payments are due for those projects. These are typically state funds, since federal funds are distributed in arrears. The funds are put in very safe low-yield, short-term investments. MTS maintains a related liability on the financial statements for these amounts. As the capital project progresses, cash and related liabilities are reduced.
3. Notes - These involve notes such Revenue Anticipation Notes (RANs) or Bond Anticipation Notes (BANs). Done properly, RANs and BANs are at attractive tax-exempt rates; however, there are issues with these types of notes, which include:
 - a. High issuance costs.
 - b. Less flexibility as to amount borrowed (as the note is for the full amount).
 - c. Closer Internal Revenue Service examination of the tax-exempt feature.
 - d. Attracting investor interest with a small offering, such as \$10 million.
 - e. RANs or BANs are similar to a bond offering with all of the legal, disclosure, and exposure issues.
4. Bank Line of Credit – This is another type of short-term financing. The advantage of this type of short-term borrowing is that you only borrow what you need when you need it, and it also avoids most of the issues discussed above related to RANs or BANs.

When reliance on the first two methods (cash reserves or advance funding for capital projects) is insufficient for a short-term cash need, staff believes that a bank line of credit is more advantageous. MTS has successfully relied on a bank line of credit for the last two years.

MTS has negotiated a line of credit agreement with Bank of America for the Board of Director's approval.

Terms

The terms of the facility would be as follows:

- | | |
|---------------------------|---|
| 1. Facility Amount: | Up to \$10,000,000 |
| 2. Term: | One year; ability to extend for another if all terms and conditions are met |
| 3. Interest Rate: | Tax exempt portion: 64.1% of ¹ LIBOR plus 1.15%
Taxable portion: LIBOR plus 1.20% |
| 4. Unused Commitment Fee: | .40% of unused amount |

¹ London Interbank Offer Rate

The rate is tied to the London Interbank Offered Rate (LIBOR) index. The tax-exempt rate would be the most applicable rate. The taxable rate would apply for any or all portions MTS did not qualify under IRS arbitrage rules. If MTS did not qualify under these rules, it would most likely be due to having too much cash on hand and hence little need to borrow. The unused commitment fee is a fee charged by banks in order to have the capital on hand in case it is needed by a borrower. In MTS's situation, this cost is as important a consideration as the interest rate.

Alternative Banks

MTS received quotes from two other banks. The rates are provided in the following table:

<u>Bank</u>	<u>Interest Rate</u>	<u>Commitment Fee Percent</u>	<u>Fees</u>
Bank of America	64.1% of LIBOR plus 115 basis points	40 basis points	\$7,000
Citibank	LIBOR plus 150 basis points	25 basis points	0
Union Bank	LIBOR plus 175 basis points	37 basis points	0

Staff feels that the Bank of America quote is the strongest. While the fees are slightly higher, the interest rate is significantly better. The lower interest rate would provide some offset against the fees in situations where MTS's borrowings are minor. It would provide significantly better savings if MTS's borrowings are heavier or if interest rates rise.



Paul C. Jablonski
Chief Executive Officer

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

JULY15-30.CREDIT AGMT.TLYNCH.doc

Attachments: A. Resolution No. 10-18
B. Credit Agreement

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Resolution No. 10-18

A Resolution Approving the Chief Executive Officer to Execute a Credit Agreement

WHEREAS, MTS staff has reached an agreement with Bank of America on a credit agreement;
and

WHEREAS, the agreement has been approved by the MTS Board of Directors; NOW,
THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by a vote of two-thirds or more of
all of the members of the San Diego Metropolitan Transit System Board of Directors, hereinafter
"Board," as follows:

The Chief Executive Officer is authorized to execute a credit agreement with Bank of America
for up to \$10 million.

PASSED AND ADOPTED, by the Board of Directors this ____ day of _____ 2010, by
the following votes:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairman
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

JULY15-10.30.AttA.RESO 10-18.
CREDIT AGMT.TLYNCH.doc

CREDIT AGREEMENT

This Credit Agreement dated as of July __, 2010 (the "Agreement"), is between Bank of America, N.A. (the "Bank") and the San Diego Metropolitan Transit System, a public agency created pursuant to Division 11 of the Public Utilities Code of the State of California (the "Borrower").

1. LINE OF CREDIT; AMOUNT AND TERMS

1.1 Line of Credit.

(a) During the availability period described below, the Bank will provide a line of credit (the "Line of Credit") to the Borrower. The amount of the Line of Credit ("Commitment") is up to an aggregate Ten Million Dollars (\$10,000,000.00) comprised of a tax-exempt commitment of up to Ten Million Dollars (\$10,000,000.00) (the "Tax-Exempt Commitment") and a taxable commitment of up to Ten Million Dollars (\$10,000,000.00) (the "Taxable Commitment").

(b) This is a revolving Line of Credit for the purpose of financing the Borrower's cash flow needs pursuant to California Government Code Section 53850 et seq. During the availability period, Borrower may repay and reborrow principal amounts repaid; provided, that the outstanding principal amount may not exceed the amount of the Commitment at any time.

(c) Each advance of the Commitment (each an "Advance") shall be subject to all of the conditions set forth in Section 6. Advances of the Tax-Exempt Commitment are referred to as "Tax-Exempt Advances," and Advances of the Taxable Commitment are referred to as "Taxable Advances."

1.2 Availability Period.

(a) Initial Expiration Date. The Line of Credit is available (the "Availability Period") between the date of this Agreement and June 30, 2011 or such earlier date as the availability may terminate as provided in this Agreement or such later date if the Line of Credit is extended pursuant to Section 1.2(b) (the "Expiration Date").

(b) Extensions. On or before February 1, 2011, but no earlier than January 3, 2011, the Borrower may request a one-year extension of the Availability Period and the Expiration Date. If the Expiration Date is extended to June 30, 2012, pursuant to this Section 1.2(b), Borrower may request a second one-year extension no later than February 1, 2012, but no earlier than January 2, 2012. Each such request must be in writing and must be accompanied by the following:

(i) Monthly cash flow projections for the Borrower for the proposed extension period;

(ii) Proposed budget covering the extension period; and

- (iii) Most recently available audited annual financial statements.

Within sixty (60) days following the Bank's receipt of the foregoing and any other documents and information requested by the Bank, the Bank shall send written notice to Borrower of its election to extend or not to extend the Expiration Date; provided, that if the Bank fails to send such notice, the Bank shall be deemed to have denied the requested extension.

Any extension is subject to, but not limited to, the conditions that:

(A) No default or Event of Default has occurred and is continuing under this Agreement;

(B) No material adverse change has occurred with respect to the Borrower;

(C) No litigation or governmental action that purports to materially and adversely affect the Borrower or to affect any transaction contemplated by this Agreement or the ability of Borrower to perform its obligations under this Agreement shall have occurred and be continuing; and

(D) Borrower shall have delivered to Lender on or before the effective date of such amendment an opinion of bond counsel to the effect that such extension will not adversely affect the tax-exempt status of the Tax-Exempt Portions and an updated Tax Certificate (as defined in Section 6.2) in form and substance acceptable to bond counsel.

1.3 Interest Rates.

(a) Unless the Borrower elects an optional interest rate as described below, the interest rate is a rate per year during the Availability Period equal to (i) for Tax-Exempt Portions, 64.1% of the BBA LIBOR Daily Floating Rate plus 1.15% and (ii) for Taxable Portions, the BBA LIBOR Daily Floating Rate plus 1.20%.

(b) The BBA LIBOR Daily Floating Rate is a fluctuating rate of interest equal to the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) as determined for each banking day at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a one month term, as adjusted from time to time in the Bank's sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars. "BBA LIBOR Daily Floating Rate" is a fluctuating rate of interest which can change on each banking day.

(c) In no event shall the interest rate exceed the maximum rate permitted by law, which is currently 12% per annum.

1.4 Optional Interest Rates. Instead of the interest rate based on the BBA LIBOR Daily Floating Rate, the Borrower may elect the optional interest rates listed below during interest periods agreed to by the Bank and the Borrower. The optional interest rates shall be subject to the terms and conditions described later in this Agreement. Any principal amount bearing interest at an optional rate under this Agreement is referred to as a "Portion." The following optional interest rates are available:

(a) For Tax-Exempt Portions, 62.347% of the BBA LIBOR Rate plus 1.15% during interest periods elected by Borrower pursuant to Section 2.2 below; and

(b) For Taxable Portions, the BBA LIBOR Rate plus 1.20% during the interest periods elected by Borrower pursuant to Section 2.2 below.

1.5 Repayment Terms.

(a) Interest Payments. The Borrower will pay interest on October 1, 2010, and quarterly thereafter; provided, that with respect to Portions, the Borrower will pay interest on the final day of the interest period for each Portion with an interest period of less than 90 days, and if the interest period applicable to any Portion is 90 days or more, the Borrower shall pay interest quarterly and on the final day of the applicable interest period. In all cases, interest shall be paid on all outstanding amounts until payment in full of any principal outstanding under the Line of Credit.

(b) Annual Clean Up. The Borrower shall pay down the Line of Credit and maintain an outstanding balance of \$0.00 for at least thirty (30) consecutive days during the period commencing November 1st of each year and ending January 31st of the next following year.

(c) Maturity. The Borrower will repay in full all principal and any unpaid interest or other charges that have been drawn down during each Availability Period and remain outstanding under the Line of Credit no later than the Expiration Date then in effect ("Maturity Date"). Any interest period for an optional interest rate (as described below) shall expire no later than the Expiration Date.

(d) Source of Payments. All payments made on or prior to the initial Expiration Date shall be made from Pledged Revenues as defined in Section 4.2 hereof. To the extent not paid from Pledged Revenues, the Line of Credit and interest thereon shall be paid from any other moneys of the Borrower lawfully available therefor.

2. OPTIONAL INTEREST RATES

2.1 Optional Rates. Each optional interest rate is a rate per year. Interest will be paid quarterly as provided in Section 1.5. At the end of any interest period, the Borrower shall be deemed to have elected for the Portion a new interest rate based on the same optional interest rate program for a one-week period, unless the Borrower provides different instructions to Lender. No Portion will be converted to a different interest rate during the applicable interest period. No more than five (5) Portions may be outstanding at any time during the term of the Line of Credit. Upon the occurrence of an event of default under this Agreement, the Bank may terminate the availability of optional interest rates for interest periods commencing after the

default occurs.

2.2 BBA LIBOR Rate. The election of BBA LIBOR Rates shall be subject to the following terms and requirements:

(a) The interest period during which the BBA LIBOR Rate will be in effect will be two weeks, or one, two, three or six months. The first day of the interest period must be a day other than a Saturday or a Sunday on which the Bank is open for business in New York and London and dealing in offshore dollars (a "LIBOR Banking Day"). The last day of the interest period and the actual number of days during the interest period will be determined by the Bank using the practices of the London inter-bank market.

(b) Each BBA LIBOR Rate Portion will be for an amount not less than Five Hundred Thousand Dollars (\$500,000).

(c) The "BBA LIBOR Rate" means the interest rate determined by the following formula, rounded upward to the nearest 1/100 of one percent. (All amounts in the calculation will be determined by the Bank as of the first day of the interest period.)

$$\text{BBA LIBOR Rate} = \frac{\text{BBA London Inter-Bank Offered Rate}}{(1.00 - \text{Reserve Percentage})}$$

Where,

(i) "BBA London Inter-Bank Offered Rate" means the per annum interest rate equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the interest period. A "London Banking Day" is a day on which the Bank's London Banking Center is open for business and dealing in offshore dollars.

(ii) "Reserve Percentage" means the total of the maximum reserve percentages for determining the reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency Liabilities, as defined in Federal Reserve Board Regulation D, rounded upward to the nearest 1/100 of one percent. The percentage will be expressed as a decimal, and will include, but not be limited to, marginal, emergency, supplemental, special, and other reserve percentages.

(d) The Borrower shall irrevocably request a BBA LIBOR Rate Portion no later than 12:00 noon Los Angeles time on the LIBOR Banking Day preceding the day on which the BBA London Inter-Bank Offered Rate will be set, as specified above. For example, if there are no intervening holidays or weekend days in any of the relevant locations, the request must be made at least three days before the BBA LIBOR Rate takes effect.

(e) Each prepayment of a BBA LIBOR Rate Portion, whether voluntary, by reason of acceleration or otherwise, will be accompanied by the amount of accrued

interest on the amount prepaid and the breakage cost as described below, if applicable. A "prepayment" is a payment of an amount on a date earlier than the scheduled payment date for such amount as required by this Agreement.

(f) The breakage cost shall be equal to the amount (if any) by which:

(i) The additional interest which would have been payable during the interest period on the amount prepaid had it not been prepaid, exceeds

(ii) The interest which would have been recoverable by the Bank by placing the amount prepaid on deposit in the domestic certificate of deposit market, the eurodollar deposit market, or other appropriate money market selected by the Bank and communicated to the Borrower, for a period starting on the date on which it was prepaid and ending on the last day of the interest period for such Portion (or the scheduled payment date for the amount prepaid, if earlier).

(g) The Bank will have no obligation to accept an election for a BBA LIBOR Rate Portion if any of the following described events has occurred and is continuing:

(i) Dollar deposits in the principal amount, and for periods equal to the interest period, of a BBA LIBOR Rate Portion are not available in the London inter-bank market; or

(ii) The BBA LIBOR Rate does not accurately reflect the cost of a BBA LIBOR Rate Portion.

3. FEES AND EXPENSES

3.1 Fees.

(a) Unused Commitment Fee. During the availability period described in Section 1.2, the Borrower shall pay an annual fee on any difference between the amount of the Commitment and the aggregate amount of credit it actually uses, determined by the average of the daily amount of credit outstanding during the specified period, calculated at .40% per annum. Such fee shall be payable quarterly in arrears commencing on October 1, 2010, with the final payment due on the Expiration Date, as such date may be extended.

(b) Waiver Fee. If the Bank, at its discretion, agrees to waive or amend any terms of this Agreement, the Borrower will, at the Bank's option, pay the Bank a fee for each waiver or amendment in an amount advised by the Bank at the time the Borrower requests the waiver or amendment in accordance with the Bank's standard charges in effect at such time. The Bank's current charge for amendments is at least \$2500. Nothing in this paragraph shall imply that the Bank is obligated to agree to any waiver or amendment requested by the Borrower. The Bank may impose additional requirements as a condition to any waiver or amendment.

(c) **Late Fee.** To the extent permitted by law, the Borrower agrees to pay a late fee in an amount not to exceed four percent (4%) of any payment that is more than five (5) days late upon receipt of written notice given by the Bank. The imposition and payment of such additional interest shall not constitute a waiver of the Bank's rights with respect to the default.

3.2 **Ongoing Expenses.** The Borrower agrees to reimburse the Bank for all reasonable out-of-pocket costs, charges and expenses (including reasonable attorneys' fees) arising in connection with the administration of this Agreement and enforcement of, preservation of rights in connection with a workout, restructuring or default under the Agreement or any amendment or waiver with respect to this Agreement.

3.3 **Reimbursement of Closing Costs.** The Borrower agrees to reimburse the Bank for all reasonable expenses it incurs in the preparation and closing of this Agreement and any agreement or instrument required by this Agreement, which the Bank estimates to range between \$6,000 and \$8,000. Expenses include, but are not limited to, reasonable attorneys' fees, including any allocated costs of the Bank's in-house counsel, and any stamp and other taxes and fees payable or determined to be payable in connection with the execution and delivery of this Agreement and any other documents or instruments required by this Agreement.

4. **SECURITY FOR THE LINE OF CREDIT**

4.1 **Pledge of Revenues.** The Borrower hereby pledges and grants a security interest in and to all of the Pledged Revenues and all proceeds thereof. This pledge immediately attaches to the Pledged Revenues and is effective, binding, and enforceable against the Borrower, its successors, creditors, and all others asserting rights therein, to the extent set forth, and in accordance with, the terms and conditions of this Agreement, irrespective of whether those persons have notice of the pledge and without the need for any physical delivery, recordation, filing or further act.

The Borrower shall allocate Pledged Revenues FIRST to the payment of the principal and interest with respect to the Line of Credit and, only after all principal and interest then due with respect to the Line of Credit have been paid, then to the payment of administrative expenses and other obligations of the Borrower. The pledge and allocation of Pledged Revenues hereunder is for the exclusive benefit of the Bank and shall be irrevocable until all principal, interest and other sums owed by the Borrower to the Bank hereunder have been paid in full.

4.2 **Pledged Revenues.** For purposes of this Agreement, the terms "Pledged Revenues" means, with respect to each Advance, (a) all Federal Transit Administration Section 5307 formula grant funds ("FTA Funds"), (b) all Transit Development Act funds, and (c) all Unrestricted Moneys (as defined below) of the Borrower, in each case to the extent received during or attributable to the Borrower's fiscal year during which such Advance was made.

4.3 **Unrestricted Moneys.** For purposes of this Agreement, the term "Unrestricted Moneys" means taxes, income, revenue, cash receipts and other moneys of the Borrower for deposit to the General Fund and Special Revenue Fund of Borrower and which may lawfully be pledged for the payment of the Line of Credit and interest thereon and which are not otherwise so pledged, including, but not limited to, the FTA Funds and the other federal and State

governmental subsidies that are available to the Borrower as long as such funds are not restricted in application.

5. DISBURSEMENTS, PAYMENTS AND COSTS

5.1 Disbursements and Payments.

(a) Each payment by the Borrower will be made at the Bank's banking center (or other location) selected by the Bank from time to time; and will be made in immediately available funds, or such other type of funds selected by the Bank.

(b) Each request for an Advance shall be made in writing in the form of the requisition attached hereto as Exhibit "A" (an "Advance Request") signed by an individual identified in a certificate delivered to the Bank specifying the authorized representatives of the Borrower (each an "Authorized Representative"). Each disbursement by the Bank and each payment by the Borrower will be evidenced by records kept by the Bank. In addition, the Bank may, if required by any statute or regulation applicable to all national banks or a class of all national banks, require the Borrower to sign one or more promissory notes with terms consistent with this Agreement. The form of promissory note is attached hereto as Exhibit "C".

5.2 Telephone and Telefax Authorization.

(a) The Bank may honor telephone or telefax instructions for advances or repayments or for the designation of BBA LIBOR-based interest rates given, or purported to be given, by an Authorized Representative or any other individual designated by an Authorized Representative. Each request shall be confirmed in writing and shall confirm the information for the Advance required by Section 5.2(b).

(b) Any request for an advance, including the initial advance under this Agreement, received by Noon on a banking day will be funded by the Bank by 11:00 a.m. on (i) the third banking day thereafter if such advance will bear interest at the LIBOR Rate or (ii) on the next succeeding banking day if such advance will bear interest at the BBA LIBOR Daily Interest Rate. Each Advance Request and each instruction regarding the rollover of BBA LIBOR Rate Portions must include the Borrower's election of the interest rate to apply to such Advance or BBA LIBOR Rate Portion, but if no election is made, the Advance or BBA LIBOR Rate Portion will bear interest at a rate based on the BBA LIBOR Daily Interest Rate until another interest rate election is made by the Borrower. If the Borrower selects an interest rate based on the BBA LIBOR Rate, the request for advance must be made no later than the date the Borrower must make its interest rate election under Section 2.2(d).

(c) Advances will be deposited in the account designated to the Bank by the Borrower in writing.

(d) The Borrower will indemnify and hold the Bank harmless from all liability, loss, and costs in connection with any act resulting from telephone or telefax instructions the Bank reasonably believes are made by any individual authorized by the Borrower to give such instructions. This paragraph will survive this Agreement's termination, and will benefit the Bank and its officers, employees, and agents.

5.3 Banking Days. Unless otherwise provided in this Agreement, a banking day is a day other than a Saturday, Sunday or other day on which commercial banks are authorized to close, or are in fact closed, in the state where the Bank's lending office is located, and, if such day relates to amounts bearing interest at an offshore rate (if any), means any such day on which dealings in dollar deposits are conducted among banks in the offshore dollar interbank market. All payments and disbursements which would be due on a day which is not a banking day will be due on the next banking day. All payments received on a day which is not a banking day will be applied to the credit on the next banking day.

5.4 Taxes.

(a) Taxes. Any and all payment to the Bank by the Borrower hereunder shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed thereon, excluding, however, taxes imposed thereon, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 5.4), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Borrower shall make any payment under this Section 5.4 to or for the benefit of the Bank with respect to Taxes and if the Bank shall claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States, then the Bank shall pay to the Borrower an amount equal to the amount by which such other taxes are actually reduced; provided that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the Borrower with respect to such Taxes. In addition, the Borrower agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or the State of New York from any payment made hereunder or from the execution or delivery or otherwise with respect to this Agreement (hereinafter referred to as "Other Taxes"). The Bank shall provide to the Borrower within a reasonable time a copy of any written notification it receives with respect to Other Taxes owing by the Borrower to the Bank hereunder provided that the Bank's failure to send such notice shall not relieve the Borrower of its obligation to pay such amounts hereunder.

(b) Indemnity. The Borrower shall, to the fullest extent permitted by law, indemnify the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 5.4 paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or

legally asserted; provided that the Borrower shall not be obligated to indemnify the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank's gross negligence or willful misconduct. The Bank agrees to give notice to the Borrower of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; provided that the Bank's failure to notify the Borrower promptly of such assertion shall not relieve the Borrower of its obligation under this Section 5.4. Payments by the Borrower pursuant to this indemnification shall be made within thirty (30) days from the date the Bank makes written demand thereof. The Bank agrees to repay to the Borrower any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the Borrower pursuant to this Section 5.4 received by the Bank for Taxes or Other Taxes that were paid by the Borrower pursuant to this Section 5.4 and to contest, with the cooperation and at the expense of the Borrower, any such Taxes or Other Taxes which the Bank or the Borrower reasonably believes not to have been properly assessed.

(c) Notice. Within thirty (30) days after the date of any payment of Taxes by the Borrower, the Borrower shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

(d) Survival of Obligations. The obligations of the Borrower under this Section 5.4 shall survive the termination of this Agreement.

5.5 Additional Costs

(a) If the Bank shall have determined that the adoption or implementation of, or any change in, any law, rule, treaty or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof by any court, central bank or other administrative or governmental authority (in each case, whether or not having the force of law), or compliance by the Bank with any request or directive of any such court, central bank or other administrative or governmental authority (whether or not having the force of law), shall (A) change the basis of taxation of payments to the Bank of any amounts payable hereunder (except for taxes on the overall net income of the Bank), (B) impose, modify or deem applicable any reserve, special deposit or similar requirement against making or maintaining its obligations under this Agreement or assets held by, or deposit with or for the account of, the Bank or (C) impose on the Bank any other condition regarding this Agreement, and the result of any event referred to in clause (A), (B) or (C) above shall be to increase the cost to the Bank of making or maintaining its obligations hereunder, or to reduce the amount of any sum received or receivable by the Bank hereunder, then, the Borrower shall pay to the Bank, at such time and in such amount as is set forth in paragraph (c) of this Section 5.5, such additional amount or amounts as will compensate the Bank for such increased costs or reductions in amount.

(b) If the Bank shall have determined that the adoption or implementation of, or any change in, any law, rule or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof, by any court, central bank or other administrative or governmental authority, or compliance by the Bank with any directive of or guidance from any central bank or other authority (in each case, whether or not having the force of law), shall impose, modify or deem applicable any capital

adequacy or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank allocates capital resources to its commitments, including its obligations under lines of credit) that either (A) affects or would affect the amount of capital to be maintained by the Bank or (B) reduces or would reduce the rate of return on the Bank's capital to a level below that which the Bank could have achieved but for such circumstances (taking into consideration the Bank's policies with respect to capital adequacy) then, the Borrower shall pay to the Bank, at such time and in such amount as is set forth in paragraph (c) of this Section, such additional amount or amounts as will compensate the Bank for such cost of maintaining such increased capital or such reduction the rate of return on the Bank's capital.

(c) All payments of amounts referred to in paragraphs (a) and (b) of this Section shall be due thirty (30) days following the Borrower's receipt of notice thereof and shall be payable, in full, on the next succeeding quarterly payment date that the fee described in Section 3.1(a) is due and payable. Interest on the sums due as described in paragraphs (a) and (b) of this Section, and in the preceding sentence, shall begin to accrue from the date when the payments were first due and shall otherwise be payable in accordance with Section 1.5 hereof; provided, that from and after the required date of payment, interest shall begin to accrue on such obligations at a rate per annum equal to the Default Rate until such delinquent payments have been paid in full. A certificate as to such increased cost, increased capital or reduction in return incurred by the Bank as a result of any event mentioned in paragraphs (a) or (b) of this Section setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank to the Borrower and shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Bank may make such reasonable estimates, assumptions, allocations and the like that the Bank in good faith determines to be appropriate. Notwithstanding anything contained in paragraphs (a) or (b) of this Section, above, the Borrower shall have no liability to the Bank for any increased costs, increased capital or reduction in return to the extent incurred by the Bank more than sixty (60) days prior to the date the above-described certificate is given to the Borrower.

5.6 Interest Calculation. Except as otherwise stated in this Agreement, all interest and fees, if any, will be computed on the basis of a 360-day year and the actual number of days elapsed. This calculation results in more interest or a higher fee than if a 365-day year is used. Installments of principal which are not paid when due under this Agreement shall continue to bear interest until paid.

5.7 Default Rate.

(a) Borrower Defaults. Upon the occurrence of any default under this Agreement, principal amounts outstanding under this Agreement will at the option of the Bank bear interest at a rate which is 3.0 percentage point(s) higher than the rate of interest otherwise provided under this Agreement, not to exceed 12% or the maximum rate permitted by law.

(b) The Bank's election to apply the default rates as provided in this Section 5.7 will not constitute a waiver of any default.

6. CONDITIONS

The Bank must receive the following items, in form and content acceptable to the Bank, before it is required to extend any credit to the Borrower under this Agreement:

6.1 Authorizations. Evidence that the execution, delivery and performance by the Borrower of this Agreement and any instrument or agreement required under this Agreement has been duly authorized by a resolution of the Board of Directors of the Borrower, certified as of the execution date by the Clerk of the Board.

6.2 Documents. Fully executed and, where required, acknowledged copies of this Agreement, the Tax Certificate dated the date hereof executed by Borrower (the "Tax Certificate") and any other documents and instruments reasonably required by the Bank.

6.3 Legal Opinions. A written opinion from bond counsel, Kutak Rock, LLP, covering such matters as the Bank may require, including without limitation an opinion that: the Borrower is authorized under California law to enter into this Agreement; the transactions contemplated by this Agreement have been properly authorized; this Agreement and the other agreements entered into by Borrower in connection with this Agreement are legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms; the pledge of Pledged Revenues constitutes a valid pledge under California law; and interest on the Tax-Exempt Portions is tax-exempt under Federal and State law. The form and substance of the opinion must be acceptable to the Bank and its counsel.

6.4 Review of Financial Statements. Borrower's audited financial statements for the past three fiscal years and pro forma financial statement through the Expiration Date.

6.5 Payment of Fees. Payment of the Loan Fee required by Section 3.1(a) and all accrued and unpaid expenses incurred by the Bank as required by Section 3.3 entitled "Reimbursement of Closing Costs."

6.6 Authority; Incumbency; No Default. A certificate of an authorized representative of the Borrower dated the execution date certifying as to the authority, incumbency and specimen signatures of the representative of the Borrower authorized to sign this Agreement and any other documents to be delivered by it hereunder and who will be authorized to represent the Borrower in connection with this Agreement, upon which the Bank may rely until it receives a new such certificate and certifying that as of the Closing Date no default or Event of Default has occurred under this Agreement and no material adverse change has occurred with respect to the Borrower.

6.7 Governmental Approvals. Except for state "blue sky" laws, true and correct copies of any and all governmental approvals necessary for the Borrower to enter into this Agreement and such approvals necessary at the Closing Date for the transactions contemplated thereby and hereby, or if no governmental approvals are required, a certificate of an Authorized Representative of the Borrower to the effect that no such approvals are necessary.

7. REPRESENTATIONS AND WARRANTIES

When the Borrower signs this Agreement, and until the Bank is repaid in full, the Borrower makes the following representations and warranties. Each request for an Advance constitutes a renewal of these representations and warranties as of the date of the request:

7.1 Legal Status. Borrower is a public agency created pursuant to Division 11 of the Public Utilities Code of the State of California (the "Law") and has all requisite power and authority to carry on its business as now conducted.

7.2 Authorization. This Agreement, and any instrument or agreement required hereunder, are within the Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers.

7.3 Business Operations. The Borrower has all powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

7.4 Approvals. No further approval, authorization, consent, order, notice to or filing or registration with any governmental authority or any public board or body (other than in connection or in compliance with the provisions of the securities or "blue sky" laws of any jurisdiction which were not required on or prior to the Closing Date) is legally required with respect to the Borrower's obligations under this Agreement.

7.5 Disclosure of Information. The statements and information provided to the Bank in connection with this Agreement or contained in any disclosure issued in connection with the issuance of any bonds or other obligations issued by the Borrower which relate to the Borrower are true, correct and complete in all material respects and as to such statements, do not omit any statement or information necessary to make the statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect.

7.6 Enforceable Agreement. Subject to fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California, this Agreement is a legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms, and any instrument or agreement required hereunder, when executed and delivered, will be similarly legal, valid, binding and enforceable.

7.7 No Conflicts. This Agreement does not conflict with any law, agreement, or obligation by which the Borrower is bound.

7.8 Financial Information. All financial and other information that has been or will be supplied to the Bank is sufficiently complete to give the Bank accurate knowledge of the Borrower's financial condition, including all material contingent liabilities. Since the date of the most recent financial statement provided to the Bank, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of the Borrower.

7.9 Lawsuits; Initiatives. There is no lawsuit, tax claim or other dispute pending or threatened against the Borrower which has not been previously disclosed in Borrower's

Comprehensive Annual Financial Report (CAFR) which, if lost, would impair the Borrower's financial condition or ability to repay the Line of Credit or the ability of Borrower to pledge the Pledged Revenues to the Bank, except as have been disclosed in writing to the Bank. There is no initiative or proposition pending or threatened that would impair Borrower's ability to enter into this Agreement or to pledge the Pledged Revenues to the Bank.

7.10 Other Obligations. The Borrower is not in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation, except as have been disclosed in writing to the Bank.

7.11 No Event of Default. There is no event which is, or with notice or lapse of time or both would be, a default under this Agreement.

7.12 Location of Borrower. The Borrower's place of business (or, if the Borrower has more than one place of business, its chief executive office) is located at the address listed under the Borrower's signature on this Agreement.

7.13 Changes in Law. To the best of the Borrower's knowledge, there is not pending any change of law, which, if enacted or adopted, could have a material adverse effect on the Borrower's ability to perform its obligations under this Agreement.

7.14 Immunity from Jurisdiction. Borrower is not entitled under California law to claim immunity on sovereign or other similar grounds with respect to itself in relation to this Agreement or its revenues or assets (irrespective of their use or intended use) in relation to this Agreement from (i) suit, (ii) jurisdiction of any court, or (iii) relief by way of injunction, order for specific performance or order for recovery of property; provided, that no representation is made with respect to the waiver of immunity under the XI Amendment of the United States Constitution; and provided further, that any claim made hereunder shall be made in accordance with and pursuant to the procedures provided by the laws of the State of California.

8. COVENANTS

The Borrower agrees, so long as credit is available under this Agreement and until the Bank is repaid in full:

8.1 Use of Proceeds. To use the proceeds of the Line of Credit only for the purposes permitted by Section 1.1.

8.2 Financial Information.

(a) Financial Statements. To provide the following financial information and statements in form and content acceptable to the Bank, and such additional information as requested by the Bank from time to time:

(i) Within 210 days after the Borrower's fiscal year end, commencing with the fiscal year ended June 30, 2009, the Borrower's annual financial statements, certified and dated by an authorized financial officer of the Borrower. These financial statements must be audited (with an unqualified opinion) by a Certified Public Accountant reasonably acceptable to the Bank.

(ii) The Borrower shall, promptly upon its approval and within 45 days of the final adoption of the annual budget of the Borrower, deliver to the Bank a copy of such budget and promptly after the adoption thereof, copies of any and all amendments and supplements to the budget.

(iii) Promptly, upon sending or receipt, copies of any management letters and correspondence relating to management letters, sent or received by the Borrower to or from the Borrower's Certified Public Accountant.

(iv) Within the period provided in (i) above, a compliance certificate of the Borrower in the form attached hereto as Exhibit "B" signed by an authorized financial officer of the Borrower setting forth whether there existed as of the date of such financial statements and whether there exists as of the date of the certificate, any default under this Agreement and, if any such default exists, specifying the nature thereof and the action the Borrower is taking and proposes to take with respect thereto.

(v) The Borrower shall provide such additional information as shall be reasonably requested by the Bank within 30 days after the Bank's request for such information.

(b) Official Statements. Any official statement or similar disclosure document circulated by the Borrower in connection with the offering of any bonds, notes or other evidence of indebtedness of, or issued on behalf of, the Borrower.

(c) Notice of Litigation. The Borrower shall give prompt notice in writing to the Bank of any litigation, administrative proceeding or business development which may materially adversely affect its business, properties or affairs or the ability of the Borrower to perform its obligations as set forth hereunder or under this Agreement, and shall in all events give prompt notice of any such litigation or proceeding involving an uninsured claim in excess of \$3,000,000.

(d) Other Information. Such other information regarding the business, affairs and condition of the Borrower as the Bank may from time to time reasonably request.

8.3 Books and Records. To maintain adequate books and records.

8.4 Inspection Rights. The Borrower shall, at any reasonable time and from time to time, upon reasonable notice, permit the Bank or any agents or representatives thereof, at the Bank's expense, to examine and make copies of the records and books of account related to the transactions contemplated by this Agreement, to visit its properties and to discuss its affairs, finances and accounts with any of its officers and independent accountants. The Borrower will not unreasonably withhold its authorization for its independent accountants to discuss its affairs, finances and accounts with the Bank.

8.5 Compliance with Laws. To comply with the laws, regulations and orders of any government body with authority over the Borrower's business or activities.

8.6 Maintenance of Approvals, Etc. The Borrower shall at all times maintain in effect, renew and comply with all the terms and conditions of all approvals and authorizations as may

be necessary or appropriate under any applicable law or regulation for its execution, delivery and performance of this Agreement.

8.7 Cooperation. To take any action reasonably requested by the Bank to carry out the intent of this Agreement.

8.8 Payment of Obligations. The Borrower will pay and discharge all of its obligations and liabilities when due.

8.9 Additional Debt: Against Encumbrances. Without the prior written consent of the Bank, the Borrower shall not incur any additional direct or contingent liabilities or obligations in excess of \$1,000,000 in aggregate (other than the obligations of the Borrower to the Bank under this Agreement). The Borrower covenants and agrees that it will not issue any other obligations payable, as to either principal or interest, from the Pledged Revenue, including without limitation, any revenue anticipation notes that would be secured by the Pledged Revenues; provided, however, that nothing in this Agreement shall prevent the Borrower from issuing and selling pursuant to law bonds or other obligations payable from and having a lien on a parity basis with the Line of Credit on the Pledged Revenues if (a) such bonds or other obligations are issued and are sufficient for the purpose of refunding the entire outstanding balance of the Line of Credit and the proceeds of such bonds or other obligations are used to pay the entire outstanding balance of the Line of Credit or (b) the Line of Credit and all other sums owed to the Bank are paid in full with any other source of legally available funds, and in either case, the Commitment is terminated upon such repayment

8.10 Payments of Taxes and Other Charges. The Borrower will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Borrower or the properties then owned by the Borrower, or upon the revenues therefrom, when the same shall become due. Nothing contained in this Agreement shall require the Borrower to make any such payment so long as the Borrower in good faith shall contest the validity of said taxes, assessments or charges.

9. DEFAULT

If any of the following events occurs, the Bank may do one or more of the following: declare the Borrower in default, stop making any Advances available to the Borrower, and require the Borrower to repay its entire debt immediately and without prior notice. If an event of default occurs under the paragraph entitled "Bankruptcy," below, with respect to the Borrower, then the entire debt outstanding under this Agreement will automatically be due immediately.

9.1 Failure to Pay. Any principal or interest owed to the Bank under this Agreement shall not be paid when due and shall remain unpaid for five (5) banking days after written notice of such failure has been given to the Borrower, or the Borrower fails to pay any amount owing under Section 3.1 within fifteen (15) days after the date when due.

9.2 False Information. Any representation or warranty made by or on behalf of the Borrower under this Agreement or in any certificate or statement delivered hereunder shall be incorrect or untrue in any material respect when made or deemed to have been made.

9.3 Bankruptcy. The Borrower files a bankruptcy petition, a bankruptcy petition is filed against the Borrower or the Borrower makes a general assignment for the benefit of

creditors. The default will be deemed cured if any bankruptcy petition filed against the Borrower is dismissed within a period of 60 days after the filing; provided, however, that the Bank will not be obligated to extend any additional credit to the Borrower during that period; and provided further that such cure opportunity will be terminated upon the entry of an order for relief in any bankruptcy case arising from such a petition.

9.4 Receivers. A receiver or similar official is appointed for a substantial portion of the Borrower's business, or the business is terminated.

9.5 Judgments. Any judgments or arbitration awards in excess of available insurance proceeds are entered against the Borrower, or the Borrower enters into any settlement agreements with respect to any litigation or arbitration, in an aggregate amount of One Million Dollars (\$1,000,000) or more in excess of available insurance proceeds and any such uninsured judgment or award shall not have been satisfied, stayed or bonded pending appeal within a period of sixty (60) days from the date it was first so rendered.

9.6 Material Adverse Change. A material adverse change occurs in Borrower's financial condition, properties or prospects, or ability to repay the Line of Credit.

9.7 Cross-default. Any default occurs under any agreement in connection with any other credit which Borrower has obtained from Bank, or which an affiliate of Borrower has obtained from Bank, or which Borrower or an affiliate of Borrower has obtained from anyone else, or which Borrower has guaranteed.

9.8 Lien Priority. The Bank fails to have an enforceable first lien (except for any prior liens to which the Bank has consented in writing) on or security interest in any property given as security for this Agreement (or any guaranty).

9.9 Other Breach under Agreement. The Borrower fails to meet the conditions of, or fails to perform any obligation under, any term of this Agreement not specifically referred to in this Article. This includes any failure or anticipated failure by the Borrower to comply with any financial covenants set forth in this Agreement, whether such failure is evidenced by financial statements delivered to the Bank or is otherwise known to the Borrower. If, in the Bank's opinion, the breach is capable of being remedied, the breach will not be considered an event of default under this Agreement for a period of thirty (30) days after the date on which the Bank gives written notice of the breach to the Borrower; provided, however, that the Bank will not be obligated to extend any additional credit to the Borrower during that period.

10. ENFORCING THIS AGREEMENT; MISCELLANEOUS

10.1 GAAP. Except as otherwise stated in this Agreement, all financial information provided to the Bank and all financial covenants will be made under generally accepted accounting principles, consistently applied.

10.2 Successors and Assigns. This Agreement is binding on the Borrower's and the Bank's successors and assignees. The Borrower agrees that it may not assign this Agreement without the Bank's prior consent. The Bank may sell participations in or assign this loan, and may exchange financial information about the Borrower with actual or potential participants or assignees.

10.3 Arbitration and Waiver of Jury Trial.

(a) This paragraph concerns the resolution of any controversies or claims between the Borrower and the Bank, whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to: (i) this Agreement (including any renewals, extensions or modifications); or (ii) any document related to this Agreement (collectively a "Claim").

(b) At the request of the Borrower or the Bank, any Claim shall be resolved by binding arbitration in accordance with the California Code of Civil Procedure (CCP Section 1280 et seq.) (the "Code").

(c) Arbitration proceedings will be determined in accordance with the Code, the applicable rules and procedures for the arbitration of disputes of JAMS or any successor thereof ("JAMS"), and the terms of this paragraph. In the event of any inconsistency, the terms of this paragraph shall control.

(d) The arbitration shall be administered by JAMS and conducted in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in California. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars (\$5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and enforced.

(e) The arbitrator(s) will have the authority to decide whether any Claim is barred by the statute of limitations and, if so, to dismiss the arbitration on that basis. For purposes of the application of the statute of limitations, the service on JAMS under applicable JAMS rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s). The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this Agreement.

(f) This paragraph does not limit the right of the Borrower or the Bank to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or nonjudicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

(g) The procedure described above will not apply if the Claim, at the time of the proposed submission to arbitration, arises from or relates to an obligation to the Bank secured by real property. In this case, both the Borrower and the Bank must consent to submission of the Claim to arbitration. If both parties do not consent to arbitration, the Claim will be resolved as follows: The Borrower and the Bank will

designate a referee (or a panel of referees) selected under the auspices of JAMS in the same manner as arbitrators are selected in JAMS administered proceedings. The designated referee(s) will be appointed by a court as provided in California Code of Civil Procedure Section 638 and the following related sections. The referee (or the presiding referee of the panel) will be an active attorney or a retired judge. The award that results from the decision of the referee(s) will be entered as a judgment in the court that appointed the referee, in accordance with the provisions of California Code of Civil Procedure Sections 644 and 645.

(h) The filing of a court action is not intended to constitute a waiver of the right of the Borrower or the Bank, including the suing party, thereafter to require submittal of the Claim to arbitration.

(i) By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim to the extent permitted by California law. Furthermore, without intending in any way to limit this agreement to arbitrate, to the extent any Claim is not arbitrated, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim to the extent permitted by California law. This provision is a material inducement for the parties entering into this Agreement.

10.4 Severability; Waivers. If any part of this Agreement is not enforceable, the rest of the Agreement may be enforced. The Bank retains all rights, even if it makes a loan after default. If the Bank waives a default, it may enforce a later default. Any consent or waiver under this Agreement must be in writing.

10.5 Attorneys' Fees. In the event of a lawsuit or arbitration proceeding, the prevailing party is entitled to recover costs and reasonable attorneys' fees incurred in connection with the lawsuit or arbitration proceeding, as determined by the court or arbitrator. In the event that any case is commenced by or against the Borrower under the Bankruptcy Code (Title 11, United States Code) or any similar or successor statute, the Bank is entitled to recover costs and reasonable attorneys' fees incurred by the Bank related to the preservation, protection, or enforcement of any rights of the Bank in such a case. As used in this paragraph, "attorneys' fees" includes the allocated costs of the Bank's in-house counsel and the allocated costs of the Borrower's in-house counsel or outside counsel.

10.6 One Agreement. This Agreement and any related security or other agreements required by this Agreement, collectively:

(a) represent the sum of the understandings and agreements between the Bank and the Borrower concerning this credit;

(b) replace any prior oral or written agreements between the Bank and the Borrower concerning this credit; and

(c) are intended by the Bank and the Borrower as the final, complete and exclusive statement of the terms agreed to by them.

In the event of any conflict between this Agreement and any other agreements required by this Agreement, this Agreement will prevail.

10.7 Indemnification. To the extent permitted by law, the Borrower will indemnify and hold the Bank harmless from any loss, liability, damages, judgments, and costs of any kind relating to or arising directly or indirectly out of (a) this Agreement or any document required hereunder, (b) any credit extended or committed by the Bank to the Borrower hereunder, and (c) any litigation or proceeding related to or arising out of this Agreement, any such document, or any such credit, except for any loss, liability, damage, judgment or cost arising from the gross negligence or willful misconduct of the Bank. This indemnity includes but is not limited to attorneys' fees (including the allocated cost of in-house counsel). This indemnity extends to the Bank, its parent, subsidiaries and all of their directors, officers, employees, agents, successors, attorneys, and assigns. This indemnity will survive repayment of the Borrower's obligations to the Bank. All sums due to the Bank hereunder shall be obligations of the Borrower, due and payable immediately without demand.

10.9 Notices. Unless otherwise provided in this Agreement or in another agreement between the Bank and the Borrower, all notices required under this Agreement shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, to the addresses on the signature page of this Agreement, or sent by facsimile to the fax numbers listed on the signature page, or to such other addresses as the Bank and the Borrower may specify from time to time in writing. Notices and other communications sent by (a) first class mail shall be deemed delivered on the earlier of actual receipt or on the fourth banking day after deposit in the U.S. mail, postage prepaid, (b) overnight courier shall be deemed delivered on the next banking day, and (c) telecopy shall be deemed delivered when transmitted.

10.10 Headings. Article and paragraph headings are for reference only and shall not affect the interpretation or meaning of any provisions of this Agreement.

10.11 Counterparts. This Agreement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

This Agreement is executed as of the date stated at the top of the first page.

BANK OF AMERICA, N.A.

SAN DIEGO METROPOLITAN TRANSIT
SYSTEM

By _____
Typed Name: Greg Bailey
Title: Vice President

By _____
Typed Name: Paul C. Jablonski
Title: Chief Executive Officer

Address where notices to
the Bank are to be sent:

Bank of America
CA9-193-13-17
333 South Hope Street, 13th Floor
Los Angeles, California 90071
Facsimile: 213-621-3606

Address where notices to
the Borrower are to be sent:

San Diego Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, California 92101
Attn: Chief Executive Officer,
Facsimile: 619-234-3172

EXHIBIT "A"

ADVANCE REQUEST

Bank of America, N.A.

Attention: BANK OF AMERICA
e-mail: CreditServicesOps-RateLocks
Fax: 214-416-0612

With a copy to:

Allen Ralph
Telephone No.: (916) 307-8610
Facsimile No.: (415) 796-1206

Greg S. Bailey
Telephone No.: (213) 621-7131
Facsimile No.: (415) 796-5697

Re: Credit Agreement dated as of July __, 2010, between the San Diego Metropolitan Transit System and Bank of America, N.A.

Ladies and Gentlemen:

The undersigned, San Diego Metropolitan Transit System (the "Borrower"), refers to the Credit Agreement, dated as of July __, 2010, (as amended from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), between the undersigned and Bank of America, N.A. ("BofA"), and hereby gives you notice, pursuant to Sections 5.1(b) and 5.2 of the Agreement, that the undersigned hereby desires an Advance under the Credit Agreement as follows:

(i) The date of the Advance is _____, 200__ *[insert a date that is (x) no earlier the third Banking day following the date of this notice if the Advance is to bear interest initially calculated by reference to the BBA LIBOR Rate or (y) no earlier than the next Banking day following the date of this notice if such Advance is to bear interest initially at the BBA LIBOR Daily Interest Rate.*

(ii) The principal amount of the Advance that is a portion of the Taxable Commitment is \$_____ *[insert an amount not less than \$500,000 if the Advance is to bear interest with reference to the BBA LIBOR Rate].*

The principal amount of the Advance that is a portion of the Tax-Exempt Commitment is \$_____ *[insert an amount not less than \$500,000 if the Advance is to bear interest with reference to the BBA LIBOR Rate].*

(iii) The Taxable Advance shall initially bear interest calculated by reference to *[insert one of the following rates: BBA LIBOR Daily Interest Rate or BBA LIBOR-based Rate].*

The Tax-Exempt Advance shall initially bear interest calculated by reference to *[insert one of the following rates: BBA LIBOR Daily Interest Rate or BBA LIBOR-based Rate]*.

(iv) If the Taxable Advance is to bear interest initially calculated by reference to the BBA LIBOR-based Rate, the initial Interest Period is _____ months *[insert one of the following: two weeks, one month, two months, three months or six months]*.

If the Tax-Exempt Advance is to bear interest initially calculated by reference to the BBA LIBOR-based Rate, the initial Interest Period is _____ months *[insert one of the following: two weeks, one month, two months, three months or six months]*.

(iv) Advances will be deposited in the account designated: _____

The Borrower hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Advance before and after giving effect to the requested Advance:

(A) Neither the Taxable Commitment nor the Tax-Exempt Commitment has expired or been terminated and the amount of the requested Advance does not exceed the available amount of the applicable Commitment;

(B) All representations and warranties contained in the Agreement and the other related documents are true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date hereof or the date of the Advance, as the case may be;

(C) No Default or Event of Default has occurred and is continuing; and

(D) Borrower has consulted with bond counsel and confirmed that the requested Tax-Exempt Advance is being made in accordance with the requirements of the Tax Certificate

Very truly yours,

SAN DIEGO METROPOLITAN TRANSIT
SYSTEM

By: _____
Name: Paul C. Jablonski
Title: Chief Executive Officer

EXHIBIT "B"

FORM OF COMPLIANCE CERTIFICATE

San Diego Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

FISCAL YEAR END OFFICER'S CERTIFICATE

I, the undersigned, hereby certify to Bank of America, N.A. ("Bank") pursuant to Paragraph 8.2(a)(v) of the Credit Agreement dated as of July__, 2010, between Bank and the San Diego Metropolitan Transit System:

(1) I am an Officer of the San Diego Metropolitan Transit System authorized to make the representation contained herein;

(2) As of the end of the fiscal year of the San Diego Metropolitan Transit System, most recently ended on June 30, 20__, and as of the date hereof, no Event of Default under the Credit Agreement or event that with notice or lapse of time, or both, would become an Event of Default, has occurred.

Date: _____

San Diego Metropolitan Transit System

By: _____

Name: Paul C. Jablonski

Title: Chief Executive Officer

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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.

CIP 11184

July 15, 2010

SUBJECT:

MTS: PROCUREMENT, INTEGRATION, AND INSTALLATION OF ONBOARD
VIDEO SURVEILLANCE SYSTEMS FOR MTS BUSES (CLAIRE SPIELBERG
AND JOHN MILLER)

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to award MTS Doc. No. B0521.0-09 (in substantially the same format as Attachment A) to Apollo Video Technology to procure, integrate, and install onboard video surveillance systems (OBVSS) on MTS buses. The contract would be completed in two phases and would also include three 1-year options for additional OBVSS.

Executive Committee Recommendation

The MTS Executive Committee met on July 8, 2010, and approved forwarding this recommendation to the Board of Directors.

Budget Impact

The cost of the base contract for Phases I and II, including California sales tax, would not exceed \$1,841,275.37. The cost of the three option years, including California sales tax, would not exceed \$2,516,226.71. The total cost of the contract including the three 1-year options would be \$4,357,502.08.

Funding for this project is allocated under Capital Improvement Program (CIP) 11184.



DISCUSSION:

MTS recognizes that onboard safety for passengers and operators can be enhanced by digitally recorded video documentation of activities inside and outside of the vehicles. As an approach to risk management in investigating onboard accidents and injuries, MTS plans to purchase, install, and integrate an onboard video surveillance system on all of its fleets. All OBVSS will be capable of wireless downloading of video and health reports to a single garage management network. Only model year 2000 or newer transit buses will be outfitted with OBVSS.

To ensure proper installation and to accommodate the availability of funding, this project was divided into two phases with three 1-year options.

PHASES

Phase I

Phase I is considered the test phase. It would include the purchase and installation of four complete OBVSS to be installed on four 40-foot buses. Acceptance of Phase I would consist of 45 consecutive calendar days of continuous operations without any system failures.

Phase II

Phase II would not begin until acceptance of Phase I systems. Phase II would include the purchase and installation of up to 244 OBVSS on 35-foot, 40-foot, and 60-foot buses from the Imperial Avenue Division (IAD) and Kearny Mesa Division (KMD) fleets. Phase II would also include the installation and induction of a garage management network that would be capable of receiving automatic wireless downloading of video from the IAD and KMD fleets to a single server located at IAD.

OPTIONS

This project would include three 1-year options exercisable at MTS's discretion for additional OBVSS. The total options, if exercised, would be for up to 300 OBVSS.

1. Option year one would include the installation of up to 100 OBVSS on 40-foot buses from the South Bay Maintenance Facility (SBMF) fleet. Included in option year one would be the installation and induction of a garage management network that would be capable of receiving automatic wireless downloading of video from the SBFM, East County, and Chula Vista fleets to a single server located at SBFM.
2. Option year two would include the installation of up to 100 OBVSS on a combination of 29-, 30-, 32-, 35-, and 40-foot buses for the SBFM, East County, and Chula Vista fleets.

3. Option year three would include the installation of up to 100 OBVSS on a combination of 29-, 30-, 32-, 35-, 40-, 45-, and 60-foot buses. Option year three would accommodate the remaining buses within the MTS fleets needing OBVSS.

PROCUREMENT HISTORY

On October 8, 2009, MTS issued a Request for Proposals (RFP) for Mobile Onboard Video Surveillance Systems (OBVSS) to 44 companies determined by MTS staff capable of performing the requirements of the procurement.

On January 13, 2010, a total of six proposals were received in response to the RFP (MTS Doc. No. B0521.0-09) from the following proposers:

- Apollo Video Technology
- Transit Marketing Group
- March Networks
- System Development Integration
- Johnson Controls
- Henry Brothers Electronics

A compliant review of the proposals was conducted by the MTS Procurement Department to ensure that all required forms and submittals were included in the proposals. Based on this review, each proposal was determined to be in compliance with the submittal requirements of the RFP and would be considered for further evaluation.

On January 29, 2010, the Evaluation Panel convened to discuss specific strengths and weaknesses of the proposals received. Each Evaluation Panel member was given an opportunity to talk about each firm's proposal and provide supporting justification and rationale on their evaluation remarks and scoring decisions.

At the conclusion of this meeting, the Evaluation Panel determined that four of the proposers were within the competitive range. This determination was based on proposers that offered an approach that stood a reasonable chance of being selected for award (provided that clarifications to specific technical issues, costs, ambiguities, or minor weaknesses in their proposal could be rectified).

After the initial proposal evaluations, the following proposers were still considered to be within the competitive range and would be considered for further evaluation:

- Apollo Video Technology
- Transit Marketing Group
- March Networks
- System Development Integration

The four firms identified above were called in for oral presentations and interviews the week of March 22, 2010. The Evaluation Panel discussed specific topics related to each firm's proposal and their proposed approach. Some of the discussion topics included the following:

- GPS mapping capabilities
- System backend software functionality
- Proposed work plan and implementation of Phases I and II and option years
- Wireless downloading capabilities and functionality of centrally managed access points
- Video recording and vehicles ability to wake up after shutdown
- X, Y, and Z inertia access sensor
- Deviations to technical requirements
- Equipment and licensing/software costs

On April 1, 2010, the Evaluation Panel met to deliberate, discuss, and come to a consensus on which direction MTS would take with each proposer based on their proposed solutions and the knowledge gained from discussions with each firm. In order to make this determination, the Evaluation Panel went over each firm's technical proposal and the responses given during interview/discussions. At the conclusion of the meeting, the contracting officer issued each firm within the competitive range a letter requesting revised proposals and interim pricing.

On May, 7, 2010, revised proposals and interim pricing were received from all four firms prior to the deadline for submitting revised proposals. The following workday, the contracting officer issued copies of the revised proposals to members of the Evaluation Panel.

On May 19, 2010, the Evaluation Panel reconvened to discuss the specific strengths and weaknesses of the revised proposals received. Again, each Evaluation Panel member was given an opportunity to talk about each firm's revised proposal and provide supporting justification and rationale on their interpretation of the revised proposals. The agenda at this meeting included the following topics of discussion.

- Strengths and weaknesses of each firm's revised proposal
- Identification and discussion of remaining areas of risk/issues
- Evaluation of cost and price proposals
- Elimination of proposers from the competitive range
- Determinations of dates and times for negotiations

The Evaluation Panel's findings from the revised proposals determined that Apollo Video Technology and Transit Marketing Group would remain in the

competitive range. The other two firms, March Networks and Systems Development Integration, would be eliminated from the competitive range and would no longer be considered for award. This determination was based on the following:

- March Networks' price proposal was substantially higher than the other proposed prices. The additional costs did not merit the benefit MTS would receive by paying a premium price. The chances of March Networks lowering its price to be in line with other price proposals was unrealistic.
- Systems Development Integration failed to meet the minimum technical requirements of the RFP.

The week of May 24, 2010, the Evaluation Panel held negotiations with Apollo Video Technology and Transit Marketing Group. Discussions with each firm included:

- Quality of equipment being proposed and related costs
- Direct labor support and related costs
- Warranty
- Software and licensing costs
- Proprietary equipment and software
- Built-in obsolescence of equipment and software

At the conclusion of the negotiations, each proposer was informed of the Evaluation Panel's pricing concerns and notified of areas where their proposed equipment or installation costs should be reduced.

On June 11, 2010, Apollo Video Technology and Transit Marketing Group submitted their Best and Final Offer (BAFO) prior to the deadline for submitting BAFOs.

Based on the Evaluation Panel's assessment of all evaluation factors, including revised technical proposals, discussions with proposers, and final negotiations, the following determinations were made:

Average Technical Score (50 points possible)

Apollo Video Technology	= 41.8 points
Transit Marketing Group	= 39.3 points

Best and Final Offer (50 points possible)

Apollo Video Technology	= 50 points	(\$4,357,502.08)
Transit Marketing Group	= 40.5 points	(\$5,380,502.52)

Revised Proposal Overall Score (100 points possible)

Apollo Video Technology	= 91.8 points
Transit Marketing Group	= 79.8 points

Based on the evaluations of each firm's technical proposal, past performance, discussions, negotiations, and evaluation of price, MTS staff has determined that Apollo Video Technology submitted a proposed approach that Evaluation Panel resents the most advantageous method of fulfilling MTS's need. Apollo Video Technology received the highest technical rating by the evaluation panel and submitted the lowest overall price.

Staff is recommending award of MTS Doc. No. B0521.0-09 (in substantially the same format as Attachment A) to Apollo Video Technology. MTS staff has determined that the offer received from Apollo Video Technology Evaluation Panel presented the most advantageous offer and is of the best value to MTS.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Claire Spielberg, (619) 238-0100, Ext. 6400, claire.spielberg@sdmts.com
Ray Thompson, (619) 238-0100, Ext. 6504, ray.thompson@sdmts.com
John Miller, (619) 557.4580, john.miller@sdmts.com

JULY15-10.31.BUS VIDEO SYSTEMS.JMILLER.doc

Attachments: A. Draft MTS Doc. No. B0521.0-09
B. Apollo's BAFO Pricing Summary

STANDARD PROCUREMENT AGREEMENT

B0521.0-09
 CONTRACT NUMBER
 CIP 11184
 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: Apollo Video TechnologyAddress: 14148 NE 190th Street

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

Woodville, WA 97807-8437Telephone: 425-483-7100

Authorized person to sign contracts: Rodell Notbohm
 Name

General Manager
 Title

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

Provide mobile onboard video surveillance systems (video system) for MTS buses as stipulated in MTS's Request for Proposals (RFP) MTS Doc. No. B0521.0-09, including Addenda, Responses to Approved Equals/Clarifications; and in accordance with the Standard Procurement Agreement, including the Standard Conditions Procurement, Federal Requirements, MTS's Safety Program Standard Operating Procedures (SAF016-03), and Apollo Video Technology's proposal (hereinafter "Contract Document"). If there are any inconsistencies between the Contract Documents, the following order of precedence will govern the interpretation of this contract:

1. MTS's Mobile Onboard Video Surveillance System Request for Proposals (MTS Doc. No. B0521.0-09), Addenda, Responses to Approved Equals/Clarifications, MTS Safety Program, and Contractor's proposal.
2. Standard Procurement Agreement, including the Standard Conditions Procurement and Federal Requirements.

This contract shall remain in effect during successful performance/completion of Phases I and II, and the three 1-year options exercisable at MTS's discretion. Compensation will be per the negotiated fixed rates as stipulated in Apollo Video Technology's Best and Final Offer. The total expenditures under this contract to include Phases I and II, and all option years shall not exceed **\$4,357,502.08.**

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

\$4,357,502.08CIP 11184FY 10

By: _____

Chief Financial Officer

Date

(____ total pages, each bearing contract number)

JULY15-10.31.AIA.B0521.0-09.APOLLO VIDEO.JMILLER.doc

REVISED BID SUMMARY
MOBILE ON-BOARD VIDEO SURVEILLANCE SYSTEM RFP

7/8/2010

Item Description - PHASE I "TESTING PHASE"					Apollo Video Technology *	
Line #		QTY*	Unit Price	Total		
1.1	EXISTING OBVSS MATERIALS: The contractor shall furnish all new materials, supplies and equipment required to upgrade and integrate the OBVSS in accordance with the requirements outlined in the RFP on two (2) 40' buses. (taxable)	2	\$ 4,140.00	\$ 8,280.00		
1.2	EXISTING OBVSS LABOR, INSTALLATION AND WARRANTY: Labor, Installation and (24) Month Warranty for two (2) 40' buses with existing camera systems. The (24) month warranty shall only apply to contractor provided equipment and installation. (non-taxable)	2	\$ 1,017.00	\$ 2,034.00		
2.1	NEW OBVSS MATERIALS: The contractor shall furnish all new materials, supplies and equipment needed to provide MTS a fully functional OBVSS in accordance with the requirements outlined in the RFP on two (2) 40' buses. (taxable)	2	\$ 6,050.50	\$ 12,101.00		
2.2	NEW OBVSS LABOR, INSTALLATION AND WARRANTY: Labor, Installation 2% Performance Bond and (24) Month Warranty for two (2) 40' buses. (non-taxable)	2	\$ 1,540.97	\$ 3,081.94		
					8.75% CA Sales Tax (Item #s 1.1 and 2.1)	\$ 1,783.34
					Total Amount (PHASE I)	\$ 27,280.28
Line	Item Description - PHASE II	QTY*	Unit Price	Total		
3.1	EXISTING OBVSS MATERIALS 40' BUSES: All materials and supplies for up to (152) each 40' buses with existing camera system. (taxable)	150	\$ 4,140.00	\$ 621,000.00		
3.2	EXISTING OBVSS LABOR, INSTALLATION AND WARRANTY 40' BUSES: Labor, Installation and (24) month warranty for up to (150) buses with existing camera systems. The (24) month warranty shall only apply to new contractor provided equipment and installation. (non-taxable)	150	\$ 1,017.00	\$ 152,550.00		
3.3	**OPTIONAL (24) MONTH WARRANTY FOR EXISTING OBVSS 40' BUSES: (24) month warranty on the existing equipment and installation for up to (152) buses. (non-taxable)	152	\$ 299.00	\$ 45,448.00		
3.4	**OPTIONAL (12) MONTH EXTENDED WARRANTY FOR NEW OBVSS EQUIPMENT AND INSTALLATION: Additional (12) month warranty period on contractor provided equipment and installation (line # 1.2, 2.2 and 3.2) for up to (154) buses after expiration of the (24) month warranty period.(non-taxable)	154	\$ 231.00	\$ 35,574.00		
4.1	NEW OBVSS MATERIALS FOR 35' or 40' BUSES: The contractor shall furnish all new materials, supplies and equipment needed to provide MTS a fully functional OBVSS in accordance with the requirements outlined in the RFP for up to (53) buses. (taxable)	53	\$ 5,917.00	\$ 313,601.00		
4.2	NEW OBVSS LABOR, INSTALLATION AND WARRANTY FOR 35' or 40' BUSES: Labor, Installation and (24) Month Warranty for up to (53) buses. (non-taxable)	53	\$ 1,238.00	\$ 65,614.00		
4.3	**OPTIONAL (12) MONTH EXTENDED WARRANTY FOR 35' or 40' BUSES: Additional (12) month warranty period for up to (53) buses after expiration of (24) month base warranty period. (non-taxable)	53	\$ 231.00	\$ 12,243.00		
5.1	NEW OBVSS MATERIALS 60' BUSES: The contractor shall furnish all new materials, supplies and equipment needed to provide MTS a fully functional OBVSS in accordance with requirements outlined in the RFP for up to (39) buses. (taxable)	39	\$ 7,286.00	\$ 284,154.00		
5.2	NEW OBVSS LABOR, INSTALLATION AND WARRANTY 60' BUSES: Labor, Installation and (24) Month Warranty for up to (39) buses. (non-taxable)	39	\$ 1,386.00	\$ 54,054.00		
5.3	**OPTIONAL (12) MONTH EXTENDED WARRANTY FOR 60' BUSES: Additional (12) month warranty period for up to (39) buses after expiration of (24) month base warranty period. (non-taxable)	39	\$ 231.00	\$ 9,009.00		
6.1	GARAGE MANAGEMENT NETWORK (IAD): All materials and supplies. (taxable)	1	\$ 67,967.00	\$ 67,967.00		
6.2	GARAGE MANAGEMENT NETWORK (IAD): Labor, Installation and (24) Month Warranty. (non-taxable)	1	\$ 5,400.00	\$ 5,400.00		
6.3	**OPTIONAL (12) MONTH EXTENDED WARRANTY FOR GARAGE MANAGEMENT NETWORK (IAD): Additional (12) month warranty after expiration of (24) month base warranty period. (non-taxable)	1	\$ 1,432.00	\$ 1,432.00		
7.1	TRAINING/BONDING: OBVSS Garage Management Network Onsite Training and 2% Performance Bond. (non-taxable)	1	\$ 33,360.92	\$ 33,360.92		
					8.75% CA Sales Tax (Item #s 3.1, 4.1, 5.1 and 6.1)	\$ 112,588.18
					Total Amount (PHASE II)	\$ 1,813,995.10

REVISED BID SUMMARY
MOBILE ON-BOARD VIDEO SURVEILLANCE SYSTEM RFP

7/8/2010

Line #		Item Description – OPTION YEAR ONE	QTY*	Unit Price	Total
Apollo Video Technology					
1.1		NEW OBVSS MATERIALS FOR 35' or 40' BUSES: The contractor shall furnish all new materials, supplies and equipment needed to provide MTS a fully functional OBVSS in accordance with the requirements outlined in the RFP for up to (100) buses. (taxable)	100	\$ 5,917.00	\$ 591,700.00
1.2		NEW OBVSS LABOR FOR 35' or 40' BUSES: Labor, Installation and (24) Month Warranty for up to (100) buses. (non-taxable)	100	\$ 1,238.00	\$ 123,800.00
1.3		**OPTIONAL (12) MONTH EXTENDED WARRANTY FOR 35' or 40' BUSES: Additional (12) month warranty period for up to (100) buses after expiration of (24) month base warranty period. (non-taxable)	100	\$ 231.00	\$ 23,100.00
2.1		GARAGE MANAGEMENT NETWORK (SBMF): All materials and supplies. (taxable)	1	\$ 50,092.00	\$ 50,092.00
2.2		GARAGE MANAGEMENT NETWORK (SBMF): Labor, Installation and (24) Month Warranty. (non-taxable)	1	\$ 5,400.00	\$ 5,400.00
2.3		**OPTIONAL (12) MONTH EXTENDED WARRANTY FOR GARAGE MANAGEMENT NETWORK SBMF: Additional (12) month warranty period after expiration of (24) month base warranty period. (non-taxable)	1	\$ 1,432.00	\$ 1,432.00
3.1		TRAINING/BONDING: OBVSS Garage Management Network Onsite Training and 2% Performance Bond. (non-taxable)	1	\$ 15,910.48	\$ 15,910.48
				8.75% CA Sales Tax (Item #'s 1.1, and 2.1)	\$ 56,156.80
				Total Amount (OPTION YEAR ONE)	\$ 867,591.28

Line #		Item Description – OPTION YEAR TWO	QTY*	Unit Price	Total
Apollo Video Technology					
1.1		NEW OBVSS MATERIALS FOR 29' 30' or 32' BUSES: The contractor shall furnish all new materials, supplies and equipment needed to provide MTS a fully functional OBVSS in accordance with the requirements outlined in the RFP for up to (13) buses. (taxable)	13	\$ 5,917.00	\$ 76,921.00
1.2		NEW OBVSS LABOR FOR 29' 30' or 32' BUSES: Labor, Installation and (24) Month Warranty for up to (13) buses. (non-taxable)	13	\$ 1,238.00	\$ 16,094.00
1.3		**OPTIONAL (12) MONTH EXTENDED WARRANTY FOR 29' 30' or 32' BUSES: Additional (12) month warranty period for up to (13) buses after expiration of (24) month base warranty period. (non-taxable)	13	\$ 231.00	\$ 3,003.00
2.1		NEW OBVSS MATERIALS FOR 35' or 40' BUSES: The contractor shall furnish all new materials, supplies and equipment needed to provide MTS a fully functional OBVSS in accordance with the requirements outlined in the RFP for up to (87) buses. (taxable)	87	\$ 5,917.00	\$ 514,779.00
2.2		NEW OBVSS LABOR FOR 35' or 40' BUSES: Labor, Installation and (24) Month Warranty for up to (87) buses. (non-taxable)	87	\$ 1,238.00	\$ 107,706.00
2.3		**OPTIONAL (12) MONTH EXTENDED WARRANTY FOR 35' or 40' BUSES: Additional (12) month warranty period for up to (87) buses after expiration of (24) month base warranty period. (non-taxable)	87	\$ 231.00	\$ 20,097.00
				8.75% CA Sales Tax (Item #'s 1.1, and 2.1)	\$ 51,773.75
				2% Performance Bond	\$ 14,772.00
				Total Amount (OPTION YEAR TWO)	\$ 805,145.75

REVISED BID SUMMARY
MOBILE ON-BOARD VIDEO SURVEILLANCE SYSTEM RFP

7/8/2010

Line		Item Description – OPTION YEAR THREE	QTY*	Unit Price	Total	Apollo Video Technology
1.1		NEW OBVSS MATERIALS FOR 29' 30" or 32' BUSES: The contractor shall furnish all new materials, supplies and equipment needed to provide MTS a fully functional OBVSS in accordance with the requirements outlined in the RFP for up to (10) buses. (taxable)	10	\$ 5,917.00	\$ 59,170.00	
1.2		NEW OBVSS LABOR FOR 29' 30" or 32' BUSES: Labor, Installation and (24) Month Warranty for up to (10) buses. (non-taxable)	10	\$ 1,238.00	\$ 12,380.00	
1.3		**OPTIONAL (12) MONTH EXTENDED WARRANTY FOR 29' 30" or 32' BUSES: Additional (12) month warranty period for up to (10) buses after expiration of (24) month base warranty period. (non-taxable)	10	\$ 231.00	\$ 2,310.00	
2.1		NEW OBVSS MATERIALS FOR 35' or 40' BUSES: The contractor shall furnish all new materials, supplies and equipment needed to provide MTS a fully functional OBVSS in accordance with the requirements outlined in the RFP for up to (41) buses. (taxable)	41	\$ 5,917.00	\$ 242,597.00	
2.2		NEW OBVSS LABOR FOR 35' or 40' BUSES: Labor, Installation and (24) Month Warranty for up to (41) buses. (non-taxable)	41	\$ 1,238.00	\$ 50,758.00	
2.3		**OPTIONAL (12) MONTH EXTENDED WARRANTY FOR 35' or 40' BUSES: Additional (12) month warranty period for up to (41) buses after expiration of (24) month base warranty period. (non-taxable)	41	\$ 231.00	\$ 9,471.00	
3.1		NEW OBVSS MATERIALS FOR 45' BUSES: The contractor shall furnish all new materials, supplies and equipment needed to provide MTS a fully functional OBVSS in accordance with the requirements outlined in the RFP for up to (26) buses. (taxable)	26	\$ 5,917.00	\$ 153,842.00	
3.2		NEW OBVSS LABOR FOR 45' BUSES: Labor, Installation and (24) Month Warranty for up to (26) buses. (non-taxable)	26	\$ 1,238.00	\$ 32,188.00	
3.3		**OPTIONAL (12) MONTH EXTENDED WARRANTY FOR 45' BUSES: Additional (12) month warranty period for up to (26) buses after expiration of (24) month base warranty period. (non-taxable)	26	\$ 231.00	\$ 6,006.00	
4.1		NEW OBVSS MATERIALS 60' BUSES: The contractor shall furnish all new materials, supplies and equipment needed to provide MTS a fully functional OBVSS in accordance with the requirements outlined in the RFP for up to (23) buses. (taxable)	23	\$ 7,286.00	\$ 167,578.00	
4.2		NEW OBVSS LABOR 60' BUSES: Labor, Installation and (24) Month Warranty for up to (23) buses. (non-taxable)	23	\$ 1,386.00	\$ 31,878.00	
4.3		**OPTIONAL (12) MONTH EXTENDED WARRANTY FOR 60' BUSES: Additional (12) month warranty period for up to (23) buses after expiration of (24) month base warranty period. (non-taxable)	23	\$ 231.00	\$ 5,313.00	
8.75% CA Sales Tax (Item #'s 1.1, 2.1, 3.1, and 4.1)						\$ 54,528.86
2% Performance Bond						\$ 15,469.82
Total Amount (OPTION YEAR THREE)						\$ 843,489.68

CONTRACT YEAR		Apollo Video Technology	
PHASE I TOTAL:		\$	27,280.28
PHASE II TOTAL		\$	1,813,995.10
CONTRACT BASE PERIOD SUBTOTAL:		\$	1,841,275.37
OPTION YEAR 1 TOTAL:		\$	867,591.28
OPTION YEAR 2 TOTAL:		\$	805,145.75
OPTION YEAR 3 TOTAL:		\$	843,489.68
GRAND TOTAL FOR 5 YEAR CONTRACT: (Base Period + 3 Option Years)		\$	4,357,502.09



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Agenda

Item No. 32

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

OPS 970.11, CIP 11223

July 15, 2010

SUBJECT:

SDTI: CLOSED-CIRCUIT VIDEO SYSTEM FOR SAN DIEGO TROLLEY STATIONS -
CONTRACT AWARD (BILL BURKE AND MARCO YNIGUEZ)

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL125.0-10 (in substantially the same form as Attachment A) with Electro Specialty Systems, Inc. for the procurement and installation of a closed-circuit video system for San Diego Trolley, Inc. (SDTI) stations.

Budget Impact

The funding for this project is allocated under California Proposition 1B (Bond) for MTS Fiscal Year 10 Capital Improvement No. 11223-0800 in an amount not to exceed \$579,943.25.

DISCUSSION:

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

On May 7, 2010, MTS Issued an Invitation for Bids (IFB) to over 30 interested parties, and it was advertised in four newspaper publications for maximum exposure and competition.



The State of California Proposition 1B has provided SDTI funding for a closed-circuit video system to improve security at San Diego Trolley stations. This project will consist of furnishing, installing, programming, licensing, integrating, testing, and commissioning of closed-circuit video cameras, software, conduit, boxes, concrete saw-cutting/coring, video equipment cabinet, supporting concrete foundation, new video storage units, new video transmission equipment, and fiber-optic cable and connectors to eight (8) existing trolley stations.

On June 16, 2010, one responsive bid was received from Electro Specialty Systems (ESS). In accordance with the policies and procedures outlined in the Best Practices Procurement Manual (BPPM) section 4, a cost analysis is required when only one single responsive bid is received for any type of procurement.

Staff conducted a cost analysis, compared it to the engineers estimate, and found a 32 percent cost savings; it was then determined that Electro Specialty Systems' pricing is fair and reasonable (see Cost Analysis - Attachment B). Therefore, staff is requesting Board approval of MTS Doc. No. PWL125.0-10 for an amount not to exceed \$579,943.25.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Bill Burke, 619.595.4947, bill.burke@sdmts.com
Marco Yniguez, 619.557.4576, Marco.Yniguez@sdmts.com

JULY15-10.32.SDTI CCV.CONTRACT AWARD.MYNIGUEZ.doc

Attachments: A. Draft MTS Doc. No. PWL125.0-10
B. Bid Summary

DRAFT

STANDARD PROCUREMENT AGREEMENT

PWL125.0-10
 CONTRACT NUMBER
 OPS 970.11, CIP 11223
 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, a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: Electro Specialty Systems Address: 9474 Chesapeake Drive, Suite 903
 Form of Business: Incorporated San Diego, CA 92123
 (Corporation, partnership, sole proprietor, etc.)
 Telephone: (858) 571-7746

Authorized person to sign contracts: Daniel Brault President
 Name Title

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

To furnish and install all components and equipment as specified to successfully integrate, test, and commission a closed-circuit video system at all eight (8) San Diego Trolley stations as stipulated in the Invitation for Bids (IFB) MTS Doc. No. PWL125.0-10. The contractor shall pay prevailing wages as required by the California Labor Code and the Federal Davis-Bacon Act and in accordance with the Standard Procurement Agreement, Standard Condition Procurement, and the MTS Safety Department Standard Operating Procedures (SAF016-03).

The following order of precedence will govern the interpretation of this contract:

- 1) The Invitation for Bids dated May 7, 2010 and all three (3) addendums.
- 2) Electro Specialty System's bid dated June 16, 2010.
- 3) The Standard Procurement Agreement, including Standard Conditions Procurement.

The delivery, installation, testing, and acceptance for this project will be completed within 120 calendar days from the date of the Notice to Proceed. Total contract expenditure shall not exceed \$579,943.25. Price includes all materials, labor, and sales tax. Payment terms shall be net thirty (30) days from invoice approval date.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM		CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer		Firm: _____
Approved as to form:		By: _____ Signature
By: _____ Office of General Counsel		Title: _____
AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$579,943.25	11223-0800	2010

By: _____
Chief Financial Officer Date

Electro Specialty Systems, Inc. Bid

GRAND TOTALS	TOTAL
25 TH STREET AND COMMERCIAL STREET STATION:	\$ 51,318.53
32 ND STREET AND COMMERCIAL STATION	\$ 66,972.43
ENCANTO/62 ND STREET STATION	\$ 84,529.80
MASSACHUSETTS AVENUE STATION	\$ 95,520.43
LEMON GROVE STATION	\$ 75,924.83
70 TH STREET STATION	\$ 59,850.43
GRANTVILLE STREET STATION	\$ 83,226.06
GASLAMP QUARTER STATION	\$ 49,600.74
PERFORMANCE BOND	\$ 13,000.00
GRAND TOTAL – BASIS OF AWARD	\$ 579,943.25



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Agenda

Item No. 33

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

CIP 1210002

July 15, 2010

SUBJECT:

MTS: SIEMENS LIGHT RAIL VEHICLE (LRV) PROCUREMENT - CONTRACT
AMENDMENT (TIFFANY LORENZEN AND WAYNE TERRY)

RECOMMENDATION:

That the Board of Directors:

1. authorize the Chief Executive Officer (CEO) to execute a revised Amendment 2 (in substantially the same format as Attachment A) identifying the list of spare parts, special tools, and training to be provided by Siemens;
2. authorize the CEO to execute Amendment 4 to add train-to-wayside communications to the car order (in substantially the same format as Attachment B); and
3. increase the total budget for the procurement of low-floor vehicles from \$228,168,000 to \$233,000,000 and amend the SANDAG LRV procurement funding Memorandum of Understanding (MOU) (in substantially the same format as Attachment C).

Budget Impact

The total budget for the Blue and Orange Line Rehabilitation Project is currently set at \$619,327,000. The purchase of low-floor vehicles is part of this project and the line item for their procurement is currently \$228,168,000.



Expenditures on the project to date are as follows:

Amendment Number	Purpose	Cost
Base Contract	Purchase 57 vehicles	\$205,200,000
Base Contract	Sales tax on 57 vehicles	\$17,955,000
1	Name changes	\$0
2	Purchase spare parts	\$6,539,157.21*
3	Modify subsuppliers	\$1,389,658
4	Add bidirectional train-to-wayside communications	\$198,360*
	Sales tax on amendments 2, 3, and 4	\$711,127.84*
Total:		\$231,993,303.05

*Expenditures for Amendment Nos. 2 and 4, and the applicable sales tax are pending Board approval.

DISCUSSION:

On March 5, 2009, in conjunction with SANDAG staff, MTS presented the Executive Committee with findings from the consultants' assessment of the light rail system's low-floor capability and vehicle procurement needs. On March 19, the staffs of the two agencies presented to the Executive Committee a recommended implementation plan for execution of the Blue and Orange Line Rehabilitation Project and light rail vehicle (LRV) procurement. On March 26, the Board of Directors received a report and provided direction to staff regarding the consultant's recommendation for the procurement of shorter (82 feet v. 90 feet) LRVs and the Orange and Blue Line rehabilitation strategy based on funding availability and a project priority plan and phasing program.

Staff completed an agreement in August with the Utah Transit Authority to assume an option for a minimum of 57 (and up to 65) low-floor LRVs under its existing contract with Siemens. The CEO then conducted a two-day negotiation session with Siemens. The new S70US LRVs will be compatible with the existing fleet of 11 S70s and 52 SD 100s allowing the agency to operate low-floor LRVs on every consist in the system. The S70US LRVs mirror the look of the existing S70 fleet with respect to design and aesthetics with a car body length that is approximately 8 feet shorter to accommodate small block lengths in downtown San Diego.

On September 24, 2009, the Board of Directors authorized the CEO to execute a contract with Siemens to procure the vehicles contingent upon completion of Federal Transit Administration (FTA) procurement requirements as well as execution of a Memorandum of Understanding (MOU) with SANDAG to fully fund the procurement. The contract with Siemens was executed on September 30, 2009, in the amount of \$224,000,000 along with an MOU between MTS and SANDAG to fully fund the procurement of the 57 low-floor vehicles.

On October 1, 2009, due to an internal reorganization, MTS executed Amendment No. 1 to the contract changing the name from Siemens Transportation Systems, Inc., to Siemens Industry, Inc. (Siemens). Siemens provided updated insurance certificates and a Parent Company Guaranty while the Performance and Payment Bond was being reviewed. A Notice to Proceed (NTP) with the work was issued at the close of business on September 30, 2009.

Staff then began the process of creating a spare-parts inventory necessary in order to operate the new fleet of low-floor vehicles. By procuring spare parts at the same time the major component parts orders were being placed, MTS was able to take advantage of

lower pricing. The amount of spare parts was included in the original Board approval amount of \$224,000,000. The CEO executed Amendment No. 2 on March 3, 2010, in the amount of \$4,224,249 for spare parts.

Amendment No. 3 modified the suppliers for the exterior destination signs and the interior lighting and was previously approved by the Board on April 22, 2010.

Staff has continued to negotiate with Siemens to further refine the list of spare parts, special tools, and training modules. Revised Amendment No. 2 proposes to add approximately \$2,300,000 of additional spare parts necessary to operate the new vehicles efficiently and effectively, special tools, and a training module. Amendment No. 4 proposes to add bidirectional train-to-wayside communications to each vehicle. Proposed drafts for each of these amendments are included with this agenda item as Attachments A and B, respectively. Staff recommends that the Board authorize the CEO to execute Amendment No. 2 Revised and Amendment No. 4 to add these items to the procurement of low-floor vehicles. The Procurement Department has completed a detailed price analysis and confirmed the pricing for both amendments is fair and reasonable.

Approval of these amendments would also require an adjustment to the project budget. The total current budget for the procurement of low-floor vehicles is \$228,168,000. Authorizing the CEO to execute the new amendments would place the total project expenditures at \$231,993,303.05. Therefore, staff is also recommending that the Board authorize an increase of \$4,832,000 in the low-floor vehicle procurement.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Tiffany Lorenzen, 619.557.4512, tiffany.lorenzen@sdmts.com
Wayne Terry, 619.595.4906, wayne.terry@sdmts.com

JULY15-10.33.SIEMENS LRV PROCUREMENT.WTERRY.doc

Attachments: A. Draft MTS Document No. L0914.2-10 Revised
B. Draft MTS Document No. L0914.4-10
C. SANDAG LRV Procurement Funding MOU

July 15, 2010

MTS Doc. No. L0914.2-10 (**Revised**)
OPS 970.6, CIP 1210002

REVISED

Mr. Oliver Hauck
President & CEO
Siemens Industry, Inc.
7464 French Road
Sacramento, CA 95828

Dear Mr. Hauck:

Subject: **REVISED** AMENDMENT NO. 2 TO MTS DOC. NO. L0914.0-10 - PROCUREMENT OF 57
ULTRASHORT LOW-FLOOR VEHICLES CONTRACT

This **revised** amendment shall replace Amendment No. 2 issued on March 3, 2010, and serves to modify our agreement for the procurement of 57 ultrashort low-floor vehicles from Siemens Industry, Inc., as further described below.

SCOPE OF SERVICES

Remove paragraph 10 of Exhibit D "MTS Payment Schedule" and replace it with the following language:

Spare Parts and Special Tools: Payment for the spare parts and special tools set forth on **Revised** Exhibit 1 to Amendment No. 2 to MTS Document No. L0914.0-10 shall be made as follows:

- 20% of the value of the spare parts upon placement of the underlying purchase order by Contractor to its suppliers in increments of 25% of change order value;
- 30% of the value of the spare parts upon delivery to Contractor's facility in increments of 25% of change order value; and
- 50% of the value of the spare parts upon delivery to MTS in increments of 25% of change order value.

"In increments of 25% of change order value" shall mean 25% of the aggregate value of all spare parts ordered by MTS; i.e., Contractor shall not invoice MTS for each purchase order for each spare part ordered but shall bundle the invoices together.

Add the following language to the Contract:

Training: Provide a 16-hour, 2-day training class repeated sequentially three times through Siemens' subcontractor IFE at dates and times selected by MTS.

SCHEDULE

There shall be no change to the schedule of this contract.

Letter to Oliver Hauck
July 15, 2010
Page 2 of 2

PAYMENT

The total cost for the revised spare parts (\$6,091,007.34), special tools (\$225,276), the training module (\$222,873.87), and sales tax (\$572,176.26) shall not exceed \$7,111,333.47.

If you agree with the above, please sign in the space provided 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. Retain the other copy for your records.

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

Oliver Hauck
Siemens Industry, Inc.

JULY15-10.33.AttA.L0914.2-10.
SIEMENS LRVs.WTERRY.doc

Date: _____

DRAFT

July 15, 2010

MTS Doc. No. L0914.4-10
OPS 970.6, CIP 1210002

Mr. Oliver Hauck
President & CEO
Siemens Industry, Inc.
7464 French Road
Sacramento, CA 95828

Dear Mr. Hauck:

Subject: AMENDMENT NO. 4 TO MTS DOC. NO. L0914.0-10 - PROCUREMENT OF 57
ULTRASHORT LOW-FLOOR VEHICLES

This amendment shall serve to modify our agreement for the procurement of 57 ultrashort low-floor vehicles from Siemens Industry, Inc., as further described below.

SCOPE OF SERVICES

Add the following items or make the following changes to the contract:

1. Bidirectional Train-to-Wayside Communications. Add bidirectional train-to-wayside communications to each vehicle as set forth in the attached Exhibit A. Payment for this change will be as set forth below.

SCHEDULE

1. There shall be no change to the schedule of this contract for adding bidirectional train-to-wayside communications to each vehicle.

PAYMENT

1. Bidirectional Train-to-Wayside Communications. Contractor shall be entitled to the following payment:

Materials Costs	\$162,700.00
Engineering Costs	\$ 34,160.00
Project Management	\$ 1,500.00
Sales Tax	\$ 17,356.50
Total Price	\$215,716.50

Sales tax for amendment number three is also included in this agreement in the amount of \$121,595.80.

If you agree with the above, please sign in the space provided 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. Retain the other copy for your records.

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

Oliver Hauck, President
Siemens Industry, Inc.

JULY15-10.33.AttB.L0914.4-10
SIEMENS LRVs.WTERRY.doc

Date: _____

**AMENDMENT 1 TO MEMORANDUM OF UNDERSTANDING
BETWEEN SAN DIEGO ASSOCIATION OF GOVERNMENTS
AND METROPOLITAN TRANSIT SYSTEM
REGARDING FUNDING AND PROCUREMENT OF
LOW-FLOOR LIGHT RAIL VEHICLES
SANDAG CONTRACT NO. 5001344**

This Amendment 1 to the Memorandum of Understanding ("MOU") is made and entered into effective as of this ___ day of July 2010, by and between the San Diego Association of Governments ("SANDAG") and the Metropolitan Transit System ("MTS").

AGREEMENT

WHEREAS, MTS proposes to amend its agreement with Siemens to add approximately \$2,000,000 of additional spare parts, special tools, and training necessary to operate the new light rail vehicles for the Project efficiently and effectively; and

WHEREAS, MTS also proposes to amend the Siemens agreement to add bidirectional train-to-wayside communications and other improvements to each vehicle; and

WHEREAS, the parties agree that these amendments to the Siemens agreement, which would total approximately \$4,000,000, are in the best interest of the parties and that therefore the funding SANDAG is to provide to MTS for the Project should be increased accordingly;

NOW THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

I. SANDAG AGREES:

1. To increase the not-to-exceed amount for the manufacture, delivery, sales tax, testing and commissioning, training, and supply of spare parts and special tools for 57 new US70 light rail vehicles, including changes or claims resulting from any contract(s) with Siemens or its suppliers, contractors, or consultants involved in the manufacture, delivery, testing, commissioning, or training directly related to the manufacture and acceptance of these light rail vehicles from \$228,168,000 to \$233,000,000. In the event that MTS believes that this amount will be exceeded, it will notify SANDAG, and the parties will meet to discuss whether an amendment to this MOU is appropriate.

All other terms and conditions of the original MOU shall remain the same.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment 1 effective on the day and year first above written.

SAN DIEGO ASSOCIATION OF
GOVERNMENTS

METROPOLITAN TRANSIT SYSTEM

GARY L. GALLEGOS
Executive Director

PAUL C. JABLONSKI
Chief Executive Officer

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Office of General Counsel

Office of General Counsel

JULY15-10.33.AttC.SANDAG MOU LRV PROCUREMENT.TLOREN.doc



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San Diego, CA 92101-7490
(619) 231-1466 • FAX (619) 234-3407

Agenda

Item No. 34

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

ADM 150.3

July 15, 2010

SUBJECT:

MTS: SALARY RANGE ADJUSTMENTS (JEFF STUMBO)

RECOMMENDATION:

That the Board of Directors approve the revised salary ranges (Attachment A) for management employees.

Budget Impact

None for fiscal year 2011.

DISCUSSION:

Salary ranges for management employees have not been comprehensively revised since January 2005 when the Board unified the previously separate salary ranges for MTS, San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI) as part of Senate Bill 1703 and the consolidation with the San Diego Association of Governments (SANDAG). At that time, the Board recognized that this structure would be refined over the years. Since then, many changes have occurred at MTS—positions and responsibilities have been restructured, titles and reporting relationships have been modified, and approximately 20% of management positions have been frozen or eliminated. The annual merit increase through the salary grade range is the only mechanism by which to compensate employees. There are no step-grade increases,



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

cost of living allowance (COLA) payments were eliminated in 2005, and the performance objectives bonus program was eliminated in 2008.

To ensure MTS's salary ranges remain competitive in our mission to attract and retain quality employees, staff conducted a comprehensive compensation survey and salary range study. The study included local governmental agencies and comparably sized transportation agencies in California and across the United States. Based on the survey's results, staff recommends that the Board approve the attached revised salary ranges (Attachment A).

The most recent internal audit showed a few staff members' salaries had been adjusted beyond the current salary range. All of these adjustments were based upon an increase in duties or changes in the position responsibilities; for example, the Chief Operating Officer-Bus assumed all of the duties and responsibilities of the former Director of Multimodal operations when that position was eliminated.

MTS's enabling legislation specifies that the Board determines the annual budget and the salaries of its employees and officers. When employees' salaries exceed their range, they receive any merit increase or adjustment as a lump-sum payment. Since ranges have not been comprehensively adjusted since 2005, some key staff members' salaries are capped by the current ranges. Increasing the ranges allows these tenured employees to receive their merit increases or salary adjustments for assumption of additional duties and responsibilities over the course of the year rather than as a lump sum.


Board approval of the proposed salary ranges would:

1. more closely align the salary ranges with those of comparable employers in San Diego;
2. adjust the salary range maximums to keep pace with expected inflation over the next several years; and
3. provide relief to staff who would otherwise receive a raise as a bonus because they are at the top of their range.

If approved, the Board's action would only modify the salary ranges (not increase the compensation of any particular employee); therefore, this proposal does not have a budget impact within the current fiscal year. The MTS administrative code delegates the authority for individual salary increases to the Chief Executive Officer. On an annual basis, the MTS Board approves a personnel line item that may or may not include funding for merit increases. When budgeted by the Board, the Chief Executive Officer awards merit increases to individual staff members based upon their performance.

Position Titles

As part of the continued effort to consolidate MTS functions, staff has changed some position titles to create a uniform set of management titles and to better align titles with those at other transit agencies. The title changes do not change the salaries of the personnel currently in those positions.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Jeff Stumbo, 619.557.4509, Jeff.Stumbo@sdmts.com

JULY15-10.34.SALARY ADJ.JSTUMBO.doc

Attachment: A. Revised Salary Ranges

Salary Schedule

7/1/2010

Range	Title / Position Code(s)	MTS	Trolley	Transit	MIN	MID	MAX
1	RECEPTIONIST - M4117	1			\$23,670	\$30,658	\$37,646
2	TRANSIT OPERATIONS TECHNICIAN - M4533	1			\$27,539	\$35,558	\$43,577
	HUMAN RESOURCES ASSISTANT - M4120	1					
	OFFICE CLERK II - M4503	1					
	MAINTENANCE CLERK - B1642			1			
3	ASSISTANT TRANSPORTATION PLANNER - M4208				\$31,000	\$39,530	\$48,059
	ADMINISTRATIVE ASSISTANT- M4802 , M4805	1					
	REVENUE ANALYST - B1244			1			
	INFORMATION SERVICE REP- B1412			1			
	ACCOUNTING ASSISTANT - M4330, R2358, B1218	1	1	1			
	PAYROLL COORDINATOR - M4311, B1221	1		1			
4	COMMUNITY RELATIONS COORDINATOR - M4620				\$31,704	\$41,091	\$50,477
	COMMUNICATION DESIGNER						
	ADMINISTRATIVE ASSISTANT (COPY CENTER) - M4456	1					
	WORKER'S COMPENSATION REPRESENTATIVE - B1234						
5	JR TRANSIT OPERATIONS SPECIALIST - M4526				\$34,944	\$45,586	\$56,227
	CENTRAL CONTROL INFO. REP. - M4715						
	MARKETING COORDINATOR - M4610	1					
	TRAINING SPECIALIST - M1133						
	TRANSPORTATION / SAFETY ANALYST - M4455						
	COMMUNICATION DESIGNER I/II - M4604	1					
	PROCUREMENT ASSISTANT - M4813	1					
	HUMAN RESOURCES REPRESENTATIVE I - B1108, M4118						
	ADMINISTRATIVE ASSISTANT II - M4116, M4501, M4802, R3010,	3	1	1			
	COMPUTER SUPPORT SPECIALIST - M4162, M4164, B1812	2					
6	FIELD TECHNICIAN - M4168				\$36,696	\$48,095	\$59,494
	SENIOR PAYROLL COORDINATOR - M4313						
	REGULATORY INSPECTOR - M4515	2					
	REGULATORY ANALYST - M4514	3					
	CUSTOMER SERVICE SUPERVISOR - B1410			4			
	LIABILITY CLAIMS ADJUSTOR - B1233			1			
	TELEPHONE INFORMATION SUP - B1406			2			
7	EXECUTIVE ASST GC/ASST CLERK OF BOARD - M4055	1			\$38,532	\$50,138	\$61,743 62,978 (2%)
	SUPERVISOR OF BUILDING MAINTENANCE - M4411	1					
	REGULATORY SUPERVISOR - M4513	1					
	FACILITIES SUPERVISOR - R2420		6				
	REVENUE SUPERVISOR - R2310		2				
	CUSTOMER SERVICE SUPERVISOR - B1410			1			
	TELEPHONE INFORMATION SUP - B1406			2			
	STORE SUPERVISOR - R2605						
	CODE COMPLIANCE SUPERVISOR - R1410, M4703	2	3				
	EXECUTIVE ASSISTANT - R4812, M4810 , B1010	1	1	1			

8	MARKETING COORDINATOR II - M4611				\$40,452	\$52,710	\$64,967 66,266 (2%)
	ASSISTANT TRANSPORTATION OPS SPECIALIST - M4522	1					
	MEDIA AND COMMUNICATIONS SPECIALIST - M4615						
	COMMUNICATIONS DESIGNER III - M4605	1					
	PROGRAMMER ANALYST - M4182						
	PROJECT ACCOUNTANT - M4317	1					
	FIELD SYSTEMS ENGINEER - M4157						
	BENEFITS AND COMPENSATION ANALYST - M4111	2					
	FINANCE ANALYST - M4315						
	ASSOCIATE SCHEDULER - M4211	1					
	ADVERTISING SPECIALIST - M4612	1					
	PROPERTY ACCOUNTANT - M4309	1					
	SR TELEPHONE INFORMATION SUP - B1405			1			
	HUMAN RESOURCES ANALYST - B1109			1			
	TRANSIT STORE SUPERVISOR - B1408			1			
	EXECUTIVE ASST CEO/CLERK OF BOARD - B1011, M4061	1					
	ASSOCIATE TRANSPORTATION PLANNER - M4206, B1322, M4205						
	STAFF ACCOUNTANT - M4328, B1228	1		1			
9	HUMAN RESOURCES REP II - M4119, B1107, M4110	2		1	\$44,604	\$57,814	\$71,024 73,155 (3%)
	OPERATIONS/ADMIN INSTRUCTOR - B1117, M1132						
	SERVER SYSTEMS SPECIALIST - M4156	1					
	SYSTEMS ENGINEER - M4166						
	ASSISTANT STORES MANAGER - M4702	1					
	SENIOR BUS OPERATIONS INSTRUCTOR - M4803	1					
	BENEFITS AND COMPENSATION ANALYST - M4111	2					
	HELP DESK/OFFICE SUPERVISOR - M4154						
	BUDGET ANALYST - M4318, B1229						
	LIABILITY CLAIMS ADJUSTOR - M4804	1					
	RADIO SYSTEMS ENGINEER - M4163	1					
	DATABASE SYSTEMS ANALYST - M4169						
	ASSISTANT PAYROLL MANAGER - M4313	1					
	SYSTEMS SUPERVISORS - R3332		12				
	ASSIGNMENTS SUPERVISOR - R3320		4				
	PROCUREMENT ANALYST - B1208						
	MAINTENANCE INSTRUCTOR - B1118			1			
	QUALITY ASSURANCE INSPECTOR - B1706			1			
	SENIOR TELEPHONE INFORMATION SUPERVISOR - B1405			1			
	STOREROOM SUPERVISOR - B1720, B1715			2			
	CONTRACT SPECIALIST - M4051, B1212			1			
10	BUYER - R2220, B1207, M4504	1	2		\$46,836	\$59,754	\$72,671 74,852 (3%)
	FOREMAN - M4405, B1646, B1645, M4410	4		12			
	HUMAN RESOURCES REP II - M4119, B1107, M4110	2		1			
	MAINTENANCE ANALYST - B1605, M4801	1					
	SERVICE OPERATIONS SUPERVISOR - B1386, M4701	2		10			
	SCHEDULING ANALYST - M4460						
	BENEFITS AND COMPENSATION SUP. - M4108	1					
	PROCUREMENT SPECIALIST - M4800	2					
	PROGRAMMER ANALYST II - M4181						
	ASSISTANT RIGHT-OF-WAY AGENT - M4058	1					
	STORES MANAGER - R2600				\$46,836	\$59,754	\$72,671 74,852 (3%)
	ASSIGNMENTS SUPERVISOR - R3320		4				
	SYSTEMS SUPERVISORS - R3332		12				
	STOREROOM SUPERVISOR - B1720, B1715			2			
	SCHEDULING SPECIALIST - B1328						
	COMM./OPS SUPERVISOR - M4454, B1391, B1303, B1308	6		10			
	SERVICE OPERATIONS SUPERVISOR - B1386, M4701	2		10			

11	ACCOUNTING SUPERVISOR - M4325				\$51,636	\$67,193	\$82,749
	ASSOC. TRANSPORTATION OPS SPECIALIST - M4531, M4521						
	WAYSIDE MAINT SUPERVISOR - R3120		4				
	LRV MAINT SUPERVISOR - R3222		6				
	QUALITY CONTROL SUPERVISOR - R3210						
	REVENUE MAINTENANCE SUPERVISOR - R2350		2				
	MANAGER OF TSS FIELD OPERATIONS - R1406		1				
	SECURITY / CRIME ANALYST - R1430		1				
	TRACK SUPERVISOR - R3130		2				
	TRAINING SUPERVISOR - TRANSPORTATION - R3350		1				
	TRAINING SUPERVISOR - MOW - R3123						
	TRAINING SUPERVISOR - LRV - R3228		1				
	TRANSPORTATION CONTROLLER - R3338		13				
	TRAINING COORDINATOR - SECURITY - R1440						
	LRV PROJECT COORDINATOR / ANALYST - R3211		1				
	MANAGEMENT DEVELOPMENT SPECIALIST - B1106			1			
	MANAGER OF SERVICE QUALITY ASSURANCE - B1700						
	QUALITY ASSURANCE SUPERVISOR - B1705			4			
	SENIOR SCHEDULING SPECIALIST - B1327						
	ASSISTANT MANAGER OF TRANSPORTATION						
	SENIOR SYSTEMS ENGINEER - B1806, M4160	1					
	COMM./OPS SUPERVISOR - M4454, B1391, B1303, B1308	6		10			
	FOREMAN - M4405, B1646, B1645, M4410	4		12			
12	RIGHT OF WAY ENGINEER - M4059	1			\$56,928	\$73,255	\$89,581
	NETWORK OPERATIONS MANAGER - M4167	1					
	SENIOR PROGRAMMER ANALYST - M4181, B1801	2					
	ASSISTANT BUDGET MANAGER - M4807	1					
	SCHEDULES / OPERATIONS ANALYST - R3500		1				
	ASSISTANT DIRECTOR - TSS - R1405		4				
	CENTRAL CONTROL SUPERVISOR - R3330		2				
	REVENUE MANAGER - R2300		1				
	SPECIAL EVENTS COORDINATOR - R3400		1				
	SYSTEM SAFETY MANAGER - R3600		1				
	QUALITY ASSURANCE SUPERVISOR - B1705			1			
	REVENUE MANAGER - B1240			1			
	MANAGER OF SAFETY (BUS) - B1500			1			
	MANAGER OF TRAINING - B1115			1			
	SENIOR BUYER - B1211						
	STORE ROOM MANAGER - B1850			4			
	MANAGER OF SERVICE OPERATIONS - B1380			4			
	TRANSPORTATION DIVISION MANAGER KMD/IAD - B1389, B1051			2			
	ASST MANAGER OF MAINTENANCE - B1643, B1644			2			
	PAYROLL MANAGER - B1220, M4312	4					
	SENIOR STAFF ACCOUNTANT - R2359, M4322	1					
13	BUSINESS SYSTEMS ANALYST - M4170	1			\$59,772	\$77,414	\$95,055
	GRANTS ADMINISTRATOR - M4316	1					
	BUDGET MANAGER - M4308						
	COMMUNICATIONS DESIGN MANAGER - M4602	1					
	INTERNAL AUDITOR - M4053	1					
	RISK MANAGEMENT COORDINATOR II - M4056						
	TAXICAB ADMINISTRATION MANAGER - M4510	4					
	SENIOR TRANSPORTATION OPS SPECIALIST - M4523, M4532	1					
	SENIOR TRANSPORTATION PLANNER - M4202	5					
	PRINCIPAL CONTRACT ADMINISTRATOR	1					
	MANAGER OF RISK AND LOSS PREVENTION - M4060	1					
	ASSISTANT DIRECTOR - TSS - R1405		1				
	ASSISTANT SUPERINTENDENT - TRANSPORTATION - R3310		4				

13	ASSISTANT SUPERINTENDENT OF LRV - R3205		1		\$59,772	\$77,414	\$95,055
	ASSISTANT SUPERINTENDENT OF WAYSIDE MAINT - R3105		1				
	FACILITIES MANAGER - R2400		1				
	MANAGER OF CLAIMS AND LIABILITY - B1235			1			
	MANAGER FACILITIES- B1900			1			
	MANAGER OF PASSENGER SERVICES - B1400			1			
	MANAGER OF SCHEDULING - B1320			1			
	SOFTWARE DEVELOPMENT MANAGER - B1807			1			
14	PAYROLL MANAGER - B1220, M4312	1			\$62,760	\$81,348	\$99,935
	STORE ROOM MANAGER - B1850			1			
	MANAGER OF SERVICE OPERATIONS - B1380			1			
	MANAGER OF TRANSPORTATION - R3310		1				
	MANAGER OF LRV - R3205		1				
	MANAGER OF WAYSIDE MAINT - R3105		1				
	ASSISTANT MANAGER OF MAINTENANCE - B1643, B1644			2			
	FACILITIES MANAGER - R2400		1				
	MANAGER OF PASSENGER SERVICES - B1400			1			
	MANAGER FACILITIES- B1900			1			
	TRANSPORTATION DIVISION MANAGER KMD/IAD - B1389, B1051			2			
	FINANCE MANAGER - M4320	1					
	PROJECT ENGINEER - R1502		1				
15	MANAGER OF MARKETING - M4601	1			\$65,904	\$85,466	\$105,027
	MANAGER OF MAINTENANCE - B1640			1			
16	TAXICAB ADMINISTRATION MANAGER - M4510	1			\$69,192	\$90,922	\$112,651
	PROJECT ENGINEER - R1502		1				
	CONTRACT SERVICES ADMINISTRATOR - M4520, M4530	3					
	ASSISTANT TECHNOLOGY OFFICER - M4183	1					
17	CONTRACT SERVICES ADMINISTRATOR - M4520, M4530	1			\$72,648	\$94,142	\$115,636
	ASSISTANT TECHNOLOGY OFFICER - M4183	1					
	ACCOUNTING MANAGER - M4320	1					
	MANAGER OF TRANSPORTATION - B1304			1			
	MANAGER OF MAINTENANCE - B1640						
	MANAGER OF HUMAN RESOURCES- M4101, R1200, B1105	1	1				
	CONTROLLER - M4305	1					
	MANAGER OF PROCUREMENT - M4806	1					
	ENGINEERING LIAISON - R1500						
	MANAGER OF CAPITAL PROJECTS (RAIL) - R1501		1				
18	CHIEF TECHNOLOGY OFFICER - B4151			1	\$80,000	\$102,592	\$125,184 127,688 (2%)
	MANAGER OF PROCUREMENT - M4806	1					
	MANAGER OF CAPITAL PROJECTS (RAIL) - R1501		1				
	MANAGER OF REAL ESTATE ASSETS - M4057	1					
	CHIEF TECHNOLOGY OFFICER - B4151			1			
	SUPERINTENDENT OF LRV MAINT - R3200		1				
	DIRECTOR OF TRANSIT SYSTEM SECURITY - R1400		1				
	SUPERINTENDENT OF TRANSPORTATION - R3300		1				
	SUPERINTENDENT OF WAYSIDE MAINT - R3100		1				

19	DIRECTOR OF FINANCIAL PLANNING AND ANALYSIS	1			\$88,320	\$111,810	\$135,300
	CONTROLLER - M4305	1					
	CHIEF TECHNOLOGY OFFICER – B4151			1			
20	NO POSITIONS				\$92,736	\$120,047	\$147,357
21	DIRECTOR OF GOVERNMENT AFFAIRS – M4650	4			\$102,240	\$132,384	\$162,527
	DIRECTOR OF HR AND LABOR RELATIONS – M4100	4					
	DIRECTOR OF CONTRACT SERVICES - M4502						
	DIRECTOR OF MARKETING AND COMMUNICATIONS – M4600	4					
	DIRECTOR OF TRANSPORTATION (BUS) - M4450	1					
	DIRECTOR OF MAINTENANCE - M4401, B1601	1					
	DIRECTOR OF PLANNING AND SCHEDULING – M4200						
	DIRECTOR OF LRV MAINTENANCE - R3200		1				
	DIRECTOR OF TRANSPORTATION (RAIL) - R3300		1				
DIRECTOR OF WAYSIDE MAINTENANCE - R3100		1					
22	VICE PRESIDENT OF PLANNING AND GOVERNMENT AFFAIRS - M4	1			\$112,716	\$149,210	\$185,705 190,348(2.5%)
	VICE PRESIDENT OF HR AND LABOR RELATIONS - M4100	1					
	VICE PRESIDENT OF MARKETING AND COMMUNICATIONS - M4600	1					
	VICE PRESIDENT OF TRANSIT SYSTEM SECURITY - R1400		1				
	GENERAL COUNSEL - M4050	1					
	CHIEF FINANCIAL OFFICER - M4300	1					
	CHIEF OPERATING OFFICER - M4400, R4811	1	1				
23	CHIEF EXECUTIVE OFFICER - M4000	1			Contract		
PT	INTERN - MULTIMODAL - M4534	3			Part Time		
	SR. CONTRACT SERVICES INTERN - M4535						
	LAW CLERK - M4052						
	OPERATIONS ASSISTANT - RIDE CHECKER - M4209	4					
	PLANNING INTERN - M4210						
	CLASSROOM DAY TRIPPER COORDINATOR - B1416			1			
P/T TRAINING INSTRUCTOR - B1120							



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Agenda

Item No. 35

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

FIN 340

July 15, 2010

SUBJECT:

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

RECOMMENDATION:

That the Board of Directors:

1. approve the adjusted fiscal year 2011 Capital Improvement Program (CIP) with the revised federal (Attachment A) and nonfederal funding levels (Attachment B); and
2. forward a recommendation to the San Diego Association of Governments (SANDAG) Board of Directors to approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2011 CIP recommendations.

Executive Committee Recommendation

The MTS Executive Committee met on July 8, 2010, and approved forwarding this recommendation to the Board of Directors.

Budget Impact

Decreases in original funding combined with the addition of newly available funding will provide for a net increase of \$19.1 million to the CIP.



DISCUSSION:

On Friday, May 14, 2010, MTS received notification from the U.S. Department of Homeland Security that it would be providing additional funding for security-related projects. The federal fiscal year 2010 allocation would help to fund fiber-optics and closed-circuit televisions onboard buses to enhance MTS's emergency management. This development has resulted in a \$3.8 million addition to the FY 11 CIP. In addition, on June 9, 2010, MTS received \$2.7 million from the California Emergency Management Agency for the LRV Onboard CCTV Project.

On May 17, SANDAG staff notified MTS of the decrease of \$2.4 million in federal fiscal year 2010 formula funds. The revised allocation for the MTS Section 5307 program is \$38.7 million, which would be matched with \$8.7 million in local funds. This program would provide an estimated \$47.4 rather than the \$50.1 million originally estimated. The revised Section 5309 funds allocation is now \$13.8 million and would be matched with \$3.4 million in local funds. This program would provide \$17.2 million rather than the \$17 million originally estimated.

The newly adjusted federal fiscal year 2010 Federal Register amounts also provided for the allocation of \$800,000 for bus and bus-related equipment, which will be matched with \$200,000 in local funds. This newly apportioned earmark is intended to fund capital related to the Regional Transportation Management System (RTMS). The RTMS is intended to support radio and dispatch equipment needs throughout the system.

Generally, the allocation of funds from the FTA requires that grantees provide a 20 percent local match for each project submitted. However, on May 26, 2010, MTS staff received notification that the Federal Highway Administration (FHWA) has implemented the use of Transportation Development Credits (TDC) as a form of local match for some FTA projects. Because the TDC provides a credit toward a project's local share, it allows grantees to fund these capital projects with 100% federal funds within the current year's formula funds allocation. Although this program does not increase the amount of funding received, it does provide for greater funding flexibility within the CIP.

In an effort to locate additional funding for the previously approved FY 11 capital, staff submitted a proposal to the California Energy Commission. On May 17, MTS received confirmation that \$186,148 of the requested amount had been granted as part of the California Energy Commission's Alternative and Renewable Fuel and Vehicle Technology Program. This grant award will be matched with local funds of \$47,000 for a total of \$233,150 to be used for the CNG Station Improvements Project.

During the May 28, 2010 SANDAG Board of Directors meeting, SANDAG approved the allocation of the remaining \$10.1 million in TransNet 1 funds to MTS for items related to the Mission Valley East Light Rail Transit Project and MTS operations. The allocation provides \$2.2 million to fund remaining capital expenses related to the Mission Valley East Light Rail Transit Project and \$7.9 million to fund operations. As a result of the remaining amount of TransNet 1 funds being allocated to operations, the MTS Board of Directors approved the shift of \$7.9 million of Transportation Development Act (TDA) funding into the CIP on June 10, 2010.

In addition, staff has identified \$3,387,020 from previously budgeted capital projects to offset the decrease in federal formula funds and meet newly identified FY 11 capital needs.

Under the newly revised budget and newly identified capital needs, the allocation of capital projects has been adjusted. The capital projects list (Attachment B) represents the revised five-year, unconstrained needs for MTS operators. The federal and nonfederal funding adjustments resulted in a total of \$55.6 million available (after preventative maintenance and SANDAG planning studies) to be used for the CIP. Forty-five percent or \$23 million of that amount has been dedicated to previously approved land and facility projects. The remaining amount of funding is allocated based on need.

The table below is a summary of the revised funding recommendations, the major categories that are proposed to be funded, and the percentage of total available funding based on FY 11 capital needs.

FY 11 Capital Project Categories	Funding	% of Total
Land & Facility Projects	\$ 23,883	43%
LRV Components (Tires, Body Rehab, Other)	\$ 7,160	13%
Major Facility & Construction Projects	\$ 6,682	12%
Other Equipment & Installations (LRV & Bus)	\$ 5,657	10%
Security Projects	\$ 7,715	14%
Rail Infrastructure	\$ 2,667	5%
CNG Revenue Vehicles	\$ 1,351	2%
Miscellaneous Operating Capital	\$ 500	1%
Total Project Funding Available	\$ 55,615	100.0%



Paul C. Jablonski
Chief Executive Officer

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

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Attachments: A. Fiscal Year 2011 Detailed Federal CIP
B. Fiscal Year 2011 Detailed Nonfederal CIP

Fiscal Year 2011 Detailed CIP Funding

Funding Description	Grant	FY11	FY12	FY13	FY14	FY15
FFY10-5307 Funding Estimate		38,697	40,245	41,855	43,529	45,270
TDA Local Match (5307) 20%	TDA	8,707	9,055	9,417	9,794	10,186
FFY10-5309 Rail Mod Funding Estimate		13,792	14,343	14,917	15,514	16,134
TDA Local Match (5309) 20%	TDA	3,448	3,586	3,729	3,878	4,034
FFY09- 5307 Carry forward		3,441				
TDA Local Match (5307) 20%	TDA	860				
FFY09- 5309 Carry forward		1,598				
TDA Local Match (5309) 20%	TDA	400				
FFY10 RTMS Earmark	BUSP-029	800				
TDA Local Match (Earmark) 20%		200				
FFY09 TSGP (LRV Station CCTV)		398				
FFY09 TSGP (Bus On Board CCTV)		498				
FFY10 TSGP (Fiber optics)		3,382				
FFY10 TSGP (Bus On Board CCTV)		500				
FFY10 CEC award for CNG upgrades	PON-09-006	186				
TDA Local Match (CEC grant) 20%		47				
Transnet 1		2,200				
TDA		7,900				
FY09 CNG Rebate Overage		238				
Project Transfer- MTS #11199 (2007)	CA-90-Y474	51				
Project Transfer- MTS #11199 (2008)	CA-05-0220	107				
Project Transfer- MTS #11199 (2009)	CA-05-0233	21				
Project Transfer- MTS #11199 (2009)	CA-05-Y677	392				
Project Transfer- MTS #11199	TDA	143				
Project Transfer- MTS #11192	CA-90-Y474	280				
Project Transfer- MTS #11192	TDA	70				
Project Transfer- MTS #11163	CA-90-Y474	9				
Project Transfer- MTS #11163	TDA	2				
Project Transfer- SANDAG #11147	CA-90-Y350	66				
Project Transfer- MTS #11239- no match	CA-90-Y677	931				
Project Transfer- MTS #11237	Earmarks (2)	778				
Project Transfer- MTS #11237	Y677	113				
Project Transfer- MTS #11237	Y748	200				
Project Transfer- MTS #11237	TDA	279				
Project Transfer- MTS #11272	Y748	800				
Project Transfer- MTS #11272	TDA	200				
Project Transfer- MTS #11219	STA	168				
Project Transfer- MTS #11200	TDA	476				
Project Transfer- MTS #11272	Y748	2,194				
Project Transfer- MTS #11272	TDA	549				
Prop 1B (FY09-10 California TSGP)		2,700				
Prop1B		-	16,400	16,400	16,400	16,400
TDA swap for ADA federal funds		3,870	4,024	4,185	4,353	4,527
SANDAG Planning Study		(705)	(733)	(763)	(793)	(825)
Preventive Maintenance- Federal, no match req		(3,870)	(4,024)	(4,185)	(4,353)	(4,527)
Preventive Maintenance- Fed+Match		(41,500)	(41,500)	(41,500)	(41,500)	(41,500)
Available Funding for FY 11 Capital Program		55,615	41,395	44,055	46,821	49,698

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Fiscal Year 2011 Detailed CIP

Project Number	Project Description	Thru FY10	FY11 funded	FY11 Unfunded	FY12	FY13	FY14	FY15	BUDGET FY11 - FY15
11303	ADA Land & Facility Purchase	-	19,200	-	-	-	-	-	19,200
11288	Security Fiber optics (orange & green line)	-	3,382	-	-	-	-	-	3,382
11280	MTS CNG Station Improvements- IAD, KMD, SB	575	3,233	2,100	-	-	-	-	5,333
11271	LRV On Board CCTV	-	2,700	-	-	-	-	-	2,700
10426	Mission Valley East	503,931	2,200	-	-	-	-	-	2,200
1048500	SBMF Acquisition & Expansion	11,037	1,817	3,050	32,000	1,000	-	-	37,867
11309	New Wheel Truing Machine/ Wheel scan	-	1,800	-	-	-	-	-	1,800
1142100	Substation Rehabilitation (Substation Standardization)	3,618	1,600	-	-	-	-	-	1,600
11276	SDTI Ticket Vending Equipment- multi yr contract	500	1,375	-	869	-	-	-	2,244
11306	Para-Transit Vehicles	7,811	1,351	-	7,482	-	7,482	-	16,315
11184	Bus Video Cameras & Back office	4,128	1,236	-	-	-	-	-	1,236
11214	LRV HVAC Overhaul- multi yr contract	2,229	1,200	-	-	-	-	-	1,200
11290	South Bay Radio, Dispatch equipmnt, AVL & APC's	-	1,000	3,500	-	-	-	-	4,500
11307	NEW IT System	102	1,000	-	901	-	-	-	1,901
NEW	Substation SCADA design CTC integration (MVW/Orange)	-	1,000	-	-	-	-	-	1,000
1129200	Overhead Catenary System Standardization (Head spans)	400	975	-	-	-	-	-	975
1049600	East County Facility Redevelopment (Constr)	1,428	972	-	12,198	20,948	17,948	-	52,065
11304	Buffer/ Coupler Overhaul (SD-100)	-	960	-	520	520	-	-	2,000
1128600	LRV Carwash -Construction	150	850	-	-	-	-	-	850
11167	LRV Tires- multi yr contract	2,117	750	-	750	750	750	750	3,750
11224	Bucket/Crane/Platform	1	665	-	-	-	-	-	665
11302	SD-100 Main Breaker Replacement	-	650	-	-	-	-	-	650
11200	Misc. Capital Non Federal	1,730	500	-	500	500	500	500	2,500
11251	Gearbox Overhaul- multi yr. contract	2,000	500	-	500	-	-	-	1,000
11254	LRV Brake Overhaul	975	450	-	800	800	800	800	3,650
11286	IAD Bus Wash Replacement- Design	-	450	-	-	-	-	-	450
11287	Body Hoist Overhaul (C4&C5)	-	400	-	-	-	-	-	400
11223	LRV Station CCTV Components (Phase 2)	2,094	398	-	-	-	-	-	398
1128000	High Voltage Breaker Replacement	320	350	-	-	-	-	-	350
11289	SDTC Service Trucks (3-F450's)	-	335	-	-	650	-	-	985
11206	Rail Profile grinding (continued)- multi yr contract	1,323	325	-	325	325	325	325	1,625
11275	SD100 Traction Motor Disconnects	275	275	-	-	-	-	-	275
11216	LRV Electronic Components- multi yr contract	730	250	-	-	-	-	-	250
11183	System Cross Ties & Ballast- multi yr contract	990	225	-	280	280	280	280	1,345

Project Number	Project Description	Thru FY10	FY11 funded	FY11 Unfunded	FY12	FY13	FY14	FY15	BUDGET FY11 - FY15
NEW	IAD HVAC and Roof Repairs- Design	-	209	-	-	-	-	-	209
NEW	Direct fixation track repair on Fletcher bridge	-	200	-	-	-	-	-	200
1128100	Mainline drainage- Palm to Hill in El Cajon	260	143	-	-	-	-	-	143
NEW	Spring Street Transit Center- retaining wall and platform repair	-	128	-	-	-	-	-	128
11299	Escalator and Elevator Capital expenses	-	125	-	128	130	133	135	651
11301	Building A- A/C and heating replacement	-	125	-	500	-	-	-	625
11300	Transit Center Signage Project	-	100	-	100	100	-	-	300
1128300	ADA Station Improvement- Old Town handrail / fence repair	589	98	-	-	-	-	-	98
11294	Building A- roll up door replacement	-	50	-	-	-	-	-	50
11295	Fiber Optic Test Equipment	-	25	-	-	-	-	-	25
11296	Radio Communications Recorder	-	19	-	-	-	-	-	19
11297	Multifunction Color Copier	-	13	-	-	-	-	-	13
11298	Multifunction Welder	-	7	-	-	-	-	-	7
	MTS Solar Panel Installations	-	-	4,175	-	-	-	-	4,175
	Para-Transit Automatic Vehicle Locator, Mobile Data Terminal & Camera	-	-	1,863	-	-	-	-	1,863
	Blue line bridge repairs- Chollas Creek, 8th St, Beyer.	-	-	950	-	-	-	-	950
	Rio Vista station- Retaining wall and platform repair	-	-	510	-	-	-	-	510
	Bus Replacement	-	-	-	22,500	22,500	22,500	22,500	90,000
	Blue Line	43,442	-	-	33,179	37,179	39,179	32,179	141,717
	CVT 40-Foot Full-size Buses (15,10)	5,102	-	-	6,375	4,250	-	-	10,625
	Electronic Message Board Replacement	-	-	-	3,200	-	-	-	3,200
	Destination Sign, Comm., GPS(SD-100)	-	-	-	1,900	-	-	-	1,900
	Regional Communication System Radio Replacement (178)	-	-	-	1,355	-	-	-	1,355
	Inverters	-	-	-	1,300	1,300	-	-	2,600
	Chopper (propulsion container) Overhaul	-	-	-	1,250	1,250	1,250	1,250	5,000
	Grade crossing replacement	-	-	-	1,200	1,200	1,200	1,200	4,800
	Crane Truck	-	-	-	750	-	-	-	750
	Back Hoe & Trailer	-	-	-	700	-	-	-	700
	Signal drawing update	-	-	-	500	-	-	-	500
	Yard switch Mods	-	-	-	400	1,500	-	-	1,900
	Power Yard Switch automation/ replacement design	-	-	-	400	-	-	-	400
	New Train Operator Seats	-	-	-	370	-	-	-	370
	Sanding/Shop	-	-	-	350	-	-	-	350
	Office Space	-	-	-	200	-	-	-	200
	Parking lot pavement	-	-	-	150	150	150	-	450
	Switch Frog procurement	-	-	-	120	-	-	-	120
	Station cleaning equipment	-	-	-	80	80	-	-	160
	Wood Chipper	-	-	-	80	-	-	-	80

Project Number	Project Description	Thru FY10	FY11 funded	FY11 Unfunded	FY12	FY13	FY14	FY15	BUDGET FY11 -FY15
	Gas lamp permanent ticket booth	-	-	-	25	-	-	-	25
	Old Town Permanent Ticket Booth	-	-	-	25	-	-	-	25
	Ticket Trailer Rehab	-	-	-	15	-	-	-	15
TOTAL		597,856	55,615	16,148	134,276	95,412	92,496	59,920	453,867



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Agenda

Item No. 45

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

FIN 310.2

July 15, 2010

SUBJECT:

MTS: OPERATIONS BUDGET STATUS REPORT FOR MAY 2010 (MIKE THOMPSON)

RECOMMENDATION:

That the Board of Directors receive a report on MTS's operations budget status for May 2010.

Budget Impact

None at this time.

DISCUSSION:

This report summarizes MTS's operating results for May 2010 compared to the fiscal year 2010 amended budget. Attachment A-1 combines the operations, administration, and other activities results for May 2010. Attachment A-2 details the May 2010 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 May 2010 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 May 2010 MTS net-operating subsidy favorable variance totaled \$602,000 (0.6%). Operations produced a \$769,000 (0.7%) favorable variance, and the administrative/other activities areas were unfavorable by \$167,000.

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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 May 2010 were \$85,346,000 compared to the year-to-date budget of \$84,462,000, which represents a \$884,000 (1.0%) positive variance.

Expenses

Year-to-date combined expenses through May 2010 were \$190,006,000 compared to the year-to-date budget of \$189,725,000, which resulted in a \$282,000 (-0.1%) unfavorable variance.

Personnel Costs. Year-to-date personnel-related costs totaled \$91,214,000 compared to a year-to-date budgetary figure of \$90,718,000, which resulted in an unfavorable variance of \$496,000 (-0.5%).

Outside Services and Purchased Transportation. Total outside services for the first 11 months of the fiscal year totaled \$63,661,000 compared to a budget of \$63,730,000, which resulted in a year-to-date favorable variance of \$69,000 (0.1%).

Materials and Supplies. Total year-to-date materials and supplies expenses totaled \$6,346,000 compared to a budgetary figure of \$6,374,000, which resulted in a favorable expense variance of \$28,000 (1.6%).

Energy. Total year-to-date energy costs were \$22,865,000 compared to the budget of \$23,249,000, which resulted in a year-to-date favorable variance of \$384,000 (1.6%). Year-to-date diesel prices averaged \$2.460 per gallon compared to the midyear adjusted budgetary rate of \$2.430 per gallon. Year-to-date CNG prices averaged \$1.180 per therm compared to the midyear adjusted budgetary rate of \$1.290 per therm.

Risk Management. Total year-to-date expenses for risk management were \$4,247,000 compared to the year-to-date budget of \$3,950,000, which resulted in an unfavorable variance totaling \$297,000 (-7.5%).

General and Administrative. Year-to-date general and administrative costs, including vehicle and facilities leases, were \$31,000 (1.8%) favorable to budget totaling \$1,673,000 through May 2010 compared to a year-to-date budget of \$1,704,000.

YEAR-TO-DATE SUMMARY

The May 2010 year-to-date net operating subsidy totaled a favorable variance of \$602,000 (0.6%). These factors include unfavorable variances in personnel costs, other revenue, and risk management offset by favorable variances in passenger revenue and energy.



Paul C. Jablonski
Chief Executive Officer

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

JULY15-10.45.OPS BUDGET MAY 2010.MTHOMPSON.doc

Attachment: A. Comparison to Budget

MTS
CONSOLIDATED

COMPARISON TO BUDGET - FISCAL YEAR 2010

MAY 31, 2010

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Other Revenue	5,214	5,443	(229)	-4.2%
Total Operating Revenue	\$ 85,346	\$ 84,462	\$ 884	1.0%
Personnel costs	\$ 91,214	\$ 90,718	\$ (496)	-0.5%
Outside services	63,661	63,730	69	0.1%
Transit operations funding	-	-	-	-
Materials and supplies	6,346	6,374	28	0.4%
Energy	22,865	23,249	384	1.6%
Risk management	4,247	3,950	(297)	-7.5%
General & administrative	1,129	1,144	15	1.3%
Vehicle/facility leases	544	560	16	2.9%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(0)	(0)	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 190,006	\$ 189,725	\$ (282)	-0.1%
Operating income (loss)	\$ (104,660)	\$ (105,262)	\$ 602	0.6%
Total public support and nonoperating revenues	8,413	(4,215)	12,628	-299.6%
Income (loss) before capital contributions	\$ (96,247)	\$ (109,478)	\$ 13,230	-12.1%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2010
MAY 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Other Revenue	584	552	33	5.9%
Total Operating Revenue	\$ 80,716	\$ 79,571	\$ 1,146	1.4%
Personnel costs	\$ 79,145	\$ 78,582	\$ (563)	-0.7%
Outside services	55,164	55,126	(38)	-0.1%
Transit operations funding	-	-	-	-
Materials and supplies	6,334	6,354	21	0.3%
Energy	22,237	22,608	371	1.6%
Risk management	3,784	3,564	(220)	-6.2%
General & administrative	297	320	23	7.2%
Vehicle/facility leases	477	508	30	6.0%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	18,715	18,715	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 186,153	\$ 185,777	\$ (376)	-0.2%
Operating income (loss)	\$ (105,437)	\$ (106,206)	\$ 769	0.7%
Total public support and nonoperating revenues	1,751	(3,301)	5,052	-153.0%
Income (loss) before capital contributions	\$ (103,686)	\$ (109,507)	\$ 5,821	-5.3%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
TRANSIT SERVICES (SAN DIEGO TRANSIT CORPORATION)
COMPARISON TO BUDGET - FISCAL YEAR 2010
MAY 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Other Revenue	117	56	62	111.3%
Total Operating Revenue	\$ 80,250	\$ 79,075	\$ 1,175	1.5%
Personnel costs	\$ 50,974	\$ 50,495	\$ (479)	-0.9%
Outside services	1,839	1,631	(208)	-12.7%
Transit operations funding	-	-	-	-
Materials and supplies	3,770	3,873	103	2.7%
Energy	6,358	6,335	(23)	-0.4%
Risk management	1,637	1,516	(121)	-8.0%
General & administrative	114	128	14	10.8%
Vehicle/facility leases	183	197	14	7.1%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	6,583	6,583	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 71,459	\$ 70,759	\$ (700)	-1.0%
Operating income (loss)	\$ 8,791	\$ 8,316	\$ 475	-5.7%
Total public support and nonoperating revenues	(1,501)	(6,553)	5,052	-77.1%
Income (loss) before capital contributions	\$ 7,290	\$ 1,763	\$ 5,527	313.4%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
RAIL OPERATIONS (SAN DIEGO TROLLEY, INCORPORATED)
COMPARISON TO BUDGET - FISCAL YEAR 2010
MAY 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Other Revenue	419	496	(77)	-15.5%
Total Operating Revenue	\$ 80,552	\$ 79,515	\$ 1,036	1.3%
Personnel costs	\$ 27,234	\$ 27,117	\$ (117)	-0.4%
Outside services	3,163	3,122	(41)	-1.3%
Transit operations funding	-	-	-	-
Materials and supplies	2,561	2,466	(94)	-3.8%
Energy	8,254	8,331	77	0.9%
Risk management	2,147	2,048	(99)	-4.8%
General & administrative	159	178	20	11.0%
Vehicle/facility leases	161	176	15	8.3%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	11,162	11,162	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 54,840	\$ 54,600	\$ (240)	-0.4%
Operating income (loss)	\$ 25,712	\$ 24,915	\$ 797	-3.2%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ 25,712	\$ 24,915	\$ 797	3.2%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
MULTIMODAL OPERATIONS (FIXED ROUTE)
COMPARISON TO BUDGET - FISCAL YEAR 2010
MAY 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Other Revenue	47	-	47	-
Total Operating Revenue	\$ 80,180	\$ 79,019	\$ 1,160	1.5%
Personnel costs	\$ 240	\$ 291	\$ 51	17.6%
Outside services	35,994	36,130	135	0.4%
Transit operations funding	-	-	-	-
Materials and supplies	1	12	11	93.4%
Energy	5,717	6,042	324	5.4%
Risk management	-	-	-	-
General & administrative	(2)	1	2	392.4%
Vehicle/facility leases	133	134	2	1.4%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	772	772	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 42,855	\$ 43,381	\$ 527	1.2%
Operating income (loss)	\$ 37,325	\$ 35,638	\$ 1,687	-4.7%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ 37,325	\$ 35,638	\$ 1,687	4.7%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
MULTIMODAL OPERATIONS (PARATRANSIT)
COMPARISON TO BUDGET - FISCAL YEAR 2010
MAY 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Personnel costs	\$ 136	\$ 144	\$ 9	6.1%
Outside services	8,753	8,732	(21)	-0.2%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	1,517	1,541	25	1.6%
Risk management	-	-	-	-
General & administrative	3	4	1	26.4%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	22	22	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 10,430	\$ 10,444	\$ 14	0.1%
Operating income (loss)	\$ 69,703	\$ 68,576	\$ 1,127	-1.6%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ 69,703	\$ 68,576	\$ 1,127	1.6%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED CHULA VISTA TRANSIT OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2010
MAY 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Personnel costs	\$ 374	\$ 347	\$ (27)	-7.7%
Outside services	5,132	5,227	95	1.8%
Transit operations funding	-	-	-	-
Materials and supplies	2	3	1	21.3%
Energy	391	359	(32)	-9.0%
Risk management	-	-	-	-
General & administrative	23	9	(14)	-157.3%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	177	177	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 6,099	\$ 6,122	\$ 23	0.4%
Operating income (loss)	\$ 74,033	\$ 72,897	\$ 1,136	-1.6%
Total public support and nonoperating revenues	3,115	3,115	-	0.0%
Income (loss) before capital contributions	\$ 77,148	\$ 76,012	\$ 1,136	1.5%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CORONADO FERRY
COMPARISON TO BUDGET - FISCAL YEAR 2010
MAY 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Personnel costs	\$ -	\$ -	\$ -	-
Outside services	127	127	-	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	\$ 127	\$ 127	\$ -	0.0%
Operating income (loss)	\$ 80,005	\$ 78,892	\$ 1,113	-1.4%
Total public support and nonoperating revenues	137	137	-	0.0%
Income (loss) before capital contributions	\$ 80,142	\$ 79,029	\$ 1,113	1.4%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATION
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2010
MAY 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Other Revenue	3,664	3,937	(274)	-6.9%
Total Operating Revenue	\$ 83,796	\$ 82,956	\$ 840	1.0%
Personnel costs	\$ 11,479	\$ 11,553	\$ 74	0.6%
Outside services	8,334	8,354	20	0.2%
Transit operations funding	-	-	-	-
Materials and supplies	7	15	8	53.8%
Energy	619	631	12	1.9%
Risk management	432	355	(77)	-21.7%
General & administrative	735	731	(4)	-0.5%
Vehicle/facility leases	67	52	(14)	-26.8%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(18,784)	(18,784)	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 2,889	\$ 2,908	\$ 18	0.6%
Operating income (loss)	\$ 80,907	\$ 80,049	\$ 858	-1.1%
Total public support and nonoperating revenues	6,662	(914)	7,576	-828.7%
Income (loss) before capital contributions	\$ 87,569	\$ 79,135	\$ 8,434	10.7%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

OTHER ACTIVITIES

CONSOLIDATED

COMPARISON TO BUDGET - FISCAL YEAR 2010

MAY 31, 2010

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 80,132	\$ 79,019	\$ 1,113	1.4%
Other Revenue	966	955	12	1.2%
Total Operating Revenue	\$ 81,099	\$ 79,974	\$ 1,125	1.4%
Personnel costs	\$ 589	\$ 583	\$ (7)	-1.2%
Outside services	162	250	87	34.9%
Transit operations funding	-	-	-	-
Materials and supplies	5	5	(0)	-6.1%
Energy	10	10	0	3.1%
Risk management	31	31	0	0.2%
General & administrative	98	93	(4)	-4.7%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	68	68	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 964	\$ 1,040	\$ 76	7.3%
Operating income (loss)	\$ 80,135	\$ 78,934	\$ 1,201	-1.5%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ 80,135	\$ 78,934	\$ 1,201	1.5%



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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.

OPS 970.2

July 15, 2010

SUBJECT:

MTS: BLUE LINE REHABILITATION AND OUTREACH SCHEDULE (ROB SCHUPP)

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

Blue Line rehabilitation work is scheduled to begin in late August commencing the construction that will necessitate weekend closures of portions of Blue Line service on weekends for the next several years. This report will outline the tentative schedule of construction activity and the communication tactics that will be implemented prior to the construction start and throughout the project to ensure that as many MTS customers as possible are aware of the project in advance.

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: Rob Schupp, 619.557.4511, rob.schupp@sdmts.com

JULY15-10 46 BLUE LINE REHAB
& OUTREACH.RSCHUPP.doc



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Agenda

Item No. 62

Chief Executive Officer's Report

ADM 121.7

July 15, 2010

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 June 15, 2010, through July 1, 2010.

H:\Agenda Item 62 (45, then 61)\2010\AI 62 7-15-10.docx



EXPENSE CONTRACTS

Doc #	Organization	Subject	Amount	Day
G0856.15-03	GIRO INC	PROVIDE SUPPORT FOR HASTOP FOR FY10	\$2,784.00	6/17/2010
G1165.3-08	OPPER & VARCO LLP	LEGAL SERVICES ENVIRONMENTAL LAW	\$35,000.00	6/17/2010
B0454.2-06	A TO Z TOWING DBA ROAD ONE TOW	EXERCISE OPTION YR 2 FINAL OPTION 7/1/10	\$72,325.00	6/28/2010
B0536.0-10	CALTRANS - DISTRICT 11	MOU FOR MAINTENANCE OF DEL LAGO TRANSIT	\$0.00	6/28/2010
G0856.16	GIRO, INC	CHANGE HASTOP POSTERS INCLUDE AM/PM	\$2,650.00	6/28/2010
G1194.2-08	THE BUSINESS CLEANING CO	EXERCISE OPTION YR 2 10/15/10 - 10/14/11	\$12,010.56	6/28/2010
G1248.1	SANDAG	AMEND TO COMPASS CARD INTERIM AGREEMENT	\$0.00	6/28/2010
L0888.2-09	KNORR BRAKE CORPORATION	REPLACE WORDS TO SD 100 BRAKE SYSTEM	\$0.00	6/28/2010
L0972.0-10	ROEL CONSTRUCTION CO	CONSTRUCTION ON SB PLATFORM @ SMART CORN	\$1,250.00	6/28/2010
L0973.0-10	BERTS OFFICE TRAILERS	PORTABLE TRAILER IRIS STATION	\$0.00	6/28/2010
G1076.1-07	BESTBEST KRIEGER LLP	LEGAL SERVICES - LAND USE, EMINENT DOMAI	\$30,000.00	7/1/2010
L0970.0-10	JACOBS CENTER	ROE PERMIT FOR MAINTENANCE OF MURAL	\$0.00	7/1/2010
L5239.0-10	VEOLIA TRANSPORTATION	ROE PERMIT TRAILER EL CAJON TROLLEY STA	\$0.00	7/1/2010
L5240.0-10	BERTS OFFICE TRAILERS	ROE PERMIT DELIVERY VEOLIA PORTABLE TRAI	\$0.00	7/1/2010

REVENUE CONTRACTS

Doc #	Organization	Subject	Amount	Day
L0961.0-10	COX COMMUNICATIONS	DURABLE ROE PERMIT GRAL MAINT & INSPECT	(\$2,500.00)	6/17/2010
S200-10-446	ORTIZ CORP	ROE PERMIT CITY SD WATER GRP 793 PROJECT	(\$1,600.00)	6/17/2010
S200-10-450	PAR ELECTRICAL CONTRACTORS INC	ROE PERMIT HARBOR & SAMPSON SDGE POLE	(\$2,000.00)	6/17/2010
G1331.0-10	SAN DIEGO STATE UNIVERSITY	PARTNERSHIP AGREEMENT TROLLEY WRAP	(\$12,000.00)	6/28/2010
S200-10-451	NASLAND ENGINEERING	ROE PERMIT ALTA SURVEY MILLS BLDG PARKIN	(\$1,500.00)	6/28/2010
S200-10-453	CALIF BORING INC	ROE PERMIT SDGE UTILITY JACK & BORE	(\$5,000.00)	6/28/2010
S200-10-454	CA AUGER BORING	ROE PERMIT SDGE UTILITY BORE 22ND & COMM	(\$500.00)	6/28/2010
G0006.3-90	COUNTY OF SAN DIEGO	SUBLEASE FOR FIRST FLOOR COUNTY WARRANT	(\$78,960.00)	6/28/2010
B0529.0-10	QUALCOMM, INC	ADDITIONAL SVCS RTE 921 DURING THE SUMME	(\$14,582.00)	7/1/2010
B0538.0-10	ISE CORPORATION	BILL OF SALE FOR HYBRID BUS	(\$4,999.00)	7/1/2010
L0951.0-10	SOUTHWEST PIPELINE	ROE PERMIT CITY SD SEWER PROJECT 11TH &	(\$1,350.00)	7/1/2010
S200-10-449	BIKE THE BAY	ROE PERMIT CROSS TRACKS SOUTH & CORONADO	(\$500.00)	7/1/2010
S200-10-456	SOUTHLAND ELECTRIC	ROE PERMIT SDGE CABLE RELASHING G ST	(\$1,500.00)	7/1/2010

PURCHASE ORDERS

DATE	Organization	Subject	AMOUNT
6/28/2010	GTC SYSTEMS INC	VMWARE VSPHERE TRAINING	\$2,495.00
6/28/2010	PIXEL IMAGING MEDIA	COMPASS CARD/NEW FLYER C4 OLF	\$5,735.63
6/28/2010	PRESSNET EXPRESS	TEN DIFFERENT CHARGERS/MTS PASSES	\$3,382.13
6/28/2010	MULTICARD SYSTEMS	COLOR RIBBON KIT	\$2,479.50
6/28/2010	HOSPITALITY COMPANY	SDSU STUDENT DOLLAR STRETCHER FALL	\$990.00
6/28/2010	PENN JONES	APPRAISAL FOR 1344 NAT AVE	\$2,500.00
6/28/2010	SAN DIEGO POSTAL AND SHIPPING	WJDWP WHISPER JETS DYNAMIC WGHT	\$705.00
6/28/2010	GRAINGER	GRASS TRIMMER TANAKA	\$1,689.58
6/28/2010	PAUL MICHAEL BLAIR	CONCRETE GRINDING @ EUCLID TROLLEY	\$880.00
6/28/2010	GRAINGER	TOUGH GUY LINER	\$953.00
7/1/2010	CONAN CONSTRUCTION INC	9TH FLR HR SECURITY GLASS	\$3,300.00
7/1/2010	NEAL ELECTRIC	INSTALL BATTERIES, TEST POWER	\$9,430.00
7/1/2010	SIEMENS INDUSTRY INC	LRV TIRE KITS BOCHUM	\$95,265.00
7/1/2010	GROSSMONT COLLEGE	BLACK AND WHITE ADS 1/4 PAGE	\$1,920.00
7/1/2010	MESA PRESS	BLACK AND WHITE ADS 1/4 PAGE	\$1,250.00
7/1/2010	WAXIE SANITARY SUPPLY	27 GALLON GALVANIZED LINER	\$740.37