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***Revised**

Agenda

JOINT MEETING OF THE BOARD OF DIRECTORS

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

February 17, 2011

9:00 a.m.

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

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

ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes - January 20, 2011
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
during the meeting

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



CONSENT ITEMS

- | | | |
|-----|--|--------------------|
| 6. | <u>MTS: San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Board of Directors at its Meeting on January 18, 2011</u>
Action would: (1) receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports; and (2) ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on January 18, 2011. | Receive/
Ratify |
| 7. | <u>MTS: Investment Report - December 2010</u>
Action would receive a report for information. | Receive |
| 8. | <u>MTS: Increased Authorization for Legal Services - Liebman, Quigley, Sheppard & Soulema, APC</u>
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1087.10-07 with Liebman, Quigley, Sheppard & Soulema, APC for legal services and ratify prior amendments entered into under the CEO's authority. | Approve/
Ratify |
| 9. | <u>MTS: Increased Authorization for Legal Services - Oppen & Varco, LLP</u>
Action would authorize the CEO to execute MTS Doc. No. G1165.6-08 with Oppen & Varco, LLP for legal services and ratify prior amendments entered into under the CEO's authority. | Approve/
Ratify |
| 10. | <u>MTS: Excess Liability Insurance Renewal</u>
Action would ratify and confirm the purchase of the liability insurance policy (limits of \$75 million less a \$2 million self-insurance retention). | Ratify |
| 11. | <u>MTS: Increased Authorization for Legal Services - Law Offices of R. Martin Bohl</u>
Action would authorize the CEO to execute MTS Doc. No. G1072.7-07 with Law Offices of R. Martin Bohl for legal services and ratify prior amendments entered into under the CEO's authority. | Approve/
Ratify |

CLOSED SESSION

24. None.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

- | | | |
|-----|--|---------|
| 30. | <u>MTS: Minibus Fixed-Route Services (John Davenport)</u>
Action would authorize the CEO to execute MTS Doc. No. G1313.0-10 with First Transit, Inc. for minibus fixed-route services for a base period of five years with five 1-year options. | Approve |
| 31. | <u>SDTI: Trolley Onboard Video Surveillance System - Contract Award (Bill Burke)</u>
Action would authorize the CEO to execute MTS Doc. No. L0955.0-10 with UTC Fire & Security for a trolley onboard video surveillance system. | Approve |

DISCUSSION ITEMS - CONTINUED

- * 32. MTS: Siemens Light Rail Vehicle (LRV) Procurement - Contract Amendment (Wayne Terry) Approve
- Action would authorize the CEO to execute MTS Doc. No. L0914.6-10, which would authorize Siemens to: (1) modify the friction brake control circuitry of the 52 SD 100 and 11 S70 light rail vehicles in MTS's current fleet; (2) revise certain invoice processing terms; and (3) release funds being withheld as part of the 5% retention.

REPORT ITEMS

45. MTS: Operations Budget Status Report - December 2010 (Mike Thompson) Receive
Action would receive an operations budget status report for December 2010.
46. MTS: Trolley Rehabilitation Project Update (John Haggerty of SANDAG) Receive
Action would receive a report for information.
47. MTS: Service Performance Monitoring Report for July through December 2010 (Devin Braun) Receive
Action would receive a report for information.
60. Chairman's Report Information
61. Audit Oversight Committee Chairman's Report Information
62. Chief Executive Officer's Report Information
63. Board Member Communications
64. Additional Public Comments Not on the Agenda
If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments.
65. Next Meeting Date: March 10, 2011 - **9:00 a.m. Finance Workshop**
66. Adjournment

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

January 20, 2011

DRAFT MINUTES

1. Roll Call

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

2. Approval of Minutes

Mr. Roberts moved to approve the minutes of the December 9, 2010, MTS Board of Directors meeting. Mr. McClellan seconded the motion, and the vote was 12 to 0 in favor.

3. Public Comments

Robert Guthrie: Mr. Guthrie stated that he is representing Arc of San Diego and would like to have Sunday service to Route 864 in Alpine restored. He commented that it is difficult to get to church because the route does not run when church service ends.

Kenneth Fitshorn: Mr. Fitshorn complained that he has been treated unfairly by some of the bus drivers. He has been a patron with MTS for over 20 years and commented that about 25% of the bus drivers he interacts with are rude to him. He has also had some unfair dealings with trolley security. He commented that passengers are very important to public transportation and that being mistreated again will cause him to no longer be a passenger.

Steven White: Mr. White is asking the Board to consider restoring Sunday service on bus Route 864 in Alpine. He stated that not having service keeps Alpine residents away from the city. He brought a petition of 200 signatures for restoring service for the Board to review.

John Wood: Mr. Wood stated that he can hear train horns at 2:30 a.m. coming through the Lemon Grove station. He stated that he would like the early-morning train horns to be silenced similar to the "quiet zones" in downtown San Diego. Mr. Wood also stated that the warning gates at the grade crossing of the Lemon Grove and Broadway intersection is timed so that the gates come down as soon as the trolley gets into the station causing traffic flow problems.

4. MTS Elect Vice Chair, Chair Pro Tem, and Committee Appointments

Chairman Mathis reported that the Executive Committee appointed him to represent MTS on the SANDAG Transportation Committee and Mr. Ovrom as his alternate. He added that the Ad Hoc Nominating Committee (Mr. Roberts, Mr. Ewin, and Chairman Mathis) developed the recommended slate of candidates. He also pointed out that the Vice Chair serves on the Executive Committee with the Chair Pro Tem as his alternate.

Mr. Rindone addressed the Board and explained that he is now representing the City of Chula Vista as the alternate. He mentioned that he has had 20 years of service with the MTS Board and takes pride in contributing to one of the most awarded public transit agencies in the country. He thanked his fellow Board members for their support and affirmed how grateful he is to have worked amongst them. Chairman Mathis expressed his appreciation for Mr. Rindone's years of service.

Chairman Mathis took nominations from the floor.

Action Taken

Chairman Mathis moved to approve the proposed slate of nominations as outlined below:

Vice Chair and Chair Pro Tem

Ron Roberts, Vice Chair: 13 to 0 in favor, with Mr. Roberts abstaining.

Tony Young, Chair Pro Tem: 13 to 0 in favor, with Mr. Young abstaining.

Accessible Services Advisory Committee

Thomas Clabby, Chairman: 14 to 0 in favor.

Lorrie Bragg, Committee Member: 13 to 0 in favor, with Ms. Bragg abstaining.

Ad Hoc Airport Regional Policy Committee

Harry Mathis, Committee Member: 13 to 0 in favor, with Mr. Mathis abstaining.

Jerry Rindone, Alternate: 13 to 0 in favor, with Mr. Rindone abstaining.

Ad Hoc Public Security Committee

Ernie Ewin, Committee Member: 13 to 0 in favor, with Mr. Ewin abstaining.

Harry Mathis, Committee Member: 13 to 0 in favor, with Mr. Mathis abstaining.

Jim Cunningham, Committee Member: 13 to 0 in favor, with Mr. Cunningham abstaining.

Todd Gloria, Committee Member: 13 to 0 in favor, with Mr. Gloria abstaining.

Jim Janney, Committee Member: 13 to 0 in favor, with Ms. Bragg abstaining in Mr. Janney's absence.

Audit Oversight Committee

Ernie Ewin, Chairman: 13 to 0 in favor, with Mr. Ewin abstaining.

Remaining members set by Board policy.

Budget Development Committee

Harry Mathis, Vice Chairman: 13 to 0 in favor, with Mr. Mathis abstaining.

Bob McClellan, Committee Member: 13 to 0 in favor, with Mr. McClellan abstaining.

Ron Roberts, Committee Member: 13 to 0 in favor, with Mr. Roberts abstaining.

Tony Young, Committee Member: 13 to 0 in favor, with Mr. Young abstaining.

Jim Cunningham, Committee Member: 13 to 0 in favor, with Mr. Cunningham abstaining.

Executive Committee

Set by Board Policy.

Joint Committee on Regional Transit (JCRT)

Jim Cunningham, Committee Member: 13 to 0 in favor, with Mr. Cunningham abstaining.

Ernie Ewin, Committee Member: 13 to 0 in favor, with Mr. Ewin abstaining.
Harry Mathis, Committee Member: 13 to 0 in favor, with Mr. Mathis abstaining.

Los Angeles-San Diego Rail Corridor Agency (LOSSAN)

Jerry Rindone, Committee Member: 13 to 0 in favor, with Mr. Rindone abstaining.
Harry Mathis, Alternate: 13 to 0 in favor, with Mr. Mathis abstaining.

SANDAG Board

Harry Mathis, Advisory Representative: 13 to 0 in favor, with Mr. Mathis abstaining.
Al Ovrom, Alternate: 13 to 0 in favor, with Mr. Ovrom abstaining.

SANDAG Regional Planning Committee

Al Ovrom, Committee Member: 13 to 0 in favor, with Mr. Ovrom abstaining.
Mary England, Alternate: 13 to 0 in favor, with Ms. England abstaining.

Taxicab Committee

Marti Emerald, Chair: 13 to 0 in favor, with Ms. Emerald abstaining.
Bob McClellan, Alternate: 13 to 0, with Mr. McClellan abstaining.

CONSENT ITEMS:

6. MTS: Federal Transit Administration 5311 Program of Projects

Action would adopt Resolution No. 11-1 authorizing the use of \$235,296 of Federal Transit Administration (FTA) Section 5311 funds for operating assistance in nonurbanized areas.

7. MTS: Fiscal Year 2011 Revised Transportation Development Act Article 4.0 Claim

Action would adopt Resolution No. 11-2 approving the revised fiscal year (FY) 2011 Transportation Development Act (TDA) Article 4.0 claim.

8. MTS: Investment Report - November 2010

Action would receive a report for information.

9. MTS: New Flyer Buses - Contract Amendment

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1101.7-07 with New Flyer of America, Inc. to purchase 26 40-foot, low-floor, compressed natural gas (CNG) transit buses.

10. MTS: Security Fiber-Optic Cable Project MOU and Miscellaneous Fund Transfers

Action would: (1) approve MTS Doc. No. G1367.0-11, which is a Memorandum of Understanding (MOU) with the San Diego Association of Governments (SANDAG) to design, manage, and build a fiber-optic infrastructure project on San Diego Trolley, Inc.'s (SDTI's) Green and Orange Lines; (2) forward a request to SANDAG to transfer funds from the Substation Standardization Project (Capital Improvement Project [CIP] 1142100) to the Broadway Wye Project (CIP 1142800); and (3) forward a request to

SANDAG to create a new capital project (CIP 1144500 Grantville Feeder Replacement) to replace feeder cables at the Grantville Substation and transfer funds from the Substation Standardization Project (CIP 1142100) to this new project.

11. MTS: Uniform Service - Contract Award

Action would authorize the CEO to execute MTS Doc. No. G1322.0-10 for a five-year contract with Prudential Overall Supply for uniform services.

Action on Recommended Consent Items

Mr. Cunningham moved to approve Consent Agenda Item Nos. 6, 7, 8, 9, 10, 11, and 12. Mr. VanDeventer seconded the motion, and the vote was 14 to 0 in favor.

CLOSED SESSION:

24. Closed Session Items

The Board convened to Closed Session at 9:28 a.m.

- a. MTS: CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to California Government Code Section 54956.8;
Property: 3650 Main Street, Chula Vista, California (Assessor Parcel No. 623-250-23);
Agency Negotiators: Karen Landers, General Counsel; Tim Allison, Manager of Real Estate Assets; and Bruce Beach, Best Best & Krieger;
Negotiating Parties: Sav-On Systems, a California Limited Partnership;
Under Negotiation: Price and Terms of Payment

The Board reconvened to open session at 9:42 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- a. The Board received a report and gave direction to staff.

NOTICED PUBLIC HEARINGS:

25. None.

DISCUSSION ITEMS:

30. MTS: Hosted Text Messaging System - Contract Award

Devin Braun, Senior Transportation Planner, gave the Board a presentation on the hosted text messaging system contract award. He stated that unlike rail, buses are susceptible to fluctuating traffic conditions and printed arrival times for the bus may not be the actual arrival time. He stated that 93% of the total U.S. population has a cell phone and, when surveyed, 86% of MTS users have texting capabilities. Mr. Braun explained that MTS will rely on passengers having cell phones to receive real-time information and in addition, passengers can

sign up for text message system alerts to keep them informed of planned and unplanned delays.

Mr. Braun provided a brief background regarding the Request for Proposals (RFP) process and stated that the contract was ultimately awarded to MIS Sciences, Inc. and explained how the text messaging system will work. He explained that a passenger with a cell phone will text a stop identification number to "vanity" short code GOMTS, then an eAlert will be sent back to the passenger with real-time arrival information. He mentioned that the stop identification number can be found in a variety of ways - on the bus stop signage, on Google Maps, or on the MTS website sdmts.com. He explained that MTS will pay for a "vanity" short code that will be leased from the wireless carriers at a cost of \$12,000 per year, with a \$1,275 setup fee and that this "vanity" code will remain with MTS in the event that a different host for text messages is chosen in the future.

Ms. Emerald wanted to know if the contract restricts MIS Sciences, Inc. from using consumer cell phone information for advertising and sales purposes. Mr. Braun stated that the agreement currently allows MTS to access user information, but that as of now, there is no intention to use that information. Ms. Emerald expressed concern for MIS Sciences sharing private information with third parties. She stated that she would support the agenda item if language was added to the contract restricting MIS Sciences from sharing user information with third parties.

Mr. Gloria wanted to know what fund the contract is paid from and what ranking MIS Sciences received during the RFP process. Mr. Braun responded that the contract is paid out of the operations budget, and that MIS Sciences was ranked third during the procurement process; however, after a Best and Final Offer request, the evaluation panel determined that MIS Sciences text messaging system was the best option for the procurement. Mr. Gloria stated that riders of the University of California San Diego shuttle have a similar application which saves riders time because they do not need to physically sit and wait for the next bus. Mr. Gloria encourages MTS to continue to integrate technology and mentioned that he would like to see Wi-Fi available for patrons.

Mr. Ovrom wanted clarification on the pricing addendum. Mr. Braun explained that the price includes 1,000,000 text messages and any text messages over that would adjust to the next price increment, which is set in 500,000 increments and would cost an additional \$4,000 per year.

Mr. Jablonski stated that new technology is developing rapidly, and the text messaging system is an area that the organization would like to test. He stated that if passengers embrace the text messaging, then MTS can take the next step in implementing technology.

Joshua Callington: Mr. Callington asked Mr. Braun why MTS could not continue to use the free text messaging service "SDMTS411411" and urged the Board to look at alternative options so that the money used to purchase a contract with MIS Sciences could be put toward restoring bus services that were previously cut. In response, Mr. Braun stated that the "411411" option was a program he wrote and the organization was beta testing. He stated that T-Mobile customers were no longer able to receive that service, and that the program did not support the MTS advertising policies.

Action Taken

Ms. Emerald moved to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1326.0-10 with MIS Sciences, Inc. for the procurement of a hosted text messaging system, including a vanity short messaging service (SMS) short code with a one-year base and 4 one-year options contingent upon the contract restricting MIS Sciences, Inc. from selling private information to third parties. Mr. Gloria seconded the motion, and the vote was 14 to 0 in favor.

31. MTS: 2011 State and Federal Legislative Programs

Sharon Cooney, Chief of Staff, gave the Board an overview on the 2011 state and federal legislative programs. She discussed the 2010 federal year in review on Transit Security Grant Program (TSGP), Earmarks, State of Good Repair Bus Notice of Funding Availability (NOFA), and Clean Fuels NOFA. She explained the Energy Security and Climate Change project is on hold, and that the gas tax has been steady at 18.4 cents and there is no increase this year. She talked about the Reauthorization of the Surface Transportation Act and stated that CNG credits have been extended through 2011, which is a very important source of funding for MTS.

Ms. Cooney explained the 2011 federal legislative priorities and mentioned that there have not been any changes since last year. She explained that the priority for 2011 is the reauthorization of the Surface Transportation Act scheduled to end on March 4, 2011. She stated that the earliest the act would be approved is September 2011, and the concern is funding with a new fiscal conservatism in the House as there is not a lot of interest in spending money on this act.

Ms. Cooney then discussed federal funding priorities including the Mid-Coast trolley extension, bus replacement vehicles and bus maintenance facilities, and Blue Line station improvements. She also discussed state legislative priorities and the goal to oppose any loss of funding that would prevent MTS from running more efficiently.

Mr. Gloria asked for further explanation of the Zero Emission Bus (ZEB) program requirements. Ms. Cooney explained that the ZEB program is a program instituted by the California Air Resources Board that requires entities having over 200 buses to purchase zero emission buses as 10% of their bus fleet. The program is slated to begin in 2012; it was originally slated to begin in 2008 but has been subsequently delayed because of technological and cost factors. She stated that the 75% of the MTS bus fleet are Clean Natural Gas buses.

Ms. Emerald stated that the House of Representatives has already placed a ban on earmarks. Ms. Cooney stated that the Senate has not taken that action and that theoretically earmarks may continue to be provided. Ms. Emerald wondered if the money for the Mid-Coast trolley extension is in jeopardy. Ms. Cooney responded that the money for the Mid-Coast extension has been requested through a full-funding grant agreement and is not necessarily getting funds through a specific earmark. Ms. Emerald wanted to know if there is a contingency budget plan being developed. Ms. Cooney explained that Proposition 1B funds have been dedicated to the Blue Line Improvement Project, which allowed for a Letter of No Prejudice and essentially allows for funds to be spent and then backfilled by the state once funding is available.

Clive Richard: Mr. Richard questioned what an unfunded mandate was and why there is opposition for them. In response, Chairman Mathis explained that an unfunded mandate is a general term that is used when the government passes laws but does not provide the operator with funds to implement the laws. Mr. Jablonski provided the example of zero-emission buses and explained that the government wants to improve air quality and the cost of zero-emission

buses would have to be covered by MTS. Mr. Roberts stated that unfunded mandates include state programs wherein the state decides not to pay for the mandate and passes on the cost to local entities. He stated a recent example includes the emphasis on reducing green house gas at the same time the legislature reduced assistance for public transit agencies.

Action Taken

Mr. Ewin moved to receive a report on 2010 legislative and intergovernmental activities; and to approve staff recommendations for state and federal legislative programs. Mr. Ovrom seconded the motion, and the vote was 14 to 0 in favor.

REPORT ITEMS:

45. MTS: FY 2011 Final Budget Comparison

Tom Lynch, Controller, gave the Board a presentation on the final year-end budget comparison for fiscal year 2010. He stated that MTS produced an overall positive variance to budget of \$265,000. He explained that passenger revenues were favorable to budget by \$1,878,000 or 2.3%, which was due to slightly higher-than-anticipated ridership. He also explained that other operating revenue was unfavorable to budget by \$329,000-the largest part being advertising revenue.

Mr. Lynch stated that overall operating expenses were \$211,593,000 compared to an amended budget of \$211,913,000 for a favorable variance of \$320,000 with the largest variances in personnel and energy. He explained that personnel expenses for the fiscal year totaled \$107,711,000 compared to a budget of \$106,811,000, which resulted in an unfavorable variance of \$900,000. He stated that the year-end energy costs resulted in a favorable variance of \$1,275,000 primarily due to lower compressed natural gas costs of \$1.10 per therm vs. \$1.29 budgeted.

Mr. Lynch stated that Transportation Development Act funding was \$54,326,000 compared to a budgeted amount of \$53,246,000 for a favorable variance of \$1,080,000, which was due to receiving prior-year's funding in the current year. He then discussed the ending reserve balance, which was \$31,343,000 on June 30, 2009. He stated that for fiscal year 2010, MTS had an excess of expenses over revenues of \$9,519,000. He explained that the new contingency reserve balance on June 30, 2010, became \$21,885,000 due to factors such as paying down debt on variable pension loans and income loss from SD&AE and Taxicab Administration.

Action Taken

Mr. Ovrom moved to receive a report for information. Mr. Cunningham seconded the motion and the vote was 12 to 0 in favor.

46. MTS: Interstate 15 Mid-City BRT Stations

Dennis Desmond, Senior Transportation Planner, provided the Board with an update on the Interstate 15 (I-15) Mid-City bus rapid transit (BRT) corridor. He explained that the I-15 BRT corridor between Escondido and downtown San Diego will include two stations on I-15 in the Mid-City area, at University Avenue and El Cajon Boulevard. He provided a brief background of

the project and talked about the three remaining design alternatives that have been narrowed down.

Mr. Desmond stated that Alternative 1 has median stations with center platforms, and buses crossover at each end of Mid-City corridor in bus-only lanes; Alternative 2 has median stations with side platforms, and buses would stay on the right side in bus-only lanes; and Alternative 4 has ramp stations constructed on freeway on-ramps, and buses would run in mixed-flow or on shoulders. He stated that Alternative 3 was eliminated as a viable option. Mr. Desmond then talked about the costs and issues associated with each alternative and the next steps for the project, including a public hearing on January 26, 2011.

Mr. Gloria mentioned that he lives only five blocks from the proposed University Avenue station and is excited to see an alternative to cars. He will be present at the public hearing on January 26, 2011, from 5:00-8:00 p.m. at Central Elementary School. He stated that there are going to be real complications with getting buses on and off the freeway and that security issues with that alternative should not be minimized. He also stated that Alternatives 1 and 2 would have the right-of-way dedicated towards transit. Mr. Desmond mentioned that the 2050 Regional Transportation Plan hybrid scenario proposes light rail transit in the center median.

Mr. Roberts questioned if the increased costs listed for Alternatives 1 and 2 could possibly be offset at the time the light rail transit is built. Mr. Desmond explained that it might be possible but it will depend on the timing. He stated that Alternative 2 works better than Alternative 1 for light rail because money would not be spent on bridge structures at either end of the corridor. He also stated that as the project gets into the design phase, it would be a good idea to look at cost efficiencies for converting bus shelters to light rail stations. Mr. Roberts wanted to know the cost of the bridge structures. Mr. Desmond stated that it is probably around \$12,000,000. Mr. Roberts mentioned his concern about going down under a station crossing late at night. He also mentioned that the long-range goal is to get light rail transit running in the center of this corridor and that the issue needs to go to the public for comments and opinion.

Ms. Emerald asked if one alternative would be preferred for including both bus rapid transit and light rail transit in the corridor. Mr. Desmond responded that bus rapid transit would most likely be moved to the side making way for light rail transit in the center median due to the design challenge to put both in center median and limited space.

Action Taken

Ms. Emerald moved to receive an update on the status of planning for the Mid-City stations on the Interstate 15 (I-15) bus rapid transit (BRT) corridor. Mr. Ovrom seconded the motion, and the vote was 13 to 0 in favor.

47. MTS: Chargers Year-End Report

Tom Doogan, Special Events and Operations Coordinator, provided the Board a Chargers football year-end summary. He provided a brief light rail transit service overview, including service frequency. He talked a little bit about the weeknight games and the challenges they presented because of coinciding with peak service hours. Mr. Doogan presented a configuration of car trains for weekday and Sunday event service. He discussed the attendance and ridership figures compared to the 2009 season as well as eight regular season games in 2009. He then provided a brief summary of ticket sales revenue for the season.

Mr. Doogan explained the pregame fare inspection process and ticket booth sales averages. He talked about the Compass Card use and how Compass Card readers had been implemented prior to the seventh game of the season. Mr. Doogan discussed a cost-recovery exercise that was used to measure event service efficiencies. He then explained that the cost-recovery exercise showed a net operating revenue of \$54,592 per game and stated that the estimated net revenue for the season was \$511,530. He also stated that the Poinsettia Bowl game had a record attendance and that the Holiday Bowl game attendance was down 11% from last year.

Mr. Rindone mentioned that there was a problem with signage for eastbound departures during the Poinsettia Bowl and asked Mr. Doogan to address that. Mr. Terry responded that he is aware of the concerns and that stadium security was reportedly giving passengers some incorrect information, which has already been addressed. He stated that even though there were some problems with eastbound rail, platforms after both bowl games were cleared before the parking lots were cleared.

Action Taken

Mr. Cunningham moved to receive a report for information. Mr. Ewin seconded the motion, and the vote as 13 to 0 in favor.

48. MTS: Operations Budget Status Report for November 2010

Mike Thompson, Budget Manager, provided a report to the Board on the operations budget status for November 2010. He stated that combined revenue for bus and rail operations was unfavorable compared to budget by \$1,584,000 due to a decrease in ridership. He stated that operating expenses were unfavorable by \$4,211,000 and explained that the number is slightly misleading due to a pay down of pension contribution debt.

Mr. Thompson explained that the total combined net-operating variance was \$4,777,000 with a total non-operating variance of \$3,076,000, and stated that the total revenue less expenses was \$1,701,000. He talked about ongoing concerns such as sales tax subsidy revenue and explained that second quarter disbursements were made a couple weeks ago and the projection will be on target for the year-end.

Ms. Emerald wanted clarification on CNG credits and the impact on the budget if credits are received. Mr. Thompson stated that there would be a \$3,000,000 variance if we receive funds.

Action Taken

Mr. McClellan moved to receive an MTS budget status report for November 2010. Ms. Bragg seconded the motion, and the vote was 10 to 0 in favor.

60. Chairman's Report

Chairman Mathis stated that the lead car (529) in the vintage trolley car restoration process moved under its own power, which is a milestone. He stated that the car will be painted and tested and once it is done, he will notify Board members to come take a look at it.

61. Audit Oversight Committee Chairman's Report

There was no Audit Oversight Committee Chairman's report.

62. Chief Executive Officer's Report

Mr. Jablonski gave the Board an update on storm damage and stated that track in the El Cajon area had been undermined that will require some construction. A power feed from Grantville was also lost, which will potentially require 1,200 feet of wire to be replaced. Ms. Lightner mentioned that MTS should apply for Federal Emergency Management Agency (FEMA) money.

63. Board Member Communications

There was no Board member communication.

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, February 17, 2011.

66. Adjournment

Chairman Mathis adjourned the meeting at 11:27 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

METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL

MEETING OF (DATE): 1/20/11

CALL TO ORDER (TIME): 9:04 AM

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:28 AM

RECONVENE: _____

PUBLIC HEARING: _____

RECONVENE: 9:42 AM

ORDINANCES ADOPTED: _____

ADJOURN: 11:27 AM

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
CASTANEDA	<input type="checkbox"/> (Rindone) <input checked="" type="checkbox"/>		
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>		
EWIN	<input checked="" type="checkbox"/> (Sterling) <input type="checkbox"/>		
EMERALD	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
ENGLAND	<input checked="" type="checkbox"/> (Gastil) <input type="checkbox"/>	9:07 AM	
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
JANNEY	<input type="checkbox"/> (Bragg) <input checked="" type="checkbox"/>		
LIGHTNER	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
MINTO	<input type="checkbox"/> (McNelis) <input type="checkbox"/>		
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>		
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		11:13 AM
VAN DEVENTER	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		11:23 AM
YOUNG	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:08 AM	10:34 AM

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

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: Karen Conde



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

Agenda

Item No. 6

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

SDAE 710 (PC 50771)

February 17, 2011

SUBJECT:

MTS: SAN DIEGO AND ARIZONA EASTERN (SD&AE) RAILWAY COMPANY
QUARTERLY REPORTS AND RATIFICATION OF ACTIONS TAKEN BY THE SD&AE
BOARD OF DIRECTORS AT ITS MEETING ON JANUARY 18, 2011

RECOMMENDATION:

That the Board of Directors:

1. receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports (Attachment A); and
2. ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on January 18, 2011 (Attachment A).

Budget Impact

None.

DISCUSSION:

Quarterly Reports

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



SD&AE Property Matters

Under its adopted policy for dealing with the SD&AE Railway, the MTS Board of Directors must review all property matters acted on by the SD&AE Board. At its meeting of January 18, 2011, the SD&AE Board:

- approved issuing easements for an Diego Gas and Electric (SDG&E) for at-grade and underground utility crossings over SDG&E tracks located south of L Street in Chula Vista on the Coronado Branch Line; and
- approved issuing easements to the United States Department of Homeland Security (DHS) for at-grade crossings over SD&AE tracks located west of Jacumba in San Diego County.



Paul C. Jablonski
Chief Executive Officer

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

FEB17-11.6.SDAE RPTS.TLOREN.doc

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



AGENDA

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

SDAE 710.1
(PC 50771)

January 18, 2011

9:00 a.m.

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

San Diego & Arizona Eastern
Railway Company

A Nevada Nonprofit
Corporation

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

BOARD OF DIRECTORS
Don Seil, Chairman
Bob Jones
Paul Jablonski

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

OF COUNSEL
Karen Landers

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

RECOMMENDED ACTION

1. Approval of the Minutes of October 19, 2010
Action would approve the SD&AE Railway Company minutes of October 19, 2010. Approve
2. Statement of Railway Finances (Linda Musengo)
Action would receive a report for the quarter ended December 31, 2010. Receive
3. Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Matt Domen)
Action would receive a report for information. Receive
4. Report on Pacific Southwest Railway Museum (Diana Hyatt)
Action would receive a report for information. Receive
5. Report on the Desert Line (Armando Freire)
Action would receive a report for information. Receive
6. Real Property Matters (Tim Allison)
 - a. Summary of SD&AE Documents Issued Since October 19, 2010
Action would receive a report for information. Receive
 - b. Easement with SDG&E for At-Grade and Underground Utility Crossings
Action would approve issuing easements for San Diego Gas and Electric (SDG&E) for at-grade and underground utility crossings over SDG&E tracks located south of L Street in Chula Vista on the Coronado Branch Line. Approve

6. Real Property Matters – CONTINUED

c. Easements for At-Grade Crossings West of Jacumba

Action would approve issuing easements to the United States Department of Homeland Security (DHS) for at-grade crossings over SD&AE tracks located west of Jacumba in San Diego County.

7. Old Business

8. New Business

9. Public Comments

10. Next Meeting Date

The next regularly scheduled meeting of the SD&AE Board of Directors will take place on April 19, 2011, at 9:00 a.m. in the Executive Committee Conference Room.

11. Adjournment

A-SDAE-JAN18-11.doc

MINUTES

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

October 19, 2010

A meeting of the Board of Directors of the San Diego & Arizona Eastern (SD&AE) Railway Company, a Nevada corporation, was held at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101, on October 19, 2010, at 9:00 a.m.

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

Metropolitan Transit System:

San Diego & Imperial Valley Railroad:
Pacific Southwest Railway Museum:
Carrizo Gorge Railway, Inc.:

Burlington Northern Santa Fe:
International Border Rail Institute:
California Public Utilities Commission:

Tiffany Lorenzen, Linda Musengo,
Tim Allison
Matt Domen
Diana Hyatt
Armando Freire, Chas McHaffie,
Scott Tallman, Gary Sweetwood,
Christina Finrow, Randall Paulson
John Hoegemeier
Richard Borstadt
Jay Ellis

1. Approval of Minutes

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

2. Statement of Railway Finances

Linda Musengo reviewed the financial statement for the third quarter of 2010 (attached to the agenda item). Ms. Musengo noted a correction to the date on the table on page 2-2 (of the agenda item) as shown below.

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

2011

Action Taken

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

3. Report on SD&IV Operations

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

Action Taken

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

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the third quarter of 2010 report (attached to the agenda item).

Action Taken

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

5. Report on the Desert Line

Armando Freire reviewed the third quarter of 2010 report (attached to the agenda item).

Action Taken

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

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

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

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

Action Taken

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

b. License Agreement with Tessera Solar

Tim Allison referred to the diagram on page 6b-1 (attached to the agenda item) of the existing access road west of Plaster City and south of S80 (Evan Hewes Highway). He explained that the railroad has an existing dirt crossing; however, it is not authorized as a road (there are no licenses and no crossing numbers associated). Tessera Solar would like to use the crossing for temporary construction access and as secondary emergency access in the future. Mr. Allison added that granting the license would benefit the railroad as it would make the licensee responsible and liable for the road.

Mr. Terry moved to approve issuing a license to Tessera Solar to use an existing at-grade crossing as a temporary construction access road and ultimately as a secondary emergency access road. The crossing crosses over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at approximately milepost 128.0 on the Desert Line. Mr. Jones seconded the motion, and it was unanimously approved.

7. Approval of the 2011 SD&AE Board of Directors Meeting Schedule

Mr. Terry moved to approve the 2011 SD&AE Board of Directors meeting schedule as follows:

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

Mr. Jones seconded the motion, and it was unanimously approved.

8. Old Business

There was no old business.

9. New Business

There was no new business.

10. Public Comments

Scott Tallman – Mr. Tallman introduced himself as Carrizo Gorge Railway's newly elected president. He stated that Carrizo is currently going through a change in its corporate structure. Mr. Tallman introduced new Carrizo Gorge members: Corporate Counsel Randall Paulson, shareholder representative Gary Sweetwood, and Christina Finrow, Director. He concluded by offering to answer any questions.

In response to Mr. Tallman's statement, Ms. Lorenzen informed the Board that she has advised Mitch Beauchamp and his group that until there is an official court order, a change in Carrizo's management will not be recognized. She added that until such time, Mr. McHaffie and Mr. Freire will continue to report to the SD&AE Railway Company Board and to MTS.

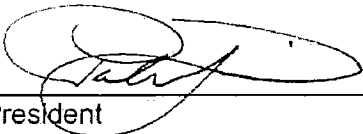
Mr. Tallman added that Mr. McHaffie has resigned from the corporation.

11. Next Meeting

The next meeting of the SD&AE Railway Company Board of Directors is on January 18, 2011, at 9:00 a.m.

12. Adjournment

The meeting was adjourned at 9:16 a.m.



President



Of Counsel

JGardetto/
MINUTES-SDAE.10-19-10.doc

Agenda

Item No. 2

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

SDAE 710.1 (PC 50771)

January 18, 2011

SUBJECT:

STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a report for the quarter ended December 31, 2010.

Budget Impact

None.

DISCUSSION:

Attached are results for the second quarters (Q2) of FY 2011 and 2010. The current quarter results show a small increase in expenses over Q1 and year-to-date net income of \$8,803. The current year-to-date is not comparable with FY 2010 through Q2 due to annual lease payments received in Q2 FY 10 that were adjusted in Q3 to amortize the annual payments ratably over the applicable period for each lease. The final reserve balance for FY 10, after audit adjustments and allocation of interest, is presented.

Attachment: SD&AE Financial Report Q2 2011

SD&AE Operating Statement FY 2011 and FY 2010

	FY 2011			FY 2010		
	Q1	Q2	YTD	Q1	Q2	YTD
Revenue						
Right of entry permits	\$ 12,250	\$ 5,450	\$ 17,700	\$ 21,619	\$ 17,400	\$ 39,019
Lease income	22,072	28,845	50,917	25,871	43,341	69,212
SD&IV 1% freight fee	-	-	-	-	-	-
Total revenue	34,322	34,295	68,617	47,490	60,741	108,231
Expense						
Personnel costs	19,916	22,595	42,510	22,734	26,334	49,068
Outside services	-	260	260	12,031	5,989	18,021
Energy costs	-	-	-	-	-	-
Risk management	8,352	8,194	16,547	8,486	8,486	16,972
Misc operating expenses	303	194	497	20,474	(18,913)	1,561
Depreciation	-	-	-	-	-	-
Total expense	28,571	31,243	59,814	63,725	21,897	85,622
Net income/(loss)	<u>\$ 5,751</u>	<u>\$ 3,052</u>	<u>\$ 8,803</u>	<u>\$ (16,235)</u>	<u>\$ 38,845</u>	<u>\$ 22,610</u>

Reserve balance 2010 - final	\$ 890,172
Allocated interest earnings - estimated	1,604
Operating profit (loss) final	8,803
Improvement expense 2011	-
Reserve balance 2011- estimated	\$ 900,579

Agenda

Item No. 3

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

SDAE 710.1 (PC 50771)

January 18, 2011

SUBJECT:

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

RECOMMENDATION:

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

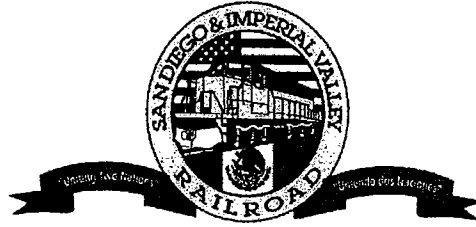
Budget Impact

None.

DISCUSSION:

An oral report will be given during the meeting.

Attachment: Periodic Report for the 4rd Quarter of 2010



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

December, 31 2010

Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company; activities of interest for the 4th Quarter of 2010 are listed as follows:

1. Labor
At the end of December 31, 2010 the San Diego & Imperial Railroad had 11 employees:
 - 1 General Manager
 - 1 Asst. General Manager
 - 1 Asst. Trainmaster
 - 1 Manager - Marketing & Sales
 - 1 Office Manager
 - 1 Mechanical Officer
 - 1 Roadmaster
 - 1 Maintenance of Way Employee
 - 2 Train Service Employees
 - 1 Utility Employee
2. Marketing
In the 4th Quarter of 2010 versus 2009, volumes were relatively flat. Bridge traffic to Mexico was flat to 2009, also. LPG's into Mexico were slightly stronger than last year while plastics were marginally down.
3. Reportable Injuries/Environmental
Days through year to date, Dec. 31, 2010, there were no FRA Reportable injuries or environmental incidents on the SDIV Railroad.
Days FRA Reportable Injury Free: 4112

4. Summary of Freight

	2010	2009	2008
Total rail carloads that moved by SDIY Rail Service in the quarter.	1371	1,377	1,487
Total railroad carloads Terminating/Originating Mexico in the quarter.	1116	1,108	1,272
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	255	269	215
Total customers directly served by SDIY in the quarter	11	12	12
Regional Truck trips that SDIY Railroad Service replaced in the quarter	4524	4,544	4,907

Respectfully,

Don Seil-
General Manager

Agenda

Item No. 4

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

SDAE 710.1 (PC 50771)

January 18, 2011

SUBJECT:

REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Fourth Quarter Report for 2010

Pacific Southwest Railway Museum

January 7, 2010

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

Re: Fourth Quarter 2010

Dear SD&AE Board:

During the fourth quarter of 2010, the Pacific Southwest Railway Museum carried 4,384 passengers with no FRA reportable accidents or injuries. Total income from SD&AE property for fourth quarter 2010 was \$68,945; a check for \$1,378.91 will be forwarded under separate cover. By comparison, PSRM carried 3,268 passengers during the fourth quarter of 2009 and 4,554 passengers during fourth quarter 2008 all with no FRA reportable accidents or injuries. The fourth quarter of every year is host to two of our three largest special events: Pumpkin Trains and North Pole Express. We operated two more North Pole Express trains this quarter over fourth quarter 2009 for a total of 12. Overall, we have experienced an increase in ridership and revenue during the 2010 calendar year and plan on offering a few new special event based trains this year.

During the fourth quarter, PSRM contracted with Walter H. Barber & Sons to perform an evaluation of the condition of the right of way between MP 59.9 (Division) and 66.6 (Campo). The results of this inspection were forwarded to SD&AE and CZRY by the railroad contracting company. CZRY was concerned with the possibility of wide gauge, particularly in the sweeping curves; all curves were found to be within FRA limits but PSRM chose to purchase and install gauge rods to mitigate further spread until the ties are replaced. Some tie replacement has already occurred and PSRM has purchased more ties and is actively planning a tie replacement schedule to commence sometime between January and April of this year. PSRM will be keeping CZRY and SDIV informed of the work as it progresses.

Work on the Campo Depot waiting room was completed to the point where it could be utilized by our North Pole passengers as a waiting room. Finishing details, such as installation of the ceramic floor tile and trim molding are in progress. Arrangements have been made with a cabinet maker to duplicate a ticket counter and some artifact furnishings have been acquired to recreate the Agent's Office.

A California Non-Profit, Public Benefit Corporation, IRS Tax # 95-2374478

Owners and operators of the Campo Railroad Museum,
San Diego & Arizona Railway and the La Mesa Depot Museum

Pacific Southwest Railway Museum

In December, 2010 PSRM was informed that it will again receive grant money from the County Supervisor's office. These funds will be used to complete the walkways around the Campo Depot area in addition to similar projects on museum property. Before we can begin construction and completion of the walkways, it will be necessary to grade the area around the Depot. The November and December rainstorms have aggravated an existing situation whereby the ground level has changed in recent years on the tracks adjacent to the Depot and around the Depot itself which caused water and silt to fill up the lower portion of the Depot. Fortunately, our conscientious volunteers cleaned up the mud and dried out the interior before any damage could occur.

This April, PSRM will celebrate its 50th anniversary as a San Diego organization dedicated to the preservation of railroad history and the SD&AE railroad. I would like to invite everyone to join us in our celebration by attending a special event at the railroad museum on Saturday, April 2nd. PSRM will be collaborating with the San Diego Vintner's Association and the Chefs de Cuisine for an afternoon of wine tasting, food pairing and musical entertainment in our Display Building in Campo.

I am pleased to inform this board that I will continue to represent the Pacific Southwest Railway Museum as its president for a second two year term beginning January 1, 2011. The election concluded with a ballot count on December 1, 2010 and will be accepted by the PSRM board at its meeting later this month. As always, I would be pleased to provide a personal tour of our facilities in Campo to the members of this board, at your convenience.

Very Truly Yours,

Diana Hyatt
President

A California Non-Profit, Public Benefit Corporation, IRS Tax # 95-2374478

Owners and operators of the Campo Railroad Museum,
San Diego & Arizona Railway and the La Mesa Depot Museum

Agenda

Item No. 5

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

SDAE 710.1 (PC 50771)

January 18, 2011

SUBJECT:

REPORT ON THE DESERT LINE

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

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Attachment: Fourth Quarter Report



Periodic Report

To The San Diego & Arizona Eastern Railway Company

Fourth Quarter 2010

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

Accomplishments during Fourth Quarter 2010

CONTENTS

FOURTH QUARTER 2010 ACTIVITY

Appendix A- MOW Summary

Appendix B- Desert Line Track Rehabilitation
Offset Financial Summary

Appendix C- Desert Line Freight Revenues
Financial Summary

Fourth Quarter 2010

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

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

I. Labor

As of December 31 , 2010, Carrizo Gorge Railway has 5 employees to cover the railroad administration and operation in the U.S.

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

II. Marketing

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

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

III. Desert Line

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

IV. Reportable Injuries / Environmental Incidents

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

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

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

V. Freight Activity

No freight activity in the 4th quarter of 2010 due to the embargo , we are still continuing to store empties, with a total amount of 52 GE cars located in the East end of the line as of this date.

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

VI. Mexican Railroad

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

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

CURRENT MEXICO PERSONNEL

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

Appendix A

M.O.W. SUMMARY

DESERT LINE

TRACK

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

OFFSET FINANCIAL SUMMARY

DESERT LINE SAND OPERATION

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

Appendix C FINANCIAL SUMMARY

DESERT LINE

REVENUE FREIGHT HAULED

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

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

Non-revenue Freight
USG Cars

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

Track Use Fees:

Interchange freight to/from UPRR over the Desert Line

SD&AE / MTS 1% payment	71.76
SD&IV / Rail America payment 6.9 (52 Railcars Storage)	495.14

Revenue Sand from Dixie to Campo

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

Agenda

Item No. 6a

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

SDAE 710.1 (PC 50771)

January 18, 2011

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE OCTOBER 19, 2010

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

Since the October 19, 2010, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-10-432: Easement to the City of San Diego for a sewer pipeline at 54th Street in the City of San Diego.
- S200-10-461: Right of Entry Permit to American Asphalt South, Inc. for a construction lay-down yard at the Baltimore Wye in the City of La Mesa.
- S200-11-462: Right of Entry Permit to Diamond Environmental Services to construct a temporary fence at the Baltimore Wye in the City of La Mesa.
- S200-11-464: Right of Entry Permit to Nasland Engineering for field surveying north of Coronado Avenue in the City of San Diego.
- S200-11-465: Easement to San Diego Gas and Electric for overhead electrical lines west of Plaster City in Imperial County.
- S200-11-466: Easement to San Diego Gas and Electric for overhead electrical lines west of Ocotillo in Imperial County.
- S200-11-467: Easement to San Diego Gas and Electric for overhead electrical lines east of Jacumba in San Diego County.
- S200-11-468: Right of Entry Permit to Ninyo and Moore, Inc. for geotechnical studies along the Orange line in the cities of San Diego, Lemon Grove, and La Mesa.
- S200-11-471: Right of Entry Permit to Hugo Alonso Inc. for building construction in San Ysidro.

Agenda

Item No. 6b

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

SDAE 710.1

January 18, 2011

SUBJECT:

EASEMENT WITH SDG&E FOR AT-GRADE AND UNDERGROUND UTILITY
CROSSINGS

RECOMMENDATION:

That the SD&AE Board of Directors approve issuing easements to San Diego Gas and Electric (SDG&E) for at-grade and underground utility crossings over SD&AE tracks located south of L Street in Chula Vista on the Coronado Branch Line.

Budget Impact

Fees would be credited to the SD&AE reserve. SDG&E would also reimburse MTS for processing fees incurred in preparing and processing the easements.

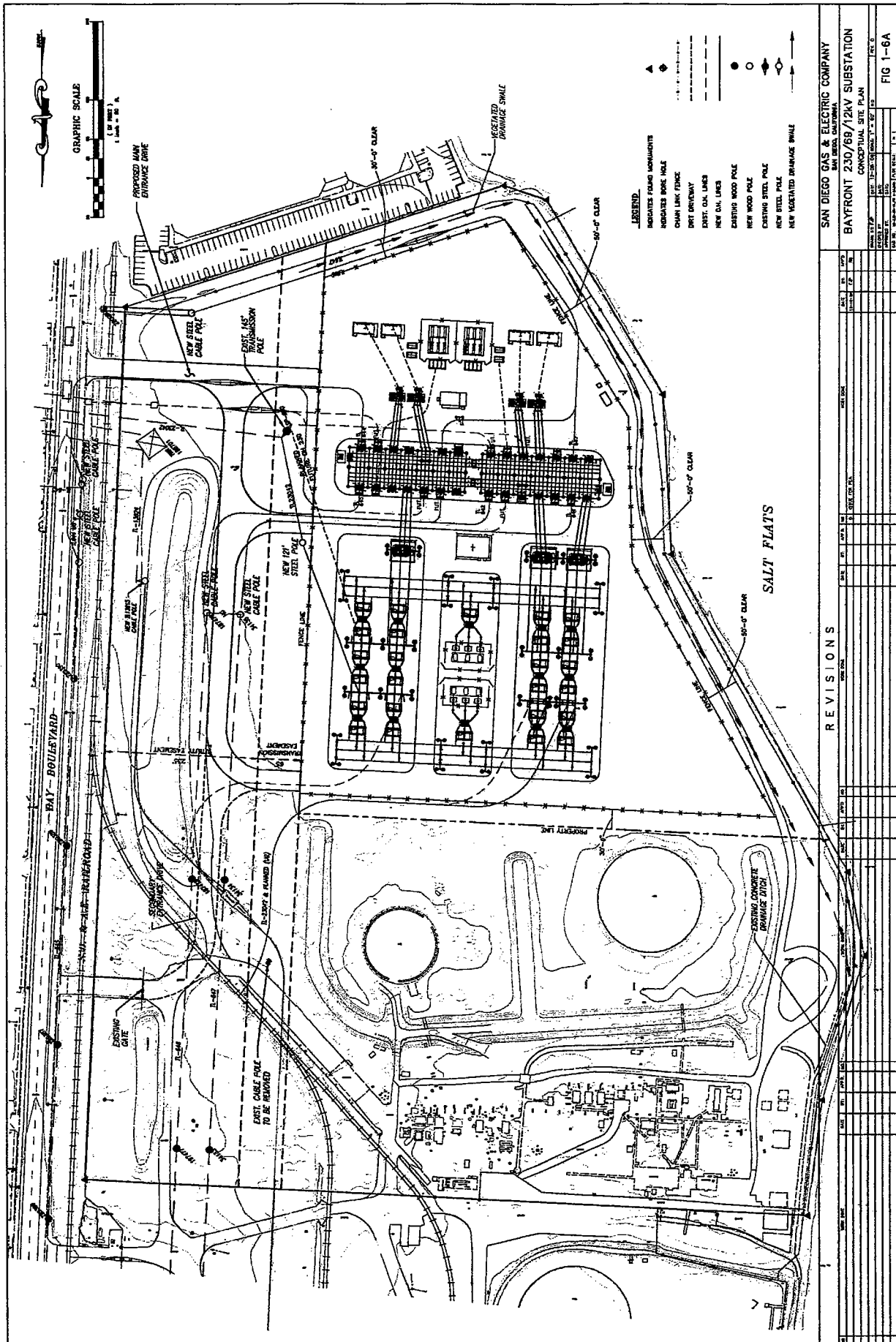
DISCUSSION:

SDG&E requests the issuance of an easement to use an existing at-grade crossing over SD&AE tracks located along Bay Boulevard south of L Street on the Coronado Branch in the City of Chula Vista. This crossing will serve mainly as an emergency exit for the proposed South Bay Substation. SDG&E also requests an easement for a proposed new at-grade crossing over SD&AE tracks along Bay Boulevard just south of the existing crossing. This new at-grade crossing will serve as the main entrance to the South Bay Substation. Additionally, SDG&E proposes several underground utility crossings to feed the power plant (an exhibit of the proposed project is attached).

On October 21, 2009, the SD&AE Board approved these crossings as licenses. However, SDG&E needs perpetual rights for these crossings to meet the regulations of the California Public Utilities Commission.

JAN18-11.6b.SDG&E AT-GRADE &
UNDERGD UTILITY XING.TALLISON.doc

Attachment: Project Map



Agenda

Item No. 6C

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

SDAE 710.1

January 18, 2011

SUBJECT:

EASEMENTS FOR AT-GRADE CROSSINGS WEST OF JACUMBA

RECOMMENDATION:

That the SD&AE Board of Directors approve issuing easements to the United States Department of Homeland Security (DHS) for at-grade crossings over SD&AE tracks located west of Jacumba in San Diego County.

Budget Impact

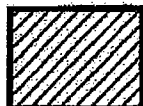
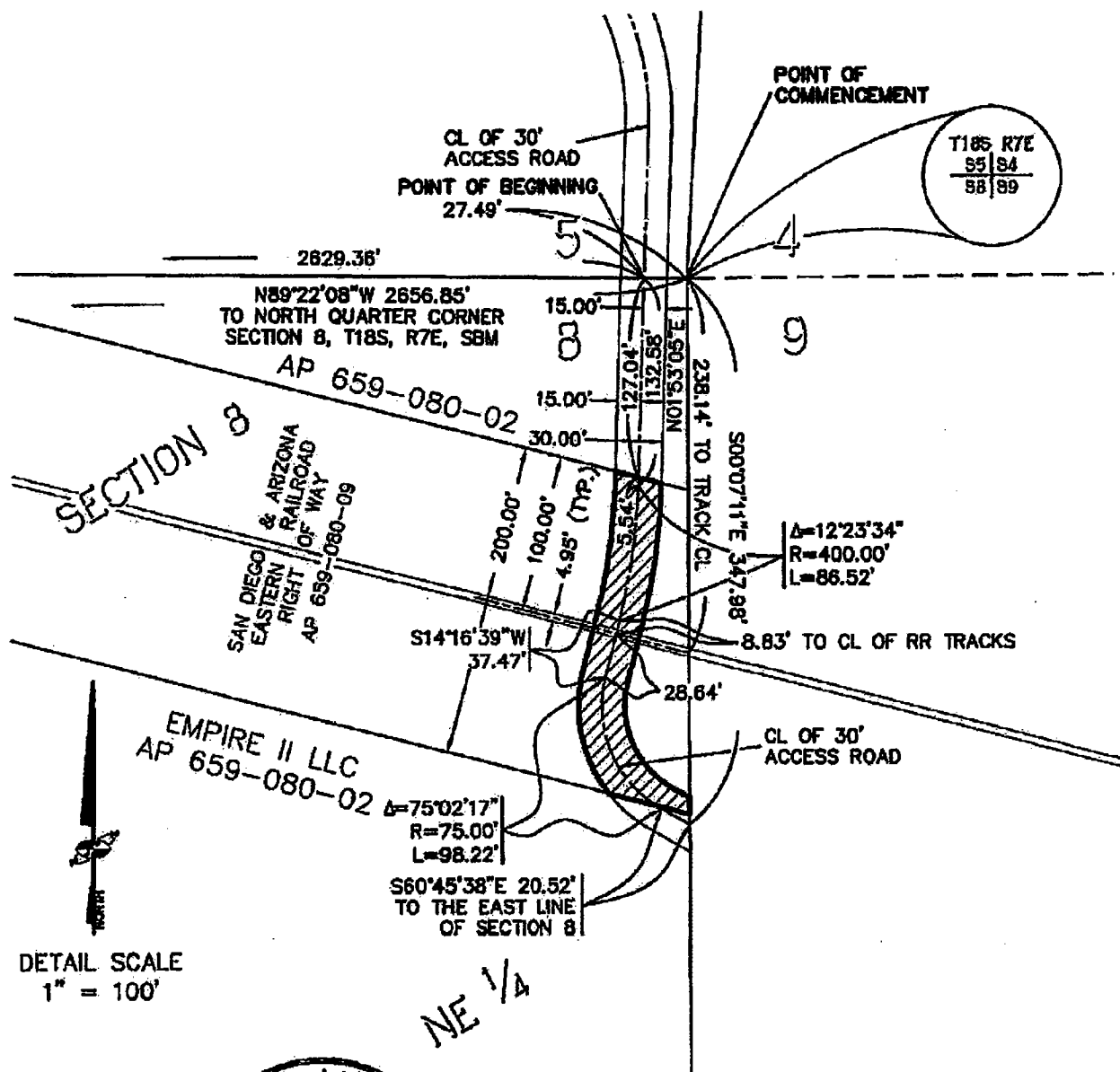
Fees would be credited to the SD&AE reserve. SDG&E would also reimburse MTS for processing fees incurred in preparing and processing the easements.

DISCUSSION:

DHS requests the issuance of easements for two at-grade crossings in an area west of Jacumba on the Desert Line. The purpose for the easements is to gain access to the fence constructed along the border between the United States and Mexico. Attachments A and B show the locations of the proposed easements. These locations are existing crossings, which would be used for construction access, maintenance access, and enforcement access.

JAN18-11.6c.EASEMTS X-INGS JACUMBA.TALLISON.doc

Attachments: A. Location 1
B. Location 2



INDICATES THE PROPERTY
DESCRIBED HEREIN.

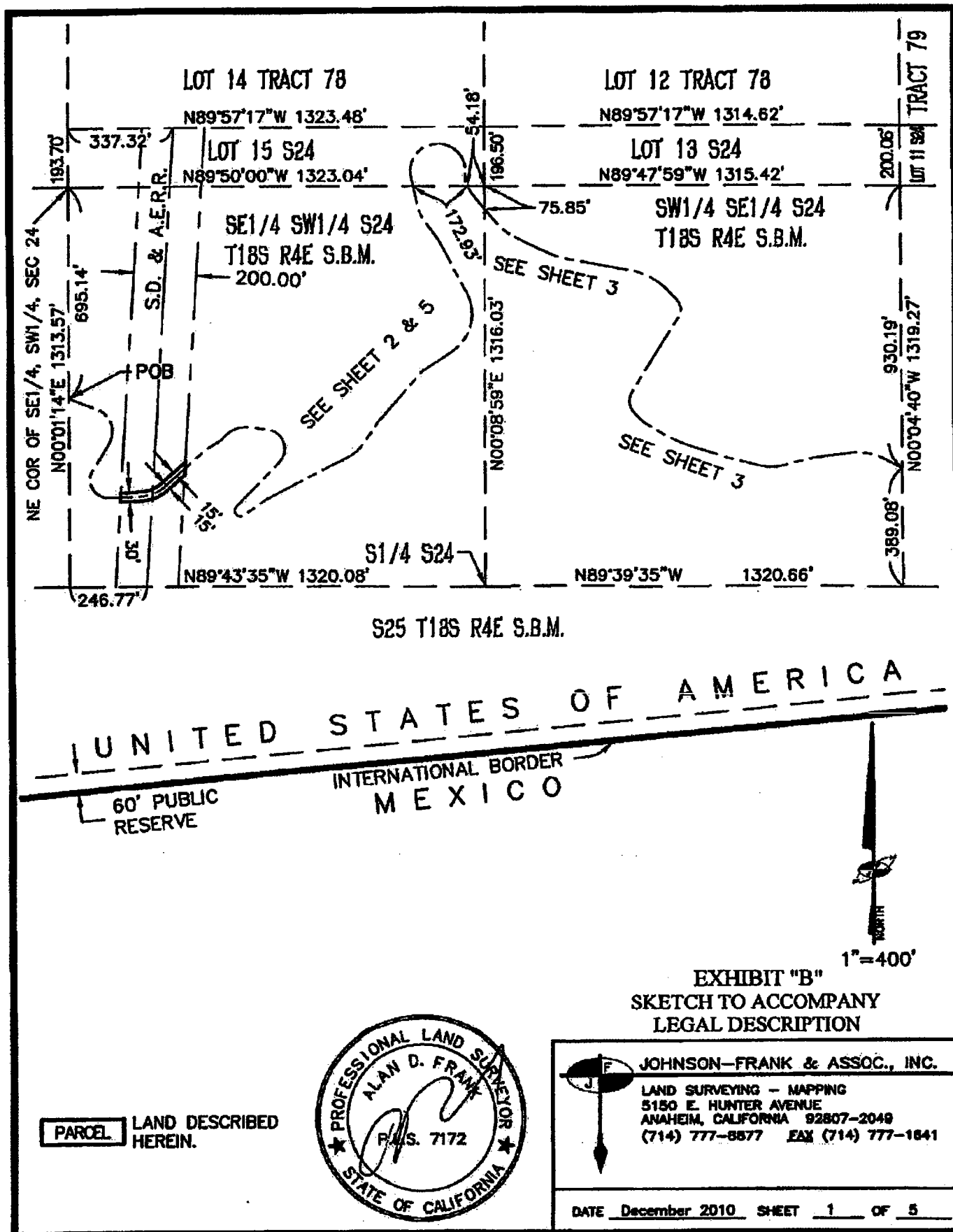
EXHIBIT "B"
SKETCH TO ACCOMPANY DESCRIPTION



JOHNSON-FRANK & ASSOC., INC.

LAND SURVEYING - MAPPING
5150 E. HUNTER AVENUE
ANAHEIM, CALIFORNIA 92807-2049
(714) 777-8877 FAX (714) 777-1641

DATE August 2008 SHEET 1 OF 1





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

Agenda

Item No. 7

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

February 17, 2011

SUBJECT:

MTS: INVESTMENT REPORT – DECEMBER 2010

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

Attachment A comprises a report of MTS investments as of December 2010. The combined total of all investments has decreased by \$12.5 million in the current month largely due to the scheduled \$12.2 million principal payment on the pension obligation bonds.

The first column provides details about investments restricted for capital improvement projects and debt service—the majority of which are related to the 1995 lease and leaseback transactions. The funds restricted for debt service are structured investments with fixed returns that will not vary with market fluctuations if held to maturity. These investments are held in trust and will not be liquidated in advance of the scheduled maturities.

The second column, unrestricted investments, reports the working capital for MTS operations for employee payroll and vendors' goods and services.



During December, \$23 million was transferred from the short-term investment accounts at Local Agency Investment Fund and San Diego County Treasurer to provide funds for settlement of current and anticipated debt service and capital asset expenditures.



Paul C. Jablonski
Chief Executive Officer

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

FEB17-11.7.INVESTMT RPT DEC.LMUSENGO.doc

Attachment: A. Investment Report for 12/10

**San Diego Metropolitan Transit System
Investment Report
December 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	\$ 5,291,772	\$ 19,757,520	\$ 25,049,292	0.00%
Total Cash and Cash Equivalents	<u>5,291,772</u>	<u>19,757,520</u>	<u>25,049,292</u>	
Cash - Restricted for Capital Support				
US Bank - retention trust account	2,785,610		2,785,610	N/A *
Local Agency Investment Fund (LAIF) Proposition 1B TSGP grant funds	<u>4,981,234</u>		<u>4,981,234</u>	0.46%
Total Cash - Restricted for Capital Support	<u>7,766,845</u>	<u>-</u>	<u>7,766,845</u>	
Investments - Working Capital				
Local Agency Investment Fund (LAIF) San Diego County Investment Pool		<u>3,405,758</u> <u>20,600,950</u>	<u>3,405,758</u> <u>20,600,950</u>	0.46%
Total Investments - Working Capital	<u>-</u>	<u>24,006,707</u>	<u>24,006,707</u>	
Investments - Restricted for Debt Service				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	36,361,624	-	36,361,624	
Rabobank - Payment Undertaking Agreement	<u>83,556,240</u>	<u>-</u>	<u>83,556,240</u>	7.69%
Total Investments Restricted for Debt Service	<u>119,917,863</u>	<u>-</u>	<u>119,917,863</u>	
Total cash and investments	<u>\$ 132,976,480</u>	<u>\$ 43,764,227</u>	<u>\$ 176,740,707</u>	

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



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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.

February 17, 2011

SUBJECT:

MTS: INCREASED AUTHORIZATION FOR LEGAL SERVICES – LIEBMAN,
QUIGLEY, SHEPPARD & SOULEMA, APC

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1087.10-07 (in substantially the same form as Attachment A) with Liebman, Quigley, Sheppard & Soulema, APC for legal services and ratify prior amendments entered into under the CEO's authority.

Budget Impact

Not to exceed \$45,000 for Liebman, Quigley, Sheppard & Soulema, APC. The recommended amounts are contained within the fiscal year 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.



Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB is owner of the San Diego and Arizona Eastern Railway Company. MTDB 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.

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. All attorneys listed have multiple cases that are scheduled to proceed to trial, and the total cost of their legal services will exceed the CEO's authority.

Liebman, Quigley, Sheppard & Soulema, APC is currently under contract with the Agencies for \$415,000. Attorney John Madsen has successfully defended the Agencies in a number of tort liability matters. Pending invoices for recent and current services are anticipated to exceed current contract authority due to legal defense costs.

The CEO has approved contracts up to the \$100,000 authority level. Staff is requesting Board approval of MTS Doc. No. G1087.10-07 with Liebman, Quigley, Sheppard & Soulema, APC 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

FEB17-11.8.LEGAL SVCS.LIEBMAN ET AL.JDOW.doc

Attachment: A. MTS Doc. No. G1087.10-07

DRAFT

February 17, 2011

MTS Doc. No. G1087.10-07
LEG 491 (PC 50633)

Mr. James J. Rij
Liebman, Quigley, Sheppard & Soulema, APC
110 W. C Street, Suite 2100
San Diego, CA 92101-3947

Dear Mr. Rij:

Subject: AMENDMENT NO. 10 TO MTS DOC. NO. G1087.0-07: LEGAL SERVICES – GENERAL
LIABILITY

This letter will serve as Amendment No. 10 to MTS Doc. No. G1087.0-07. This contract amendment authorizes additional costs not to exceed \$45,000 for professional services. The total value of this contract including this amendment is \$460,000. 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

James J. Rij
Liebman, Quigley, Sheppard & Soulema, APC

FEB17-11.8.Atta.G1087.10-97.LIEBMAN ET AL
LEGAL SVCS.JDOW.doc



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San Diego, CA 92101-7490
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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 490 (PC 50121)

February 17, 2011

SUBJECT:

MTS: INCREASED AUTHORIZATION FOR LEGAL SERVICES – OPPER & VARCO,
LLP

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1165.6-08 (in substantially the same form as Attachment A) with Opper & Varco, LLP for legal services and ratify prior amendments entered into under the CEO's authority.

Budget Impact

Not to exceed \$80,000 for Opper & Varco, LLP. The recommended amount should be contained within the FY 2011/2012 budget.

DISCUSSION:

On January 18, 2007, the MTS 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 MTS 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. All attorneys listed have multiple cases



that are scheduled to proceed to trial, and the total cost of their legal services will exceed the CEO's authority.

Opper & Varco, LLP are currently under contract with the Agencies for \$200,000. Attorney Richard Opper has successfully assisted the Agencies in a number of environmental liability matters. Pending invoices for two open matters along with past billings are anticipated to exceed the 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. G1165.6-08 with Opper & Varco, LLP 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

FEB17-11.9.LEGAL SVCS OPPER & VARCO.JDOW.doc

Attachment: A. MTS Doc. No. G1165.6-08

DRAFT

February 17, 2011

MTS Doc. No. G1165.6-08
LEG 490 (PC 50121)

Mr. Richard Oppen
Oppen & Varco, LLP
225 Broadway, Suite 1900
San Diego, CA 92101

Dear Mr. Oppen:

Subject: AMENDMENT NO. 6 TO MTS DOC. NO. G1165.0-08: LEGAL SERVICES –
ENVIRONMENTAL LAW

This letter will serve as Amendment No. 6 to MTS Doc. No. G1165.0-08. This contract amendment authorizes additional costs not to exceed \$80,000 for professional services. The total value of this contract, including this amendment, is \$280,000. 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

Mr. Richard Oppen
Oppen & Varco, LLP

Date: _____



Metropolitan Transit System

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

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.

LEG 491 (PC 50633)

February 17, 2011

SUBJECT:

MTS: EXCESS LIABILITY INSURANCE RENEWAL

RECOMMENDATION:

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

Budget Impact

The combined proposed premium, including taxes and fees, would be approximately \$1,625,787 effective March 1, 2011, through March 1, 2012. The total premium for excess liability insurance coverage, including terrorism coverage and excess workers' compensation, represents an 8.4% decrease over the expiring policies (\$157,777).

The specific allocation among MTS, San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), and San Diego and Arizona Eastern (SD&AE) Railway Company would be based on the underwriting exposure. Costs associated with the excess insurance policies are allocated across two fiscal years. For fiscal year 2011, staff estimates that SDTI, SDTC, and MTS will be within budget. No budget adjustment is proposed at this time. Fiscal year 2012 budgets are being developed, and funds should be designated and included within them.

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

COMBINED TOTAL EXCESS INSURANCE PREMIUMS					
AGENCY	MTS	SDTC	SDTI	SD&AE	TOTAL
Total Liability	\$162,087	\$592,820	\$629,090	\$21,790	\$1,405,787
Liability Premium Split	11.5%	42.2%	44.8%	1.6%	
Excess Workers' Comp.	\$31,834	\$109,494	\$76,868	\$1,804	\$220,000
Payroll Split	14.5%	49.8%	34.9%	0.8%	
Total Excess Premium	\$193,921	\$702,314	\$705,958	\$23,594	\$1,625,787
Combined Excess Split	11.9%	43.2%	43.4%	1.5%	



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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.

DISCUSSION:

MTS, SDTC, SDTI, and SD&AE jointly purchase commercial insurance in order to finance large catastrophic awards for bodily injury and other damage claims. Existing policies will expire on March 1, 2011, with limits up to \$75 million, including \$2 million in self-insurance retention per general liability loss occurrence. MTS's insurance broker, BB&T-John Burnham Insurance Services, has contacted interested insurance companies to obtain the best coverage for a tolerable premium. This report outlines the proposal for renewing MTS's liability insurance and staff's recommendations.

Current Program

MTS currently has excess liability coverage contained in four layers of insurance limits from various insurance companies. These layers provide for a total general liability limit of \$75 million. These policies contain coverage for certified acts of terrorism. The current cost of these policies, including taxes and fees, is approximately \$1,537,235.

Proposed Program

The proposed liability program is anticipated to include four policy layers and would carry a self-insurance retention of \$2 million for general liability and public entity excess liability. All of this coverage (including our self-insurance retention) would provide full limits up to \$75 million at an annual cost of approximately \$1,405,787. Terrorism coverage has become critical due to the potential of a catastrophic loss from the occurrence of one event. The need to obtain terrorism coverage rests with the importance of avoiding the broadly worded terrorism exclusion.

The total premium for excess liability insurance coverage, including terrorism coverage and excess workers' compensation, represents an 8.5% decrease (\$131,448) from the previous year.

An underlying policy just for workers' compensation has been retained for the limits between \$1 million and \$2 million. This policy will offer the required policy outline form for which the layers above will follow in coverage format. The premium coverage cost for this policy is approximately \$220,000, which represents a 10.6% rate decrease (\$26,330). This premium has been incorporated in the total recommended insurance cost request.

COVERAGE	INSURER	AM BEST RATING	ESTIMATED PREMIUM	ESTIMATED TAXES	TOTAL
Excess Workers' Comp.	ACE American Insurance Co.	A+ XV	\$220,000		\$220,000
1st Layer Excess Liability	Everest National Insurance Co.	A+ XV	\$730,000		\$730,000
2nd Layer Excess Liability	Endurance American Specialty Insurance Co.	A XV	\$320,155	\$10,405	\$330,560
3rd Layer Excess Liability	Great American Assurance Co.	A XIV	\$230,000		\$230,000
4th Layer Excess Liability	AXIS Surplus Insurance Co.	A XV	\$111,600	\$3,627	\$115,227
					\$1,625,787

RENEWAL ISSUES

Underwriting Base

Some of the factors influencing the premium rates are payroll for excess workers' compensation and construction costs, car miles, and revenue miles. Calculated in for the policy period was a payroll adjustment increase (\$1,747,290). Overall, annual passenger counts increased by 779,111 passengers, and revenue miles are down 758,490 miles compared to counts submitted last policy period. For this present renewal, a shift of limits within liability layers assisted with the cost-pricing structure.

Insurance Market

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


Paul C. Jablonski
Chief Executive Officer

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

FEB17-11.10.LIABILITY INS RENEWAL.JDOW.doc

Attachment: A. MTS 2011 Excess Insurance Proposal **(Board Only Due to Volume)**



BB&T Insurance Services of California, Inc.

Presented by:

IRIS J. GLADNEY, CPCU, ARM
Vice President

and

AMY LINDROTH
Marketing & Sales Executive

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

EXCESS LIABILITY AND EXCESS WORKERS' COMPENSATION INSURANCE PROPOSAL

PRESENTED

FEBRUARY 1, 2011 FOR MARCH 1, 2011 EFFECTIVE DATE

BB&T INSURANCE SERVICES OF ORANGE COUNTY, 680 LANGSDORF DRIVE, FULLERTON, CA
BB&T — KNIGHT INSURANCE SERVICES, 535 N BRAND BLVD., 10TH & 11TH FLOORS, GLENDALE, CA
BB&T INSURANCE SERVICES OF ORANGE COUNTY, 19100 VON KARMAN AVENUE, STE 900, IRVINE, CA
BB&T — TANNER INSURANCE SERVICES, 4480 WILLOW ROAD, PLEASANTON, CA
BB&T — JOHN BURNHAM INSURANCE SERVICES, 750 B STREET, STE 2400, SAN DIEGO, CA
BB&T INSURANCE SERVICES OF CALIFORNIA, INC., 300 MONTGOMERY STREET, STE 2008, SAN FRANCISCO, CA



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- XIII. Client Acceptance**
Client Acceptance Estimated Premium, Taxes And Fees Summary, Payment Terms
- XIV. Proposed Insurers/Placement Authorization**
Additional BB&T Insurance Services Products
Compensation Disclosure
Provider Security Standards
- XV. Introduction To Mywave**





BB&T Insurance Services of California, Inc.

SPECIAL NOTATIONS

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

β

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

β

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

β

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

β

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

β

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

β

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

β





NOTIFICATION OF IMPORTANT CHANGES RELATING TO TERRORISM RISK INSURANCE ACT

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

A. Change in Definition of "Act of Terrorism"

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

B. Revised Definition of Act of Terrorism under TRIA

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

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

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

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

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

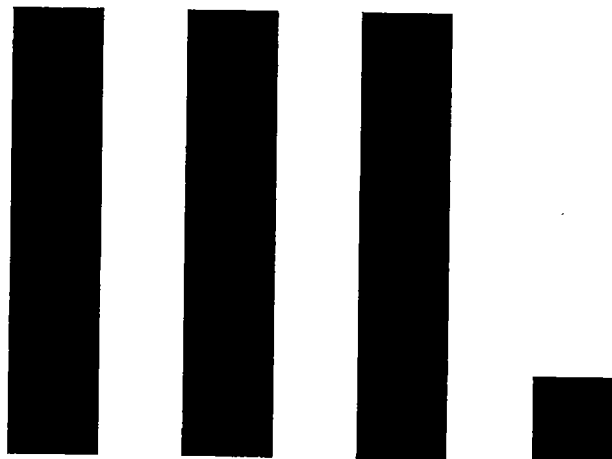
Should there be a terrorist act certified under TRIA, Treasury must recoup 133% of the amount of its payments under the program (limited to \$27.5 billion minus the amount insurers retain in that calendar year as a result of the insurer deductible and co-share) through policyholder surcharges:

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

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

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

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





BB&T Insurance Services of California, Inc.

SERVICING PERSONNEL

IMPORTANT PHONE NUMBERS & E-MAIL:

Vice President:

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

Account Manager:

Direct Line:	Amy Lindroth 619.525.2863
Fax Number:	888.328.1308
E-mail:	ALindroth@BBandT.com

Vice President/Claims Manager:

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

Loss Control Consultant:

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

ADDRESSES/TELEPHONES:

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

PO Box 129077
San Diego, CA 92112-9077

Main Office Number:	619.231.1010
Main Facsimile:	619.236.9134

IV.



BB&T Insurance Services of California, Inc.

SCHEDULE OF NAMED INSUREDS

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

V.



BB&T Insurance Services of California, Inc.

EXCESS WORKERS' COMPENSATION OPTION I

Carrier: ACE American Insurance Company

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

Policy Term: March 1, 2011 to March 1, 2012

Coverage and Limits:

WORKERS' COMPENSATION:	STATUTORY Each Accident
	STATUTORY Each Employee for Disease
EMPLOYER'S LIABILITY:	\$ 2,000,000 Each Accident
	\$ 2,000,000 Each Employee for Disease
Self-Insured Retention:	\$ 1,000,000 Each Accident / Each Employee for Disease
Covered State:	California
Terrorism TRIA:	Included in premium
Rate:	\$ 0.33 per \$100 Payroll
Estimated Annual Payroll:	\$ 66,787,077 (increased from \$65,039,787)
Endorsements:	<ul style="list-style-type: none"> ▪ ACE Specific Excess WC and EL policy CKE-1167 (10-06) ▪ Loss and Expense Adjustment Endorsement – ALAE included Endorsement CK-12887b (04-08) ▪ Disclosure Notice of Terrorism Insurance Coverage TRIA 11b (01-08) ▪ ACE Producer Compensation Practices & Policies WC990342 (10-06) ▪ Communicable Disease Coverage WC990348 (04-08) ▪ US Treasury Dept's Office of Foreign Assets and Control Notice ILP0010104



BB&T Insurance Services of California, Inc.

EXCESS WORKERS COMPENSATION OPTION I

Endorsements:

- Notification of Premium Adjustment WC990444 (08-06)
- Trade or Economic Sanctions Endorsement WC990773 (11-06)
- Voluntary Compensation Schedule CKE18768a (01-07)
- Name and Address Amendatory Endorsement CK-18364a (09-05)
- Cap on Losses from Certified Acts of Terrorism WC990459A (01-08)
- Applicable State Amendatory Endorsements
- Attachment TRIA Disclosure TR 19606a
- Loss and Expense Adjustment Endorsement – ALAE included Endorsement WC 99 99 03 (11-08) PENDING REVIEW

Binding Conditions:

- Estimated premium is a minimum and deposit and with upward adjustment only.
- You must notify ACE of any new, additional or replacement aircraft (owned or leased) within 30 days of acquisition.
- The Insurance Carrier indicated in this quotation reserves the right, at its sole discretion, to amend or withdraw this quotation if it becomes aware of any new, corrected or updated information that is believed to be material change and consequently would change the original underwriting decision.
- Only 4 named insureds included. Need back-up documentation to add San Diego & Arizona Eastern Railway and San Diego Vintage Trolley

Premium:

\$ 220,000 100% Minimum & Deposit Premium

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



BB&T Insurance Services of California, Inc.

EXCESS WORKERS' COMPENSATION OPTION II

Carrier: ARCH INSURANCE COMPANY

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

Policy Term: March 1, 2011 to March 1, 2012

Coverage and Limits:

WORKERS' COMPENSATION:	STATUTORY Each Accident
	STATUTORY Each Employee for Disease
EMPLOYER'S LIABILITY:	\$ 2,000,000 Each Accident
	\$ 2,000,000 Each Employee for Disease
Self-Insured Retention:	\$ 1,000,000 Each Accident / Each Employee for Disease
Covered State:	California
Terrorism TRIA:	Included in premium (\$6,993)
Rate:	\$ 0.3490 per \$100 Payroll
Estimated Annual Payroll:	\$ 66,787,077
Endorsements:	<ul style="list-style-type: none"> ▪ Per Schedule of Named Insureds ▪ Loss Redefined to include Allocated Loss and Adjustment Expense Endorsement ▪ Disclosure Notice of Terrorism Insurance Coverage TRIA ▪ California Amendatory Endorsement ▪ Specific Excess Workers Compensation and Employers Liability Policy 05 GL0401 (01 08)



BB&T Insurance Services of California, Inc.

EXCESS WORKERS COMPENSATION OPTION II

Premium:

\$ 233,087.00 100% Minimum & Deposit Premium

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



BB&T Insurance Services of California, Inc.

EXCESS WORKERS' COMPENSATION OPTION III

Carrier:	Star Insurance Company, part of Meadowbrook PENDING APPROVAL
A.M. Best Rating:	A- IX (admitted)
Policy Term:	March 1, 2011 to March 1, 2012
Coverage and Limits:	
WORKERS' COMPENSATION:	STATUTORY Each Accident STATUTORY Each Employee for Disease
EMPLOYER'S LIABILITY:	\$ 2,000,000 Each Accident \$ 2,000,000 Each Employee for Disease
Self-Insured Retention:	\$ 1,000,000 Each Accident / Each Employee for Disease
Covered State:	California
Terrorism TRIA:	Included in premium
Rate:	\$ 0.3059 per \$100 Payroll
Option 1	\$ 0.2564 per \$100 Payroll - \$1,250,000 SIR
Option 2	\$ 0.2272 per \$100 Payroll - \$1,500,000 SIR
Estimated Annual Payroll:	\$ 66,787,077
Endorsements:	<ul style="list-style-type: none"> ▪ STAR Excess WC and EL policy 46 51 WC 08 07 ▪ Disclosure Notice of Terrorism Insurance Coverage TRIA WCC 00 04 22 A 09 08 ▪ Catastrophe (Other Than Certified Acts of Terrorism) Premium Endorsement (WC 00 04 21 C) ▪ Notice of Cancellation Endorsement 46 82 WC 08 07 ▪ Escalation Exclusion Endorsement 46 73 WC 08 07 ▪ Cash Flow Protection Endorsement 46 70 WC 08 07 with a \$250,000 Per-Occurrence, per year paid loss retention for additional rate/premium of .0322/\$21,505.



BB&T Insurance Services of California, Inc.

EXCESS WORKERS COMPENSATION OPTION III

Endorsements:

- Voluntary Compensation Endorsement 46 66 WC 08 07
- Foreign Terrorism Premium Endorsement WC 000422A
- Catastrophe Premium Endorsement WC 000421C

Premium:

	\$ 204,302.00	Minimum & Deposit. 25% Minimum Earned Premium. 100% Minimum & Deposit Premium
Option 1	\$ 171,242.00	Minimum & Deposit. 25% Minimum Earned Premium. 100% Minimum & Deposit Premium
Option 2	\$ 151,740.00	Minimum & Deposit. 25% Minimum Earned Premium. 100% Minimum & Deposit Premium

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



BB&T Insurance Services of California, Inc.

EXCESS WORKERS' COMPENSATION OPTION IV

Carrier: NATIONAL UNION FIRE INS CO OF PA (CHARTIS)

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

Policy Term: March 1, 2011 to March 1, 2012

Coverage and Limits:

WORKERS' COMPENSATION:	STATUTORY	Each Accident
	STATUTORY	Each Employee for Disease
EMPLOYER'S LIABILITY:	\$ 2,000,000	Each Accident
	\$ 2,000,000	Each Employee for Disease
Self-Insured Retention:	\$ 1,000,000	Each Accident / Each Employee for Disease
Covered State:	California	
Terrorism TRIA:	Included in premium	
Rate:	\$ 0.3687	per \$100 Payroll
Estimated Annual Payroll:	\$ 66,787,077	
Endorsements:	<ul style="list-style-type: none"> ▪ Specific Excess Work Comp Employer's Liability Policy 54360/54361 (10-92) ▪ Privacy Policy 78052 ▪ Amendatory Endorsement 81066 ▪ Coverage Territory Endorsement 89644 ▪ California Amendatory Endorsement 67911 ▪ Broad Form Other States Endorsement 56292 	



BB&T Insurance Services of California, Inc.

EXCESS WORKERS COMPENSATION OPTION IV

Endorsements:

- Voluntary Compensation and Employers Liability Coverage Endorsement 61307
- All Other Amendatory as Required

Premium:

- \$ 246,244.00 Minimum & Deposit. 25% Minimum Earned Premium. 100% Minimum & Deposit Premium
- The net premium is due 15 days of binding
- Failure to remit by that date, will normally result in Notice of Cancellation

VI.



BB&T Insurance Services of California, Inc.

EXCESS LIABILITY – FIRST LAYER

Carrier: Everest National Insurance Company

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

Policy Term: March 1, 2011 to March 1, 2012

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

Limits:

Aggregate Limits

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

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

\$ 10,000,000 Employee Benefit Liability Aggregate

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

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

Per "Employment Practice Liability Wrongful Act" Limit

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



BB&T Insurance Services of California, Inc.

EXCESS LIABILITY – FIRST LAYER

Self-Insured Retention: \$ 2,000,000 Any one "occurrence", "wrongful act" or "employee benefit wrongful act" or series of continuous, repeated, or related "occurrences", "wrongful acts" or "employee benefit wrongful acts"

\$ 2,000,000 Any one "employment practice liability wrongful act" or series of continuous, repeated, or related "employment practice liability wrongful act"

Required Underlying:

Excess Employer's Liability \$ 2,000,000 Per Employee
\$ 2,000,000 Per Accident

Excess of Self Insured Retention: \$ 1,000,000 Per Accident

Terrorism TRIA: Premium is included (\$14,600) Signed TRIA form required

Rate: Flat

Endorsements:

- Public Entity Excess Liability Declarations
- California Changes – Cancellation and Nonrenewal
- Common Policy Conditions
- Nuclear Energy Liability Exclusion
- Pollution Exclusion "Blended" 72 Hour form as per current coverage (Manuscript)
- Earlier Notice of Cancellation or Nonrenewal Provided by Us
- Delete Transit Exclusion (Manuscript)
- Reimbursement of Defense costs EPLI
- Delete UN/UIM Exclusion (Manuscript)
- Named Insured Endorsement
- Pollution Changes
- Addendum to Declarations
- Certified Acts and Other Acts of Terrorism Coverage Above Retained Limit; Cap on Losses (for risks that accept terrorism)
- Additional Insureds as required by contract

Premium: \$ 730,000.00 100% Minimum & Deposit Premium, 25% Minimum Earned

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



BB&T Insurance Services of California, Inc.

EXCESS LIABILITY – FIRST LAYER OPTION 1

Carrier: Ironshore

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

Policy Term: March 1, 2011 to March 1, 2012

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

Limits:

Aggregate Limits

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

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

\$ 10,000,000 Employee Benefit Liability Aggregate

Disclaimer: This is an indication ONLY full terms condition and firm premium not available at this time.

Premium: \$1,000,000.00 100% Minimum & Deposit Premium, 25% Minimum Earned

VI.



BB&T Insurance Services of California, Inc.

EXCESS LIABILITY – SECOND LAYER

Carrier: Endurance American Specialty Insurance Company

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

Policy Term: March 1, 2011 to March 1, 2012

Coverage: Following Form Excess Liability

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

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

Terrorism TRIA: Included in premium (\$6,405) Signed TRIA form required

Rate: Flat

Endorsements:

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

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



BB&T Insurance Services of California, Inc.

EXCESS LIABILITY – SECOND LAYER

Attachments:

- Public Entity Excess Liability Declarations
- Common Policy Conditions
- Nuclear Energy Liability Exclusion Endorsement
- California Changes – Cancellation and Non-Renewal
- Pollution Changes
- Addendum to Declarations
- Named Insured Endorsement
- Earlier Notice of Cancellation or Non-Renewal Provided By Us
- Reimbursement of Defense Costs for Employment Practice Liability Wrongful Act
- Additional Insured – Insured Contract
- Blended Pollution Limitation Endorsement
- Delete Transit Exclusion
- Deletion of Transit UM Exclusion
- Cap on Losses from Certified Acts of Terrorism
- Disclosure of Premium Pursuant to Terrorism Risk Insurance Act

Everest National Insurance Company's lead terms and conditions:

Exclusions:

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

Binding Conditions:

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

Premium:

\$ 320,155.00	Minimum & Deposit.	25% Minimum Earned Premium – 100% Minimum & Deposit Premium
9,604.65	State Tax	
<u>800.39</u>	Stamping Fee	
\$ 330,560.04		

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

VIII.



BB&T Insurance Services of California, Inc.

EXCESS LIABILITY – THIRD LAYER

Carrier:	Great American Assurance Co.
A.M. Best Rating:	A XIV (admitted)
Policy Term:	March 1, 2011 to March 1, 2012
Coverage:	Following Form Excess Liability Form #GA16524 (06-97)
Limits:	\$ 25,000,000 Each Occurrence/Aggregate Excess of \$25,000,000 Each Occurrence/Aggregate
Excess Of:	<ul style="list-style-type: none"> ▪ XS: \$15mm xs \$10mm xs \$2mm – Endurance ▪ Lead Umbrella: \$10mm xs \$2mm SIR / \$2mm Excess EL – Everest National ▪ XS EL: \$2mm/\$2mm/\$2mm – ACE American ▪ In excess of \$1,000,000 Self-Insured Retention ▪ Defense expenses are included in the SIR ▪ Defense expenses are included in the limits of liability
Terrorism TRIA:	Included in premium (\$2,300) Signed TRIA form required
Rate:	Flat, except for acquisitions
Lead Forms, Exclusions and/or Limitations:	We will follow all of the exclusions and limitations of the Everest National Ins Co Excess form and any additional exclusions/modifications/limitations as noted in their quote.
Exclusions:	<ul style="list-style-type: none"> ▪ Named Perils/Time Element
Attachments:	<ul style="list-style-type: none"> ▪ Delete Transit Exclusion ▪ Delete UM Exclusion ▪ Public Entity Excess Liability Policy ▪ Reimbursement of Defense Costs for Employment Practices Liability Wrongful Act



BB&T Insurance Services of California, Inc.

EXCESS LIABILITY – THIRD LAYER

Our Exclusions, Limitations and/or Attachments:

Exclusions:

- Email, Fax or Phone Exclusion – GAI6827 (10/04)
- Fungi, Mold or Spores Exclusion – GAI6635 (01/02)
- Lead Exclusion – GAI6533 (06/97)
- Pollution Liability Coverage – Follow Form – GAI6966 (04/09)
- Silica or Related Dust Exclusion – GAI6665 (10/04)
- War Liability Exclusion – GAI6650 (03/03)
- Loss Defense within Limits Amendment – GAI6597 (06/97)

Attachments:

- Cap on losses from Certified Acts – GAI6452 (01-08)
- Disclosure Pursuant of TRIA Act – GAI6472 (01-08)

Binding Conditions:

- Copies of all Underlying Binders evidencing issuing carrier, policy number, policy limits and terms immediately upon binding coverage. Policy issuance will be upheld pending receipt of confirmation
- Signed TRIA form, prior to binding.
- Signed and dated application – within 10 days of binding.

Premium:

\$ 230,000.00 Minimum & Deposit. 25% Minimum Earned
 Premium – 100% Minimum & Deposit
 Premium
 No Flat Cancellations

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

IX.



BB&T Insurance Services of California, Inc.

EXCESS LIABILITY – FOURTH LAYER

Carrier:	AXIS Surplus Insurance Company
A.M. Best Rating:	A XV (non-admitted)
Policy Term:	March 1, 2011 to March 1, 2012
Coverage:	Following Form Excess Liability.
Limits:	\$ 23,000,000 Each Occurrence \$ 23,000,000 General Aggregate \$ 23,000,000 Products Completed Operations Aggregate Excess of Scheduled Underlying Insurance
Excess Of:	<ul style="list-style-type: none"> ▪ XS: \$25mm xs \$25mm xs \$2mm SIR – Great American ▪ XS: \$15mm xs \$10mm xs \$2mm SIR – Endurance American Specialty ▪ Lead Umbrella: \$10mm xs \$2mm SIR - Everest
Terrorism TRIA:	Included in premium
Rate:	Flat (except for acquisitions)
Endorsements:	<ul style="list-style-type: none"> ▪ Contractors ▪ Minimum Earned Premium ▪ Deletion of Pollution Exclusion – Amendatory Endt. ▪ Service of Suit ▪ SOS – CA ▪ SLN – CA
Exclusions:	<ul style="list-style-type: none"> ▪ Asbestos ▪ Cyber Liability ▪ Fungi or Bacteria ▪ Pollution ▪ Auto No-Fault & Similar Laws ▪ Professional Liability ▪ Lead Exclusion ▪ Silica Exclusion ▪ Violation of Statutes that Govern E-mails, Fax or Phone Calls



BB&T Insurance Services of California, Inc.

EXCESS LIABILITY – FOURTH LAYER

Binding Conditions:

- * Signed D-1 form
- * This quote is being offered in reliance upon the information submitted to the company. By accepting this quote, the applicant warrants that the information is true and complete and that no material facts have been willfully misrepresented, omitted, or suppressed.
- * You have accepted the offer for coverage for "acts of terrorism as defined in the Terrorism Risk Insurance Act, as amended (the "Act"). By accepting our proposal, you acknowledge and agree that :
 - (1) you received the Policyholder Disclosure notice notifying you that any losses resulting from such "acts of terrorism" under your policy coverage may be partially reimbursed by the United States Government, may be subject to a \$100 Billion cap that may reduce your coverage and that you have been notified of the portion of the premium attributable to such coverage;
 - (2) all terms and conditions in the policy still apply (including exclusions for nuclear, biological and chemical hazards and the exclusion for terrorism losses not qualifying as "insured losses" under the Act);
 - (3) in consideration for such coverage, you have agreed to pay the additional premium shown on this proposal, and
 - (4) failure to pay such additional premium will result in cancellation of your policy.

Premium:

\$ 111,600.00	Minimum & Deposit.	25% Minimum Earned
	Premium – 100%	Minimum & Deposit
	Premium	
	No Flat Cancellations	
3,348.00	State Tax	
<u>279.00</u>	Stamping Fee	
\$ 115,227.00		

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



BB&T Insurance Services of California, Inc.

EXCESS LIABILITY – LAYER 5 AND 6 OPTIONS

Carrier: TBD

A.M. Best Rating: TBD

Policy Term: March 1, 2011 to March 1, 2012

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

Limits: **Aggregate Limits**
 \$ 25,000,000 xs of \$75,000,000 – Layer 5
 \$ 100,000,000 xs of \$100,000,000 – Layer 6

Disclaimer: This is an indication **ONLY** full terms condition and firm premium not available at this time.

Premium: \$ 85,000.00 100% Minimum & Deposit Premium – Layer 5
 \$ 275,000.00 100% Minimum & Deposit Premium – Layer 6

Premium indications do not include taxes and fees

X.



BB&T Insurance Services of California, Inc.

PREMIUM COMPARISON

Excess Liability and Worker's Compensation Insurance Renewal Comparison

3/1/2010 - 3/1/2011

3/1/2011 - 3/1/2012

Everest National Insurance Company		Everest National Insurance Company	
\$ 10,000,000	Each Occurrence	\$ 10,000,000	Each Occurrence
\$ 10,000,000	Aggregate	\$ 10,000,000	Aggregate
\$ 2,000,000	Retention Per Occurrence	\$ 2,000,000	Retention Per Occurrence
FLAT	rate	FLAT	rate
\$ 798,055.00	Total Premium	\$ 730,000.00	Total Premium

Endurance American Specialty Insurance Co.		Endurance American Specialty Insurance Co.	
\$ 15,000,000	Each Occurrence	\$ 15,000,000	Each Occurrence
\$ 15,000,000	Aggregate	\$ 15,000,000	Aggregate
Excess Of \$10M; \$2M SIR		Excess Of \$10M; \$2M SIR	
FLAT	rate	FLAT	rate
\$ 361,375.00	Total Premium (incl. tax & fees)	\$ 330,560.04	Total Premium (incl. tax & fees)

Great American Insurance Co.		Great American Insurance Co.	
\$ 25,000,000	Each Occurrence	\$ 25,000,000	Each Occurrence
\$ 25,000,000	Aggregate	\$ 25,000,000	Aggregate
Excess Of \$25M; \$2M SIR		Excess Of \$25M; \$2M SIR	
FLAT	rate	FLAT	rate
\$ 249,775.00	Total Premium	\$ 230,000.00	Total Premium

AXIS Surplus Insurance Company		AXIS Surplus Insurance Company	
\$ 23,000,000	Each Occurrence	\$ 23,000,000	Each Occurrence
\$ 23,000,000	Aggregate	\$ 23,000,000	Aggregate
Excess Of \$50M; \$2M SIR		Excess Of \$50M; \$2M SIR	
FLAT	rate	FLAT	rate
\$ 128,030.00	Total Premium (incl. tax & fees)	\$ 115,227.00	Total Premium (incl. tax & fees)

ACE American Insurance Company		ACE American Insurance Company	
\$ 1,537,235.00		\$ 1,405,787.04	
Statutory	Workers Comp Limit	Statutory	Workers Comp Limit
Statutory	Communicable Disease Limit	Statutory	Communicable Disease Limit
0.3787	rate per \$100 Payroll	0.33	rate per \$100 Payroll
\$ 65,039,787	*Estimated Annual Payroll	\$ 66,787,077	*Estimated Annual Payroll
\$ 246,330.00	Total Premium (includes CIGA Fee)	\$220,000	Total Premium (includes CIGA Fee)

XI.



BB&T Insurance Services of California, Inc.

PREMIUM SUMMARY

PREMIUM SUMMARY

	3/1/2010 – 3/1/2011	3/1/2011 – 3/1/2012	Increase/Decrease
1 st Layer xs Liability	\$798,055.00	\$ 730,000.00	-8.53%
2 nd Layer xs Liability	\$350,000.00	\$ 330,560.04	-8.53%
3 rd Layer xs Liability	\$249,775.00	\$ 230,000.00	-7.92%
4 th Layer xs Liability	\$124,000.00	\$ 115,227.00	-10.00%
Excess Workers Comp	\$246,330.00	\$ 220,000.00	-10.69%
Total	\$1,768,160.00	\$ 1,625,787.04	-8.05%

▪ Disclaimer

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

▪ Audit

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

XI.



BB&T Insurance Services of California, Inc.

MARKETING

MARKET SUMMARY

Carrier	Response
Liberty	Could not provide requested terms
ACE	Quoted and Presented
Arch	Quoted and Presented
Chartis	Quoted and Presented
Discover Re	Cannot insure rail systems by treaty
Hartford	Declined - Cannot be competitive
Midwest Employers	Quote Pending – Not able to meet deadline
Old Republic	Declined – Not interested in mono-line comp on this class of business
Safety National	Quoted – Not presented \$240,433 - \$0.36 rate
Zurich	Declined - Cannot be competitive
Ironshore	Quote Pending Confirmation
Star/Meadowbrook	Quoted and Presented - Pending BB&T Confirmation

XIII.



BB&T Insurance Services of California, Inc.

CLIENT ACCEPTANCE

I. COVERAGES/LIMITS:

- A. We do hereby accept underwriters' offer of coverage and limits as outlined in BB&T – John Burnham Insurance Services. proposal dated February 1, 2011 except as noted below:
- B. Further, we do hereby acknowledge our understanding that the referenced proposal is not intended to alter, amend, or otherwise change actual policy language. Actual policy terms, conditions, limitations, and exclusions will prevail in all circumstances.

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

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

 Insured's Signature

 Printed Name & Title

 Date

Named Insured: **METROPOLITAN TRANSIT SYSTEM**



BB&T Insurance Services of California, Inc.

CLIENT ACCEPTANCE ESTIMATED PREMIUM, TAXES AND FEES SUMMARY

Policy Term: March 1, 2011 to March 1, 2012

Coverage	Insurer	AM Best Rating	Estimated Premium	Insurer or Intermediary Fee	Estimated Taxes	Broker Fee	Total
Excess Workers Comp	ACE American Insurance Co	A+ XV	\$ 220,000.00				\$ 220,000.00
1 st Layer Excess	Everest National Ins Co.	A+ XV	\$ 730,000.00				\$ 730,000.00
2 nd Layer Excess	Endurance American Specialty	A XV	\$ 320,155.00		\$ 10,405.04		\$ 330,560.04
3 rd Layer Excess	Great American Assurance	A XIV	\$ 230,000.00				\$ 230,000.00
4 th Layer Excess	AXIS Surplus Ins Co	A XV	\$ 111,600.00		\$ 3,627.00		\$ 115,227.00

Estimated Total \$1,625,787.04

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

ACCEPTED BY: _____

_____ Date

NAME OF INSURED: METROPOLITAN TRANSIT SYSTEM

Premium Payment Terms:

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

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

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

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XIV.



BB&T Insurance Services of California, Inc.

PROPOSED INSURERS/PLACEMENT AUTHORIZATION

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

A.M. BEST'S RATINGS

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

Secure Ratings

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

Vulnerable Ratings

C++, C+Marginal
C, C-Weak
DPoor
ERegulatory
FIn Liquidation
SRating Suspended

Rating Modifiers

gGroup
pPooled
rReinsured
uUnder Review

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

FSC IUp to 1	FSC VI25 to 50	FSC XI750 to 1,000
FSC II1 to 2	FSC VII50 to 100	FSC XII1,000 to 1,250
FSC III2 to 5	FSC VIII100 to 250	FSC XIII1,250 to 1,500
FSC IV5 to 10	FSC IX250 to 500	FSC XIV1,500 to 2,000
FSC V10 to 25	FSC X500 to 750	FSC XV2,000 or greater

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

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

NR-4Company Request
NR-5Not Formally Followed

NON-ADMITTED CARRIERS

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

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

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

Signed By: _____

Title: _____

Date: _____

Name of Company: METROPOLITAN TRANSIT SYSTEM



BB&T Insurance Services of California, Inc.

ADDITIONAL BB&T INSURANCE SERVICES PRODUCTS

Life Insurance-

Our life insurance professionals can provide any and all product solutions for your individual needs, ie term, whole, universal, variable, etc., as well as retirement and estate planning expertise. For immediate interest in life insurance please contact our Life Sales Center @ 800-474-1471.

Employee Benefits-

Our EB Department provides various coverage options to employers with employees from 2-5000+. Benefits may include medical, dental, vision, life, AD&D, flexible spending accounts, section 125 plans, etc. There are many ways to provide benefits to you and your staff and these professionals will assist your planning.

Long Term Care-

Nursing home expenses can be very costly. This coverage provides funding for that possibility in the future. This product allows your funding today for future needs.

Individual Health Insurance-

We can provide various types of individual health/medical insurance coverage through our health insurance sales center @ 800-348-7228.

Personal Insurance-

Our Personal Lines division can provide coverage for homes, primary and secondary, autos, motorcycles, boats, jet skis, and ATV's. Individual items such as art, jewelry, furs, guns and silver can also be covered. We also offer umbrella liability protection to provide coverage over and above underlying protection from homeowner's, auto and other personal policies. Please let us know if you would like a personal lines representative to contact you.



BB&T Insurance Services of California, Inc.

COMPENSATION DISCLOSURE

BB&T Insurance Services, Inc.

BB&T Insurance Services of California, Inc.

Compensation Statement

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

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

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

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

06/07 ed



PROVIDER SECURITY STANDARDS

BB&T Insurance Services, Inc. Provider Security Standards

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

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

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

BB&T Insurance Services, Inc. Provider Classifications:

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

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

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



BB&T Insurance Services of California, Inc.

PROVIDER SECURITY STANDARDS

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

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

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

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

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

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



BB&T Insurance Services of California, Inc.

PROVIDER SECURITY STANDARDS

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

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

"Secure" Ratings

A++ or A+ Superior
A or A- Excellent
B++ or B+ Very Good

"Vulnerable" Ratings

B or B- Adequate
C++ or C+ Fair
C or C- Marginal
D Very Vulnerable
E Under Supervision
F In Liquidation

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

Financial Size Categories

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

7-07 Edition

XV.

INTRODUCTION TO MYWAVE

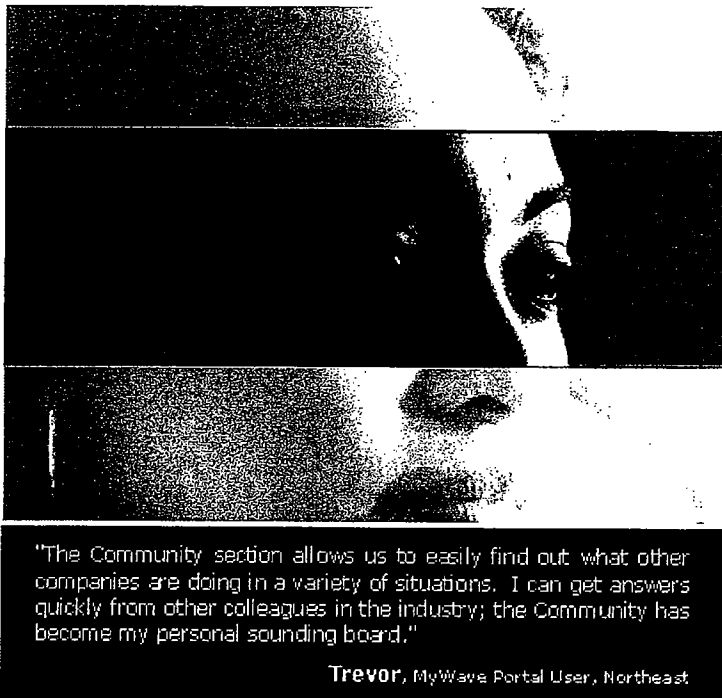
MyWave™ Portal

Click+Connect+Communicate

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

BB&T - John Burnham Insurance Services.

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



Collaboration Center

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

Survey Benchmarking

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

Community

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



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

Agenda

Item No. 11

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

February 17, 2011

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) to execute MTS Doc. No. G1072.7-07 (in substantially the same form as Attachment A) with Law Offices of R. Martin Bohl for legal services and ratify prior amendments entered into under the CEO's authority.

Budget Impact

The total amount would not exceed \$50,000 for legal services provided by Law Offices of R. Martin Bohl. The recommended amounts should be contained within the FY 2011-2012 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.

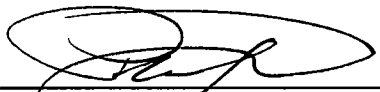
Pursuant to Board Policy No. 52 (Procurement of Goods and Services), the CEO may enter into contracts with service providers for up to \$100,000. The Board must approve all agreements in excess of \$100,000. The attorney listed has multiple pending matters



that are moving towards resolution, and the total cost of legal services will exceed the CEO's authority.

Law Offices of R. Martin Bohl is currently under contract with the Agencies for \$500,000. 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 the current contract authority.

The CEO has approved contracts up to the \$100,000 authority level. Staff is requesting Board approval of MTS Doc. No. G1072.7-07 with 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

FEB17-11.11.LEGAL SVCS AMDMT R MARTIN BOHL.JDOW.doc

Attachment: A. MTS Doc. No. G1072.7-07

DRAFT

February 17, 2011

MTS Doc. No. G1072.7-07
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. 7 TO MTS DOC. NO. G1072.0-07: LEGAL SERVICES – GENERAL
LAND USE

This letter will serve as Amendment No. 7 to MTS Doc. No. G1072.0-07. This contract amendment authorizes additional costs not to exceed \$50,000 for professional services. The total value of this contract, including this amendment, is \$550,000. 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

Mr. R. Martin Bohl
Law Offices of R. Martin Bohl

Date: _____

FEB17-11.11.AttA.R MARTIN BOHL
LEGAL SVCS.G1072.7-07.JDOW.doc



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.

February 17, 2011

SUBJECT:

MTS: MINIBUS FIXED-ROUTE SERVICES (JOHN DAVENPORT)

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1313.0-10 (in substantially the same format as Attachment A) with First Transit, Inc. for minibus fixed-route services for a base period of five years with five 1-year options.

Budget Impact

A five-year base contract for minibus fixed-route services would total \$13,959,731.37; a one-time project mobilization cost would total \$358,965 for the purchase of three revenue vehicles (\$237,000); and start-up costs would total \$18,000 plus five 1-year option periods for a total of \$16,960,409.54. The total cost for this contract including options is estimated at \$31,279,105.89. Funding for the ten-year minibus fixed-route services would be allocated under operational cost elements Central Minibus (835) and Sorrento Valley Coaster Connection (875). The projected fiscal year costs are outlined as follows:

Base Period Contract		Cost per Rev. Hr.	Option Years		Cost per Rev. Hr.
FY 2012	\$2,579,214.40	\$40.994	FY 2017	\$3,117,255.09	\$46.280
FY 2013	\$2,717,572.16	\$42.609	FY 2018	\$3,254,924.26	\$47.666
FY 2014	\$2,763,466.89	\$42.742	FY 2019	\$3,380,869.96	\$48.837
FY 2015	\$2,887,221.17	\$44.051	FY 2020	\$3,526,921.81	\$50.252
FY 2016	\$3,012,256.66	\$45.336	FY 2021	\$3,680,438.42	\$51.724
TOTAL	\$13,959,731.35		TOTAL	\$16,960,409.54	



DISCUSSION:

The minibus service consists of 23 routes operating Monday through Saturday. Minibus service provides approximately 63,000 hours of revenue service annually. Currently, the minibus project utilizes 26 MTS-owned El Dorado National medium-duty Type VII Minibuses plus an additional 3 Minibuses that are owned by the contractor. The service consists of two projects: "Central Minibus" and "SVCC" (Sorrento Valley Coaster Connection), which operate in the following areas: Sorrento Valley, Mira Mesa, Poway, Rancho Bernardo, Serra Mesa, Tierrasanta, Downtown San Diego, Mission Valley, City Heights, Spring Valley, Santee, El Cajon, La Mesa, Lemon Grove, and Ocean Beach.

In accordance with MTS Policy No. 52 (Procurement of Goods and Services), FTA Circular 4220.1F, and the Best Practices Procurement Manual (BPPM), MTS advertised a Request for Proposals (RFP) (MTS Doc. No. G1313.0-10) for Minibus Fixed-Route Services. The RFP included the following evaluation criteria:

1. Pass/Fail Criteria to include: ability to meet insurance requirements, ten years of relevant experience, and previous experience providing similar service to public transit agencies.
2. Qualifications of the firm.
3. Staffing, firm organization, and management plan.
4. Work plan.
5. Start-up plan.
6. Operating and maintenance facility.
7. 10% proposal preference for retaining certain existing employees.
8. Cost and price.

MTS developed a point-scale system for rating contractor proposals against the evaluation factors identified above. For technical proposals, the appropriate point rating would be assigned to each evaluation factor consistent with the narrative evaluation of strengths, weaknesses, and risks. For cost proposals, the maximum points would be given for the lowest-priced proposal. All other cost proposals would then be rated based on their cost relative to the lowest cost proposal by deducting 1 point for every \$200,000 greater than the lowest responsive proposal (roughly ½ a percent of the total estimated service cost).

Brief Procurement Summary

MTS received proposals from the following four firms: Southland Transit, Inc., Tectrans, First Transit, Inc., and Coach America. Proposals were reviewed for compliance to the RFP and to determine if the proposals were responsive. Of the four proposals, Coach America was determined to be nonresponsive to the requirements in the RFP and to be outside of the competitive range of the procurement.

The remaining three firms were invited to meet with the Evaluation Panel (EP) in order to discuss their proposals in greater detail, provide clarification, and obtain feedback from the EP regarding any calculation errors, duplication of costs, and areas for potential cost

savings. This process took place prior to receiving revised proposals and Best and Final Offers (BAFOs).

	PROPOSER	TECHNICAL SCORE	COST/PRICE SCORE	TOTAL SCORE
REVISED PROPOSALS	Southland	41.33	39	80.33
	Tectrans	36.33	48	84.33
	First Transit	40.50	50	90.50
BAFOs	Southland	41.33	27	68.33
	Tectrans	36.33	40	76.33
	First Transit	40.50	50	90.50

Notable Cost Savings

The following items highlight significant cost savings as a result of the negotiated procurement process:

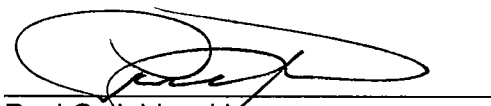
Initial Independent Cost Estimate for ten years of service: \$47,414,131.00
 First Transit, Inc. BAFO Pricing for ten years of service: \$31,279,104.78
Total Savings compared to Independent Cost Estimate: \$16,135,026.22

PROPOSALS	FIRST TRANSIT, INC.	TECTRANS	SOUTHLAND
REVISED	\$34,173,796.19	\$34,602,832.27	\$36,280,077.70
BAFO	\$31,279,105.89	\$33,369,886.79	\$35,845,354.49
PRICE REDUCTION	\$2,894,690.30	\$1,232,945.48	\$434,723.21
PERCENTAGE REDUCED	8.47%	3.56%	1.20%

Current Fiscal 2011 Cost per Revenue Hour to MTS: \$41.140
 Negotiated Fiscal 2012 Cost per Revenue Hour to MTS: \$40.994
Fiscal 2012 Savings of \$0.146 per Revenue Hour x 63,000 Hours = \$ 9,198

Based on the evaluations of each firm's technical proposal, discussions, negotiations, and evaluation of price, MTS staff has determined that First Transit, Inc.'s proposed pricing is fair and reasonable, and its proposal represents the most advantageous method of fulfilling MTS' s service requirements (as outlined in the RFP) and representing the best overall value to MTS.

Therefore, MTS staff recommends authorizing the CEO to execute MTS Doc. No. G1313.0-10 (in substantially the same format as Attachment A) with First Transit, Inc. for minibus fixed-route services for a period of five years with five 1-year options.


 Paul C. Jablonski
 Chief Executive Officer

Key Staff Contacts: Claire Spielberg, 619.238.0100, Ext. 6400, claire.spielberg@sdmts.com
 John Davenport, 619.238.0100, Ext. 3087, john.davenport@sdmts.com

FEB17-11.30.MINIBUS FIXED-RT SVCS.SREED.doc

Attachments: A. Draft MTS Doc. No. G1313.0-10 with First Transit, Inc.
 B. First Transit, Inc. BAFO Proposal

DRAFT

STANDARD SERVICES AGREEMENT

G1313.0-11
 CONTRACT NUMBER
 OPS920.2
 FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____, 2011, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: First Transit, Inc. Address: 7581 Willow Drive, Suite 103
 Form of Business: Corporation Tempe, AZ 85283
 (Corporation, partnership, sole proprietor, etc.)
 Telephone: 480.456.5600 x13
 Authorized person to sign contracts: Nick Promponas Senior Vice President, West Region
 Name Title

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

Provide minibus fixed-route services as specified in MTS's Request for Proposals (RFP) MTS Doc. No. G1313.0-10, including Attachments, Addenda 1, 2, 3, and 4, Responses to Approved Equals/Clarifications; and in accordance with the Standard Services Agreement, Standard Conditions Services, Scope of Work, MTS Safety Department's SOP (SAF-16), Federal Requirements, and First Transit, Inc.'s Quote Dated January 21, 2011 (hereinafter "Contract Documents"). If there are any inconsistencies between the Contract Documents, the following order of precedence will govern the interpretation of this contract.

1. Minibus Fixed-Route Services Request for Proposals Conformed to Addenda 1-4 with Attachments; Responses to Requests for Approved Equals/Clarifications; MTS Safety Department's SOP (SAF-16); and First Transit, Inc.'s Quote dated January 21, 2011.
2. Standard Services Agreement (including the Standard Conditions Services) and the Federal Requirements.

The term of the contract shall be from June 12, 2011 – June 11, 2016. The total cost of this contract shall not exceed \$14,318,696.35 for the five-year base period and \$16,960.409.54 for the five option years if exercised by MTS via written contract amendment.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer	Firm: _____
Approved as to form:	By: _____
By: _____ Office of General Counsel	Signature
	Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$31,279,105.89	50835 & 50875	2012 - 2016

By: _____ Date
 Chief Financial Officer

San Diego Metropolitan Transit System
Minibus Services Request for Proposal
Consolidated Bid Analysis

Monthly Contract Analysis

Line #	Description	BASE TERM					OPTIONAL PERIODS				
		Monthly Cost Year 1-FY12	Monthly Cost Year 2-FY13	Monthly Cost Year 3-FY14	Monthly Cost Year 4-FY15	Monthly Cost Year 5-FY16	Monthly Cost Year 6-FY17	Monthly Cost Year 7-FY18	Monthly Cost Year 8-FY19	Monthly Cost Year 9-FY20	Monthly Cost Year 10-FY21
1	Administrative Costs	\$ 66,779.50	\$ 68,778.74	\$ 70,408.52	\$ 72,895.50	\$ 75,544.32	\$ 75,528.94	\$ 77,786.97	\$ 79,842.30	\$ 82,235.77	\$ 84,717.16
2	Variable Costs	148,155.03	157,665.80	159,880.39	167,706.26	175,477.06	184,242.32	193,456.72	201,896.86	211,674.38	221,986.05
3	Operating Months	12	12	12	12	12	12	12	12	12	12
4	Annual Contract Cost	\$ 2,579,214.47	\$ 2,717,572.16	\$ 2,763,466.89	\$ 2,867,221.17	\$ 3,012,256.66	\$ 3,117,255.09	\$ 3,254,924.26	\$ 3,380,869.96	\$ 3,526,921.81	\$ 3,680,438.42

Annual Contract Analysis

Line #	Description	BASE TERM					OPTIONAL PERIODS				
		Annual Cost Year 1-FY12	Annual Cost Year 2-FY13	Annual Cost Year 3-FY14	Annual Cost Year 4-FY15	Annual Cost Year 5-FY16	Annual Cost Year 6-FY17	Annual Cost Year 7-FY18	Annual Cost Year 8-FY19	Annual Cost Year 9-FY20	Annual Cost Year 10-FY21
1	Administrative Costs	\$ 801,354.06	\$ 825,344.81	\$ 844,902.18	\$ 874,746.00	\$ 906,531.89	\$ 905,347.25	\$ 933,443.58	\$ 958,107.58	\$ 986,829.30	\$ 1,016,605.87
2	Variable Costs	1,777,860.42	1,892,227.25	1,918,584.71	2,012,475.17	2,105,724.77	2,210,907.84	2,321,480.68	2,422,762.38	2,540,092.51	2,663,832.55
3	Annual Contract Cost	\$ 2,579,214.47	\$ 2,717,572.16	\$ 2,763,466.89	\$ 2,887,221.17	\$ 3,012,256.66	\$ 3,117,255.09	\$ 3,254,924.26	\$ 3,380,869.96	\$ 3,526,921.81	\$ 3,680,438.42
Annual Projected Revenue Hours		62,917	63,779	64,654	65,542	66,443	67,357	68,286	69,228	70,185	71,155
Contract Cost / Revenue Hour		\$ 40.994	\$ 42.609	\$ 42.742	\$ 44.051	\$ 45.336	\$ 46.280	\$ 47.666	\$ 48.837	\$ 50.252	\$ 51.724

Base Price - Option Years Analysis

Line #	Description	Base Price - 5 years	Option Period - 5 Years	Full Term - 10 Years
1	Administrative Costs	\$ 4,252,879.04	\$ 4,801,333.58	\$ 9,054,212.62
2	Variable Costs	9,706,852.33	12,159,075.95	21,865,928.28
3	Contract Cost	\$ 13,959,731.37	\$ 16,960,409.53	\$ 30,920,140.90
Annual Projected Revenue Hours		323,335	346,211	669,546
Contract Cost / Revenue Hour		\$ 43.174	\$ 48.989	\$ 46.181

Grand Total Costs

\$ 31,279,105.90
669,546
\$ 46,717

Pass Through Costs

\$ 358,965.00

Administrative / Variable Segment Analysis

Line #	Description	BASE TERM					OPTIONAL PERIODS					Full Term - 10 Years
		Annual Cost Year 1-FY12	Annual Cost Year 2-FY13	Annual Cost Year 3-FY14	Annual Cost Year 4-FY15	Annual Cost Year 5-FY16	Annual Cost Year 6-FY17	Annual Cost Year 7-FY18	Annual Cost Year 8-FY19	Annual Cost Year 9-FY20	Annual Cost Year 10-FY21	
Administrative Costs												
1	A. Management & Oversight - Direct Wages	\$ 169,253.45	\$ 173,484.78	\$ 177,821.90	\$ 182,267.45	\$ 186,824.14	\$ 191,494.74	\$ 196,282.11	\$ 201,188.16	\$ 205,218.89	\$ 211,374.36	\$ 1,896,210.99
2	B. Fringe Benefits	20,270.27	21,477.74	22,764.45	24,135.89	25,597.82	27,156.84	28,819.41	30,592.84	32,484.89	34,503.85	287,804.11
3	C. Employee Taxes	15,338.44	15,668.74	16,007.30	16,354.33	16,710.03	17,074.62	17,446.33	17,831.38	18,224.01	18,626.45	169,283.63
4	D. Depreciation / Amortization Costs	39,229.00	39,229.00	39,229.00	39,229.00	39,229.00	39,229.00	39,229.00	39,229.00	39,229.00	39,229.00	277,606.39
5	E. Casualty/Liability Insurance Expenses	122,860.35	130,315.02	138,228.78	146,629.93	155,548.53	159,437.24	163,423.17	167,508.75	171,696.47	175,989.88	1,531,637.13
6	F. Facility Costs	232,657.76	233,877.76	235,128.26	241,810.02	248,685.83	254,902.97	261,275.55	267,807.44	274,502.62	281,365.19	2,532,013.41
7	G. Taxes & Permits	10,500.00	10,762.50	11,031.56	11,307.35	11,590.04	11,879.79	12,176.78	12,481.20	12,793.23	13,113.06	117,635.51
8	H. Miscellaneous Expenses	19,277.15	19,759.08	20,360.22	20,989.22	21,503.54	22,041.13	22,592.16	23,156.97	23,735.89	24,329.29	217,624.65
9	Subtotal Administrative Cost	\$ 629,386.42	\$ 644,574.83	\$ 660,571.48	\$ 682,603.20	\$ 705,689.02	\$ 730,279.62	\$ 756,308.79	\$ 783,860.02	\$ 812,948.28	\$ 843,693.36	\$ 7,009,815.83
10	Performance Bond	\$ 550.00	\$ 563.75	\$ 577.84	\$ 592.29	\$ 607.10	\$ 622.27	\$ 637.83	\$ 653.78	\$ 670.12	\$ 686.87	\$ 6,161.86

BAFO Pricing Form II

11	Management Fee / Profit	145,045.69	152,482.45	155,483.19	162,081.20	169,430.27	173,838.37	181,496.59	186,656.28	194,793.83	203,352.46	1,724,660.32
12	Corporate Overhead	26,371.94	27,724.08	28,269.67	29,469.31	30,805.50	31,606.88	32,599.38	33,837.51	35,417.06	36,973.17	313,574.80
13	Mobilization / Start Up (Please detail out)											
14	Total Administrative Cost	\$ 801,354.06	\$ 825,344.91	\$ 844,902.18	\$ 874,746.00	\$ 906,531.69	\$ 906,347.25	\$ 933,443.58	\$ 959,107.58	\$ 986,823.30	\$ 1,016,605.87	\$ 9,054,212.62

Variable Costs

1	A. Operations - Direct Wages	\$ 1,113,883.79	\$ 1,162,428.90	\$ 1,213,884.23	\$ 1,272,242.81	\$ 1,327,160.49	\$ 1,366,638.48	\$ 1,448,265.76	\$ 1,513,971.67	\$ 1,582,091.68	\$ 1,653,367.68	\$ 13,674,535.49
2	B. Operations Fringe Benefits	287,398.20	308,227.52	330,752.99	354,959.13	381,101.07	409,592.17	440,265.26	473,290.06	508,849.61	547,141.38	4,041,577.37
3	C. Operations Employee Taxes	109,136.61	112,106.69	115,150.58	118,270.58	121,531.92	126,038.67	130,753.50	135,686.20	140,846.99	146,246.63	1,255,770.37
4	D. Maintenance - Direct Wages	101,764.00	104,308.10	106,915.80	109,586.70	112,328.42	115,136.63	118,015.04	120,965.42	123,989.55	127,089.29	1,140,100.94
5	E. Maintenance Fringe Benefits	16,294.09	17,321.97	18,417.11	19,584.07	20,827.69	22,195.65	23,655.53	25,213.63	26,876.71	28,651.99	219,038.43
6	F. Maintenance Employee Taxes	9,317.95	9,707.19	10,115.90	10,545.05	10,995.65	11,232.22	11,474.70	11,723.24	11,978.00	12,239.12	103,329.01
7	G. Variable Costs - Services	21,440.00	26,806.00	17,181.45	17,566.60	17,961.69	23,410.73	28,871.00	19,342.77	19,826.34	20,322.00	212,726.58
8	H. Variable Costs - Materials & Supplies	94,939.58	126,797.73	80,753.61	83,423.23	86,587.63	88,752.32	90,871.13	93,245.40	95,576.54	97,985.95	938,013.10
9	I. Variable Costs - Energy	23,684.21	24,523.15	25,393.04	26,295.02	27,230.23	27,910.99	28,608.76	29,323.98	30,057.08	30,809.51	273,834.97
	Subtotal Variable Cost	\$ 1,777,860.42	\$ 1,892,227.25	\$ 1,918,564.71	\$ 2,012,475.17	\$ 2,105,724.77	\$ 2,210,907.84	\$ 2,321,480.68	\$ 2,422,762.38	\$ 2,540,092.51	\$ 2,663,632.55	\$ 21,865,928.28

Administrative + Variable Costs

	Annual Projected Revenue Hours	\$ 2,579,214.47	\$ 2,717,572.16	\$ 2,764,466.89	\$ 2,887,221.17	\$ 3,012,256.06	\$ 3,117,255.09	\$ 3,254,924.26	\$ 3,380,869.96	\$ 3,526,921.81	\$ 3,680,438.42	\$ 30,920,140.90
	Contract Cost / Revenue Hour	\$ 62,917	\$ 63,779	\$ 64,654	\$ 65,542	\$ 66,443	\$ 67,357	\$ 68,286	\$ 69,228	\$ 70,185	\$ 71,155	\$ 669,546
		\$ 40,994	\$ 42,609	\$ 42,742	\$ 44,051	\$ 45,336	\$ 46,280	\$ 47,666	\$ 48,837	\$ 50,252	\$ 51,724	\$ 46,181



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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.

February 17, 2011

SUBJECT:

SDTI: TROLLEY ONBOARD VIDEO SURVEILLANCE SYSTEM - CONTRACT AWARD
(BILL BURKE)

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L0955.0-10 (in substantially the same format as Attachment A) with UTC Fire & Security for a trolley onboard video surveillance system.

Budget Impact

The not-to-exceed amount of \$3,685,888.93 for these services has been budgeted in Capital Improvement Project (CIP) 11271-0800 (LRV Onboard CCTV). Of this total amount, the following sources of funding are included: the remaining balance on FY 2007 Transit Security Administration (TSA) Transportation Security Grant Program (TSGA) funding of \$1,200,000, the remaining balance of FY 2008 TSA TSGA funding of \$750,000, and Prop 1B funding of \$1,735,888.93.

DISCUSSION:

MTS issued a Request for Proposals (RFP) for a Trolley Onboard Video Surveillance System on May 19, 2010. The RFP was mailed to 50 contractors. Proposals were due on July 15, 2010, and 4 proposals were received. The proposals were evaluated by a team of staff representatives from Security, Finance, IT, LRV Maintenance, Procurement, and Capital Projects.



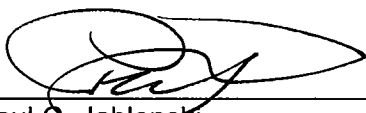
Proposals were evaluated on the following factors and corresponding weights:

1. Cost and Price (50%)
2. Company Background and Experience (20%)
3. Work Plan (15%)
4. Staffing, Firm Organization, and Management Plan (15%)

Of the 4 proposals, 2 were determined acceptable for further consideration. These 2 proposers, Los Alamos Technical Associates (LATA) and UTC Fire & Security, were invited in for demonstration testing of their proposed systems on an SD 100 and S70 rail car. Testing was evaluated separately with the specified criteria and associated weights:

1. Mobile Digital Video Recorder (MDVR) Recording Performance (20%)
2. Camera Coverage and Performance (15%)
3. Tagging and Intercar Functionality (15%)
4. Wireless Uploading Performance (15%)
5. Technical Ability (10%)
6. Base Station Review (10%)
7. Health Check Processing (5%)
8. Power Failure (5%)
9. Other (5%)

Testing concluded on November 12, 2010, and both proposers were evaluated and considered to have successfully passed the evaluation. Proposers were invited in for discussions and negotiations. Both proposers remained in the competitive range, and a request for a Best and Final Offer (BAFO) was made. BAFO responses were received on December 23, 2010, and a final review was completed by the evaluation panel. It was determined that the proposal submitted by UTC Fire & Security represented the best value to MTS after considering both cost and technical factors. Although the UTC proposal was rated slightly lower technically than that of its competitor LATA, its pricing was in the range of the Independent Cost Estimate and was \$793,744 less than LATA. The UTC pricing is fair and reasonable and the proposal meets all technical requirements. Therefore, staff recommends requesting Board approval to award a contract to UTC Fire & Security for a trolley onboard video surveillance system.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Marianne Lawrence, 619.557.4552, Marianne.Lawrence@sdmts.com

FEB17-11.31.TROLLEY ONBOARD VIDEO SURVELL.MLAWRENCE.doc

Attachments: A. Draft Agreement with UTC (MTS Doc. No. L0955.0-10)
B. BAFO Cost and Pricing Form

DRAFT

Att. A, AI 31, 2/17/11

STANDARD PROCUREMENT AGREEMENT

L0955.0-10
CONTRACT NUMBER

FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2011, 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: UTC Fire & Security Address: 4001 SE Fairview Industrial Drive

Form of Business: Corporation Salem, OR 97302
(Corporation, partnership, sole proprietor, etc.)

Telephone: 800.547.0252

Authorized person to sign contracts: Craig Szmania Distribution Business Leader
Name Title

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

Provide a Trolley Onboard Video Surveillance System, as stipulated in MTS's Request for Proposals (RFP) MTS Doc. No. L0955.0-10, including Addendums 1 and 2, Responses to Approved Equals/Clarifications; and in accordance with the Standard Procurement Agreement, including the Standard Conditions Procurement, Federal Requirements, TSA Requirements, MTS Safety Department's SOP (SAF-016), and UTC Fire & Security's Best and Final Offer (BAFO) and Bid Documents (hereinafter "Contract Documents"). If there are any inconsistencies between the Contract Documents, the following order of precedence will govern the interpretation of this contract.

1. MTS's Trolley Onboard Video Surveillance System Request for Proposals (RFP), Addendums 1 and 2, Responses to Approved Equals/Clarifications, MTS Safety Department's SOP (SAF-016), and UTC Fire & Security's Best and Final Offer (BAFO) and proposal documents; and
2. Standard Procurement Agreement, including the Standard Conditions Procurement, Federal Requirements, and TSA Requirements.

Contractor will be responsible for all equipment and labor to provide a complete system as required. The contract term shall be March 1, 2011, through December 31, 2017. Compensation for the base contract and all options will be per the negotiated rates as stated in the UTC Fire & Security BAFO price proposal. All options are being exercised and included with the base contract. The total contract amount shall not exceed \$3,685,888.93.

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
<u>\$3,685,888.93</u>		

By: _____ Date
Chief Financial Officer

BAFO COST AND PRICING FORM

Proposer shall submit pricing to provide the procurement for all the work described in Section B, Scope of Work/Technical Specifications. In preparing a cost proposal, Proposers are requested to provide a total all-inclusive cost for the system and provide a breakdown of fees, overhead, labor hours, travel, and miscellaneous expenses.

RFP TITLE: TROLLEY ON BOARD VIDEO SURVEILLANCE SYSTEM
 MTS DOC. NO.: L0955.0-10
 PROPOSAL DUE DATE/TIME: December 23, 2010 at 5:00 p.m., prevailing local time

Base Contract			
Description	Qty.	Unit Price	Ext. Price
SD100 Equipment (taxable) (please provide separate detailed breakdown of items, quantity, and costs per car)	52	\$ 17,097.65	\$ 889,077.80
SD 100 Installation (non-taxable)	52	\$ 2,775.00	\$ 144,300.00
S70 Equipment (taxable) (please break down items, quantity, and unit price)	11	\$ 17,097.65	\$ 188,074.15
S70 Installation (non-taxable)	11	\$ 2,575.00	\$ 28,325.00
Wireless System (please break down items, quantity, and unit price)		\$ 187,236.75	\$ 187,236.75
Spare Parts (taxable)			\$ 38,759.25
Base Station Equipment (taxable)			\$ 14,877.00
Base Station Installation (non-taxable)			\$ 2,850.00
Maintenance Equipment (taxable)			\$ 5,000.00
Maintenance Services (if applicable) (please provide detail on services)			\$ 129,150.00
Performance Bond (100%)			\$ 6,800.00
Shipping and Delivery (if applicable)			\$ 2,205.00
Software Licenses and any miscellaneous system components (please specify items)			\$ 45,985.00
Training			\$ N/C
CA Sales Tax – 8.75%			\$ 106,194.16
Subtotal			\$ 1,788,834.11
Payment Terms _____, Otherwise Net 30 (Subtract)			\$
Base Contract Total			\$1,788,834.11

Options			
Description	Qty.	Unit Price	Ext. Price
*S70 Ultra-Short equipment (Pre-Wired by Manufacturer) (taxable)	57	\$17,097.65	\$974,566.05
*S70 Ultra-Short installation (Pre-Wired by Manufacturer) (non-taxable)	57	\$2,700.00	\$153,900.00
Audio Capability on Operator Cab Cameras	63	\$ Included	\$ Included
Audio Capability on Operator Cab Cameras (Ultra-Short)	57	Included	Included
Motion Sensor to Activate System After System Shut Down	63	\$ 93.75	\$ 5,906.24
Motion Sensor to Activate System After System Shut Down (Ultra-Short)	57	\$ 93.75	\$ 5,343.75
System Tagging Activation for Specified G Force	63	\$ 365.00	\$22,995.00
System Tagging Activation for Specified G Force (Ultra-Short)	57	\$ 365.00	\$20,805.00
Extended Warranty (two years)			\$326,061.35
Extended Warranty (two years) (Ultra-Short)			\$295,007.89
Performance Bond (100%) (all options)			\$5,200.00

CA Sales Tax – 8.75%	\$85,274.53
Shipping and Delivery (if applicable)	\$1,995.00
Subtotal	\$1,897,054.82
Payment Terms _____, Otherwise Net 30 (Subtract)	\$
Options Total	\$1,897,054.82

***This quote should exclude the costs for installing cabling and conduit. The manufacturer will provide the cars pre-wired for 12 cameras.**

METROPOLITAN TRANSIT SYSTEM (MTS)

TROLLEY ON BOARD VIDEO SURVEILLANCE SYSTEM – MTS DOC. NO. L0955.0-10
COST PROPOSAL - CONTINUED

BASE CONTRACT TOTAL:	\$ 1,788,834.11
OPTIONS TOTAL	\$ 1,897,054.82
GRAND TOTAL – BASIS OF AWARD	\$ 3,685,888.93

F.O.B. POINT: San Diego Trolley, Inc.
 Attn: Fred Byle
 1341 Commercial Street
 San Diego, CA 92113

Read RFP General Provisions carefully. They are a part of your proposal. Unit prices will prevail regardless of extensions submitted by the Proposer. The following Addenda have been noted and attached hereto:

FIRM / COMPANY NAME: UTC FIRE & SECURITY AMERICAS CORPORATION, INC.

LEGAL STRUCTURE (Corp./Partner/Proprietor): Corporation

ADDRESS: 4001 SE Fairview Industrial Dr

CITY, STATE & ZIP: Salem, OR 97302 USA

PHONE NUMBER: (503) 589-8913

FAX NUMBER: (503) 364-1285

E-MAIL ADDRESS: craig.szmania@interlogix.com

AUTHORIZED SIGNATURE: 

PRINT NAME OF PERSON AUTHORIZED TO SIGN: Craig Szmania

TYPE OR PRINT NAME: Craig Szmania

TITLE: Distribution Business Leader

DATE: December 21, 2010

PROPOSER ACCEPTS RESPONSIBILITY FOR ACCURACY AND PRESENTATION OF THE ABOVE NUMBERS.
Estimated quantities are for proposal purposes only. The quantities do not reflect guaranteed usage by MTS.

NOTE: ALL PROPOSERS MUST COMPLETE PROPOSAL FORMS AS PROVIDED, FAILURE TO DO SO WILL DEEM THE PROPOSAL NON-RESPONSIVE.



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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.

CIP 1210002

February 17, 2011

SUBJECT:

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

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L0914.6-10 (in substantially the same format as Attachment A), which authorizes Siemens to modify the friction brake control circuitry of the 52 SD-100 and 11 S70 light rail vehicles in MTS's current fleet, revises certain Invoice Processing terms and authorizes a one-time release of funds being withheld as part of the 5% retention.

Budget Impact

The purchase of low-floor vehicles is part of Blue and Orange Line Rehabilitation Project, and the line item for their procurement is currently \$240,000,000. Proposed Amendment No. 6 has no budget impact.

The Contract Totals are as follows:

Amendment No.	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 Amendment Nos. 2, 3, and 4	\$711,128



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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.

5	Install compatible communications system in existing fleet	\$4,627,484
	Sales tax on Amendment No. 5	\$404,905
6	Brake system work and other term changes	\$0
Total:		\$237,025,692

DISCUSSION:

On September 24, 2009, the Board of Directors approved a contract with Siemens to procure the 57 ultrashort low floor light rail vehicles for the Blue and Orange Line Rehabilitation Project. The current contract total is \$237,025,692, and includes necessary modifications to MTS's existing fleet to ensure compatibility with the new vehicles. Proposed Amendment No. 6 would address additional work required for compatibility of the existing and new fleet, at no cost to MTS.

The addition of the 57 new vehicles to MTS's fleet requires modifications to the brake systems on MTS's existing fleet of 52 SD-100 and 11 S70 light rail vehicles. Specifically, the friction brake control circuitry of these vehicles needs to be modified to facilitate mixed-consist compatibility with the new ultrashort low-floor (SD8) vehicles. MTS had originally intended to do this brake work in-house. However, after reviewing the necessary modifications and the complexity of the brake control circuitry with the manufacturer, staff recommends that this work be done by Siemens as part of this Purchase Agreement. Siemens provided a proposal to do the necessary brake work for \$133,592.

After negotiation with staff, Siemens has agreed to do the brake work, at no cost, in exchange for two revisions to the contract terms: (1) change the payment terms from 45 days after MTS approval of an invoice to 30 days after approval of an invoice, and (2) MTS's agreement to release \$1 million of the \$2.78 million retention currently being withheld. These two contract revisions do not have a negative financial impact on MTS because (1) a 30 day payment period, *after approval of an invoice*, is consistent with MTS's normal practice, and (2) the contract calls for a total retention of approximately \$10.3 million after all progress payments have been made. A reduction in this amount by \$1 million will still leave \$9.3 million in total retention (over the life of the contract), which is sufficient for the needs of this procurement.

Amendment No. 6 would authorize Siemens to perform the friction brake control circuitry work, in exchange for the payment term revisions described above.



Paul C. Jablonski
Chief Executive Officer

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

FEB17-11.32.SIEMENS LRV PROCUREMENT.WTERRY.doc

Attachments: A. Draft MTS Document No. L0914.6-10

DRAFT

February 17, 2011

MTS Doc. No. L0914.6-10
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. 6 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:

Brake Retrofit: Modify the friction brake control circuitry of the 52 SD 100 and 11 S70 light rail vehicles in MTS's current fleet to facilitate mixed-consist compatibility with the 57 new ultrashort, low-floor (SD8) vehicles that MTS is purchasing as part of this Agreement. The Scope of Work for the services, which details the work to be completed by Siemens and MTS (or its Contractors), is attached to this contract amendment as Exhibit A. The Scope of Work also outlines the conditions under which the work is to be completed.

SCHEDULE

The schedule for the brake system retrofit is included in the attached Scope of Work. Contractor shall complete the work within the time frame set forth in the mutually agreed upon schedule submitted within 30 days of the signing of this Amendment. Contractor shall receive an additional contract day of work for each contract day that MTS, or its contractors, or failure of the MTS-supplied communications-related equipment, delay the Contractor in the performance of its work. Substantial delays or changes to the schedule caused by MTS shall necessitate changing the planned completion time frame of the work.

Execution of this contract amendment by both parties shall serve as your formal Notice to Proceed.

PAYMENT

In exchange for other contract terms, Contractor waives the right to receive any payment for completing the brake system retrofit in the 52 MTS SD 100 and 11 S70 vehicles.

INVOICING AND PAYMENT PROCEDURES

Replace section XV of MTS Doc. No. L0914.0-10 and the third to last sentence of Section 6.2, General Conditions "INVOICING AND PAYMENT PROCEDURES," with the following language:

MTS will pay all undisputed amounts of each invoice within 30 calendar days after approval of each invoice by MTS's Project Manager. Failure to pay the approved invoice within 30 days may result in Siemens assessing a one-time finance charge of one quarter of one percent (0.25%) of the total invoice value.

RETENTION

Pursuant to section XVI of MTS Doc. No. L0914.0-10, MTS is currently holding \$2,787,107.35 in its retention account for this Agreement. Without waiving any rights to deduct and retain from each periodic progress payment an amount equal to five percent of the total amount payable under the invoice, MTS hereby agrees to release \$1,000,000.00 from the current retention account to Contractor. Release of this retention amount does not waive any other claims that MTS may have under the terms of the Agreement or as a matter of state or federal law.

WARRANTY

Warranty for the work performed under this contract amendment shall be 12 months with standard warranty for parts and labor commencing upon the conditional acceptance of each vehicle.

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.

FEB17-11.32.A11A.SIEMENS L0914.6-10.WTERRY.doc

Date: _____

Exhibit A

Juergen Wilder
VP & General Manager Rolling Stock
Siemens Industry, Inc.

Date: _____

EXHIBIT A

SCOPE OF WORK

Addition of Mandatory Brake Pilot T/L per

June 30, 2010 letter from Siemens to MTS

January 28, 2010 FMI for SD-100

February 28, 2010 FMI for S-70



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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.

February 17, 2011

SUBJECT:

MTS: OPERATIONS BUDGET STATUS REPORT - DECEMBER 2010
(MIKE THOMPSON)

RECOMMENDATION:

That the Board of Directors receive an operations budget status report for December 2010.

Budget Impact

None at this time.

DISCUSSION:

This report summarizes MTS's operating results for December 2010 compared to the approved fiscal year 2011 budget. Attachment A-1 combines the operations, administration, and other activities results for December 2010. Attachment A-2 details the December 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 December 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 December 2010 MTS net-operating income unfavorable variance totaled \$5,737,000 (-10.1%), \$3,600,000 of which is due to the accounting adjustment for the additional \$7,200,000 pay down of the variable



pension debt loan (through Dexia). The original budget included \$5,000,000 in Dexia payments. After the FY 2011 budget was approved, MTS received \$18,800,000 in State Transit Assistance (STA) funds, and part of the Board-directed strategy to spend these funds included paying an additional \$7,200,000, or \$12,200,000 overall. The \$3,600,000 unfavorable variance in operations reflects the six months' amortization of the \$12,200,000 payment compared to the original \$5,000,000 amortization. This adjustment is offset by a favorable variance in STA revenue in subsidy producing a net income unfavorable variance of \$1,996,000. As part of the midyear amended budget, the expense and subsidy revenue budgets will be updated to incorporate these Board-approved changes.

MTS COMBINED RESULTS

Revenues

Year-to-date combined revenues through December 2010 were \$46,164,000 compared to the year-to-date budget of \$48,117,000 representing a \$1,953,000 (-4.1%) negative variance. This is primarily due to unfavorable variance within passenger revenue.

Expenses

Year-to-date combined expenses through December 2010 were \$108,860,000 compared to the year-to-date budget of \$105,076,000 resulting in a \$3,784,000 (-3.6%) unfavorable variance. Adjusting for the Dexia payment mentioned above, combined expenses are unfavorable by \$184,000 or -0.2%.

Personnel Costs. Year-to-date personnel-related costs totaled \$56,768,000 compared to a year-to-date budgetary figure of \$52,695,000 producing an unfavorable variance of \$4,073,000 (-7.7%). Adjusting for the Dexia payment mentioned above, personnel costs are unfavorable by \$473,000 or -0.9%.

Outside Services and Purchased Transportation. Outside services for the first six months of the fiscal year totaled \$34,148,000 compared to a budget of \$34,848,000 resulting in a year-to-date favorable variance of \$700,000 (2.0%). This is primarily due to favorable variances within Administration outside services partially offset by unfavorable purchased transportation variances within paratransit operations.

Materials and Supplies. Year-to-date materials and supplies expenses totaled \$3,731,000 compared to a budgetary figure of \$3,527,000 resulting in an unfavorable expense variance of \$204,000 (-5.8%), which is primarily due to materials and supplies unfavorable variances within rail operations.

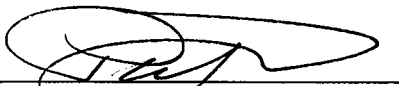
Energy. Total year-to-date energy costs were \$11,209,000 compared to the budget of \$10,960,000 resulting in a year-to-date unfavorable variance of \$249,000 (-2.3%). Year-to-date diesel prices averaged \$2.481 per gallon compared to the budgetary rate of \$2.600 per gallon. Year-to-date compressed natural gas prices averaged \$0.931 per therm compared to the budgetary rate of \$0.941 per therm.

Risk Management. Total year-to-date expenses for risk management were \$1,977,000, compared to the year-to-date budget \$2,066,000 resulting in a favorable variance totaling \$89,000 (4.3%).

General and Administrative. Year-to-date general and administrative costs, including vehicle and facilities leases, were \$47,000 (-4.8%) unfavorable to budget, totaling \$1,027,000 through December 2010 compared to a year-to-date budget of \$980,000.

YEAR-TO-DATE SUMMARY

The December 2010 year-to-date net income totaled an unfavorable variance of \$1,996,000 (-3.5%). These factors include unfavorable variances in passenger revenue, materials, supplies, energy, and personnel costs partially offset by favorable variances in outside services and risk management.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Mike Thompson, 619.557.4557, mike.thompson@sdmts.com

FEB17-11.45.OPS BUDGET RPT DEC.MTHOMPSON.doc

Attachment: A. Comparison to Budget

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

MTS
CONSOLIDATED

COMPARISON TO BUDGET - FISCAL YEAR 2011

DECEMBER 31, 2010

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 43,585	\$ 45,339	\$ (1,754)	-3.9%
Other Revenue	2,579	2,778	(199)	-7.2%
Total Operating Revenue	\$ 46,164	\$ 48,117	\$ (1,953)	-4.1%
Personnel costs	\$ 56,768	\$ 52,695	\$ (4,073)	-7.7%
Outside services	34,148	34,848	700	2.0%
Transit operations funding	-	-	-	-
Materials and supplies	3,731	3,527	(204)	-5.8%
Energy	11,209	10,960	(249)	-2.3%
Risk management	1,977	2,066	89	4.3%
General & administrative	732	646	(86)	-13.3%
Vehicle/facility leases	295	334	39	11.6%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(0)	(0)	(0)	2.2%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 108,860	\$ 105,076	\$ (3,784)	-3.6%
Operating income (loss)	\$ (62,696)	\$ (56,959)	\$ (5,737)	-10.1%
Total public support and nonoperating revenues	3,149	(592)	3,741	-631.7%
Income (loss) before capital contributions	\$ (59,547)	\$ (57,551)	\$ (1,996)	-3.5%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2011
DECEMBER 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 43,585	\$ 45,339	\$ (1,754)	-3.9%
Other Revenue	181	392	(212)	-53.9%
Total Operating Revenue	\$ 43,766	\$ 45,731	\$ (1,965)	-4.3%
Personnel costs	\$ 50,289	\$ 45,840	\$ (4,449)	-9.7%
Outside services	30,238	29,888	(350)	-1.2%
Transit operations funding	-	-	-	-
Materials and supplies	3,722	3,516	(206)	-5.9%
Energy	10,908	10,597	(311)	-2.9%
Risk management	1,667	1,888	221	11.7%
General & administrative	152	154	2	1.4%
Vehicle/facility leases	218	280	62	22.2%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	10,609	10,609	(0)	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 107,804	\$ 102,773	\$ (5,031)	-4.9%
Operating income (loss)	\$ (64,038)	\$ (57,042)	\$ (6,996)	-12.3%
Total public support and nonoperating revenues	4,037	310	3,727	1201.1%
Income (loss) before capital contributions	\$ (60,001)	\$ (56,732)	\$ (3,269)	-5.8%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
TRANSIT SERVICES (SAN DIEGO TRANSIT CORPORATION)
COMPARISON TO BUDGET - FISCAL YEAR 2011
DECEMBER 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 12,759	\$ 13,606	\$ (847)	-6.2%
Other Revenue	11	30	(19)	-62.2%
Total Operating Revenue	\$ 12,770	\$ 13,636	\$ (865)	-6.3%
Personnel costs	\$ 34,789	\$ 30,010	\$ (4,779)	-15.9%
Outside services	869	927	58	6.2%
Transit operations funding	-	-	-	-
Materials and supplies	2,117	2,085	(32)	-1.5%
Energy	2,773	2,719	(54)	-2.0%
Risk management	794	858	64	7.4%
General & administrative	61	66	5	7.3%
Vehicle/facility leases	113	128	15	11.7%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	3,684	3,684	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 45,200	\$ 40,476	\$ (4,724)	-11.7%
Operating income (loss)	\$ (32,430)	\$ (26,840)	\$ (5,590)	-20.8%
Total public support and nonoperating revenues	2,391	(1,336)	3,727	-278.9%
Income (loss) before capital contributions	\$ (30,039)	\$ (28,176)	\$ (1,863)	-6.6%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
RAIL OPERATIONS (SAN DIEGO TROLLEY, INCORPORATED)
COMPARISON TO BUDGET - FISCAL YEAR 2011
DECEMBER 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 17,993	\$ 18,018	\$ (25)	-0.1%
Other Revenue	170	362	(193)	-53.2%
Total Operating Revenue	\$ 18,162	\$ 18,380	\$ (218)	-1.2%
Personnel costs	\$ 14,888	\$ 15,149	\$ 261	1.7%
Outside services	1,643	1,664	21	1.3%
Transit operations funding	-	-	-	-
Materials and supplies	1,602	1,422	(181)	-12.7%
Energy	4,313	4,303	(10)	-0.2%
Risk management	873	1,030	157	15.2%
General & administrative	89	82	(7)	-8.1%
Vehicle/facility leases	86	105	19	17.8%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	6,181	6,181	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 29,676	\$ 29,937	\$ 261	0.9%
Operating income (loss)	\$ (11,513)	\$ (11,557)	\$ 43	0.4%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (11,513)	\$ (11,557)	\$ 43	0.4%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
MULTIMODAL OPERATIONS (FIXED ROUTE)
COMPARISON TO BUDGET - FISCAL YEAR 2011
DECEMBER 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 10,547	\$ 11,296	\$ (749)	-6.6%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 10,547	\$ 11,296	\$ (749)	-6.6%
Personnel costs	\$ 158	\$ 166	\$ 8	5.1%
Outside services	19,677	19,578	(99)	-0.5%
Transit operations funding	-	-	-	-
Materials and supplies	-	8	8	-
Energy	2,658	2,568	(90)	-3.5%
Risk management	-	-	-	-
General & administrative	0	2	2	85.0%
Vehicle/facility leases	19	47	29	60.7%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	503	503	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 23,015	\$ 22,873	\$ (143)	-0.6%
Operating income (loss)	\$ (12,468)	\$ (11,577)	\$ (892)	-7.7%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (12,468)	\$ (11,577)	\$ (892)	-7.7%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
MULTIMODAL OPERATIONS (PARATRANSIT)
COMPARISON TO BUDGET - FISCAL YEAR 2011
DECEMBER 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 931	\$ 778	\$ 153	19.7%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 931	\$ 778	\$ 153	19.7%
Personnel costs	\$ 70	\$ 84	\$ 14	16.4%
Outside services	5,213	4,749	(465)	-9.8%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	935	834	(101)	-12.1%
Risk management	-	-	-	-
General & administrative	2	2	1	30.1%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	176	176	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 6,397	\$ 5,846	\$ (551)	-9.4%
Operating income (loss)	\$ (5,466)	\$ (5,067)	\$ (398)	-7.9%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (5,466)	\$ (5,067)	\$ (398)	-7.9%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED CHULA VISTA TRANSIT OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2011
DECEMBER 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 1,355	\$ 1,641	\$ (286)	-17.5%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 1,355	\$ 1,641	\$ (286)	-17.5%
Personnel costs	\$ 196	\$ 242	\$ 46	19.1%
Outside services	2,610	2,746	135	4.9%
Transit operations funding	-	-	-	-
Materials and supplies	3	3	(1)	-27.8%
Energy	229	173	(55)	-32.0%
Risk management	-	-	-	-
General & administrative	0	1	1	87.9%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	64	64	(0)	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 3,102	\$ 3,229	\$ 127	3.9%
Operating income (loss)	\$ (1,747)	\$ (1,587)	\$ (160)	-10.1%
Total public support and nonoperating revenues	1,577	1,577	-	0.0%
Income (loss) before capital contributions	\$ (171)	\$ (11)	\$ (160)	-1474.4%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CORONADO FERRY
COMPARISON TO BUDGET - FISCAL YEAR 2011
DECEMBER 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	-	-	-	-
Total Operating Revenue	\$ -	\$ -	\$ -	-
Personnel costs	\$ -	\$ -	\$ -	-
Outside services	70	70	-	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	\$ 70	\$ 70	\$ -	0.0%
Operating income (loss)	\$ (70)	\$ (70)	\$ -	0.0%
Total public support and nonoperating revenues	70	70	-	0.0%
Income (loss) before capital contributions	\$ 0	\$ 0	\$ -	0.0%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATION
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2011
DECEMBER 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	2,200	2,173	27	1.2%
Total Operating Revenue	\$ 2,200	\$ 2,173	\$ 27	1.2%
Personnel costs	\$ 6,165	\$ 6,530	\$ 365	5.6%
Outside services	3,854	4,865	1,011	20.8%
Transit operations funding	-	-	-	-
Materials and supplies	8	9	1	13.4%
Energy	298	357	59	16.6%
Risk management	293	161	(132)	-81.7%
General & administrative	527	440	(87)	-19.7%
Vehicle/facility leases	77	53	(23)	-43.9%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(10,650)	(10,650)	0	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 571	\$ 1,766	\$ 1,195	67.7%
Operating income (loss)	\$ 1,629	\$ 407	\$ 1,222	-300.0%
Total public support and nonoperating revenues	(889)	(903)	14	-1.5%
Income (loss) before capital contributions	\$ 740	\$ (495)	\$ 1,236	249.4%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OTHER ACTIVITIES
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2011
DECEMBER 31, 2010
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	198	213	(14)	-6.8%
Total Operating Revenue	\$ 198	\$ 213	\$ (14)	-6.8%
Personnel costs	\$ 314	\$ 325	\$ 11	3.4%
Outside services	56	95	39	41.1%
Transit operations funding	-	-	-	-
Materials and supplies	0	1	1	68.2%
Energy	4	6	2	41.4%
Risk management	17	17	0	0.6%
General & administrative	53	52	(1)	-2.2%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	41	41	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 485	\$ 537	\$ 52	9.7%
Operating income (loss)	\$ (287)	\$ (324)	\$ 38	11.6%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (287)	\$ (324)	\$ 38	11.6%



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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

February 17, 2011

SUBJECT:

MTS: TROLLEY REHABILITATION PROJECT UPDATE (JOHN HAGGERTY OF SANDAG)

RECOMMENDATION:

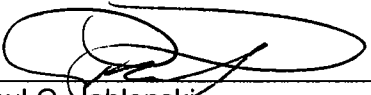
That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

Activities to rehabilitate and retrofit the trolley system for low-floor car operations are underway. Design of the stations is progressing, and Blue Line catenary replacement work commenced on October 29, 2010. A Request for Proposals was issued for work on the Green Line station retrofits, and signal and track work between 12th and Imperial and San Ysidro began in January 2011. MTS and San Diego Association of Governments staffs will provide the Board with an update on the project, including a report on stations and the project budget.


Paul C. Jablonski
Chief Executive Officer

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

FEB17-11.46.TROLLEY REHAB.TERRY.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.





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Agenda

Item No. 47

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

SRTP 825

February 17, 2011

SUBJECT:

MTS: SERVICE PERFORMANCE MONITORING REPORT FOR JULY THROUGH
DECEMBER 2010 (DEVIN BRAUN)

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

MTS Board Policy No. 42 establishes a process for evaluating existing transit services to achieve the objective of developing a customer-focused, competitive, integrated, and sustainable system. The policy states that services will be evaluated annually; however, this information is provided for the first six months of FY 11 in order to see more recent data. The analysis will show any trends for the current fiscal year and help to track performance throughout the year.



Objective: Develop a Customer-Focused and Competitive System

The following measures of productivity and service quality are used to ensure that services are focused on providing competitive and attractive transportation that meets our customers' needs.

• Total Passengers

Route Categories	YTD FY 2009	YTD FY 2010	YTD FY 2011	Chg. 09-10	Chg. 10-11	% Chg. 09-10	% Chg. 10-11
Premium Express	148,689	136,241	141,633	(12,448)	5,392	-8.4%	4.0%
Express	1,302,942	1,096,291	1,028,938	(206,651)	(67,353)	-15.9%	-6.1%
Light Rail	20,924,000	15,626,781	15,672,409	(5,297,219)	45,628	-25.3%	0.3%
Urban Frequent	20,011,687	19,201,126	17,923,391	(810,561)	(1,277,735)	-4.1%	-6.7%
Urban Standard	6,148,547	5,628,958	6,265,598	(519,589)	636,640	-8.5%	11.3%
Circulator	579,631	418,841	396,701	(160,790)	(22,140)	-27.7%	-5.3%
Rural	13,747	12,130	17,670	(1,617)	5,540	-11.8%	45.7%
Demand-Responsive	191,239	176,146	178,315	(15,093)	2,169	-7.9%	1.2%
Total MTS Passengers	49,320,482	42,296,514	41,624,655	(7,023,968)	(671,859)	-14.2%	-1.6%
Bus Ridership	28,205,243	26,493,587	25,773,931	(1,711,656)	(719,656)	-6.1%	-2.7%

Fixed-route bus ridership is down 1.6% for the first six months of FY 11 compared to the first six months of FY 10. The largest percentage decrease is in Urban Frequent routes with a 6.7% decrease or 1,277,735 passengers. Urban Frequent routes had a 9.9% reduction in revenue hours in the same time period. The Urban Standard routes had the highest percentage increase of 11.3% or 636,640 passengers, yet these routes only had a 0.7% increase in revenue hours.

While Rural routes show a marked increase, this is likely a data error that is being investigated.

• Average Weekday Passengers

Route Categories	YTD FY 2009	YTD FY 2010	YTD FY 2011	Chg. 09-10	Chg. 10-11	% Chg. 09-10	% Chg. 10-11
Premium Express	1,162	1,097	1,107	(65)	10	-5.6%	0.9%
Express	9,013	7,791	7,409	(1,223)	(382)	-13.6%	-4.9%
Light Rail	123,393	92,161	91,042	(31,232)	(1,120)	-25.3%	-1.2%
Urban Frequent	123,551	121,677	116,739	(1,874)	(4,938)	-1.5%	-4.1%
Urban Standard	39,048	36,668	42,312	(2,381)	5,644	-6.1%	15.4%
Circulator	4,043	3,472	3,368	(571)	(104)	-14.1%	-3.0%
Rural							
Demand-Responsive	1,367	1,277	1,298	(89)	21	-6.5%	1.6%
Average Weekday Passengers	301,723	264,289	263,506	(37,435)	(782)	-12.4%	-0.3%
Bus Passengers Only	176,964	170,850	171,167	(6,113)	317	-3.5%	0.2%

The total average weekday passenger statistics show how many passengers ride MTS on a typical weekday. For the first six months of FY 11, there is a 0.3% decrease in average weekday riders year over year, which equates to a loss of 782 passengers per average weekday. The largest increase was the Urban Standard category with a 15.4% increase in average weekday riders (5,644 riders).

The largest percentage decrease was found in the Express category with a decline of 4.9% or 382 passengers per weekday. However, Express routes operated 12.8% less revenue hours than the same period last year, which shows that riders are moving to other trips and that some unproductive service was cut. The productivity on Express routes has increased 7.6% from 28.0 to 30.1 passengers per revenue hour.

The largest actual decrease in ridership was experienced on the Urban Frequent routes with a decline of 4,938 passengers (-4.1%). Urban Frequent hours were cut by 9.9% from the same period last year, resulting in the decrease in passengers. Because of the decrease in service on Urban Frequent routes, passengers have switched to Urban Standard routes. It is also likely that due to cuts in service on Sundays, passengers have begun to ride on weekdays when there is more service offered explaining part of the increase in passengers on Urban Standard routes.

- **Passengers per Revenue Hour**

Route Categories	YTD FY 2009	YTD FY 2010	YTD FY 2011	Chg. 09-10	Chg. 10-11	% Chg. 09-10	% Chg. 10-11
Premium Express	23.8	22.7	19.3	(1.1)	(3.4)	-4.8%	-15.0%
Express	31.0	28.0	30.1	(3.0)	2.1	-9.8%	7.6%
Light Rail	235.9	200.0	223.0	(36.0)	23.0	-15.2%	11.5%
Urban Frequent	35.4	34.0	35.2	(1.4)	1.2	-3.9%	3.6%
Urban Standard	25.6	24.9	27.6	(0.7)	2.6	-2.7%	10.6%
Circulator	15.1	15.5	15.5	0.3	0.0	2.2%	0.3%
Rural							
Demand-Responsive	2.00	2.03	2.05	0.03	0.02	1.7%	1.1%
System Riders per Rev. Hour	45.7	41.1	43.3	(4.7)	2.2	-10.2%	5.3%
Bus Riders per Rev. Hour	31.5	30.6	32.0	(0.9)	1.4	-2.9%	4.5%

Passengers per revenue hour describes how the revenue hours (in-service hours and layover hours) were added or removed related to ridership increases or decreases. Increasing riders per revenue hour shows the system is more efficient—carrying more passengers with the same number of buses. For the first six months of FY 11, passengers per revenue hour were 43.3, which is a 2.2-riders-per-revenue-hour increase (or 5.3%).

For fixed-route buses only, riders per revenue hour increased from 30.6 to 32.0, which is a rate change of 4.5%.

The decrease in Premium Express ridership is partially due to the new Route 830—its low ridership has caused the decrease in the overall performance of the Premium Express routes.

- **Passengers per In-Service Hour**

Route Categories	YTD FY 2009	YTD FY 2010	YTD FY 2010	Chg. 09-10	Chg. 09-10	% Chg. 09-10	% Chg. 09-10
Premium Express	25.26	24.27	23.72	(1.0)	(0.5)	-3.9%	-2.2%
Express	38.85	33.98	36.49	(4.9)	2.5	-12.5%	7.4%
Light Rail	270.60	206.18	207.86	(64.4)	1.7	-23.8%	0.8%
Urban Frequent	43.46	42.41	43.21	(1.0)	0.8	-2.4%	1.9%
Urban Standard	34.14	33.55	36.21	(0.6)	2.7	-1.7%	7.9%

Circulator	26.08	24.12	24.12	(2.0)	0.0	-7.5%	0.0%
Rural							
Demand-Responsive							
System Riders per In-Svc. Hour	61.52	54.43	55.78	(7.1)	1.4	-11.5%	2.5%
Bus Riders per In-Svc. Hour	39.8	38.8	39.9	(1.0)	1.2	-2.6%	3.1%

Passengers per in-service hour is related to passengers per revenue hour but show how many passengers are carried while the bus is in service and not on layover. System-wide riders per in-service hour increased by 1.4 riders per in-service hour, or 2.5%. Only Premium Express had a slightly lower rate due to the addition of Route 830 (Murphy Canyon -- Naval Base San Diego) which had low ridership during the reporting period.

In-service hours have decreased from last year: weekdays have decreased 2.1%, Saturdays have decreased 10.8%, and Sundays have decreased 44.1%. Because the number of riders per in-service hour has increased, it shows that some unproductive service was deleted as a result of the budget reductions and also that passengers are moving to other routes or times in order to complete their trips.

- On-Time Performance

Route Categories	Service Change				
	June 2009	Sept. 2009	Feb. 2010	June 2010	Sept. 2010
Premium Express	98.9%	99.3%	99.4%	100.0%	97.9%
Express	81.3%	88.9%	83.5%	90.6%	84.6%
Light Rail	95.9%	95.4%	93.6%	90.4%	89.3%
Urban Frequent	85.6%	86.3%	84.7%	87.0%	85.1%
Urban Standard	89.4%	87.0%	88.1%	90.3%	87.9%
Circulator	89.4%	86.1%	85.8%	77.8%	81.0%
Rural	N/A	N/A	N/A	N/A	N/A
Demand-Responsive	N/A	N/A	N/A	N/A	N/A
MTS System	88.2%	87.7%	87.1%	88.2%	86.5%

On-time performance is calculated as departing within 5 minutes of the scheduled time.

On-time performance is measured by service change in order to realize the results of scheduling changes. Overall, on-time performance has remained around 86% to 88%. MTS's goal for on-time performance is 85% for urban frequent routes and 90% for all other routes.

There is always a slight downward trend in on-time performance for the September service changes due to school start-ups and generally higher ridership. Light Rail on time performance has trended down mostly due to the sharp increase in wheelchair lift deployments.

- Preventable Accidents per 100,000 Miles

Operator	FY 09	FY 10	YTD FY 11	Chg 09-10	Chg 10-11
MTS Bus	1.76	1.73	1.68	-1.6%	-2.7%
MTS Contract Services	1.73	1.00	1.16	-42.4%	15.9%
MTS Rail	0.00	0.01	0.00	N/A	-100%

MTS Bus preventable accidents are slightly down for FY 10. There is a slight increase of 15.9% in for Contracted routes. The trolley has had no preventable accidents this fiscal year-to-date, which is 100% better than the one accident that occurred last fiscal year.

- Complaints per 100,000 Passengers

Operator	FY 09	FY 10	YTD FY 11	Chg 09-10	Chg 10-11
MTS Bus	10.7	8.9	9.0	-16.6%	1.3%
MTS Contract Services Fixed-Route	11.1	9.4	7.6	-14.9%	-19.9%
MTS Rail	1.79	2.37	3.78	32.6%	59.2%

Complaints for MTS bus are almost flat from FY 10 to the current time period. Contract Services Fixed-Route complaints have decreased by almost 20%.

Rail services have had a 59.2% increase in the amount of calls to customer service from FY 10. This shows that the new centralized reporting system, in which all MTS-related customer service calls are routed to a single department, is providing a better avenue for tracking customer complaints and comments. Some of the primary sources of complaints during the report period pertained to special event service, late trains, and malfunctioning ticket vending machines.

Objective: Develop a Sustainable System

The following measures are used to ensure that transit resources are deployed as efficiently as possible and do not exceed budgetary constraints.

- In-Service Hours (weekly)

Operator	September		Difference	
	2009	2010	Number	Percent
MTS Bus	12,731	11,831	-900	-7.1%
MTS Contract Service Fixed-Route	13,726	12,986	-740	-5.4%
System	26,457	24,817	-1,640	-6.2%

Due to budget-related service cuts, weekly in-service hours are down 6.2% from the September 2009 service period.

- In-Service Miles (weekly)

Operator	September		Difference	
	2009	2010	Number	Percent
MTS Bus	171,465	158,507	-12,958	-7.6%
MTS Contract Service Fixed-Route	192,068	181,656	-10,412	-5.4%
System	363,533	340,163	-23,370	-6.4%

Due to budget-related service cuts, weekly in-service miles are down 6.4% from the September 2009 service period.

- Weekday Peak-Vehicle Requirement

Operator	Sept 09	Sept 10	Chg 09-10
MTS Bus	193	194	+1
MTS Contract Services Fixed-Route	244	242	-2
MTS Rail	94	94	0

The Weekday Peak-Vehicle Requirement shows the maximum number of vehicles that are on the road at any time in order to provide the levels of service that have been planned. MTS Bus had an overall increase of one vehicle while Contract Services decreased by two peak buses in the same time period.

- In-Service Speeds (mph)

Operator	Sept 09	Sept 10	Chg 09-10
MTS Bus	13.5	13.4	-0.52%
MTS Contract Services FR	14.0	14.0	NC

In-service speeds have remained constant year over year.

- In-Service/Total Miles

Operator	Sept 09	Sept 10	Chg 09-10
MTS Bus	88.5%	87.8%	-0.71%
MTS Contract Services FR	N/A	N/A	N/A
MTS Rail	N/A	N/A	N/A

In-service miles per total miles is only calculated for MTS bus operations as the contractor is responsible for bus and driver assignments (run-cutting) for contract routes. MTS bus ratios have been generally consistent over time with only a minor decrease in the ratio. MTS Rail does not incur out-of-service mileage.

- In-Service/Total Hours

Operator	Sept 09	Sept 10	Chg 09-10
MTS Bus	77.7%	77.1%	-0.76%
MTS Contract Services FR	N/A	N/A	N/A
MTS Rail	N/A	N/A	N/A

As with the mileage statistic, in-service hours per total hours can only be calculated for MTS bus operations. The in-service to total-vehicle-hours ratio has remained steady over the two service periods reported for MTS bus operations.



Paul C. Jablonski
Chief Executive Officer

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Agenda

Item No. 62

Chief Executive Officer's Report

ADM 121.7

February 17, 2011

In accordance with Board Policy No. 52, Procurement of Goods and Services, attached are listings of contracts, purchase orders, and work orders that have been approved within the CEO's authority (up to and including \$100,000) for the period January 11, 2011, through February 10, 2011.

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EXPENSE CONTRACTS

Doc #	Organization	Subject	Amount	Day
B0521.1-09	APOLLO VIDEO TECHNOLOGY	AMENDMENT TO REPLACE INTEGRIAN CAMERA	\$14,400.00	1/11/2011
B0509.3-09	KINGSBURY UNIFORMS	BELT OPTION	\$825.00	1/20/2011
G1067.12-07	MCDUGAL, LOVE, ECKIS, SMITH	LEGAL SERVICES - TORT LIABILITY	\$65,000.00	1/20/2011
G1200.3-09	BAKER & MILLER, PLLC	LEGAL SERVICES - RAILROAD LAW	\$25,000.00	1/31/2011
PWL123.1-10	DICK MILLER, INC	K-9 KENNEL - CHANGE ORDER 1	\$6,050.75	1/31/2011
S200-11-474	BERT W. SALAS, INC.	ROE PERMIT TO CROSS SD&AE ROW	\$920.00	2/1/2011
G1076.2-07	BEST BEST & KRIEGER LLP	LEGAL SERVICES - LAND USE, EMINENT DOMN	\$40,000.00	2/4/2011
L6648.0-11	NEXTG NETWORKS OF CALIFORNIA	LICENSE DOCUMENT FOR AERIAL CROSSING	\$1,500.00	2/4/2011
G1085.1-07	GOOGLE, INC.	REAL TIME INFORMATION TO ORIGINAL AGRMNT	\$0.00	2/9/2011
G1165.5-08	OPPER & VARCO, LLP	LEGAL SERVICES - ENVIRONMENTAL LAW	\$20,000.00	2/9/2011
PWB133.0-11	SOUTHCOAST HVAC	PREVENTATIVE MAINTENANCE	\$89,222.00	2/9/2011

REVENUE CONTRACTS

Doc #	Organization	Subject	Amount	Day
L1005.0-11	SCHILLING PARADISE CORP	ROE PERMIT	(\$1,500.00)	1/12/2011
G1377.0-11	HAZARD CENTER - PM REALTY GRP	2011 PARTNERSHIP FOR CHARGER PARKING	(\$9,600.00)	1/13/2011
M6677.1-10	SANDAG	AMENDMENT TO LEASE AGREEMENT - PORTABLE	\$0.00	1/13/2011
L1010.0-11	MARTIN LUTHER KING JR PARADE	ROE PERMIT FOR PARADE CROSSING TRACK	\$0.00	1/18/2011
L5717.0-11	SAN DIEGO CANYONLANDS	ROE PERMIT - GRAFFITI REMOVAL	\$0.00	1/18/2011
L6651.0-11	TRI COUNTY DRILLING	JROE PERMIT SANDAG CIP 1239801	\$0.00	1/18/2011
L6649.0-11	DAVID EVANS & ASSOC	JROE PERMIT SANDAG CIP 1239801	\$0.00	1/20/2011
L6650.0-11	URS CORPORATION	JROE PERMIT - SANDAG CIP 1239801	\$0.00	1/20/2011
B0558.0-11	SDG&E	EASEMENT FOR SBMF	\$0.00	1/21/2011
M6684.0-11	DINH CONSTRUCTION CORP	ROE PERMIT FOR PORTABLE TRAILER	\$0.00	1/31/2011
B0553.0-11	STEVE CRESENCIA	TEMPORARY CONSTRUCTION EASEMENT - SBMF	\$0.00	2/4/2011
B0555.0-11	NACCARI FAMILY TRUST	TEMPORARY CONSTRUCTION EASEMENT - SBMF	\$0.00	2/4/2011
L1009.0-11	CAL VADA SURVEYING	ROE PERMIT - LAND SURVEY H ST SOIL STUDY	\$0.00	2/4/2011
L6628.1-10	NINYO & MOORE	JROE PERMIT NCTD TIME EXT	\$0.00	2/9/2011

REVENUE CONTRACTS

<i>Doc #</i>	<i>Organization</i>	<i>Subject</i>	<i>Amount</i>	<i>Day</i>
S200-11-470	IMPERIAL VALLEY SOLAR	EMERGENCY CROSSING	(\$1,500.00)	2/9/2011
L6629.1-10	HDR ENGINEERING	JROE PERMIT NCTD TIME EXT	\$0.00	2/10/2011

PURCHASE ORDERS

<i>DATE</i>	<i>PO NUMBER</i>	<i>Organization</i>	<i>Subject</i>	<i>AMOUNT</i>
1/13/2011	2960	STAPLES CONTRACT & COMMERCIAL	THOMAS GUIDE	\$338.60
1/14/2011	2962	BORDEAUX PRINTERS INC.	POCKET GUIDE PRINTS	\$2,973.23
1/20/2011	2963	PHONE SUPPLEMENTS	HEADSET	\$400.20
1/26/2011	2965	ESM CONSULTING LLC	UNIX TECH SUPPORT	\$1,400.00
2/1/2011	2964	SAN DIEGO POSTAL AND SHIPPING	YEARLY MAINTENANCE	\$930.00
2/1/2011	2966	DELL COMPUTER CORP	DELL PROCESSOR - FLAT PANEL	\$20,383.07

WORK ORDERS

<i>Doc #</i>	<i>Organization</i>	<i>Subject</i>	<i>Amount</i>	<i>Day</i>
G1328.0-10.02	CALIFORNIA DEPT OF TRANS	FUND TRANSFER AGREEMENT	\$105,000.00	2/4/2011
G1245.0-09.09.05	KIMLEY-HORN & ASSOC., INC.	GENERAL ENGINEERING SERVICES	\$25,000.00	2/9/2011
G1245.0-09.09.06	KIMLEY-HORN & ASSOC., INC.	GENERAL ENGINEERING SERVICES	\$25,000.00	2/9/2011
G1328.0-10.01	PB AMERICAS, INC.	STREETCAR FEASIBILITY STUDY	\$100,000.00	2/10/2011