



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

Agenda

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

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 19, 2012 Approve
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.

Please SILENCE electronics
during the meeting

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

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

CONSENT ITEMS

- | | | |
|-----|---|--------------------|
| 6. | <u>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 24, 2012</u>
Action would: (1) receive the San Diego and Imperial Valley (SD&IV) Railroad, 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 24, 2012. | Receive/
Ratify |
| 7. | <u>Investment Report - December 2011</u>
Action would receive a report for information. | Receive |
| 8. | <u>Fiscal Year 2012 Transportation Development Act (TDA) Claim Amendment</u>
Action would adopt Resolution Nos. 12-1, 12-2, and 12-3 approving the revised FY 2012 Transportation Development Act (TDA) Article 4.0, 4.5, and 8.0 claims. | Adopt |
| 9. | <u>RTMS Expansion Consulting Services - Sole-Source Contract Award</u>
Action would authorize the CEO to execute MTS Doc. No. G1435.0-12 with Macro Corporation for consulting services for completion of the Regional Transit Management System (RTMS) in South Bay and El Cajon. | Approve |
| 10. | <u>Job Order Contract Work Order for CCTV Grossmont East and West Parking Garage Upgrades</u>
Action would authorize the CEO to execute Job Order Contract (JOC) Work Order MTSJOC1337-05 with Southland Electric, Inc. to perform work under MTS Doc. No. PWL132.0-11 for Grossmont East and West Parking Garage closed-circuit television (CCTV) upgrades. | Approve |
| 11. | <u>Job Access and Reverse Commute Grant - Route 905</u>
Action would approve Resolution No. 12-4 authorizing the CEO to submit applications for federal fiscal year 2012 Job Access and Reverse Commute (JARC) for Non-Urban (Rural) areas (Federal Transit Administration funding 5316) for Route 905. | Approve |
| 12. | <u>SD 100 HVAC Unit Overhaul - Contract Amendments</u>
Action would: (1) ratify MTS Doc. No. L0894.1-09 with RAM Industrial Services, Inc. (RAM) for changes to the scope of work and the associated pricing for heating, ventilation, and air-conditioning (HVAC) Units 1-11; and (2) authorize the CEO to execute MTS Doc. No. L0894.2-09 with RAM approving changes to the scope of work and associated pricing for HVAC Units 12-108. | Ratify/
Approve |
| 13. | <u>Excess Insurance Renewals for Liability and Workers' Compensation Program</u>
Action would approve the purchase of excess liability insurance (at limits of \$75 million less a \$2 million self-insured retention) and excess workers' compensation insurance (at statutory limits less a \$1 million self-insured retention). The new policies would be in effect from March 1, 2012, through March 1, 2013. | Approve |
| 14. | <u>Revisions to MTS Policy No. 26 - Disadvantaged Business Enterprise Program</u>
Action would approve revisions to Policy No. 26 - Disadvantaged Business Enterprise Program. | Approve |

CLOSED SESSION

- | | | |
|-----|--|-----------------|
| 24. | a. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL Existing Litigation Pursuant to California Government Code Section 54956.9(A):
<u>Barton Bair v. MTS</u> (SDSC Case No. 37-2009-00103892-CU-PA-CTL) | Possible Action |
| | b. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL Existing Litigation Pursuant to California Government Code Section 54956.9(A):
<u>Angel Mann v. MTS</u> (SDSC Case No. 37-2010-00101898-CU-PA-CTL) | Possible Action |

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

- | | | |
|-----|--|---------|
| 30. | <u>Veolia Transportation Services, Inc. - Exercise Contract Option-Year Extensions (John Davenport and Claire Spielberg)</u>
Action would authorize the CEO to execute MTS Doc. No. B0453.0-06 with Veolia Transportation Services, Inc., to exercise three 1-year option terms to provide fixed-route bus service (as specified in the existing MTS contract). | Approve |
|-----|--|---------|

REPORT ITEMS

- | | | |
|-----|---|-------------|
| 45. | <u>Operations Budget Status Report for December 2011 (Mike Thompson)</u>
Action would receive a report on MTS's operations budget status for December 2011. | Receive |
| 46. | <u>Chargers Year-End Report (Tom Doogan)</u>
Action would receive a report for information. | Receive |
| 60. | <u>Chairman's Report</u> | Information |
| 61. | <u>Audit Oversight Committee Chairman's Report</u> | Information |
| 62. | <u>Chief Executive Officer's Report</u> | Information |
| 63. | <u>Board Member Communications</u> | |
| 64. | <u>Additional Public Comments Not on the Agenda</u>
If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments. | |
| 65. | <u>Next Meeting Date:</u> March 15, 2012 (9:00 a.m. Finance Workshop) | |
| 66. | <u>Adjournment</u> | |

MEETING OF THE BOARD OF DIRECTORS FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS)
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

January 19, 2012

DRAFT MINUTES

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:07 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 8, 2011, MTS Board of Directors meeting. Mr. Ovrom seconded the motion, and the vote was 12 to 0 in favor with Mr. Cunningham and Ms. Emerald absent. Ms. Zarate abstained from the vote.

3. Public Comments

John Wood: Mr. Wood mentioned that there is a problem with the interior and exterior public announcement system on the trolleys. He made the suggestion of getting the drivers' headsets to improve the quality of sound as well as better quality exterior speakers.

Mr. Jablonski responded that the agency is currently in the process of installing a brand new electric system on the trolley cars, and the sound problems should be resolved soon.

Lorraine Leighton: Ms. Leighton commented that the new trolley car doors are shutting improperly and that the cars are not heated. She also commented on an event that occurred recently wherein a bus driver made a rude comment to her.

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

Karen Landers, General Counsel, stated that the Board needed to elect a Vice Chair, a Chair Pro Tem, and select the Committee appointments for the 2012 calendar year.

Chairman Mathis took nominations from the floor. No additional nominations were proposed.

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

Lorie Bragg, Chairman: 13 to 0 in favor, with Ms. Bragg abstaining.

Airport Authority Advisory Committee

Harry Mathis, Committee Representative: 13 to 0 in favor, with Mr. Mathis abstaining.
Ron Roberts, Alternate: 13 to 0 in favor, with Mr. Roberts abstaining.

Ad Hoc Public Security Committee

Ernie Ewin, Committee Representative: 13 to 0 in favor, with Mr. Ewin abstaining.
Harry Mathis, Committee Representative: 13 to 0 in favor, with Mr. Mathis abstaining.
Jim Cunningham, Committee Representative: 13 to 0 in favor, with Mr. Cunningham absent.
Todd Gloria, Committee Representative: 13 to 0 in favor, with Mr. Gloria abstaining.
Steve Castaneda, Committee Representative: 13 to 0 in favor, with Mr. Castaneda abstaining.

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, Committee Representative: 13 to 0 in favor, with Mr. Mathis abstaining.
Bob McClellan, Committee Representative: 13 to 0 in favor, with Mr. McClellan abstaining.
Ron Roberts, Committee Representative: 13 to 0 in favor, with Mr. Roberts abstaining.
Tony Young, Committee Representative: 13 to 0 in favor, with Mr. Young abstaining.
Jim Cunningham, Committee Representative: 13 to 0 in favor, with Mr. Cunningham absent.

Executive Committee

Set by Board Policy.

Joint Committee on Regional Transit (JCRT)

Jim Cunningham, Committee Representative: 13 to 0 in favor, with Mr. Cunningham absent.
Harry Mathis, Committee Representative: 13 to 0 in favor, with Mr. Mathis abstaining.
Ernie Ewin, Committee Representative: 13 to 0 in favor, with Mr. Ewin abstaining.

Los Angeles-San Diego Rail Corridor Agency (LOSSAN)

Jerry Rindone, Committee Representative: 14 to 0 in favor.
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 Representative: 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. Investment Report - November 2011

Action would receive a report for information.

7. Audit Report - The Transit Store

Action would receive an internal audit report on The Transit Store.

8. Traction Power Substations for the San Diego Trolley, Inc. System - Contract Award

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1032.0-12 with Siemens Industry, Inc. to procure 17 traction power substations with an option to purchase up to 17 additional traction power substations for the San Diego Trolley, Inc. (SDTI) system.

9. Best Best & Krieger Legal Services - Contract Award

Action would authorize the CEO to execute MTS Doc. No. G1422.0-12 with Best Best & Krieger, LLP for legal services.

10. Law Offices of Mark H. Barber Legal Services – Contract Award

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1426.0-12 with Law Offices of Mark H. Barber for legal services.

11. Law Offices of Michael E. Ripley Legal Services - Contract Award

Action would authorize the CEO to execute MTS Doc. No. G1428.0-12 with Law Offices of Michael E. Ripley for legal services.

12. Paul, Plevin, Sullivan & Connaughton, LLP Legal Services - Contract Award

Action would authorize the CEO to execute MTS Doc. No. G1430.0-12 with Paul, Plevin, Sullivan & Connaughton, LLP for legal services.

13. Ryan, Mercaldo, & Worthington, LLP Legal Services - Contract Award

Action would authorize the CEO to execute MTS Doc. No. G1432.0-12 with Ryan, Mercaldo & Worthington, LLP for legal services.

14. Wheatley, Bingham, & Baker LLP Legal Services - Contract Award

Action would authorize the CEO to execute MTS Doc. No. G1434.0-12 with Wheatley, Bingham, & Baker, LLP for legal services.

15. Janitorial Services for MTS Buses and Light Rail Vehicle Fleet - Contract Amendment

Action would authorize the CEO to execute MTS Doc. No. G1387.1-11 with NMS Management, Inc. (NMS) to add a daily terminal cleaner at the San Ysidro Transit Center and add two 1-year options to the contract.

Action on Recommended Consent Items

Mr. Alvarez moved to approve Consent Agenda Item Nos. 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15. Mr. Ovrom seconded the motion, and the vote was 14 to 0 in favor with Mr. Cunningham absent.

CLOSED SESSION:

24. Closed Session Items

The Board convened to Closed Session at 9:22 a.m.

- a. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to California Government Code Section 54956.8
Property: 2551 Commercial Street, San Diego, California (Assessor Parcel Nos. 535-670-43, 44, 45, and 46)
Agency Negotiators: Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets
Negotiating Parties: Elisha Revocable Living Trust
Under Negotiation: Price and Terms of Payment

The Board reconvened to Open Session at 9:45 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- a. The Board received a report on the appraisal of the above-referenced property and gave direction to staff regarding the acquisition of property with a vote of 14 to 0 in favor and 1 member absent.

NOTICED PUBLIC HEARINGS:

25. None.

DISCUSSION ITEMS:

30. Compensation Study Results and Revised Salary Ranges

Paul Jablonski, Chief Executive Officer, stated that the salary ranges for nonrepresented employees had not been analyzed in depth since the consolidation in 2005. He mentioned that

many changes have occurred at MTS, such as position responsibilities, titles, relationship reporting, and the elimination of some management positions. He explained that MTS is a pay-for-performance agency and as such, nonrepresented employees receive pay increases based on their annual performance evaluation and the allotted merit pool established in part with the annual budget and approved by the Board of Directors. He stated that based on the recommendation of the Executive Committee in January 2011, the agency retained The Epler Company to conduct a comprehensive external salary study. He then introduced Lin Ball, Vice President of The Epler Company and Barbara Craven, Senior Consultant with The Epler Company.

Ms. Ball gave an overview of the scope of the project and talked about the compensation strategy. She discussed in detail the survey analysis methodology and provided defined parameters of a salary range. She also discussed the proposed ranges based on the project findings and explained their recommendations. Ms. Ball stated that 126 of 143 positions were included in the salary study and based on the survey data, it was determined that the salary ranges needed to be revised. She stated that 85% of positions were at market, 11% of positions are more than 10% below market, with first line supervisors and IT positions significantly below market.

Mr. Jablonski stated that there are 16 nonrepresented employees who would receive a pay increase to bring their salary to the minimum of their position's new salary range. He explained the annual budget impact of the new salary ranges is \$94,892, which includes salary, pension costs, and payroll taxes in addition to leave liability. He explained that to offset the budget impact, there has been roughly \$130,000 in savings from health care cuts and therefore, from the human resources side of the equation, this is budget neutral.

Mr. Gloria asked for clarification regarding the positions that would incur a budget impact. Mr. Jablonski explained that the budget impact would be incurred for all nonrepresented positions for the entire fiscal year 2012. Mr. Gloria wanted to know when the last time positions were reviewed and salary ranges were modified. Mr. Jablonski stated that since he has joined the agency in 2004, salary ranges have not been examined by an outside agency and have remained static. Mr. Gloria also wanted to know when the last time represented and nonrepresented employees have received raises. Mr. Jablonski stated the nonrepresented employees potentially receive a pay increase every year based on the merit pool and annual performance. He stated that represented employees, for bus drivers, have received just over 9.5% in pay increases during the last 3 years.

Action Taken

Mr. Roberts moved to (1) receive a report from The Epler Company; and (2) approve the proposed MTS Salary Ranges. Mr. McClellan seconded the motion, and the vote was 14 to 0 in favor with Mr. Cunningham absent.

31. 2012 State and Federal Legislative Programs

Sharon Cooney, Chief of Staff, gave the Board an overview of the 2012 state and federal legislative programs. She first gave a review of the 2011 federal projects. She stated that there were no discretionary grant or earmark awards received in 2011. She talked about the Mid Coast Trolley New Start Update, the San Ysidro Border Reconfiguration, and the

Reauthorization of the Surface Transportation Act. She stated that the Continuing Budget Resolution was extended through March 2011, and the CNG credits were extended through December 2011.

Ms. Cooney explained the 2012 state budget was approved with STA intact, and MTS has received the first payment. She also explained that Proposition 1B funds provided \$15.7 million for rail cars and \$2.78 million for safety/security grants in 2011. She stated that the federal legislative priorities for 2012 are the same as 2011. She explained that the priority for 2012 is the reauthorization and seeking a permanent CNG tax credit.

Ms. Cooney then discussed federal funding priorities including, the Mid Coast Trolley Extension, bus replacement vehicles and bus maintenance facilities, Blue Line station improvements, and Regional Transportation Management System (RTMS) for contract services. She also discussed state legislative priorities and the goals to oppose any loss of funding and any regulations that could prevent MTS from running more efficiently.

Mr. Gloria asked if the reason that federal earmarks were not received was because Congress has done away with them. Ms. Cooney explained that each year MTS is asked to submit requests for funding through the discretionary grant program, and MTS does this so that an opportunity is not missed, but Congress is not giving earmarks. Mr. Gloria clarified that this is a change in reality in Washington, D.C. and not a lack of success on MTS's part. Mr. Jablonski stated that in the change of process, the Federal Transit Administration gives out money based on applications rather than congressional district. Mr. Gloria also questioned if MTS was using the same lobbying representatives as the previous year. Ms. Cooney explained that the agency is continuing to use the same representatives and jointly contracts with Blank Rome with the San Diego Association of Governments (SANDAG) and the North County Transit District (NCTD). The state representative remains Smith Watts, which is a shared agreement with NCTD.

Mr. Ewin questioned if the American Public Transportation Association (APTA) had taken up the issue of CNG tax credits, to try and get them renewed. Ms. Cooney stated that many groups have been lobbying for the credits but the legislators wanted a comprehensive package to include all types of alternative fuel. She explained that the CNG credits got wrapped up in the tax credit extension bill issues last year.

Action Taken

Mr. Gloria moved to approve staff recommendations for state and federal legislative programs. Mr. McClellan seconded the motion, and the vote was 13 to 0 in favor with Mr. Cunningham and Mr. Young absent.

32. Amendments to Ordinance No. 4, An Ordinance Establishing a Metropolitan Transit System Fare-Pricing Schedule, Ordinance No. 2, An Ordinance Requiring Proof of Fare Payment by Passengers Using the San Diego Trolley, and Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions on or About a Transit Facility, Trolley Station, or Bus Stop

Mark Thomsen, Senior Transportation Planner, talked about the amendments to Ordinance No. 4, No. 2 and No. 13. He explained that SANDAG approved amendments to the Regional

Comprehensive Fare Ordinance on December 16, 2011, that will become effective on January 20, 2012, which will reduce the Region Plus Day Pass price from \$14 to \$12 as well as reduce the COASTER discount per boarding by \$1 or by \$0.50 on certain passes. He explained that the proposed changes to Ordinance No. 4 include increasing the cost and value of a token from \$2.25 to \$2.50 in order to assist in the transitioning away from paper fare media for social service agencies that provide transit fare to their clients. He stated that changes to Ordinance No. 4 are also being proposed to adjust group sales pass discount ranges, standardize terminology, and correct errata.

Mr. Thomsen explained the proposed modifications to Ordinance No. 2 would eliminate obsolete references and raise the penalty for violations to the ordinance from \$50 to \$75. He then explained the proposed changes to Ordinance No. 13, which would remove obsolete references to the discount Center City San Diego cash fare.

Mr. Gloria wanted to know if and when the social service agencies will be notified of the changes. Ms. Cooney explained that the agencies have been given notice that the paper passes will be obsolete after March and, that after Board approval, the agencies will be properly notified by the Marketing Department.

Action Taken

Mr. Castaneda moved to (1) read the title of Ordinance No. 4, An Ordinance Establishing a Metropolitan Transit System Fare-Pricing Schedule, Ordinance No. 2, an Ordinance Requiring Proof of Fare Payment By Passengers Using the San Diego Trolley, and Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions on or About a Transit Facility, Trolley Station, or Bus Stop; (2) waive further readings of the ordinances; (3) adopt the amended ordinances; and (4) direct publication of an ordinance summary. Mr. McClellan seconded the motion, and the vote was 13 to 0 in favor with Mr. Cunningham and Mr. Young absent.

REPORT ITEMS:

45. None.

60. Chairman's Report

Chairman Mathis made no report.

61. Audit Oversight Committee Chairman's Report

Mr. Ewin, Chairman of the Audit Oversight Committee, made no report.

62. Chief Executive Officer's Report

Mr. Jablonski reported that he attended the APTA Business Member Board of Governor's meeting last week in Indian Wells and gave a talk about construction projects, the procurement process, and upcoming procurement opportunities.

63. Board Member Communications

There were no Board Member communications.

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 16, 2012.

66. Adjournment

Chairman Mathis adjourned the meeting at 10:33 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 SYSTEM
BOARD OF DIRECTORS
ROLL CALL

MEETING OF (DATE): 1/19/12

CALL TO ORDER (TIME): 9:07 AM

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:22 AM

RECONVENE: 9:45 AM

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 10:33 AM

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ALVAREZ	☒ (Faulconer) ☐		
BRAGG	☒ (King) ☐		
CASTANEDA	☒ (Rindone) ☐		
CUNNINGHAM	☐ (Mullin) ☐		
EWIN	☒ (Arapostathis) ☐		
EMERALD	☒ (Faulconer) ☐	9:08 AM	
ENGLAND	☒ (Gastil) ☐		
GLORIA	☒ (Faulconer) ☐		
MATHIS	☒		
MCCLELLAN	☒ (Hanson-Cox) ☐		
MINTO	☒ (McNelis) ☐		
OVROM	☒ (Denny) ☐		
RIOS	☐ (Zarate) ☒		
ROBERTS	☒ (Cox) ☐		
YOUNG	☒ (Faulconer) ☐		10:11 AM

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD:

Valerie Vizkulet

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

Garner Cord



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San Diego, CA 92101-7490
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Agenda Item No. 6

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

SUBJECT:

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 24, 2012

RECOMMENDATION:

That the Board of Directors:

1. receive the San Diego and Imperial Valley (SD&IV) Railroad, 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 24, 2012 (Attachment A).

Budget Impact

None.

DISCUSSION:

Quarterly Reports

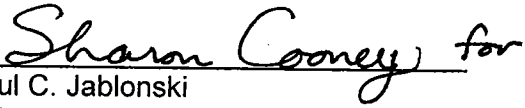
Pursuant to the Agreement for Operation of Freight Rail Services, SD&IV, Museum, and Carrizo have provided the attached quarterly reports of their operations during the fourth quarter of calendar year 2011 (Attachment A).



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 24, 2012, the SD&AE Board approved the following licenses and permits:

- S200-12-503: Right of Entry Permit to Kehoe Testing and Engineering to perform field investigations along the Orange and Blue Lines in support of the San Diego Association of Governments (SANDAG).
- S200-12-508: Right of Entry Permit to Sweetwater Authority to perform facilities maintenance.
- S200-12-509: Right of Entry Permit to SDG&E to perform utility relocation in San Ysidro.
- S200-12-510: Right of Entry Permit to JCMS Landscaping to perform slope stabilization near Hill Street in El Cajon.
- S200-12-512: Right of Entry Permit to Integrated Marine Services to construct improvements near Main Street in Chula Vista.
- S200-12-513: Right of Entry Permit to American Integrated Services to perform field investigations along the Orange and Blue Lines in support of SANDAG.
- S200-12-514: Right of Entry Permit to Project Design Consultants to perform field surveys along the Orange and Blue Lines in support of SANDAG.
- S200-12-515: Right of Entry Permit to Spectrum Geophysics to perform field investigations along the Orange and Blue Lines in support of SANDAG.
- S200-12-516: Construction and Maintenance Agreement to the City of Lemon Grove for the Promenade Project.


Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Karen Landers, 619.557.4512, Karen.Landers@sdmts.com

FEB16-12.6.SDAE REPORTS.KLANDERS.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

January 24, 2012

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
Randy Perry, Chairman
Bob Jones
Paul Jablonski

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

GENERAL COUNSEL
Karen Landers

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1. Approval of the Minutes of October 18, 2011 Approve
Action would approve the SD&AE Railway Company Minutes of October 18, 2011.
2. Statement of Railway Finances (Linda Musengo) Receive
Action would receive a report for information.
3. Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Matt Domen) Receive
Action would receive a report for information.
4. Report on Pacific Southwest Railway Museum (Diana Hyatt) Receive
Action would receive a report for information.
5. Report on the Desert Line (Chas McHaffie) Receive
Action would receive a report for information.
6. Real Property Matters (Tim Allison)
a. Summary of SD&AE Documents Issued Since October 18, 2011 Receive
Action would receive a report for information.
7. Status of SD&AE Main Line Track and San Ysidro Freight Yard Improvements Projects (Pete d'Ablain of SANDAG) Receive
Action would receive a report on the current status of the Trade Corridor Improvement Fund (TCIF) South Line Freight Improvement Projects.
8. Old Business
9. New Business
10. Public Comments
11. Next Meeting Date: April 17, 2012
12. Adjournment

MINUTES

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

October 18, 2011

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 18, 2011, at 9:02 a.m.

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

MTS staff:	Tim Allison, Karen Landers, Wayne Terry, and Linda Musengo
SD&IV staff:	Matt Domen
Pacific Southwest Railway Museum:	Diana Hyatt
Carrizo Gorge Railway, Inc. (Carrizo):	Chas McHaffie
International Border Rail Institute:	Richard Borstadt
ADMICARGA	Jorge O. Monraz

1. Approval of Minutes

Mr. Jablonski moved to approve the Minutes of the July 19, 2011, SD&AE Railway Board of Directors meeting. Mr. Jones seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Linda Musengo submitted the financial statement for the third quarter of 2011 (attached to the agenda item).

Action Taken

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

3. Report on SD&IV Operations

Matt Domen presented the report of activities for the third quarter of 2011 (attached to the agenda item).

Mr. Jablonski asked if the traffic for gas importation has increased. Mr. Domen responded that it has increased a little. He added that North Star Gas has been authorized to import more gas by rail. Mr. Domen also reported that Texas Gas will be allowed to ship gas into Mexico.

Mr. Jones added that so far, North Star Gas has been very good to work with and forthcoming in all transactions.

Action Taken

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

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt presented the third quarter of 2011 report (attached to the agenda item).

Action Taken

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

5. Report on the Desert Line

Chas McHaffie presented the third quarter of 2011 report (attached to the agenda item). Mr. McHaffie added that the Disney movie *The Lone Ranger* is on schedule to begin production in the first quarter of 2012 (filming around Carrizo Gorge).

Mr. Jablonski asked about any ongoing concerns with the fire department. Ms. Hyatt responded that recently there was an informal inspection that didn't produce any issues.

Action Taken

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

6. Real Property Mattersa. Summary of SD&AE Documents Issued Since July 19, 2011

Tim Allison, MTS Manager of Real Estate Assets, presented the summary of documents issued since July 19, 2011. Mr. Jablonski asked about his request at the last meeting for an update on the San Ysidro Yard Project. Mr. Allison responded that SANDAG staff members assigned to the project are on vacation but will attend the meeting in January to give an update.

Action Taken

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

b. The City of Lemon Grove Main Street Promenade Project

Tim Allison introduced Barbara Kraber of the City of Lemon Grove. Mr. Allison stated that the Lemon Grove Main Street Promenade Project was presented to the Board earlier this year. Mr. Allison reviewed the background of the project and the request before the Board to approve a Construction and Maintenance Agreement to cover SD&AE right-of-way indemnification and insurance.

Ms. Landers informed the Board that the City of Lemon Grove has requested lower insurance limits, but she has not had a chance to review it yet. Mr. Jablonski stated that he is not concerned that this will be worked out and reminded everyone that work on the Orange Line will progress quickly.

Mr. Allison and Ms. Kraber gave a presentation on the project using a design visual.

Action Taken

Mr. Jablonski moved to approve a Construction and Maintenance Agreement for the City of Lemon Grove's Main Street Promenade Project with flexibility to adjust the insurance and indemnification requirement levels upon General Counsel's review. Mr. Jones seconded the motion, and it was unanimously approved.

c. Civic Center Drive Crossing Improvements

Mr. Allison gave a brief presentation on the Civic Center Drive Crossing Improvement Project. He explained the California Department of Transportation's (Caltrans') proposed operational improvements to restripe and signalize the intersection at Civic Center Drive and Wilson Avenue to increase capacity supporting interregional goods movement.

Mr. Allison explained that the California Public Utilities Code (CPUC) requires approval of the project and application for crossing modifications.

Mr. Jablonski voiced concern regarding traffic backups at that intersection if the project is completed. Mr. Allison responded that traffic flow has been incorporated into the project and would not be an issue.

Action Taken

Mr. Jablonski moved to approve support for the Civic Center Drive Crossing Improvement Project CPUC application for crossing modifications. Mr. Jones seconded the motion, and it was unanimously approved.

7. Approval of the 2012 SD&AE Board of Directors Meeting Schedule

Karen Landers noted that the following meeting schedule is recommended for 2012:

Tuesday, January 17, 2012	9:00 a.m.	(Fourth Quarter 2012 Reports)
Tuesday, April 17, 2012	9:00 a.m.	(First Quarter 2012 Reports)
Tuesday, July 17, 2012	9:00 a.m.	(Second Quarter 2012 Reports)
Tuesday, October 16, 2012	9:00 a.m.	(Third Quarter 2012 Reports)

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

Materials Due to Clerk

Friday, January 6, 2012
Friday, April 6, 2012
Friday, July 6, 2012
Friday, October 5, 2012

Materials Mailed

Wednesday, January 11, 2012
Wednesday, April 11, 2012
Wednesday, July 11, 2012
Wednesday, October 10, 2012

Action Taken

Mr. Jablonski moved to approve the SD&AE meeting schedule for 2012 as presented. Mr. Jones seconded the motion, and it was unanimously approved.

8. Old Business

No old business.

9. New Business

No new business.

10. Public Comments

Jorge O. Monraz – Mr. Monraz of ADMICARGA requested clearance to provide rail service to Toyota to move its new automobiles from Baja to San Diego via Tijuana (the autos would be trucked into San Diego).

Wayne Terry stated that overhead catenary clearance would be an issue with the Public Utilities Code (PUC) and the Federal Railroad Administration (FRA). Mr. Terry added that MTS has current as-builts, but an evaluation could be conducted to get the exact data on clearance and regulatory limitations.

Mr. Jones suggested getting a quote on using a clearance car with lasers, which can send beams to measure the whole line.

John Hoegemeier added that in addition to the clearance issue is the question of where to put the cars with the limited rail-operating window. Mr. Jablonski suggested looking at Palomar Siding or the San Ysidro Yard.

Mr. Perry suggested taking the proposal to move rail one step at a time and to explore options.

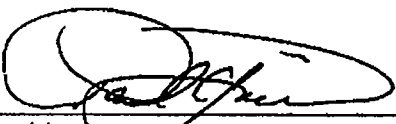
Ms. Landers reminded the Board that no action could be taken at this time (any action on this item would have to come back to the Board as an agenda item).

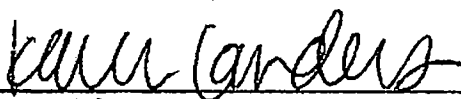
11. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on January 17, 2012.

12. Adjournment

The meeting was adjourned at 9:45 a.m.



President

General Counsel

JGardetto/
MINUTES-SDAE.10-18-11

Agenda Item No. 2

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

January 24, 2012

SUBJECT:

STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

That the SD&AE Board of Directors receive a financial report for the quarter ended December 31, 2011.

Budget Impact

None.

DISCUSSION:

Attached are the financial results for the two quarters ended December 31, 2011. The current year-to-date results show decreases of \$12,000 in right of entry revenue and \$11,000 in lease income compared to the same period last year, while expenses showed a \$10,000 positive variance. The net loss for FY 12 was \$3,904 compared to the net income of \$8,803 in FY 11. The total ending reserve balance for FY 11 increased by \$3,786 to \$919,524 due to the final allocation of interest income.

Attachment: SD&AE Operating Statement 2nd Quarter FY 12

SD&AE operating statement FY2012 and FY2011

	FY2012			FY2011		
	Q1	Q2	YTD	Q1	Q2	YTD
Revenue						
Right of entry permits	\$ 1,221	\$ 4,400	\$ 5,621	\$ 12,250	\$ 5,450	\$ 17,700
Lease income	19,155	20,836	39,991	22,072	28,845	50,917
SD&IV 1% freight fee	-	-	-	-	-	-
Total revenue	20,376	25,236	45,612	34,322	34,295	68,617
Expense						
Personnel costs	20,284	17,151	37,434	19,916	22,595	42,511
Outside services	-	-	-	-	260	260
Risk management	5,798	5,974	11,772	8,352	8,194	16,546
Misc operating expenses	309	-	309	303	194	497
Depreciation	-	-	-	-	-	-
Total expense	26,391	23,125	49,516	28,571	31,243	59,814
Net income/(loss)	\$ (6,015)	\$ 2,111	\$ (3,904)	\$ 5,751	\$ 3,052	\$ 8,803

Reserve balance 2011 - actual	\$ 919,524
Allocated interest earnings - estimated	3,497
Operating profit (loss)	(3,904)
Improvement expense 2011	-
Reserve balance 2012- estimated	\$ 919,116

Agenda Item No. 3

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

January 24, 2012

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.

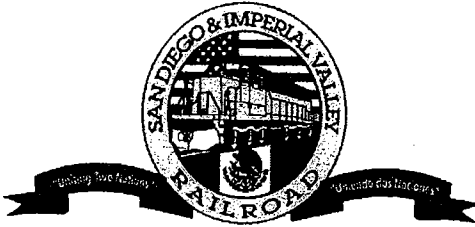
Budget Impact

None.

DISCUSSION:

An oral report will be given during the meeting.

Attachment: Periodic Report for the 4th Quarter of 2011



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

January 12, 2012

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 2011 are listed as follows:

1. Labor

At the end of December 31, 2011 the San Diego & Imperial Railroad had 10 employees:

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

2. Marketing

Volume in the 4th Quarter was significantly impacted by border crossing issues of Texas Gas & Oil LPGS. LPG's were down 33% from last year. Overall, the volume dropped 17% over last year. Bridge traffic was down 19% over last year. Traffic destined or originated on the SDIY was only down 4% to last year.

3. Reportable Injuries/Environmental

Days through year to date, December 31, 2011, there were no FRA Reportable injuries or environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: 4477

4. Summary of Freight

	2011	2010	2009
Total rail carloads that moved by SDIY Rail Service in the quarter.	1142	1371	1390
Total railroad carloads Terminating/Originating Mexico in the quarter.	920	1139	1122
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	222	232	268
Total customers directly served by SDIY in the quarter	11	12	12
Regional Truck trips that SDIY Railroad Service replaced in the quarter	3882	4661	4726

Respectfully,

Randy Perry-

General Manager

Agenda Item No. 4

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

January 24, 2012

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 2011

January 15, 2012

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

Re: Fourth Quarter 2011

Dear SD&AE Board:

During the fourth quarter of 2011, the Pacific Southwest Railway Museum carried 6,109 passengers with no FRA reportable accidents or injuries. Total income from SD&AE property for fourth quarter 2011 was \$140,460.78; a cashier's check for \$2,809.22 is enclosed. By comparison, PSRM carried:

4,384 passengers during the fourth quarter of 2010,
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 most popular special events: Pumpkin Trains and North Pole Trains. We operated a total of twelve North Pole Trains and twelve Pumpkin Trains during the fourth quarter of 2011. We experienced a surge in interest particularly in our Pumpkin Trains during 2011 which peaked at over 2,000 passengers.

North Pole passengers were able to enjoy the Campo Depot waiting room with the addition of audio visual equipment including a flat screen television, benches, the custom made ticket counter and a Southern Pacific pot belly stove. All grading has been completed around the Campo Depot buildings and November rainstorms were weathered without incident.

On Saturday, March 24, 2012 we will again collaborate with the San Diego Chefs de Cuisine and the San Diego Vintner's Association with the 2nd Annual Chefs Fire Up the Iron Horse. This event will be an afternoon of wine tasting from locally crafted San Diego wines food pairing and musical entertainment in our Display Building in Campo. Each group is allowed several complimentary tickets, I would be please to extend these to the SD&AE board with adequate notice.

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

Agenda Item No. 5

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

January 24, 2012

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.

Attachment: Report not submitted in time for mail-out



Periodic Report

To The San Diego & Arizona Eastern Railway Company

Fourth Quarter 2011

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

CARRIZO GORGE RAILWAY, INC.

Accomplishments during Fourth Quarter 2011

CONTENTS

FOURTH QUARTER 2011 ACTIVITY

Appendix A- MOW Summary

Appendix B- Desert Line Freight Revenues

Financial Summary

CARRIZO GORGE RAILWAY, INC.

Fourth Quarter 2011

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 2011.

I. Labor

As of December 31, 2011, Carrizo Gorge Railway has 6 employees to cover the railroad administration and operation in the U.S.

- 3 Administration
- 1 DSL & Engineer
- 1 Train Master & Locomotive engineer
- 1 Track Inspector & Signals

CARRIZO GORGE RAILWAY, INC.

II. Marketing

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

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

III. Desert Line

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

IV. Reportable Injuries / Environmental Incidents

There were no reportable injuries in the Fourth quarter of 2011.

There were no reportable accidents in the Fourth quarter of 2011.

There were was on enviromental incidents in the Fourth quarter of 2011.

CARRIZO GORGE RAILWAY, INC.

V. Freight Activity

No freight activity in the 4th quarter of 2011 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 fourth quarter 2011 Carloads Moved	0
Revenue Empties	0
Revenue Storage	52

CARRIZO GORGE RAILWAY, INC.

VI. Mexican Railroad

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

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

CURRENT MEXICO PERSONNEL

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

CARRIZO GORGE RAILWAY, INC.

Page 1 of 1

Appendix A M.O.W. SUMMARY

DESERT LINE

TRACK

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

CARRIZO GORGE RAILWAY, INC.

Page 1 of 1
Appendix B
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

January 24, 2012

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE OCTOBER 18, 2011

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

Since the October 18, 2011, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-12-503: Right of Entry Permit to Kehoe Testing and Engineering to perform field investigations along the Orange and Blue Lines in support of the San Diego Association of Governments (SANDAG).
- S200-12-508: Right of Entry Permit to Sweetwater Authority to perform facilities maintenance.
- S200-12-509: Right of Entry Permit to SDG&E to perform utility relocation in San Ysidro.
- S200-12-510: Right of Entry Permit to JCMS Landscaping to perform slope stabilization near Hill Street in El Cajon.
- S200-12-512: Right of Entry Permit to Integrated Marine Services to construct improvements near Main Street in Chula Vista.
- S200-12-513: Right of Entry Permit to American Integrated Services to perform field investigations along the Orange and Blue Lines in support of SANDAG.
- S200-12-514: Right of Entry Permit to Project Design Consultants to perform field surveys along the Orange and Blue Lines in support of SANDAG.
- S200-12-515: Right of Entry Permit to Spectrum Geophysics to perform field investigations along the Orange and Blue Lines in support of SANDAG.
- S200-12-516: Construction and Maintenance Agreement to the City of Lemon Grove for the Promenade Project.

Agenda Item No. 7

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

January 24, 2012

SUBJECT:

STATUS OF SD&AE MAIN LINE TRACK AND SAN YSIDRO FREIGHT YARD
IMPROVEMENT PROJECTS

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a report on the current status of the Trade Corridor Improvement Fund (TCIF) South Line Freight Improvement Projects.

Budget Impact

No impacts to the SD&AE budget.

DISCUSSION:

San Diego Association of Governments (SANDAG) staff will present a report on the status of SD&AE Main Line Track and San Ysidro Freight Yard Improvement Projects.



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

Agenda Item No. 7

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

SUBJECT:

INVESTMENT REPORT – DECEMBER 2011

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 2011. The combined total of all investments has decreased from \$180.6 million to \$179.4 million in the current month. This \$1.2 million decrease is due to expenditures for acquisition of capital assets totaling \$4 million; it is partially offset by normal variations in the timing of receipts and payments for operating expenses.

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 allowing for employee payroll and vendors' goods and services.

During December 2011, \$25 million was transferred from the Local Agency Investment Fund (LAIF) temporary investment account to fund operating expenses and planned capital acquisition expenditures.


Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Investment Report for December 2011

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

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



**San Diego Metropolitan Transit System
Investment Report
December 31, 2011**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	Average rate of return
Cash and Cash Equivalents				
Bank of America - concentration sweep account	\$ 8,948,820	\$ 26,411,796	\$ 35,360,616	0.00%
Total Cash and Cash Equivalents	<u>8,948,820</u>	<u>26,411,796</u>	<u>35,360,616</u>	
Cash - Restricted for Capital Support				
US Bank - retention trust account	3,585,547	-	3,585,547	N/A *
Local Agency Investment Fund (LAIF) Proposition 1B TSGP grant funds	5,503,136	-	5,503,136	0.38%
Total Cash - Restricted for Capital Support	<u>9,088,683</u>	<u>-</u>	<u>9,088,683</u>	
Investments - Working Capital				
Local Agency Investment Fund (LAIF) San Diego County Investment Pool	-	13,450,082	13,450,082	0.38%
	-	690,602	690,602	
Total Investments - Working Capital	<u>-</u>	<u>14,140,684</u>	<u>14,140,684</u>	
Investments - Restricted for Debt Service				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	38,718,919	-	38,718,919	
Rabobank - Payment Undertaking Agreement	82,053,636	-	82,053,636	7.69%
Total Investments Restricted for Debt Service	<u>120,772,555</u>	<u>-</u>	<u>120,772,555</u>	
Total cash and investments	<u>\$ 138,810,058</u>	<u>\$ 40,552,480</u>	<u>\$ 179,362,539</u>	

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



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

Agenda Item No. 8

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

SUBJECT:

FISCAL YEAR 2012 TRANSPORTATION DEVELOPMENT ACT (TDA) CLAIM
AMENDMENT

RECOMMENDATION:

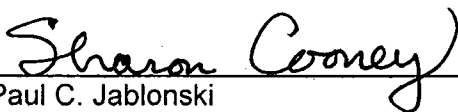
That the MTS Board of Directors adopt Resolution Nos. 12-1 (Attachment A), 12-2 (Attachment B), and 12-3 (Attachment C) approving the revised FY 2012 Transportation Development Act (TDA) Article 4.0, 4.5, and 8.0 claims.

Budget Impact

As indicated in Attachment D, the FY 2012 TDA claim amendment would result in the increase of receipts for MTS by \$1,630,251 in TDA Article 4.0 funds, an increase of \$87,338 in TDA Article 4.5 funds and an increase of \$13,538 in TDA Article 8.0 funds. Article 4.0 of the TDA provides authority for claiming funds for general transit operations and capital. Article 4.5 funds are set aside by the San Diego Association of Governments (SANDAG) for Americans with Disabilities Act Access services. Article 8.0 funds are used for the ferry/commuter express.

DISCUSSION:

TDA revenues are generated based on sales tax receipts. The original projection for FY 2012 was for an increase of 4.0% over FY 2011's projection. Based on sales tax receipts, SANDAG has revised its projection to an increase of 5.0% over FY 2011 actual. As a result of these increasing revenues, MTS will receive an additional TDA allocation of \$1,731,127.


Paul C. Jablonski
Chief Executive Officer

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

Attachments: A. Resolution No. 12-1
B. Resolution No. 12-2
C. Resolution No. 12-3
D. Amendment Summary



SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 12-1

Resolution Approving Fiscal Year 2012 Transportation Development Act
Article 4.0 Claim Amendment

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

WHEREAS, consistent with the intent of consolidating all transit funding for MTS-area operators, the San Diego Association of Governments (SANDAG) approved MTS's FY 2012 TDA claim, and

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

WHEREAS, MTS and SANDAG staffs have analyzed this amendment and found it to be warranted pursuant to Section 6659 of Title 21 of the California Code of Regulations (CCR);

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors does hereby approve an amendment revising the FY 2012 TDA Article 4.0 MTS TDA claim by \$1,630,251 to \$67,406,658 as a result of the increase in sales tax revenues for the San Diego area. \$61,094,667 of the 4.0 TDA claim will be used for operating activities, and the remaining \$6,311,991 will be used to fund capital projects.

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

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 12-2

Resolution Approving Fiscal Year 2012 Transportation Development Act
Article 4.5 Claim Amendment

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

WHEREAS, consistent with the intent of consolidating all transit funding for MTS-area operators, the San Diego Association of Governments (SANDAG) approved MTS's FY 2012 TDA claim, and

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

WHEREAS, MTS and SANDAG staffs have analyzed this amendment and found it to be warranted pursuant to Section 6659 of Title 21 of the California Code of Regulations (CCR);

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors does hereby approve an amendment revising the FY 2012 TDA Article 4.5 claim by \$87,338 to \$3,692,182 as a result of the increase in sales tax revenues for the San Diego area. The allocation will be used to fund the MTS Access/CTS Paratransit services.

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

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 12-3

Resolution Approving Fiscal Year 2012 Transportation Development Act
Article 8.0 Claim Amendment

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

WHEREAS, consistent with the intent of consolidating all transit funding for MTS-area operators, the San Diego Association of Governments (SANDAG) approved MTS's FY 2012 TDA claim, and

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

WHEREAS, MTS and SANDAG staffs have analyzed this amendment and found it to be warranted pursuant to Section 6659 of Title 21 of the California Code of Regulations (CCR);

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors does hereby approve an amendment revising the FY 2012 TDA Article 8.0 claim by \$13,538 to \$555,049 as a result of the increase in sales tax revenues for the San Diego area. The allocation will be used to fund the ferry/commuter express services.

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

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

FY 2012 TRANSPORTATION DEVELOPMENT ACT CLAIM AMENDMENT SUMMARY

	Original FY12 Claim	Revised FY12 Claim	Amended Change	% Change
4.0	\$59,464,416	\$61,094,667	\$1,630,251	2.7%
4.0 Capital	6,311,991	6,311,991	-	0.0%
4.5	3,604,844	3,692,182	87,338	2.4%
8.0	541,511	555,049	13,538	2.5%
TOTAL:	\$69,922,762	\$71,653,889	\$1,731,127	2.5%



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Agenda Item No. 9

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

SUBJECT:

RTMS EXPANSION CONSULTING SERVICES – SOLE-SOURCE CONTRACT
AWARD

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1435.0-12 (in substantially the same format as Attachment A) with Macro Corporation for consulting services for completion of the Regional Transit Management System (RTMS) in South Bay and El Cajon.

Budget Impact

The total for consulting services for completion of the RTMS in South Bay and El Cajon would not exceed \$197,886 and would be funded by MTS Capital Improvement Project (CIP) 11290 (South Bay Radio and Dispatch).

DISCUSSION:

The RTMS is a sophisticated vehicle-tracking and communications system that provides for performance and security/safety monitoring of transit vehicles. The regional system is currently being used to support operations of San Diego Transit Corporation (SDTC) and North County Transit District (NCTD) fixed-route services. The system was deployed through a contract with Motorola and went into full operation in December 2006.

MTS has anticipated expanding the RTMS with the addition of approximately 260 vehicles, including the El Cajon, Chula Vista, and South Bay garages. Given the increased vehicle load on the single-data channel, additional control room console position, and scarce voice radio resources, MTS requires assistance to develop a radio frequency redesign concept of the existing network to enable completion of the RTMS project that includes reliable voice communications throughout the operating areas and full utilization of RTMS features.



Macro consulting staff would assist MTS with:

- adjusting existing or new radio resources necessary to accommodate the additional vehicle fleet; and
- developing high-level requirements for the RTMS completion project and provide for building out the existing known requirements for the addition of vehicles, new garages, associated radio system expansion design and coverage performance improvements, and additional support.

Macro's unique and specialized knowledge of the transit industry, the RTMS, the complexities of radio frequency issues along the United States-Mexico border, and the scope of work proposed places them in a distinct position. Using another service provider would result in significant unrecoverable duplication of costs and project delays.

Proposed consulting services staff hourly rates are consistent with standard industry rates for similar services. Staff has determined that pricing for the consulting services for the RTMS South Bay and El Cajon completion project is fair and reasonable and therefore recommends Board approval of MTS Doc. No. G1435.0-12 (Attachment A) with Macro Corporation.


Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Stevan White, 619.238.0100, Ext. 6412, Stevan.White@sdmts.com

FEB16-12.9.MACRO RTMS.MLAWRENCE.doc

Attachment: A. Draft MTS Doc. No. G1435.0-12

DRAFT

Att. A, AI 9, 2/16/12

STANDARD SERVICES AGREEMENT

G1435.0-12
CONTRACT NUMBER
CIP 11290
FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____, 2012, 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: Macro Corporation Address: 4377 Country Lane Road

Form of Business: Corporation Chalfont, PA 18914

(Corporation, partnership, sole proprietor, etc.)

Telephone: 215-997-5100

Authorized person to sign contracts: David Weagley Principal Consultant
Name Title

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

Provide consulting services for the completion of the Regional Transit Management System (RTMS) as set forth in the Scope of Work, Macro Corporation proposal dated December 5, 2011, in accordance with the Standard Services Agreement, including the Standard Conditions Services, Federal Requirements, and MTS Travel Expense Policy No. 44.

The contract shall be effective March 1, 2012, through June 30, 2013.

The total cost of this contract shall not exceed \$197,866 without the express written consent of MTS.

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
\$197,886		FY 12-13

By: _____ Date
Chief Financial Officer

(____ total pages, each bearing contract number)



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Agenda Item No. 10

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

SUBJECT:

JOB ORDER CONTRACT WORK ORDER FOR CCTV GROSSMONT EAST AND
WEST PARKING GARAGE UPGRADES

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute Job Order Contract (JOC) Work Order MTSJOC1337-05 (in substantially the same form as Attachment A) with Southland Electric, Inc. to perform work under MTS Doc. No. PWL132.0-11 (Attachment B) for Grossmont East and West Parking Garage closed-circuit television (CCTV) upgrades.

Budget Impact

As individual JOC work orders are written, they are encumbered from each project's funding source. The \$247,055.34 for the Grossmont East and West Parking Garage CCTV upgrades would come from CIP 11223-0800 Phase II. This amount includes a fee of 6.75% for the use of Progen Software, cost catalog, and administrative costs through the SANDAG piggyback agreement.

DISCUSSION:

The JOC being requested would be for the CCTV upgrades at Grossmont East and West Parking Garages. Each garage would have the installation of 24 new Avigilon cameras connected to two Avigilon servers. The contractor would provide the cameras, switches, uninterrupted power-supply system, servers, conduits, CAT5e fiber-optic cable, junction boxes, and 120VAC wiring.

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

Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Thang Nguyen, 619.557.4560, ThangNguyen@sdmts.com
Bill Burke, 619.595.4947, Bill.Burke@sdmts.com
Michael Diana, 619.595.1021, Michael.Diana@sdmts.com

Attachments: A. MTSJOC1337-05
B. MTS Doc. No. PWL132.0-11



**Job Order Contract
Detailed Scope of Work**



Date: January 30, 2012

To: Tim Corley
Contractor Project Manager
Southland Electric Inc.
4950 Greencraig Lane
San Diego, CA 92123

From: Thang Nguyen
Systems Engineer
San Diego Metropolitan Transit System
1255 Imperial Ave, Suite 900
San Diego, CA 92101

Phone: (858) 634-5050

Phone: (619) 557-4560

Project: MTSJOC1337-05

Project/Cost Center:

Title: GROSSMONT CCTV PARKING GARAGE UPGRADES

Location:

Railroad Protective: ☐ Yes ☒ No

Detailed Scope of Work

The Contractor shall provide all labor, equipment and materials to perform the following scope of work:

Grossmont East and West Parking Garages: Each garage will have 24 new Avigilon cameras connected to two Avigilon servers in each garage. Contractor will provide the cameras, switches, UPS system, servers, conduit, CAT5e fiber optic cable, junction boxes and 120VAC.

Michael Diana JOC Coordinator

Thang Nguyen Project Manager

Tim Corley Contractor Project Manager

Detailed Scope of Work

Price Proposal - CSI Summary

To: Thang Q. Nguyen
Metropolitan Transet System
1255 Imperial Avenue, Suite 900
San Diego,, ca 92101

From: KC Poissot
Contractor Project Manager
SANDAG - Southland Electrical Inc.

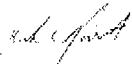
Date : 02/10/2012

Basic Project Information

Job Order Number: MTSJOC1337-05
Job Order Name: GROSSMONT CCTV PARKING GARAGES
Contractor: Southland Electric Inc.
Proposal Name: GROSSMONT CCTV PARKING GARAGES
Proposal Value: \$231,433.54

Subtotal for 01-General Requirements	\$11,598.46
Subtotal for 02-SiteWork	\$9,747.76
Subtotal for 13-Special Construction	\$108,767.58
Subtotal for 16-Electrical	\$68,897.48
Subtotal for 27-	\$32,422.26
Project Proposal Total	\$231,433.54

The work order proposal total represents the correct total for the proposal. Any discrepancy between line totals, sub-totals and the proposal total is due to rounding of the line totals and sub-totals.



Digitally signed by Keith Poissot
DN: cn=Keith Poissot, o=Southland Electric Inc.,
ou,email=k:po@southlandelectricinc.com, c=US
Date: 2012.02.10 09:39:15 -08'00'

Contractor Project Manager

Date



Att. B, AI 10, 2/16/12

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



STANDARD SERVICES AGREEMENT

PWL132.0-11
CONTRACT NUMBER
OPS 970.4
FILE NUMBER(S)

THIS AGREEMENT is entered into this 12 day of January 2010, in the State of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: Southland Electric, Inc. Address: 4950 Greencraig Lane

Form of Business: Corporation San Diego, CA 92123

(Corporation, partnership, sole proprietor, etc.)

Telephone: 858.634.5050

Authorized person to sign contracts: Mark Peterson President
Name Title

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

Provide Job Order Construction (JOC) services as described in SANDAG JOC No. 5001337 in accordance with the Standard Services Agreement, including the Standard Conditions Services, Federal Requirements, Transportation Security Administration (TSA) Contract Provisions, Contract Pricing, and SANDAG JOC No. 5001337 (hereinafter "Contract Documents"). If there are any inconsistencies between the Contract Documents, the following order of precedence will govern the interpretation of this contract:

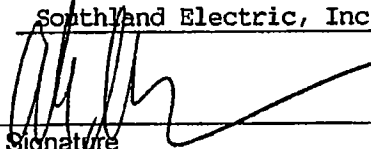
1. SANDAG JOC No. 5001337
2. Contract Pricing
3. Standard Conditions Services, Federal Requirements, and Transportation Security Administration (TSA) Contract Provisions

The total cost of this contract shall not exceed \$2,000,000.

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

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	CONTRACTOR AUTHORIZATION
By:  Chief Executive Officer	Firm: <u>Southland Electric, Inc</u>
Approved as to form: By:  Office of General Counsel	By:  Signature Title: <u>President</u>

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
-------------------	-------------	-------------

\$to be encumbered on JOC

By:  Chief Financial Officer	Date <u>12/17/10</u> CBROWN-SA
--	-----------------------------------

(94 total pages, each bearing contract number)

SA-PWL132.0-11.SOUTHLANDELECTRICINC.MYNIGUEZ
12/2/10



Metropolitan Transit System

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

Agenda Item No. 11

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

SUBJECT:

JOB ACCESS AND REVERSE COMMUTE GRANT – ROUTE 905

RECOMMENDATION:

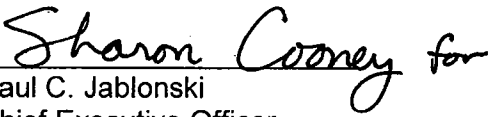
That the Board of Directors approve Resolution No. 12-4 (Attachment A) authorizing the Chief Executive Officer (CEO) to submit applications for federal fiscal year 2012 Job Access and Reverse Commute (JARC) for Non-Urban (Rural) areas (Federal Transit Administration funding 5316) for Route 905.

Budget Impact

None.

DISCUSSION:

Resolution No. 12-4 would authorize filing applications with and requesting reimbursements from the California Department of Transportation and would satisfy requirements of the federal fiscal year 2012 Job Access and Reverse Commute grant application process for Non-Urban (Rural) areas. MTS's application for fiscal year 2012 would be \$190,585 for three consecutive years (three-year total of \$571,755) to supplement funding for Route 905.


Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Resolution No. 12-4



SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 12-4

Resolution Approving the Submittal of Applications and Requests for
Reimbursements for Federal Fiscal Year 2012 Grant Cycle for
Job Access and Reverse Commute for Non-Urban (Rural) Areas

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

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that MTS does hereby authorize the Chief Executive Officer, or designated representative, to file and execute any actions necessary on behalf of MTS with the California Department of Transportation to aid in the financing of operating or capital assistance projects pursuant to Section 5316 of the Federal Transit Act of 1964, as amended.

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

2. The Chief Financial Officer, or designated representative, is authorized to provide additional information as the California Department of Transportation may require in connection with the application for Section 5316 projects.

PASSED AND ADOPTED by the Board of Directors this ____ day of _____ 2012, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

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



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San Diego, CA 92101-7490
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Agenda Item No. 12

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

SUBJECT:

SD 100 HVAC UNIT OVERHAUL – CONTRACT AMENDMENTS

RECOMMENDATION:

That the Board of Directors:

1. ratify MTS Doc. No. L0894.1-09 (Attachment A) with RAM Industrial Services, Inc. (RAM) for changes to the scope of work and the associated pricing for heating, ventilation, and air-conditioning (HVAC) Units 1-11; and
2. authorize the CEO to execute MTS Doc. No. L0894.2-09 (in substantially the same format as Attachment B) with RAM approving changes to the scope of work and associated pricing for HVAC Units 12-108.

Budget Impact

The not-to-exceed amount of \$3,171,484.75 for this contract would not change with the proposed action. However, the required changes to the scope of work would increase the per-unit cost for each unit, which would result in fewer units being completed under the current funding. In order to complete all 108 units, additional funding for this capital improvement program (CIP) would need to be set aside in future budget years and a separate amendment brought to the Board for approval to increase the contract's not-to-exceed amount.

For HVAC Units 1-11, the per-unit price is increasing from \$28,125.17 to \$35,116.68. The cumulative increase for Units 1-11 is \$76,906.58. For HVAC Units 12-108, the per-unit price is increasing from \$28,125.17 to \$43,430.91. The cumulative increase for Units 12-74 is \$964,261.15. Under current funding levels, Amendment Nos. 1 and 2 would result in (at most) 74 units being completed. If all 108 units are completed according to the amended unit price, the total cost would be \$4,617,129.27, which would be an increase of \$1,445,644.52 over the original contract amount. All amounts listed are inclusive of 7.75% sales tax.



DISCUSSION:

On September 24, 2009 (Agenda Item No. 9), the Board authorized the award of a five-year contract to RAM Industrial Services, Inc. (RAM) to overhaul the heating, ventilation and air-conditioning (HVAC) units on SDTI's fleet of 52 Siemens SD 100 light rail vehicles (LRVs). Each LRV has two HVAC units. SDTI also keeps 4 spare HVAC units in stock. The project consisted of upgrading and refurbishing all 108 units. Because the true condition of each HVAC unit could not be known until the unit was removed from the LRV and opened up for refurbishment, the Invitation for Bids (IFB) issued by MTS for this work assumed a baseline condition for each unit, and an estimate of "worst-case" scenario conditions in only 5-10% of the units. All proposers submitted bids based on this baseline condition. RAM was the lowest responsive, responsible bidder and was awarded the contract.

Work on the units did not begin until 2011. Upon commencement of work, RAM and SDTI staff concluded that the condition of the HVAC units was significantly more deteriorated than assumed in the IFB baseline. This resulted in the determination that certain parts needed to be replaced in 100% of the units (instead of the assumed 10%), and that other design changes needed to be made to accommodate increased voltage requirements for the units. This extra work was not included in the original bids submitted by the proposers. Therefore, two amendments were negotiated with RAM to cover the additional work.

As described below, the amendments result in an increase of the per-unit costs for each overhaul to \$35,116.68 (Units 1-11) and \$43,430.91 (Units 12-108). Procurement of new HVAC units compatible with the SD 100 vehicles is estimated to cost approximately \$75,000 to \$100,000 per unit. Since the HVAC unit overhaul project will bring the SD 100 HVAC units into "like-new" condition, the amended unit prices are still more cost-effective than purchasing new units. Therefore, staff recommends that the Board ratify MTS Doc. No. L0894.1-09 and approve MTS Doc. No. L0894.2-09.

Amendment No. 1 (Units 1-11) – MTS Doc. No. L0894.1-09

Because the Invitation for Bids (IFB) baseline assumed a "worst-case" scenario for up to 10% of the units, some of the required work has already been factored into the original unit price of the contract. Therefore, Amendment No. 1 only compensates RAM for truly "extra" work on the first 10% of the units (Units 1-11). This extra work includes the following:

- upgrade in the condenser and evaporator coil materials from aluminum to copper;
- replacement of the fresh-air water eliminator;
- replacement of resistors and installation of devices to control abnormal voltage issues;
- modifications to the interface board to address wiring and schematic changes;
- modifications to the interface board to change to 24-volt wire; and
- high-voltage alterations (new motor control box design, new heater control box design, and high-voltage, direct-current wiring harnesses).

Based upon the additional work and/or materials included in this Amendment, the base per-unit cost for the overhaul work on HVAC Units 1-11 shall be:

\$25,499 per-unit cost in L0894.0-09
\$400 per-unit removal & disposal of existing motors/refrigerant
\$250 per-unit freight
+\$6,603 per-unit cost for additional features in L0894.1-09
\$32,752 total (exclusive of sales tax)

The total value of Amendment No. 1 is an increase in costs for Units 1-11 totaling \$76,906.58. This Amendment was approved under the CEO's authority on February 3, 2012. Today's action would ratify this contract amendment.

Amendment No. 2 (Units 12-108)

Amendment No. 2 governs HVAC Units 12-108 and compensates RAM for the "extra" work outlined in Amendment 1 plus the full replacement of the following parts:

- expansion valve (2 per unit)
- solenoid valve (2 per unit)
- condenser coil (2 per unit)
- evaporator coil (2 per unit)

Based upon the additional work and/or materials included in this Amendment, the base per-unit cost for the overhaul work on HVAC Units 12-108 shall be:

\$25,499 per-unit cost in L0894.0-09
\$400 per-unit removal & disposal of existing motors/refrigerant
\$250 per-unit freight
\$4,848 per-unit cost for additional features
+\$9,605 per-unit cost for replacement on additional units
\$40,602 per-unit total (exclusive of sales tax)

In addition, each Amendment includes a comprehensive parts list with set prices and provides that if additional parts need to be replaced, on an as-needed basis, the individual part replacement shall be approved in advance by the MTS project manager.

The total value of Amendment No. 2 is an increase in the costs for Units 12-74 of \$964,261.15. It also results in the full inventory of 108 HVAC units not being completed under the current contract funding level of \$3,171,484.75. Staff will consider requesting additional funding to complete Units 75-108 in a future CIP budget process.

 Sharon Cooney for

Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Lee Summerlott, 619.595.4904, Lee.Summerlott@sdmts.com
Karen Landers, 619.557.4512, Karen.Landers@sdmts.com

Attachments: A. MTS Doc. No. L0894.1-09
B. MTS Doc. No. L0894.2-09
C. Amendment Pricing Spreadsheet

January 30, 2012

MTS Doc. No. L0894.1-09

RAM Industrial Services, Inc.
Sheldon Klinger
2850 Appleton Street, Suite D
Camp Hill, PA 17110

Subject: AMENDMENT NO. 1 TO MTS DOC. NO. L0894.0-09 SD 100 LRV HVAC OVERHAUL
PROJECT (Units 1-11)

This shall serve as Amendment No. 1 to our agreement for Overhaul Work on the SD 100 LRV HVAC Units, MTS Doc. No. L0894.0-09 ("Contract"), as further described below.

SCOPE OF SERVICES

MTS desires to add the features described in Exhibit A to the HVAC unit overhaul work being performed by RAM pursuant to this Contract. In general, this additional work includes:

- upgrade in the condenser and evaporator coil materials from aluminum to copper;
- replacement of the fresh air water eliminator;
- replacement of resistors and installation of devices to control abnormal voltage issues;
- modifications to the interface board to address wiring and schematic changes;
- modifications to the interface board to change to 24 volt wire; and
- high voltage alterations (new motor control box design, new heater control box design, and high voltage DC wiring harnesses).

On an as-needed basis, MTS and RAM may agree that additional parts need to be replaced in an individual HVAC unit. Such work shall only be performed upon prior written approval by the MTS Project Manager.

PAYMENT

Based upon the additional work and/or materials included in this Amendment, the base per unit cost for the overhaul work on HVAC Units 1-11 shall be:

\$25,499 per unit cost in L0894.0-09
\$400 per unit removal & disposal of existing motors/refrigerant
\$250 per unit freight
+\$6,603 per unit cost for additional features in L0894.1-09
\$32,752 total (exclusive of sales tax)

A new pricing breakdown for HVAC Units 1-11, including applicable sales tax, is attached to this Amendment as Exhibit B.

In addition, if additional parts need to be replaced, on an as-needed basis, the costs for each individual part shall be as set forth in the price list attached to this Amendment as Exhibit C.

The Not-to-Exceed amount set forth in L0894.0-09, \$3,171,484.75, remains unchanged with this amendment. The parties acknowledge that the increased unit prices set forth herein will reduce the number of units that will be completed within this not-to-exceed amount. MTS may, but is not required to, increase the funds available by a separate, written contract amendment.

EXERCISE OF OPTION YEARS

The original term of this agreement included a 2-year base period, plus three 1-year options. The original term expired on September 30, 2011. By this amendment, the parties acknowledge MTS's exercise of all option years. The term of this agreement is therefore October 1, 2009 through September 30, 2014. There is no cost associated with the exercise of the option years.

All other conditions remain unchanged. Please sign below and return the document marked "Original" to our Contracts Administrator at MTS. The other copy is for your records.

Sincerely,

Agreed:

Paul C. Jablonski
Chief Executive Officer

Sheldon Klinger, Trasnit/Railroad President
RAM Industrial Services, Inc.

Date: _____

Exhibit A

Additional Scope of Work for HVAC Units 1-11

Scope of Work HVAC Overhaul Upgrades (L0984.1-09- Units 1-11)

The following change order list shall be equipment upgrades for the SD-100 LRV HVAC overhaul agreement.

Change Order E

Fresh Air Water Eliminator Replacement

Contractor shall replace the fresh air motor blower, remove the old assembly, and discard. Clean the fresh air intake area, install new gasket, and seal. Install a new Ram fresh air intake water eliminator (part number TD1094) in the HVAC frame with new hardware.

Change Order P

Resistor Replacements, Inverters, Relay Cards, Choke Mounting Assembly, and Associated Wiring Requirements

Contractor shall remove existing inverters and discard. Prepare and modify existing electrical panel area to accommodate larger and additional equipment. Replace mounting hardware. Install new inverters with upgraded models, new resistors with mounting hardware installation of DC link chokes to regulate the input OCS voltage. Install new relay cards and any other equipment required by the upgraded inverters. Upgrade all existing wiring to accommodate upgraded equipment.

Change Order Q

Interface Board Modification, Wiring, and Schematic Revision

Contractor shall redesign, engineer, and obtain new interface board including revisions resulting from wiring and schematic changes. Remove and disassemble temperature control box and install new temperature control box back panel, new interface board, and OEM Sutronic control panel. Reinstall temperature control box with new hardware, assemble and install new wiring harness to control devices and motor control box.

Change Order R

Condenser Coils Aluminum to Copper Adder

Contractor shall remove and discard all condenser coil aluminum fins and replace and upgrade to copper cooling fins. Contractor shall inspect all condenser coils for corrosion and any defects. Contract will also ensure condenser coil upgrades shall be similar replacement as original OEM equipment.

Change Order S

Evaporator Coil Aluminum to Copper Adder

Contractor shall remove and discard all evaporator coil aluminum fins and replace and upgrade to copper cooling fins. Contractor shall inspect all evaporator coils for corrosion and any defects. Contract will also ensure evaporator coil upgrades shall be similar replacement as original OEM equipment.

Scope of Work HVAC Overhaul Upgrades (L0984.1-09- Units 1-11)

Change Order T

Modification to Interface Board and 24 Volt Wiring Upgrades

Contractor shall redesign to obtain new interface board to include revisions associated with wiring and schematic changes; remove and disassemble temperature control box; install new temperature control box back panel, new interface board and OEM syntonix control; reinstall temperature control box with new hardware and also assemble and install new wiring harness to control devices and motor control box.

Change Order U

Additional High Voltage Alterations for Motor Control Box

Contractor shall redesign and obtain new motor control box design to accommodate larger inverters and assemble motor control box sub-assembly with inverters, terminal blocks, and terminal block bracket. Contractor will also assemble new motor control box high and low voltage wiring harnesses, and install sub-assembly and wiring harnesses.

Redesign a new heater control box design to accommodate heater contactors relocated to evaporator plenum, assemble heater control box sub-assembly with heater contactors and terminal block. Assemble new heater control box high and low voltage wiring harnesses, and install sub-assembly and wiring harnesses.

Contractor shall assemble and install high voltage DC wiring harnesses, high voltage harness from motor control box terminal block to resistors, high voltage harness from resistors to DC link chokes, and high voltage harness from DC link chokes to inverter DC inputs.

All additional upgrade work and/or material shall revert to the original contract agreement, also carry original inspection, testing, and commissioning procedures for final acceptances.

Exhibit B

Updated Pricing Sheet for HVAC Units 1-11

Exhibit B

	Parts	Sales Tax	Total
<i>Original Base Price</i>			
Overhaul, Quoted per Work scope in Specification	25,499.00	1,976.17	27,475.17
Removal & Disposal of Existing Motors and Refrigerant	400.00	-	400.00
Freight	250.00	-	250.00
Total Original Base Price	26,149.00	1,976.17	28,125.17
Amendment #1			
<i>Change Orders E, P, Q, R, S</i>			
Total Change Orders (Taxable Parts)	3,614.00	280.09	3,894.09
Total Change Orders (Non-Taxable)	720.00	-	720.00
Total Change Order E, P, Q, R, S	4,334.00	280.09	4,614.09
<i>Change Order T</i>			
Total Change Orders (Taxable Parts)	304.00	23.56	327.56
Total Change Orders (Non-Taxable)	30.00	-	30.00
Total Change Order T	334.00	23.56	357.56
<i>Change Order U</i>			
Total Change Orders (Taxable Parts)	1,095.00	84.86	1,179.86
Total Change Orders (Non-Taxable)	840.00	-	840.00
Total Change Order U	1,935.00	84.86	2,019.86
Change Order Total (Per Unit; Units 1-11)	6603.00	388.51	6,991.51
Per Unit Grand Total – Base Price + Amendment 1	32,752.00	2,364.68	35,116.68
Amendment 1 Cost (add'l charge for Units 1-11)			76,906.58
Total Cost (Units 1-11) after Amendment 1			386,283.48
Sales Tax Assumption Through Contract Life	7.75%		

Exhibit C

As-Needed Parts List

EXHIBIT C

Att. A, AI 12, 2/16/12

Suttrak Part #	Description	Qty. Per HVAC Unit	Suttrak Part #	Cost Each	Cost Ext.
539.100	AC38RRCOMP Housing Assembly	1	539.100	\$21,383.00	\$21,383.00
524.145.1	Receiver Tank Bracket	1	524.145.1	\$124.00	\$124.00
524.118N	Receiver Tank	1	524.118N	\$534.00	\$534.00
557.337	283" Fusible Plug	1	557.337	\$34.00	\$34.00
519.400	Condenser Fan Blade	1	519.400	\$686.00	\$686.00
508.163	Evaporator Blower Mounting Frame	1	508.163	\$1,295.00	\$1,295.00
539.411	Front Blower Mounting Angle	2	539.411	\$89.00	\$178.00
539.411.1	Side Blower Mounting Angle	4	539.411.1	\$57.00	\$228.00
508.235	Right Hand Blower Wheel	1	508.235	\$284.00	\$284.00
508.236	Left Hand Blower Wheel	1	508.236	\$284.00	\$284.00
508.335	Evaporator Blower Housing	2	508.335	\$231.00	\$462.00
508.336	Inlet Flange	4	508.336	\$56.00	\$224.00
533.120	24 Volt DC Contactor	5	533.120	\$1,103.00	\$5,515.00
533.121	24 Volt DC Contactor w/ Auxiliary	1	533.121	\$2,075.00	\$2,075.00
524.128	10 Post Tag Block	3	524.128	\$47.00	\$141.00
533.146	15" X 12"X 6" Electrical Box	1	533.146	\$304.00	\$304.00
553.356	Toggle Switch	1	553.356	\$19.00	\$19.00
553.446	Rotary Switch Knob	1	553.446	\$42.00	\$42.00
553.447	4 Position Rotary Switch	1	553.447	\$71.00	\$71.00
504.132	Red Lamp	1	504.132	\$39.00	\$39.00
504.133	24 Volt Bulb	1	504.133	\$13.00	\$13.00
508.350.1	Diagnostic Decoder	1	508.350.1	\$15,689.00	\$15,689.00
508.350L	Diagnostic Decoder Label	1	508.350L	\$12.00	\$12.00
524.127	24 Volt 10/20 Amp Relay	7	524.127	\$41.00	\$287.00
524.161.3SD	Sytronic Control Panel	1	524.161.3SD	\$1,906.00	\$1,906.00
524.161CL	Sytronic Control Cover	1	524.161CL	\$81.00	\$81.00
524.161L1	Sytronic Box Label	1	524.161L1	\$6.00	\$6.00
553.950	8 Amp Circuit Breaker	1	553.950	\$79.00	\$79.00
553.966B	Circuit Breaker Socket	1	553.966B	\$53.00	\$53.00
507.665	Jumo Thermostat Bracket	1	507.665	\$34.00	\$34.00
553.926	Jumo Thermostat	2	553.926	\$144.00	\$288.00
553.267.1	Freeze Thermostat	1	553.267.1	\$55.00	\$55.00
508.190	Pin Connector Bracket	1	508.190	\$59.00	\$59.00
508.190	Connector Bracket	1	508.190	\$59.00	\$59.00
533.131	4 Pin Receptacle	1	533.131	\$436.81	\$436.81
533.132	7 Pin Receptacle	1	533.132	\$637.00	\$637.00
508.192	Return Air NTC Support Bracket	1	508.192	\$64.00	\$64.00

EXHIBIT C

Att. A, AI 12, 2/16/12

Suttrak Part #	Description	Qty. Per HVAC Unit	Suttrak Part #	Cost Each	Cost Ext.
508.193.1	Return Air Sensor Bracket	1	508.193.1	\$12.00	\$12.00
524.168	Air Sensor	2	524.168	\$57.00	\$114.00
538.165	Retainer Washer	14	538.165	\$1.00	\$14.00
538.791	Quarter Turn Lock Bolt	14	538.791	\$15.00	\$210.00
538.811	Base Plate Lock Receptacle	14	538.811	\$12.00	\$168.00
538.812	Base Plate Backing Plate	14	538.812	\$5.00	\$70.00
508.164.1	Heat Limiter Bracket	3	508.164.1	\$19.00	\$57.00
553.224	Heat Limiter Holder	2	553.224	\$30.00	\$60.00
553.227	15 Amp Heat Limiter	4	553.227	\$71.00	\$284.00
553.943	350 Volt 2 Kilowatt Element Heater	8	553.943	\$316.00	\$2,528.00
508.170.1	Holed Heater Mounting Plate	1	508.170.1	\$114.00	\$114.00
539.399	Heater Mounting Angle	2	539.399	\$38.00	\$76.00
539.404	Heater Mounting Bracket	4	539.404	\$36.00	\$144.00
519.180	Connection Heater Plate	1	519.180	\$18.00	\$18.00
539.163	Heater Ground Plate	1	539.163	\$77.00	\$77.00
539.136	Strut w/ Ball Stud	4	539.136	\$66.00	\$264.00
539.131SS	SS Condenser Support Hinge Bracket	1	539.131SS	\$413.00	\$413.00
539.132SS	SS Evaporator Hinge Support Bracket	1	539.132SS	\$413.00	\$413.00
539.133SS	SS Condenser Angle Hinge Bracket	2	539.133SS	\$135.00	\$270.00
539.135L	Left Hand Hinge	2	539.135L	\$232.00	\$464.00
539.135R	Right Hand Hinge	2	539.135R	\$232.00	\$464.00
539.137	Right Hinge Strut Angle	2	539.137	\$85.00	\$170.00
539.137L	Left Hinge Strut Angle	2	539.137L	\$129.00	\$258.00
539.101	Mounting Hole Cover Plate	2	539.101	\$85.00	\$170.00
539.301	17.75" Supply Air Angle	2	539.301	\$8.00	\$16.00
539.302	22.75" Return Air Angle	1	539.302	\$133.00	\$133.00
539.300L	Left Supply Air Angle	2	539.300L	\$99.00	\$198.00
539.300R	Right Supply Air Angle	2	539.300R	\$99.00	\$198.00
539.413	Evaporator Coil Top Air Barrier	1	539.413	\$264.00	\$264.00
738.009.1CHBHL	Receiver/Evaporator Liquid Line Assembly	1	738.009.1LLR/EV	\$96.00	\$96.00
738.009.1LLS/B	Bulkhead/Service Valve Liquid Line Assembly	1	738.009.1LLS/B	\$334.00	\$334.00
738.009.1SVLVAS	Solenoid Valve Line Assembly	1	738.009.1SVLVAS	\$605.00	\$605.00
539.408	Solenoid Valve Clamp Bracket	1	539.408	\$72.00	\$72.00
Change Order H	Air Pressure Switch	1	508.303	\$273.00	\$273.00
Change Order N	Replace Evaporator Insulation	1	Change Order N	\$1,268.00	\$1,268.00
Change Order O	Replace All Insulation Including Change Order N	1	Change Order O	\$2,225.00	\$2,225.00
Change Order V	Replace Diagnostic Decoder	1	Change Order V	\$1,569.00	\$1,569.00

February 16, 2012

MTS Doc. No. L0894.2-09

RAM Industrial Services, Inc.
Sheldon Klinger
2850 Appleton Street, Suite D
Camp Hill, PA 17110

Subject: AMENDMENT NO. 2 TO MTS DOC. NO. L0894.0-09 SD 100 LRV HVAC OVERHAUL PROJECT (Units 12-108)

This shall serve as Amendment No. 2 to our agreement for Overhaul Work on the SD 100 LRV HVAC Units, MTS Doc. No. L0894.0-09 ("Contract"), as further described below.

SCOPE OF SERVICES

MTS desires to add the features described in Exhibit A to the HVAC unit overhaul work being performed by RAM pursuant to this Contract. In general, this additional work includes:

- upgrade in the condenser and evaporator coil materials from aluminum to copper;
- replacement of the fresh air water eliminator;
- replacement of resistors and installation of devices to control abnormal voltage issues;
- modifications to the interface board to address wiring and schematic changes;
- modifications to the interface board to change to 24 volt wire; and
- high voltage alterations (new motor control box design, new heater control box design, and high voltage DC wiring harnesses).

Based on the condition of the HVAC units that have been overhauled by RAM pursuant to this Contract, MTS acknowledges that the condition of the units is more deteriorated than assumed in the Invitation for Bids (IFB) issued by MTS. The IFB and RAM's original bid was based on an assumption that the following parts would only need to be replaced in up to 10% of the units:

- expansion valve (2 per unit)
- solenoid valve (2 per unit)
- condenser coil (2 per unit)
- evaporator coil (2 per unit)

After an assessment of the units, MTS and RAM agree that the above parts should be replaced on 100% of the units. The technical specifications for each part is set forth in Exhibit A. RAM is entitled to additional compensation for this work on the 90% of units (units 12-108) that were not included in the IFB assumptions.

On an as-needed basis, MTS and RAM may agree that additional parts need to be replaced in an individual HVAC unit. Such work shall only be performed upon prior written approval by the MTS Project Manager.

PAYMENT

Based upon the additional work and/or materials included in this Amendment, the base per unit cost for the overhaul work on HVAC Units 12-108 shall be:

\$25,499 per unit cost in L0894.0-09
\$400 per unit removal & disposal of existing motors/refrigerant
\$250 per unit freight
\$4,848 per unit cost for additional features
+\$9,605 per unit cost for replacement on additional units
\$40,602 per unit total (exclusive of sales tax)

A new pricing breakdown for HVAC Units 12-108, including applicable sales tax, is attached to this Amendment as Exhibit B.

In addition, if additional parts need to be replaced, on an as-needed basis, the costs for each individual part shall be as set forth in the price list attached to this Amendment as Exhibit C.

The Not-to-Exceed amount set forth in L0894.0-09, \$3,171,484.75, remains unchanged with this amendment. The parties acknowledge that the increased unit prices set forth herein will reduce the number of units that will be completed within this not-to-exceed amount. MTS may, but is not required to, increase the funds available by a separate, written contract amendment.

All other conditions remain unchanged. Please sign below and return the document marked "Original" to our Contracts Administrator at MTS. The other copy is for your records.

Sincerely,

Agreed:

Paul C. Jablonski
Chief Executive Officer

Sheldon Klinger, Trasnit/Railroad President
RAM Industrial Services, Inc.

Date: _____

Exhibit A

Additional Scope of Work for HVAC Units 12-108

**Scope of Work HVAC Overhaul Upgrades
(L0984.2-09 – Units 12-108)**

Att. B, AI 12, 2/16/12

The following change order list shall be equipment upgrades for the SD-100 LRV HVAC overhaul agreement.

Change Order A

Expansion Valves

Contractor shall remove and replace two expansion valves to include power heads, installation, engineering, replacement, and alteration of associated piping and insulation and testing.

Change Order B

Solenoid Valve

Contractor shall remove and replace two solenoid valves to include valve bodies, solenoid coils, protective devices installation, engineering, replacement, and alteration of associated piping and insulation and testing.

Change Order C

Condenser Coils

Contractor shall replace two existing condenser coils to copper. This shall include the coil, removal and installation of the coil, engineering of all changes to the coil to improve efficiency, reclaiming refrigerant charge and verifying the system is flat, performing condenser coil inspection per specification. Disconnect condenser coil inlet and outlet tubing and remove condenser coil hardware. Carefully lift and remove the coils from the frame, fit and install copper tubing and new condenser coils, affix coils to frame with new hardware, braze connections to condenser coils, and check for any leaks.

Change Order D

Evaporator Coils

Contractor shall replace two existing evaporator coils to copper. This shall include the coil, removal and installation of the coil, engineering of all changes to the coil to improve efficiency, reclaiming refrigerant charge and verifying the system is flat, performing evaporator coil inspection per specification. Disconnect evaporator coil inlet and outlet tubing and remove evaporator coil hardware, carefully lift and remove the coil from the frame, affix new evaporator coil to frame with new hardware, fit and install copper tubing for suction line and distributors/expansion valves, braze connections to evaporator coil, and check for any leaks.

Change Order E

Fresh Air Water Eliminator Replacement

The contractor shall replace the fresh air motor blower, remove the old assembly, and discard. Clean the fresh air intake area, install new gasket, and seal. Install a new Ram fresh air intake water eliminator (part number TD1094) in the HVAC frame with new hardware.

Scope of Work HVAC Overhaul Upgrades
(L0984.2-09 – Units 12-108) Att. B, AI 12, 2/16/12

Change Order P

Resistor Replacements, Inverters, Relay Cards, Choke Mounting Assembly, and Associated Wiring Requirements

Contractor shall remove existing inverters and discard. Prepare and modify existing electrical panel area to accommodate larger and additional equipment. Replace mounting hardware. Install new inverters with upgraded models, new resistors with mounting hardware installation of DC link chokes to regulate the input OCS voltage. Install new relay cards and any other equipment required by the upgraded inverters. Upgrade all existing wiring to accommodate upgraded equipment.

Change Order Q

Interface Board Modification, Wiring, and Schematic Revision

Contractor shall redesign, engineer, and obtain new interface board including revisions resulting from wiring and schematic changes. Remove and disassemble temperature control box and install new temperature control box back panel, new interface board, and OEM Sutronic control panel. Reinstall temperature control box with new hardware, assemble and install new wiring harness to control devices and motor control box.

Change Order T

Modification to Interface Board and 24 Volt Wiring Upgrades

Contractor shall redesign to obtain new interface board to include revisions associated with wiring and schematic changes. Remove and disassemble temperature control box, and install new temperature control box back panel, new interface board, and OEM syntonic control. Reinstall temperature control box with new hardware and also assemble and install new wiring harness to control devices and motor control box.

Change Order U

Additional High Voltage Alterations for Motor Control Box

Contractor shall redesign and obtain new motor control box design to accommodate larger inverters and assemble motor control box sub-assembly with inverters, terminal blocks, and terminal block brackets. Contractor will also assemble new motor control box high and low voltage wiring harnesses, and install sub-assembly and wiring harnesses.

Redesign a new heater control box design to accommodate heater contactors relocated to evaporator plenum, assemble heater control box sub-assembly with heater contactors and terminal block. Assemble new heater control box high and low voltage wiring harnesses, and install sub-assembly and wiring harnesses.

Contractor shall assemble and install high voltage DC wiring harnesses, high voltage harness from motor control box terminal block to resistors, high voltage harness from to resistors to DC link chokes, and high voltage harness from DC link chokes to inverter DC inputs.

All additional upgrade work and/or material shall revert to the original contract agreement, also carry original inspection, testing, and commissioning procedures for final acceptances.

Exhibit B

Updated Pricing Sheet for HVAC Units 12-108

EXHIBIT B

Units 12-108

	Parts	Sales Tax (7.75%)	Total
<i>Original Base Price</i>			
Overhaul, Quoted per Worksopce in Specification	25,499.00	1,976.17	27,475.17
Removal & Disposal of Existing Motors and Refridgerant	400.00	-	400.00
Freight	250.00	-	250.00
Total Original Base Price	26,149.00	1,976.17	28,125.17
<i>Change Orders E, P, Q</i>			
Total Change Orders (Taxable Parts)	1,859.00	144.07	2,003.07
Total Change Orders (Non-Taxable)	720.00	-	720.00
Total Change Order E, P, Q	2,579.00	144.07	2,723.07
<i>Change Orders A, B, C, D</i>			
Total Change Orders (Taxable Parts)	7,745.00	600.24	8,345.24
Total Change Orders (Non-Taxable)	1,860.00	-	1,860.00
Total Change Order A, B, C, D	9,605.00	600.24	10,205.24
<i>Change Order T</i>			
Total Change Orders (Taxable Parts)	304.00	23.56	327.56
Total Change Orders (Non-Taxable)	30.00	-	30.00
Total Change Order T	334.00	23.56	357.56
<i>Change Order U</i>			
Total Change Orders (Taxable Parts)	1,095.00	84.86	1,179.86
Total Change Orders (Non-Taxable)	840.00	-	840.00
Total Change Order U	1,935.00	84.86	2,019.86
Change Order Total (Per Unit; Units 12-108)	11,874.00	708.66	12,582.66
Per Unit Grand Total – Base Price + Amendment 2	40,602.00	2,828.91	43,430.91
Total Amendment 2 Cost (add'l charge for Units 12-74)			792,707.58
Total Cost Units 12-74*after Amendment 2			2,767,153.27

*Am 1 & 2 pricing means maximum of 74 units will be completed with current funding level

Exhibit C

As-Needed Parts List

EXHIBIT C

Att. B, AI 12, 2/16/12

Suttrak Part #	Description	Qty. Per HVAC Unit	Suttrak Part #	Cost Each	Cost Ext.
539.100	AC38RRCOMP Housing Assembly	1	539.100	\$21,383.00	\$21,383.00
524.145.1	Receiver Tank Bracket	1	524.145.1	\$124.00	\$124.00
524.118N	Receiver Tank	1	524.118N	\$534.00	\$534.00
557.337	283° Fusible Plug	1	557.337	\$34.00	\$34.00
519.400	Condenser Fan Blade	1	519.400	\$686.00	\$686.00
508.163	Evaporator Blower Mounting Frame	1	508.163	\$1,295.00	\$1,295.00
539.411	Front Blower Mounting Angle	2	539.411	\$89.00	\$178.00
539.411.1	Side Blower Mounting Angle	4	539.411.1	\$57.00	\$228.00
508.235	Right Hand Blower Wheel	1	508.235	\$284.00	\$284.00
508.236	Left Hand Blower Wheel	1	508.236	\$284.00	\$284.00
508.335	Evaporator Blower Housing	2	508.335	\$231.00	\$462.00
508.336	Inlet Flange	4	508.336	\$56.00	\$224.00
533.120	24 Volt DC Contactor	5	533.120	\$1,103.00	\$5,515.00
533.121	24 Volt DC Contactor w/ Auxiliary	1	533.121	\$2,075.00	\$2,075.00
524.128	10 Post Tag Block	3	524.128	\$47.00	\$141.00
533.146	15" X 12" X 6" Electrical Box	1	533.146	\$304.00	\$304.00
553.356	Toggle Switch	1	553.356	\$19.00	\$19.00
553.446	Rotary Switch Knob	1	553.446	\$42.00	\$42.00
553.447	4 Position Rotary Switch	1	553.447	\$71.00	\$71.00
504.132	Red Lamp	1	504.132	\$39.00	\$39.00
504.133	24 Volt Bulb	1	504.133	\$13.00	\$13.00
508.350.1	Diagnostic Decoder	1	508.350.1	\$15,689.00	\$15,689.00
508.350L	Diagnostic Decoder Label	1	508.350L	\$12.00	\$12.00
524.127	24 Volt 10/20 Amp Relay	7	524.127	\$41.00	\$287.00
524.161.3SD	Sytronic Control Panel	1	524.161.3SD	\$1,906.00	\$1,906.00
524.161CL	Sytronic Control Cover	1	524.161CL	\$81.00	\$81.00
524.161L1	Sytronic Box Label	1	524.161L1	\$6.00	\$6.00
553.950	8 Amp Circuit Breaker	1	553.950	\$79.00	\$79.00
553.966B	Circuit Breaker Socket	1	553.966B	\$53.00	\$53.00
507.665	Jumo Thermostat Bracket	1	507.665	\$34.00	\$34.00
553.926	Jumo Thermostat	2	553.926	\$144.00	\$288.00
553.267.1	Freeze Thermostat	1	553.267.1	\$55.00	\$55.00
508.190	Pin Connector Bracket	1	508.190	\$59.00	\$59.00
508.190	Connector Bracket	1	508.190	\$59.00	\$59.00
533.131	4 Pin Receptacle	1	533.131	\$436.81	\$436.81
533.132	7 Pin Receptacle	1	533.132	\$637.00	\$637.00
508.192	Return Air NTC Support Bracket	1	508.192	\$64.00	\$64.00

EXHIBIT C

Att. B, AI 12, 2/16/12

Sutrak Part #	Description	Qty. Per HVAC Unit	Sutrak Part #	Cost Each	Cost Ext.
508.193.1	Return Air Sensor Bracket	1	508.193.1	\$12.00	\$12.00
524.168	Air Sensor	2		\$57.00	\$114.00
538.165	Retainer Washer	14	538.165	\$1.00	\$14.00
538.791	Quarter Turn Lock Bolt	14	538.791	\$15.00	\$210.00
538.811	Base Plate Lock Receptacle	14	538.811	\$12.00	\$168.00
538.812	Base Plate Backing Plate	14	538.812	\$5.00	\$70.00
508.164.1	Heat Limiter Bracket	3	508.164.1	\$19.00	\$57.00
553.224	Heat Limiter Holder	2	553.224	\$30.00	\$60.00
553.227	15 Amp Heat Limiter	4	553.227	\$71.00	\$284.00
553.943	350 Volt 2 Kilowatt Element Heater	8	553.943	\$316.00	\$2,528.00
508.170.1	Holed Heater Mounting Plate	1	508.170.1	\$114.00	\$114.00
539.399	Heater Mounting Angle	2	539.399	\$38.00	\$76.00
539.404	Heater Mounting Bracket	4	539.404	\$36.00	\$144.00
519.180	Connection Heater Plate	1	519.180	\$18.00	\$18.00
539.163	Heater Ground Plate	1	539.163	\$77.00	\$77.00
539.136	Strut w/ Ball Stud	4	539.136	\$66.00	\$264.00
539.131SS	SS Condenser Support Hinge Bracket	1	539.131SS	\$413.00	\$413.00
539.132SS	SS Evaporator Hinge Support Bracket	1	539.132SS	\$413.00	\$413.00
539.133SS	SS Condenser Angle Hinge Bracket	2	539.133SS	\$135.00	\$270.00
539.135L	Left Hand Hinge	2	539.135L	\$232.00	\$464.00
539.135R	Right Hand Hinge	2	539.135R	\$232.00	\$464.00
539.137	Right Hinge Strut Angle	2	539.137	\$85.00	\$170.00
539.137L	Left Hinge Strut Angle	2	539.137L	\$129.00	\$258.00
539.101	Mounting Hole Cover Plate	2	539.101	\$85.00	\$170.00
539.301	17.75" Supply Air Angle	2	539.301	\$8.00	\$16.00
539.302	22.75" Return Air Angle	1	539.302	\$133.00	\$133.00
539.300L	Left Supply Air Angle	2	539.300L	\$99.00	\$198.00
539.300R	Right Supply Air Angle	2	539.300R	\$99.00	\$198.00
539.413	Evaporator Coil Top Air Barrier	1	539.413	\$264.00	\$264.00
738.009.1CHBHL	Receiver/Evaporator Liquid Line Assembly	1	738.009.1LLR/EV	\$96.00	\$96.00
738.009.1LLS/B	Bulkhead/Service Valve Liquid Line Assembly	1	738.009.1LLS/B	\$334.00	\$334.00
738.009.1SVL/VAS	Solenoid Valve Line Assembly	1	738.009.1SVL/VAS	\$605.00	\$605.00
539.408	Solenoid Valve Clamp Bracket	1	539.408	\$72.00	\$72.00
Change Order H	Air Pressure Switch	1	508.303	\$273.00	\$273.00
Change Order N	Replace Evaporator Insulation	1	Change Order N	\$1,268.00	\$1,268.00
Change Order O	Replace All Insulation Including Change Order N	1	Change Order O	\$2,225.00	\$2,225.00
Change Order V	Replace Diagnostic Decoder	1	Change Order V	\$1,569.00	\$1,569.00

	Amendment #1			Amendment #2			
	Parts	Sales Tax	Total	Parts	Sales Tax	Total	
Original Base Price							
Overhaul, Quoted per Worksopce in Specification	25,499.00	1,976.17	27,475.17	25,499.00	1,976.17	27,475.17	
Removal & Disposal of Existing Motors and Refridgerant	400.00	-	400.00	400.00	-	400.00	
Freight	250.00	-	250.00	250.00	-	250.00	
Total Base Price	26,149.00	1,976.17	28,125.17	26,149.00	1,976.17	28,125.17	
Change Order E, P, Q, R, S (R & S not applicable for Amendment 2)							
Total Change Orders (Taxable Parts)	3,614.00	280.09	3,894.09	1,859.00	144.07	2,003.07	
Total Change Orders (Non-Taxable)	720.00	-	720.00	720.00	-	720.00	
Total Change Order E, P, Q, R, S	4,334.00	280.09	4,614.09	2,579.00	144.07	2,723.07	
Change Order A, B, C, D (Not applicable for Amendment 1)							
Total Change Orders (Taxable Parts)	-	-	-	7,745.00	600.24	8,345.24	
Total Change Orders (Non-Taxable)	-	-	-	1,860.00	-	1,860.00	
Total Change Order E, P, Q, R, S	-	-	-	9,605.00	600.24	10,205.24	
Change Order T							
Total Change Orders (Taxable Parts)	304.00	23.56	327.56	304.00	23.56	327.56	
Total Change Orders (Non-Taxable)	30.00	-	30.00	30.00	-	30.00	
Total Change Order T	334.00	23.56	357.56	334.00	23.56	357.56	
Change Order U							
Total Change Orders (Taxable Parts)	1,095.00	84.86	1,179.86	1,095.00	84.86	1,179.86	
Total Change Orders (Non-Taxable)	840.00	-	840.00	840.00	-	840.00	
Total Change Order U	1,935.00	84.86	2,019.86	1,935.00	84.86	2,019.86	
Change Order Total (Units 1-11; Units 12-108)	6,603.00	388.51	6,991.51	11,874.00	708.66	15,305.73	
Grand Total - Base Price + Am	32,752.00	2,364.68	35,116.68	40,602.00	2,828.91	43,430.91	
Units to be Completed w/ ea. Am and current funding			11.00			63.71	
Spare Parts							
Spare Parts: Two (2) hermetically sealed scroll compressors with internal AC motor fully assembled	-	-	-	-	-	6,570.00	
Spare Parts: Two (2) Condenser motors fully assembled	-	-	-	-	-	2,468.00	
Spare Parts: Two (2) Evaporator motors fully assembled	-	-	-	-	-	3,010.00	
Spare Parts: One (1) DC to AC Static Inverter	-	-	-	-	-	6,000.00	
Total Spare Parts	-	-	-	-	-	18,048.00	
Spare Parts							
Total Cost - Units 1-11 after Am 1			386,283.48	Total Cost Units 12-74***			2,767,153.27
Total Amendment 1 Cost*			76,906.58	Total Am 2 Cost**			964,261.15
* Am 1 Cost reflects additional charge to complete Units 1-11							
** Am 2 Cost reflects additional charge to complete Units 12-74							
*** Am 1 & 2 pricing means maximum of 74 units will be completed with current funding level							
Grand Total Approved Contract:						3,171,484.75	
Total Cost if all Units Completed						4,617,129.27	
Total increase if all units completed						(1,445,644.52)	
Sales Tax Assumption Through Contract Life		7.75%					



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

Agenda Item No. 13

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

SUBJECT:

EXCESS INSURANCE RENEWALS FOR LIABILITY AND WORKERS' COMPENSATION PROGRAM

RECOMMENDATION:

That the Board of Directors approve the purchase of excess liability insurance (at limits of \$75 million less a \$2 million self-insured retention) and excess workers' compensation insurance (at statutory limits less a \$1 million self-insured retention). The new policies would be in effect from March 1, 2012, through March 1, 2013.

Budget Impact

The combined proposed premium for both lines of coverage, including taxes and fees, would be approximately \$1,620,209 for the one-year period. The total premium for the excess liability insurance (including terrorism coverage) and the excess workers' compensation insurance represents a 0.34% (or \$5,578) decrease over the expiring policies.

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 is based on the underwriting exposure. Costs associated with the excess insurance policies are allocated across two fiscal years. For fiscal year 2012, staff estimates that SDTI, SDTC, and MTS will be within budget. No budget adjustment is proposed at this time. Fiscal year 2013 budgets are being developed, and funds will be designated and included within them.

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

COMBINED TOTAL EXCESS INSURANCE PREMIUMS					
AGENCY	MTS	SDTC	SDTI	SD&AE	TOTAL
Excess Liability	\$157,009	\$601,868	\$599,113	\$19,282	\$1,377,272
Excess Workers' Comp.	\$27,695	\$106,163	\$105,678	\$3,401	\$242,937
Total Excess Premium	\$184,704	\$708,031	\$704,791	\$22,683	\$1,620,209
Combined Excess Split	11.4%	43.7%	43.5%	1.4%	

DISCUSSION:

MTS, SDTC, SDTI, and SD&AE jointly purchase commercial general liability insurance to finance large catastrophic losses for bodily injury, property damage, and other damage claims in excess of a self-insured retention of \$2 million per occurrence. The agencies also jointly purchase an excess workers' compensation policy to supplement the self-insured program of \$1 million per occurrence. The existing policies will expire on March 1, 2012. MTS's insurance broker, BB&T-John Burnham Insurance Services, has worked extensively with staff and several interested insurance companies to obtain the best coverage possible for the ensuing year.

Current Program

MTS currently has excess liability coverage within four layers of insurance limits from various insurance companies. These layers provide for a total general liability limit of \$75 million. The policies each contain coverage for acts of terrorism. The current cost of these policies, including taxes and fees, is approximately \$1,405,787. In addition, MTS purchases excess workers' compensation insurance at statutory limits (i.e., the maximum benefit the state would allow for a single accident/injury) for a cost of \$220,000. These premiums totaled \$1,625,787 under the current program structure.

Proposed Program

The proposed liability insurance program is also anticipated to include four policy layers and would carry a self-insured retention of \$2 million for general liability and public entity excess liability. All of this coverage (including MTS's self-insured retention) would provide full limits up to \$75 million at an annual cost of approximately \$1,377,272. This figure represents a decrease of 2.07% (or \$28,515) over the expiring coverage.

An excess workers' compensation policy is also being recommended for purchase at statutory limits less a \$1 million insurance deductible. The premium cost for this policy is approximately \$242,937, which represents a 10.43% (or \$22,937) increase over last year's premium.

The total premium for the combined excess liability and excess workers' compensation coverage represents an overall 0.34% (or \$5,578) decrease compared to the previous year.

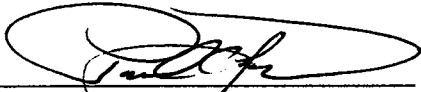
COVERAGE	INSURER	AM BEST RATING	ESTIMATED PREMIUM	ESTIMATED TAXES	TOTAL
Excess Workers' Comp.	ACE American Insurance Co.	A+ XV	\$242,937		\$242,937
1st Layer Excess Liability	Starr Indemnity & Liability Co.	A X	\$715,400		\$715,400
2nd Layer Excess Liability	Endurance American Specialty Insurance Co.	A XV	\$313,752	\$10,197	\$323,949
3rd Layer Excess Liability	Great American Assurance Co.	A XIV	\$225,000		\$225,000
4th Layer Excess Liability	AXIS Surplus Insurance Co.	A XV	\$109,368	\$3,555	\$112,923
					\$1,620,209

Renewal Issues—Underwriting Base

The premium rates for the general liability coverage are primarily based on revenue miles, service vehicle miles, construction costs, loss history, and current market conditions. For excess workers' compensation, the premiums are largely driven by payroll as well as loss history and current market conditions. The annual passenger counts for both SDTC and SDTI increased by 3,018,732 passengers, and the total revenue miles are up 263,183 miles compared to counts submitted in the last policy period. The combined payroll has increased by \$253,301 over the prior reporting period. For the present renewal, the primary layered carrier would be changing from Everest to Starr Indemnity. All of the other layers remain with the same carriers and at the same limits. In light of the long history many of these carriers have had with MTS along with MTS's exceptional loss history, the liability carriers have agreed to reduce the insurance premiums in the current renewal.

Insurance Market Conditions

A favorable competitive market still remains open for general liability lines of coverage. The liability insurance carriers that submitted quotes this year continue to have the capacity and willingness to write public transit risks, such as MTS. On the other hand, workers' compensation insurance has experienced an upset in the marketplace over the past year. The poor economy of the past few years has seen an increase in the frequency, severity, and types of claims filed. Consequently, insurance carriers are incurring higher costs and are charging higher premiums to regain surplus and capacity. In addition, the State of California recently approved workers' compensation carriers to increase their rates by an average of 37%.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Susan Lockwood, 619.557.4502, susan.lockwood@sdmts.com

FEB16-12.13.LIABILITY & WORKERS COMP.SLOCKWOOD.docx

Attachment: A. MTS 2012 Excess Insurance Proposal



BB&T Insurance Services of California, Inc.

Presented by:

IRIS J. GLADNEY, CPCU, ARM
Senior Vice President

and

AMY LINDROTH
Marketing & Sales Executive

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

EXCESS LIABILITY AND EXCESS WORKERS' COMPENSATION INSURANCE PROPOSAL

MARCH 1, 2012 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 200B, SAN FRANCISCO, CA



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- VIII. Excess Liability – Third Layer**
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- X. Premium Comparison**
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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**

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.

SERVICING PERSONNEL**IMPORTANT PHONE NUMBERS & E-MAIL:*****Senior Vice President:***

Direct Line:

Iris J. Gladney

619.525.2807

Fax Number:

888.328.1308

E-mail:

IGladney@BBandT.com

Account Executive:

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 Rowden

714.578.7344

Fax Number:

714.626.7639

E-mail:

Krowden@BBandT.com

ADDRESSES/TELEPHONES:

750 B Street, Suite 2400

PO Box 129077

San Diego, CA 92101-2476

San Diego, CA 92112-9077

Main Office Number:

619.231.1010

Main Facsimile:

619.236.9134



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) (Not on Workers' Compensation)
- San Diego Transit Corporation (SDTC)
- San Diego Vintage Trolley (Not on Workers' Compensation)

EXCESS WORKERS' COMPENSATION OPTION 1

Carrier:	ACE American Insurance Company
A.M. Best Rating:	A+ IV (admitted)
Policy Term:	March 1, 2012 to March 1, 2013
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:	\$ 0.3642 per \$100 Payroll
Estimated Annual Payroll:	\$ 67,040,378 (increased from \$66,787,077) – Up .04%
Endorsements:	- ACE Specific Excess WC and EL policy CKE-1167 (10-06) - Loss and Expense Adjustment Endorsement – ALAE included Endorsement CK-12887b (04-08) - Disclosure Notice of Terrorism Insurance Coverage TRIA 11b (01-08) - ACE Producer Compensation Practices & Policies WC990342 (10-06) - Communicable Disease Coverage WC990348 (04-08) - US Treasury Dept's Office of Foreign Assets and Control Notice ILP0010104

EXCESS WORKERS COMPENSATION

Endorsements:

- Notification of Premium Adjustment WC990444 (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

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, if any.
- 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.
- San Diego & Arizona Eastern Railway and San Diego Vintage Trolley not included per previous policies/procedures
- TPA: TriStar
- ACE USA Claims or, at our discretion, a designated vendor of ACE, will audit the claims handling process within 60 days after binding coverage. ACE is not obligated to share the results of our claims audit as part of a condition for binding coverage
- ACE USA will not be required to supply system generated loss information under their program. Insured must supply loss data in a form that meets the ACE Excess WC submission requirements as documentation under the program.
- Insured must adhere to the notification requirements as documented under the program
- No Flat Cancellation
- 25% Minimum Earned Premium



Premium:

\$ 242,937.00 100% Minimum & Deposit Premium (Includes TRIA)

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

EXCESS WORKERS' COMPENSATION OPTION II

Carrier:	Star Insurance Company		
A.M. Best Rating:	A- IX (admitted)		
Policy Term:	March 1, 2012 to March 1, 2013		
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:	\$ 0.3960	per \$100 Payroll - \$1,000,000 SIR	
Option 1	\$ 0.2583	per \$100 Payroll - \$2,000,000 SIR	
Option 2	\$ 0.3191	per \$100 Payroll - \$1,000,000 SIR + \$250K Corridor	
Option 3	\$ 0.2038	per \$100 Payroll \$450K/\$300K/\$250K Cash Flow SIR	
Estimated Annual Payroll:	\$ 67,040,378		
Endorsements:	- STAR Excess WC and EL policy 46 51 WC 08 07 - Foreign Terrorism Premium Endt WC 00 04 22A - Catastrophe 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 .0402/\$27,621. - Communicable Disease Endt 46 69 WC 08 07 - Voluntary Compensation 46 66 WC 08 07		

EXCESS WORKERS COMPENSATION OPTION II

Endorsements:

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

Cash Flow Protection 46 70 WC 08 07 with a per-occurrence, per-year paid loss retention of \$250,000 can be added for and additional rate/premium .0402/\$27,621.

Premium:

	\$ 265,480.00	Minimum & Deposit. 25% Minimum Earned Premium. 100% Minimum & Deposit Premium
Option 1	\$ 173,166.00	Minimum & Deposit. 25% Minimum Earned Premium. 100% Minimum & Deposit Premium
Option 2	\$ 213,926.00	Minimum & Deposit. 25% Minimum Earned Premium. 100% Minimum & Deposit Premium
Option 3	\$ 136,629.00	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

Terrorism charges are included in the rates shown above

Deposit premium is due within 30days of inception

Terms require quarterly claims reporting

EXCESS LIABILITY – FIRST LAYER

Carrier: Starr Indemnity & Liability Company

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

Policy Term: March 1, 2012 to March 1, 2013

Coverage: Special Excess Liability for Public Entities
(PE 1001 12-10) and Attachments.

Limits:

Aggregate Limits

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

\$ 10,000,000 "Errors and Omissions Liability Aggregate, other than "wrongful acts" of "personal injury offense" or "advertising injury offense"

\$ 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"

**EXCESS LIABILITY – FIRST LAYER**

Retained Limit: \$ 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 acts"

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

Endorsements:

- Special Excess Liability Policy for Public Entities (PE 1001 12-10)
- California Changes – Cancellation and Nonrenewal PE 10 29 CA (11-10)
- Earlier Notice of Cancellation or Nonrenewal PE 11 25 (11-10)(90 days)
- Amendment – Transit Agencies PE 11 42 (04-11)
- Reimbursement of Defense Costs Employment Practices Wrongful Act PE 10 08 (10-10)
- Named Insured Schedule (as expiring)
- War Exclusion PE 11 09 (11-10)
- Violation of Statutes that Govern Emails, Fax, Phone Calls or Other Methods of Sending Material or Information Exclusion PE 11 05 (11-10)
- Certified Acts and Other Acts of Terrorism Coverage Above Retained Limit; Cap on Losses (for risks that accept terrorism) PE 10 12 (10-10)
- Additional Insureds – Insured Contract PE 10 15 (10-10)

Premium: \$ 715,400.00 100% Minimum & Deposit Premium, 25% Minimum Earned

Terrorism TRIA: Premium includes \$14,314 for TRIA: Signed TRIA form required
Rate: Flat

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



EXCESS LIABILITY – SECOND LAYER

Carrier: Endurance American Specialty Insurance Company

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

Policy Term: March 1, 2012 to March 1, 2013

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 (\$2,992.00) Signed TRIA form required

Rate: Flat

Endorsements:

A. EXCLUSIONS:

- Asbestos
- Nuclear Energy
- Silica
- War
- Other Acts of Terrorism

B. OTHER ATTACHMENTS:

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



EXCESS LIABILITY – SECOND LAYER

Attachments:

- Special Excess Liability for Public Entity Declarations
- Common Policy Conditions
- Nuclear Energy Liability Exclusion Endorsement
- California Changes – Cancellation and Non-Renewal
- Transit Endorsement
- 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
- Additional Insured – Scheduled Contracts (where required by written)
- Named Insured
- 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:

\$ 313,752.00	Minimum & Deposit.	25% Minimum Earned Premium – 100% Minimum & Deposit Premium
9,413.00	State Tax	
<u>784.00</u>	Stamping Fee	
\$ 323,949.00		

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

EXCESS LIABILITY – THIRD LAYER

Carrier:	Great American Assurance Co.
A.M. Best Rating:	A XIV (admitted)
Policy Term:	March 1, 2012 to March 1, 2013
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:	▪ XS: \$15mm xs \$10mm xs \$2mm – Endurance ▪ Lead Umbrella: \$10mm xs \$2mm SIR / \$2mm Excess EL – Starr Indemnity ▪ 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 (\$2,275) 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 Starr Indemnity & Liability Company Excess form and any additional exclusions/modifications/limitations as noted in their quote.
Exclusions:	▪ Named Perils/Time Element
Attachments:	▪ Delete Transit Exclusion ▪ Delete UM Exclusion ▪ Public Entity Excess Liability Policy ▪ Reimbursement of Defense Costs for Employment Practices Liability Wrongful Act

EXCESS LIABILITY – THIRD LAYER

Our Exclusions, Limitations and/or Attachments:

Exclusions:

- Email, Fax or Phone Exclusion – 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:

- Signed TRIA form, prior to binding.
- Signed and dated application – within 10 days of binding.

Premium:

\$ 225,000.00 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



EXCESS LIABILITY – FOURTH LAYER

Carrier:	AXIS Surplus Insurance Company
A.M. Best Rating:	A XV (non-admitted)
Policy Term:	March 1, 2012 to March 1, 2013
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:	▪ 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 - Starr
Terrorism TRIA:	Included in premium
Rate:	Flat (except for acquisitions)
Endorsements:	▪ Contractors ▪ Minimum Earned Premium ▪ Deletion of Pollution Exclusion – Amendatory Endt. ▪ Service of Suit ▪ SOS – CA ▪ SLN – CA ▪ Terrorism with the exception of Certified Acts ▪ DNU SLN CA
Exclusions:	▪ Asbestos ▪ Cyber Liability ▪ Fungi or Bacteria ▪ Auto No-Fault & Similar Laws ▪ Lead Exclusion ▪ Silica Exclusion ▪ Violation of Statutes that Govern E-mails, Fax or Phone Calls ▪ War or Terrorism

**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:

\$ 109,368.00	Minimum & Deposit.	25% Minimum Earned
	Premium – 100%	Minimum & Deposit
	Premium	
	No Flat Cancellations	
3,281.00	State Tax	
<u>274.00</u>	Stamping Fee	
\$ 112,923.00		

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

PREMIUM COMPARISON

Excess Liability and Worker's Compensation Insurance Renewal Comparison

3/1/2011 - 3/1/2012
3/1/2012 - 3/1/2013

<i>Everest National Insurance Company</i>		<i>Starr Indemnity & Liability Company</i>	
\$ 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
\$ 730,000.00	Total Premium	\$ 715,400.00	Total Premium

<i>Endurance American Specialty Insurance Co.</i>		<i>Endurance American Specialty Insurance Co.</i>	
\$ 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
\$ 330,560.04	Total Premium (incl. tax & fees)	\$ 323,949.00	Total Premium (incl. tax & fees)

<i>Great American Insurance Co.</i>		<i>Great American Insurance Co.</i>	
\$ 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
\$ 230,000.00	Total Premium	\$ 225,000.00	Total Premium

<i>AXIS Surplus Insurance Company</i>		<i>AXIS Surplus Insurance Company</i>	
\$ 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
\$ 115,227.00	Total Premium (incl. tax & fees)	\$ 112,923.00	Total Premium (incl. tax & fees)

\$ 1,405,787.04
\$ 1,377,272.00

<i>ACE American Insurance Company</i>		<i>ACE American Insurance Company</i>	
Statutory	Workers Comp Limit	Statutory	Workers Comp Limit
Statutory	Communicable Disease Limit	Statutory	Communicable Disease Limit
\$ 2,000,000	Employer's Liability	\$ 2,000,000	Employer's Liability
\$ 1,000,000	Retention	\$ 1,000,000	Retention
0.33	rate per \$100 Payroll	0.3642	rate per \$100 Payroll
\$ 66,787,077	*Estimated Annual Payroll	\$ 67,040,378	*Estimated Annual Payroll
\$ 220,000.00	Total Premium (includes CIGA Fee)	\$242,937.00	Total Premium (includes CIGA Fee)

PREMIUM SUMMARY

PREMIUM SUMMARY

	3/1/2011 – 3/1/2012	3/1/2012 – 3/1/2013	Increase/Decrease
1 ST Layer xs Liability	\$730,000.00	\$ 715,400.00	-2%
2 nd Layer xs Liability	\$330,560.04	\$ 323,949.00	-2%
3 rd Layer xs Liability	\$230,000.00	\$ 225,000.00	-3%
4 th Layer xs Liability	\$115,227.00	\$ 112,923.00	-2%
Excess Workers Comp	\$220,000.00	\$ 242,937.00	10%
Total	\$1,625,787.04	\$ 1,620,209.00	-1%

▪ 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.

MARKETING

MARKET SUMMARY

LIABILITY

Carrier	Response
ACE	Looking at \$25M xs \$25M
Admiral	Looking at \$10M xs of \$10M
Alterra	Declined domestically & released to Price Forbes
American Empire	Chose not to compete
American Safety	Decline due to class
Arch	Pending, awaiting response
Argonaut/Colony	Cannot Compete on lead, Limited capacity up high
Aspen	Releasing to Price Forbes
AXIS	Offered renewal terms
AWAC	Multiple Follow-Ups – Non-Responsive
C.V.Starr/Starr Indemnity/Everest	Offered renewal terms
Catlin	Looking at \$10M xs of \$10M
Chartis/Lexington	Unable to compete with pricing in any layer
Chubb	Declined due to class
CNA	Pending, awaiting response
CoverX/First Mercury/Crum&Forster	Looking at \$10M xs of \$10M
Diamond State/United National	Multiple Follow-Ups – Non-Responsive
Endurance	Offered renewal terms
Fireman's Fund/Interstate/Allianz	Decline due to class
General Star	Declined Due to size
Genesis	Unable to complete with size
Great American	Offered renewal terms
Houston Casualty	Declined due to size
Ironshore	Continuing to underwrite
James River	Declined due to class
Kinsale	Declined due to class
Liberty	Multiple Follow-Ups – Non-Responsive
Markel	Multiple Follow-Ups – Non-Responsive
Navigators	Declined due to class
RLI/ Mt. Hawley	Declined due to class
RSUI/Landmark	Declined due to treaty issue

Scottsdale	Looking at \$25M xs \$25M
SwissRe/First Specialty	Looking at \$25M xs \$25M
Tower	Declined due to class
Torus	Declined due to class
Travelers	Declined due to class
Windward/Princeton	Declined due to class
XL	\$25M xs \$5M xs \$10M X P at \$229,909.00
Zurich/Steadfast	Looking at \$25M xs \$25M

WORKERS COMPENSATION

ACE	Offered renewal terms
Arch	Indicated \$325,000
Midwest Employers▪	Pending, awaiting response
US Specialty/Starr	Quoted
NY Marine/Midlands	Starting Premiums >\$350,000
Safety National	Indicated \$280,000
Tower	Decline due to class



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 March 1, 2012 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: **SAN DIEGO METROPOLITAN TRANSIT SYSTEM**

CLIENT ACCEPTANCE ESTIMATED PREMIUM, TAXES AND FEES SUMMARY

Policy Term: March 1, 2012 to March 1, 2013

Coverage	Insurer	AM Best Rating	Estimated Premium	Insurer or Intermediary Fee	Estimated Taxes	Broker Fee	Total
Excess Workers Comp	ACE American Insurance Co Starr	A+ XV	\$ 242,937.00				\$ 242,937.00
1 st Layer Excess	Indemnity & Liability Co.	A X	\$ 715,400.00				\$ 715,400.00
2 nd Layer Excess	Endurance American Specialty Great	A XV	\$ 313,752.00		\$ 10,197.00		\$ 323,949.00
3 rd Layer Excess	American Assurance	A XIV	\$ 225,000.00				\$ 225,000.00
4 th Layer Excess	AXIS Surplus Ins Co	A XV	\$ 109,368.00		\$ 3,555.00		\$ 112,923.00

Estimated Total \$1,620,209.00

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

ACCEPTED BY: _____

Date

NAME OF INSURED: **SAN DIEGO 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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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	Starr Indemnity & Liability Co	A X	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
D..... Poor
E..... Regulatory
F..... In Liquidation
S..... Rating Suspended

Rating Modifiers

g..... Group
p..... Pooled
r..... Reinsured
u..... Under Review

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

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

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

NR-1..... Insufficient Data	NR-4..... Company Request
NR-2..... Insufficient Size and/or Operation Experience	NR-5..... Not Formally Followed
NR-3..... Rating Procedure Inapplicable	

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: **SAN DIEGO METROPOLITAN TRANSIT SYSTEM**



ADDITIONAL BB&T INSURANCE SERVICES PRODUCTS

Life Insurance-

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

Employee Benefits-

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

Long Term Care-

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

Individual Health Insurance-

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

Personal Insurance-

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

Cyber Liability-

We have an exclusive cyber liability program for public entities at an extremely competitive rate. This product protects public entities from claims against network security and privacy breaches. Let us know if you are interested in a quote.

COMPENSATION DISCLOSURE

BB&T Insurance Services, Inc.

BB&T Insurance Services of California, Inc.

Compensation Statement

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

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

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

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

06/07 ed

PROVIDER SECURITY STANDARDS

BB&T Insurance Services, Inc. Provider Security Standards

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

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

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

BB&T Insurance Services, Inc. Provider Classifications:

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

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

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

PROVIDER SECURITY STANDARDS

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

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

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

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

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

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

PROVIDER SECURITY STANDARDS

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

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

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

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

Financial Size Categories

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

7-07 Edition

INTRODUCTION TO MYWAVE

MyWave™ Portal

Click+Connect+Communicate

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

BB&T - John Burnham Insurance Services.

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



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

Trevor, MyWave Portal User, Northeast

Collaboration Center

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

Survey Benchmarking

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

Community

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



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Agenda Item No. 14

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

SUBJECT:

REVISIONS TO MTS POLICY NO. 26 - DISADVANTAGED BUSINESS ENTERPRISE
PROGRAM

RECOMMENDATION:

That the Board of Directors approve revisions to Policy No. 26 (Attachment A) –
Disadvantaged Business Enterprise Program.

Budget Impact

None.

DISCUSSION:

As a Federal Transit Administration (FTA) grantee, MTS complies with the federal regulations set forth in Title 49 of the Code of Federal Regulations Part 26 regarding participation by DBEs in the U.S. Department of Transportation (DOT) Program. The program outlines how MTS ensures that DBE contractors have an equal opportunity to receive and participate in DOT-assisted contracts. Ed Salcedo, MTS DBE Consultant from GCAP Services, has reviewed MTS's DBE Program and has proposed the following revision of MTS Policy No. 26.

In September 2011, MTS hired a DBE consultant, GCAP Services Inc., to review and update the MTS DBE Program. As part of these consulting services, GCAP prepared a comprehensive DBE Program document (Attachment A) to replace MTS Policy No. 26. Policy No. 26 was last updated in 2004. The new program document is based on the FTA's recommended DBE program elements and sample program document.

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

Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Karen Landers, 619.557.4512, Karen.Landers@sdmts.com

Attachment: A. Proposed MTS Policy No. 26 – Disadvantaged Business Enterprise Program

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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.





Att. A, AI 14, 2/16/12

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Policies and Procedures

No. 26

SUBJECT:

Board Approval: 2/16/12

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM

PURPOSE:

To provide a program to ensure nondiscrimination in the award and administration of federally assisted contracts and create a level playing field on which disadvantaged business enterprises (DBEs) can compete fairly for those contracts.

POLICY:

26.1 POLICY STATEMENT AND PROGRAM OBJECTIVES

Policy Statement/Objectives (CFR § 26.3, § 26.7, § 26.21, § 26.23)

Metropolitan Transit System (MTS) has established and adopted a Disadvantaged Business Enterprise (DBE) program in accordance with regulations of the U.S. Department of Transportation (DOT), Title 49, Code of Federal Regulations (CFR), Part 26 "Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs." MTS has received Federal financial assistance from the Department of Transportation, and as a condition of receiving this assistance, MTS has signed an assurance that it will comply with Title 49 CFR Part 26.

It is the policy of MTS to ensure that DBEs as defined in 49 CFR Part 26 have an equal opportunity to receive and participate in MTS'S DOT-assisted contracts. It is also our policy to:

1. Ensure non-discrimination in the award and administration of all MTS contracts and subcontracts;
2. Create a level playing field by which DBEs can compete for and perform in MTS'S DOT-assisted contracts;

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3. Ensure that the MTS DBE Program is narrowly tailored in accordance with applicable law and current legal standards, including the Ninth Circuit Ruling in *Western States Paving vs. Washington State Department of Transportation*;
4. Ensure that only firms that fully meet 49 CFR Part 26 eligibility standards are permitted to participate as DBEs;
5. Help remove procurement and contracting barriers, which impede DBE participation in MTS DOT-assisted contracts;
6. Monitor and enforce contractors compliance in meeting established goal objectives and program requirements;
7. Assist in the development of DBEs and Small Businesses to increase their ability to compete successfully in the market place outside the DBE Program; and
8. Ensure MTS contractors and subcontractors take all necessary and reasonable steps to comply with these policy objectives.

As evidence of MTS's commitment to pursue these policy objectives, the Chief Executive Officer has designated General Counsel as the DBE Liaison Officer (DBELO). In this capacity, General Counsel is responsible for implementing all aspects of the DBE program. The DBELO has direct access to the Chief Executive Officer for DBE-related matters. Implementation of the DBE program is accorded the same priority as compliance with all other legal obligations incurred by MTS in its financial assistance agreements with DOT.

MTS will disseminate this policy statement to all of the departments of our organization. Additionally, MTS will distribute this policy to DBE and non-DBE business communities that perform or are interested in performing work on MTS projects.

Through such efforts, MTS will ensure DOT-assisted contracting and procurement related processes promote equity in access, consideration and opportunity for DBEs and other small businesses in response to requirements set forth under 49 CFR Part 26; "Participation of Disadvantaged Business Enterprises in U.S. Department of Transportation Programs," effective March 4, 1999, and subsequently issued DOT Directives and Final Rules.

26.2 APPLICABILITY (CFR § 26.3, § 26.21)

MTS, as a direct recipient of federal funds from the DOT, and as a condition of Federal financial assistance, is required to submit for approval to the DOT Operating Administration from which it receives the majority of its funding, a DBE Program developed in accordance with federal regulations published under Title 49 CFR Part 26 and subsequent guidance. This DBE Program sets forth the policies and procedures to be implemented by MTS to ensure that DBEs have an equitable opportunity to participate in DOT-assisted contracting opportunities.

In direct response to these regulatory requirements, MTS hereby establishes a DBE Program, which will:

1. Comply with federal regulations and financial assistance agreements;
2. Meet legal standards for narrow-tailoring requirements;
3. Ensure nondiscrimination in the award of DOT-assisted contracts; and
4. Reaffirm MTS's commitment to fairness and the principles of equal opportunity.

In conformance with 49 CFR Part 26, MTS will continue to carry out its DBE Program until all DOT funds have been expended.

MTS additionally complies with the California Department of Transportation's (Caltrans') DBE Program on projects on which it is a sub-recipient of federal funds through Caltrans.

MTS will advise all applicable DOT Operating Administrations of any significant updates and/or changes to this DBE Program.

26.3 DEFINITION OF TERMS (CFR § 26.5)

Race-Conscious Measure or Program: A program or portion thereof that focuses specifically on assisting only DBEs, including minority and women-owned DBEs, by the development and inclusion of participation goals or Good Faith Effort activities.

Race-Neutral Measure or Program: A program or portion thereof that assists all small businesses, including DBEs, regardless of ownership status, in successfully participating in MTS's procurement program. For the purposes of the DBE Program, "race-neutral" includes gender-neutrality.

Any other term used in this DBE Program shall have the meaning set forth in 49 CFR Part 26, (See DBE Program Regulations, 49 CFR Part 26 in Exhibit A, § 26.5).

26.4 RESPONSIBILITIES FOR DBE PROGRAM IMPLEMENTATION

A. DBE Liaison Officer (CFR § 26.25)

MTS has designated the following individual as the Disadvantaged Business Enterprise Liaison Officer (DBELO):

Karen Landers
General Counsel
Metropolitan Transit System
1255 Imperial Avenue, suite 1000
San Diego, CA 92101-7490
Telephone: (619) 557-4512; Fax: (619) 234-3172
E-mail: Karen.Landers@sdmts.com

In this capacity, the DBELO is responsible for implementing all aspects of the DBE Program and ensuring that MTS complies with all provisions of 49 CFR Part 26 and subsequent DOT-issued directives and final rules. The DBELO has direct, independent access to the MTS Chief Executive Officer concerning DBE Program matters. The DBELO has sufficient support personnel who devote a portion of their time to implement the Program. The DBELO is responsible for developing, implementing and monitoring the DBE Program, in coordination with other appropriate officials.

The DBELO's and/or designee's duties include, but are not limited to, the following activities:

1. Gathers and reports statistical data and other information as required by the DBE Program, including preparation of semi-annual DBE reports and overall Project DBE goals and related analysis for submission to the applicable DOT Operating Administration and management ad hoc reporting.
2. Reviews applicable contracts, purchase requisitions, advertisements, boilerplate language specifications and other related documentation specific to implementing applicable DBE requirements.
3. Consults with all affected departments in developing overall DBE goals and project goals.
4. Ensures that bid notices and requests for proposals are made available to DBEs in a timely manner.
5. Reviews DOT-assisted contracts and procurements for purposes of applying contract-specific DBE goals, when appropriate, and/or applicable race-neutral methods.
6. Analyzes MTS's progress towards meeting overall Project DBE goal commitments by monitoring individual contract DBE attainments ("Monthly Subcontractor Paid Report").
7. Participates in pre-bid meetings for purposes of reviewing DBE solicitation and contract requirements with potential bidders and/or offerors.
8. Advises the Chief Executive Officer and/or the MTS Board on DBE matters and achievements.
9. Determines contractor compliance with race-conscious DBE Good Faith Effort provisions, as applicable, in a race-conscious environment and conducts contract DBE responsiveness reviews, including assessing DBE participation eligibility towards MTS's overall DBE goal, as applicable, to both race-conscious and race-neutral methods.

Additionally, the DBELO and/or designee is charged with implementing the race-neutral measures defined in Section VI of this DBE Program document.

B. Reconsideration Official (CFR § 26.53)

Should MTS implement a race-conscious component to this DBE Program, the DBE Program will be amended to provide the procedures for the administrative reconsideration process and to specify MTS's Reconsideration Official.

26.5 ADMINISTRATIVE REQUIREMENTS

A. Non-Discrimination Requirements (CFR § 26.7)

MTS will never exclude any person from participation in, deny any person the benefits of, or otherwise discriminate against anyone in connection with the award and performance of any contract covered by 49 CFR Part 26 on the basis of race, color, sex, or national origin.

In administering its DBE program, MTS will not, directly or through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or substantially impairing accomplishment of the objectives of the DBE program with respect to individuals of a particular race, color, sex, or national origin.

B. Federal Financial Assistance Agreement Assurance (CFR § 26.13 {a})

MTS will sign the following assurance as a condition of financial assistance agreements with the DOT, and which is hereby made applicable to all of MTS's DOT-assisted contracts:

"MTS shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any U.S. DOT-assisted contract or in the administration of its DBE Program or the requirements of 49 CFR Part 26. MTS shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of U.S. DOT-assisted contracts. MTS's DBE Program, as required by 49 CFR Part 26 and as approved by U.S. DOT, is incorporated by reference in this agreement. Implementation of this Program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to MTS of its failure to carry out its approved program, the Department may impose sanctions as provided under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.)."

C. DBE Financial Institutions (CFR § 26.27)

It is the policy of MTS to investigate the full extent of services offered by financial institutions owned and controlled by socially and economically disadvantaged individuals in the community, to make reasonable efforts to utilize these institutions, as available, and to encourage prime contractors on MTS's DOT-assisted contracts to make use of these institutions.

At this time, MTS has not identified DBE-owned financial institutions. However, MTS encourages contractors to use the services of minority and women-owned financial institutions identified from listings posted at the Web site of the Financial Management Service, US Department of the Treasury, Minority Bank Deposit Program. The Internet address of this Web site is <http://www.fms.treas.gov/mbdp>.

D. DBE Directory (CFR § 26.31)

MTS refers interested parties to the California Unified Certification Program (CUCP) Database of Certified DBE Firms (DBE Directory) to assist in identifying certified DBEs. The DBE Directory is published at www.CaliforniaUCP.com.

E. Overconcentration (CFR §26.33)

MTS has not identified any types of work that have a burdensome overconcentration of DBE participation. However, should MTS determine that overconcentration exists in a work classification, MTS will obtain the approval of the concerned DOT Operating Administration of its determination and the measures devised to address it. Once these measures are approved, they will become part of MTS's DBE Program.

F. Business Development Programs (CFR § 26.35)

MTS has not established a business development program. The DBELO will continually evaluate the need and assess whether MTS should establish a Business Development Program and/or a Mentor Protégé Program. If MTS establishes either program, the program will be guided by the applicable Appendix of 49 CFR Part 26 and approved by the cognizant DOT Operating Administration before being implemented.

G. Fostering Small Business Participation (CFR § 26.39)

MTS will structure contracting requirements to facilitate competition by small businesses by requiring prime to specify elements of work that small businesses can perform and to provide subcontract opportunities for those elements to DBEs and other small businesses.

26.6 DETERMINING, MEETING, AND COUNTING DBE PARTICIPATION
TOWARDS THE OVERALL DBE GOAL (CFR § 26.45; § 26.51; § 26.55)

MTS is currently operating a strictly race-neutral DBE Program in accordance with DOT guidance following the Western States Paving decision of the 9th Circuit Court of Appeals. Should MTS incorporate a race-conscious DBE Program in the future, the breakout of estimated race-neutral and race-conscious participation in MTS's DBE goal will be updated. This section of the program will be updated triennially when the goal calculation is updated.

As MTS is currently operating a strictly race-neutral DBE Program, contract goals are not applicable to MTS procurements. Should MTS, at a future date, incorporate a race-conscious component to its DBE Program, it will then use contract goals to meet any portion of the overall goal MTS does not project being able to meet using race-neutral means.

A. Methodology for Setting Overall DBE Goals (CFR § 26.45; § 26.49)

In accordance with § 26.45(e)(3), and with FTA approval, MTS will establish an overall program goal on a triennial basis beginning with Federal fiscal year 2012. The overall program goal will represent the amount of DOT-assisted funds MTS anticipates expending on DBE firms over three years, and will be presented as a percentage of the total DOT-assistance received.

The overall program goal will be developed in accordance with the 2-step process specified in § 26.45 (c) & (d). The first step is to determine the goal "base figure" based on the relative availability of DBEs in MTS's market area. The second step is to adjust the goal "base figure" from Step 1 so that it reflects as accurately as possible the DBE participation MTS would expect in the absence of discrimination based on past participation, a disparity study and/or information about barriers to DBE participation. Annual projections on DBE participation during each fiscal year will be developed as specified by § 26.45 (e)(3)(iii). Additionally, MTS will provide for public participation in establishing an overall program goal. MTS will publish a notice of the proposed overall program goal, informing the public that the proposed goal and its rationale are available for inspection during normal business hours at MTS for 30 days following the date of the notice, and informing the public that MTS and DOT will accept comments on the goals for 45 days from the date of the notice. Notice will be issued in general circulation media and available minority-focus media, minority-focused trade publications.

Additionally, MTS will issue the notice to minority, women's and general contractor groups, community organizations, and other officials or organizations to solicit information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and MTS's efforts to establish a level playing field for the participation of DBEs.

MTS will submit the overall program goal to DOT in accordance with § 26.45 (f)(2). The overall goal submission to DOT will include a summary

of information and comments received during this public comment/participation process and any MTS responses.

MTS will begin using our overall goal on October 1 of each year, unless we have received other instructions from DOT. If we establish a goal on a project basis, we will begin using our goal by the time of the first solicitation for a DOT-assisted contract for the project.

B. Transit Vehicle Manufacturers (TVM) Certifications (CFR § 26.49)

MTS will require each transit vehicle manufacturer, as a condition of being authorized to bid or propose on DOT-assisted transit vehicle procurements, to certify that it has complied with the requirements of this section. Alternatively, MTS may, at its discretion and with DOT approval, establish project-specific goals for DBE participation in the procurement of transit vehicles in lieu of the TVM complying with this element of the program.

C. Race-Neutral Measures (CFR § 26.51)

MTS will implement the following race-neutral measures which are aimed at increasing DBE and other small business participation.

1. MTS will arrange solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE and other small business participation. MTS will also hold conferences, which include a networking component to promote teaming opportunities between prospective prime contractors and the DBE and Small Business contracting community.
2. Providing assistance in overcoming limitations such as inability to obtain bonding or financing (e.g., by such means as simplifying the bonding process, reducing bonding requirements, eliminating the impact of surety costs from bids, and providing services to help DBEs, and other small businesses, obtain bonding and financing). Specifically, MTS will, through its website, refer the DBE and Small Business contracting community to the SBA Bonding Assistance Program.
3. MTS will solicit DBEs and other small businesses participation by carrying out information and communication programs on contracting procedures and specific contract opportunities (e.g., ensuring the inclusion of DBEs, and other small businesses, on recipient mailing lists of bidders; ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors; provision of information in languages other than English, where appropriate).
4. As a supportive service to help develop and improve immediate and long-term business management, record keeping, and financial and accounting capability for DBEs and other small

businesses, MTS will actively promote the Small Business conferences, programs, and support services offered by other agencies that have established DBE and Small Business Programs.

5. MTS will advise its contracting community of the online directory of certified DBEs, found at the California Unified Certification Program website: www.CaliforniaUCP.com.

MTS will also advise the contracting community of the available small businesses certified by the California Department of General Services (DGS) and found at the following url: www.bidsync.com/DPXBisCASB

6. MTS will advise the DBE and small business community to participate and attend Caltrans' sponsored free courses specifically offered through the CCCP, specifically the "Navigating the Caltrans Procurement Website" course to assess bid opportunities as this course includes tips on accessing local agencies websites as well.

D. Use of Set-Asides or Quotas (CFR § 26.43)

MTS shall not permit the use of quotas for DBEs on DOT-assisted contracts in accordance with 49 CFR Part 26. Further, MTS shall not set aside contracts for DBEs on DOT-assisted contracts subject to the regulatory provisions, except in limited and extreme circumstances where no other method could be reasonably expected to redress egregious instances of discrimination.

E. Counting DBE Participation and Commercially Useful Function (CFR § 26.55)

MTS will count DBE participation toward overall and contract specific goals as provided in 49 CFR Part 26.55. MTS will not count the participation of a DBE subcontract toward a contractor's final compliance with its DBE obligations on a contract until the amount being counted has actually been paid to the DBE.

26.7 REQUIRED CONTRACT PROVISIONS AND ENFORCEMENT

A. Contractor's Assurance Clause Regarding Non-Discrimination (CFR § 26.13)

MTS will ensure that the following clause is placed in all DOT-assisted contracts and subcontracts:

"The contractor or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of Title 49, CFR, Part 26 in the award and administration of MTS's U.S. DOT-assisted contracts. Failure

by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as MTS deems appropriate."

B. Prompt Payment Provisions (CFR § 26.29)

The DBE Program found at Title 49 CFR Part 26 requires that any delay or postponement of payment over 30 days may take place only for good cause and with MTS's prior written approval. Any violation of this provision shall subject the violating prime contractor or subcontractor to the penalties, sanctions and other remedies specified in Section 7108.5 of the Business and Professions Code. These requirements shall not be construed to limit or impair any contractual, administrative, or judicial remedies otherwise available to the prime contractor or subcontractor in the event of a dispute involving late payment or nonpayment by the prime contractor, deficient subcontract performance, or noncompliance by a subcontractor.

Any delay or postponement of payment from the above-referenced timeframes may occur only for good cause following written approval from MTS. Failure to comply with this provision without prior approval from MTS will constitute noncompliance, which may result in the application of appropriate administrative sanctions, including, but not limited to, a penalty of two percent (2%) of the invoice amount due per month, for every month that full payment is not made.

1. Prompt Progress Payments to Subcontractors

MTS will include a contract clause that will require the prime contractor to pay each subcontractor participating on the contract for satisfactory performance of its contract no later than 10 days from the receipt of each payment the prime contractor receives from MTS. Any delay or postponement of payment from the above referenced time frame may occur only for good cause following written approval of MTS. This clause applies to both DBE and non-DBE subcontractors.

2. Payment of Retention Withheld from Subcontractor

MTS elects to hold retainage from the prime. MTS will provide prompt and regular incremental acceptances of portions of the work on each contract and pay retainage to the prime based on these acceptances.

MTS will include a contract clause that will require the prime to make prompt and full payment of any retainage owed to subcontractors for satisfactory completion of the subcontractors work within 30 days after subcontractor's work has been satisfactorily completed.

26.8 DBE CERTIFICATION STANDARDS (CFR § 26.61-§ 26.73; § 26.81; § 26.83a)

As a non-certifying member of the CUCP, MTS will accept DBE certifications from certifying member agencies of the CUCP. The CUCP DBE Certification application is presented in Exhibit E.

For more information about the certification process or to apply for certification, firms should visit the CUCP website at www.californiaucp.com.

26.9 CERTIFICATION PROCEDURES (SUBPART E)

A. Unified Certification Program (UCP) (CFR § 26.81) & Procedures for Certification Decisions (CFR § 26.81)

MTS is a member of the CUCP administered by the state of California Certifying Members. The CUCP will meet all of the requirements of Subpart E of 49 CFR Part 26.

26.10 RECORD KEEPING AND MONITORING (CFR § 26.11, § 26.37)

MTS has developed a detailed record-keeping system as a mechanism for monitoring and tracking DBE commitments/attainments. The system includes procedures adopted by MTS to comply with DOT regulations and maintenance of support documentation including subcontractor commitments, contract documents for all subcontractors, and monthly Subcontractors Paid Reports from prime contractors.

MTS will also develop and maintain a hard-copy of the contract-specific project management file which thoroughly includes all DBE Program related compliance monitoring and enforcement activities.

A. Bidders List (CFR § 26.11)

MTS will develop and maintain a Bidders List consisting of all firms bidding on prime contracts, and bidding or quoting subcontracts on MTS's DOT-assisted projects/contracts. The following information will be included in the bidders list:

1. Firm Name;
2. Address;
3. Years in Business;
4. Status as a DBE or non-DBE;
5. Type of Work; and
6. Annual Range of Gross Receipts.

B. Reporting to DOT (CFR § 26.11)

MTS will submit to the applicable DOT Operating Administration the "Uniform Report of DBE Awards or Commitments and Payments" semiannually on June 1 and December 1 of each year, as required. The June 1 report will include DBE activity from October 1 through March 31. The December 1 report will include DBE activity from April 1 through

September 30. This report presents a summary of U.S. DOT-assisted prime contracts and subcontracts awarded or committed to as well as actual payments for contracts completed and the associated dollar value during this reporting period.

Upon request, MTS will compile and submit ad-hoc DBE contract award and progress reports for U.S. DOT-assisted projects. Furthermore, MTS will continue to provide reports relative to MTS's DBE Program, as directed. These reports will provide DBE participation information on MTS's race-neutral and gender-neutral contracts on all U.S. DOT-assisted procurement activities.

C. Information, Confidentiality, Cooperation (CFR § 26.109)

MTS will safeguard from disclosure to third parties information that may reasonably be regarded as confidential business information, consistent with Federal Freedom of Information and Privacy Acts (5 U.S.C. 552 and 552a), California Public Records Act (Government Code § 6250) state, and local law. Notwithstanding the preceding provision, MTS will not release any information that may reasonably be construed as confidential business information to any third party (other than DOT) without the written consent of the firm that submitted the information. This includes applications for DBE certification and supporting information.

D. Monitoring and Enforcement Mechanisms (CFR § 26.37)

MTS will implement appropriate mechanisms to ensure compliance with 49 CFR Part 26 requirements by all program participants (e.g., applying legal and contract remedies available under Federal, state and local law). MTS's DBE Program will include a monitoring and enforcement mechanism to ensure that work committed to DBEs is actually performed by DBEs. Such mechanism will provide a running tally of actual DBE attainments (e.g., payments actually made to DBE firms), including a means of comparing these attainments to commitments.

MTS may perform interim audits of contract payments to DBEs. The audit will review payments to DBE subcontractors to ensure that the actual amount paid to DBE subcontractors equals or exceeds the dollar amounts committed.

MTS will bring to the attention of the DOT any false, fraudulent, or dishonest conduct in connection with the program, so that DOT can take the steps provided in § 26.107 (e.g., referral to the Department of Justice for criminal prosecution, referral to the DOT Inspector General, action under suspension and debarment or Program Fraud and Civil Penalties rules). Additionally, MTS will consider similar action under its own legal authorities, including responsibility determinations in future contracts.

Additional DBE Documents (Available on MTS's Web Site or from DBELO)

- A. DBE Program Regulations
- B. DBE Program Organizational Chart
- C. Listing of DBE Financial Institutions located within California
- D. MTS Goal Setting Methodology
- E. CUCP DBE Certification Application
- F. Uniform Report of DBE Awards or Commitments and Payments
- G. Monthly Subcontractors Paid Report

Original Policy approved on 12/6/84.

Policy revised on 4/28/88.

Policy revised on 4/25/91.

Policy revised on 1/26/95.

Policy revised on 10/16/97.

Policy revised on 8/12/99.

Policy revised on 8/10/00.

Policy revised on 9/27/01.

Policy revised on 7/25/02.

Policy revised on 3/11/04.

Policy revised on 7/22/04.

Policy revised on 2/16/12.



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Agenda Item No. 30

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

SUBJECT:

VEOLIA TRANSPORTATION SERVICES, INC. – EXERCISE CONTRACT OPTION-
YEAR EXTENSIONS (JOHN DAVENPORT AND CLAIRE SPIELBERG)

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0453.3-06 (in substantially the same format as Attachment A) with Veolia Transportation Services, Inc., to exercise three 1-year option terms to provide fixed-route bus service (as specified in the existing MTS contract).

Budget Impact

The total budget impact to extend the Veolia contract three additional years is being projected at \$137,372,000.00. This extension would bring the total Veolia contract value up to \$372,015,453.32 (5-year base contract plus three 1-year option terms).

The contractual rate per revenue service mile for the option periods are as follows:

Current FY 12 Rate	\$4.7204 per revenue service mile	-
Option Period One	\$4.7272 per revenue service mile	+ .14%
Option Period Two	\$4.8562 per revenue service mile	+ 2.72%
Option Period Three	\$4.9945 per revenue service mile	+ 2.85%

Increase over Option Periods + 5.71%

Avg. Inc. per Option Period +1.90%

It should be noted that the percentage of change between the current FY12 rate and option period one is only .14%. This is primarily due to the absence of depreciation and interest charges in the option periods for the use of the contractor-owned, 26-vehicle commuter express fleet. The above option-period rates represent a savings of an estimated \$1,240,000 per option period versus the need to purchase or lease an MTS commuter-express replacement fleet to use for the option periods.



The base contract was authorized at \$234,551,353 in November 2006. In September 2011, the MTS Board approved Amendment No. 2 authorizing a contract increase of \$92,100.32 for transit center power-washing services and granted the CEO authority to exercise associated options of \$323,644.05.

The value of this contract extension includes all variable costs, performance bonuses, standby bus use, miscellaneous pass-through expenses, mile-per-hour differential, bus stop maintenance, station cleaning, engine and transmission overhauls, and rural fuel costs.

DISCUSSION:

Veolia is one of the largest private transportation providers in North America. Veolia operate some of the largest and most sophisticated bus networks in the U.S. and Canada in cities of all sizes, including Las Vegas, Phoenix, Denver, Atlanta, Baltimore, and suburbs of Washington, D.C. and Toronto.

Veolia currently maintains and operates a fleet of over 253 MTS-owned buses along with 26 Veolia-owned commuter coach buses for MTS. Veolia operates 57 fixed routes, which is approximately 49% of MTS's total fixed-route bus service (based on revenue miles). Veolia operates service through three distinct operating facilities. The East County Bus Maintenance Facility and South Bay Maintenance Facility are directly owned by MTS. Bus routes exclusive to Chula Vista Transit operate out of Chula Vista's public works facility in eastern Chula Vista.

Over the past five years, Veolia has been pivotal in helping reshape and restructure the way that MTS provides public transit to its passengers. Through Veolia's cost-effective pricing model, MTS is able to provide expansive service to a larger service area that otherwise would not be possible through traditional service-provision cost models. Veolia is responsible for providing fixed-route bus service throughout San Diego County's South Bay and East County communities as well as various parts of central and northern San Diego. Veolia is also responsible for providing all commuter-express service along Interstate 15.

Veolia has a fine performance record while under contract with MTS. Veolia has been very responsive to MTS passengers' needs. One of Veolia's more notable accomplishments occurred more recently as Veolia managed all bus-bridge detour work during the trolley catenary replacement phasing of the Blue Line Trolley Rehabilitation Project. Veolia also recently helped fill service gaps working directly with MTS Bus during last October's city-wide power blackout. This ensured that potentially stranded passengers reached their final destinations.

As required by FTA Circular 4220.1F, *Third-Party Contracting Guidance*, Chapter VI, Section 7.b.(1), a detailed cost analysis was performed to evaluate the proposed option years of the contract as there was funding available for the intention of exercising the options. In addition, in accordance with the Best Practices Procurement Manual Section 8.2.2, *Options*, MTS Procurement staff has evaluated the option years to confirm they remain within the specified guidelines of the original contract scope.

Procurement staff has analyzed the negotiated contract pricing from the base years through the option years and compared them to the Consumer Price Index (CPI) of the San Diego Area. The CPI of the contract and option years average less than 2.5% per year, which is consistent with the CPI in the San Diego area.

Procurement staff surveyed two neighboring agencies, North County Transit (NCTD) and Orange County Transit (OCTA) to compare similar contracted transit service costs. The results of the survey concluded that the costs of contracted fixed-route services are comparable. Procurement staff has determined that the exercise of the option years is in the best interest of MTS and that the prices negotiated in 2006 for a contract through fiscal year 2015 are fair and reasonable

Exercising the remaining three 1-year option terms available to MTS in the current contract would allow MTS to benefit from prenegotiated, contract-specified revenue mileage rates. It is clearly understood by MTS and Veolia that the all-inclusive option-period pricing includes the continued use and maintenance of 26 Veolia-owned, commuter-type vehicles, a bus stop maintenance and steam-cleaning facility team, and a highly skilled and knowledgeable bus operations management staff.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Claire Spielberg, 619.238.0100, Claire.Spielberg@sdmts.com

Attachment: A. Draft MTS Doc. No. B0453.3-06

DRAFT

February 16, 2012

MTS Doc. No. B0453.3-06

Mr. Duane Eskierka
Regional Vice President
Veolia Transportation Services, Inc.
3650A Main Street
Chula Vista, CA 91911

Dear Mr. Eskierka:

Subject: AMENDMENT NO. 3 TO MTS DOC. NO. B0453.0-06 FOR THE CONTINUED OPERATION
OF MTS SOUTH BAY FIXED-ROUTE, EAST COUNTY FIXED-ROUTE, COMMUTER
EXPRESS, CHULA VISTA TRANSIT, AND RURAL FIXED-ROUTE SERVICES

This letter shall serve as our agreement for professional services as further described below.

SCOPE OF SERVICES

Continue to provide fixed-route and commuter-express transit services pursuant to the original terms, conditions, and scope of the contract during the three option years.

SCHEDULE

Work shall begin July 1, 2012, and continue through June 30, 2015.

PAYMENT

Payment shall be based upon the original contract rates under the option years of the price proposal of the original contract.

The total fixed-route projected street operation cost for the three option periods, including options as per Amendment No. 2, would be approximately \$133,249,000 plus an estimated \$4,123,000 in bus stop maintenance, steam cleaning, engine and transmission overhauls, and rural fuel and miscellaneous pass-through costs. The estimated total cost would be approximately \$137,372,000 for the three option periods.

It is important for MTS to note to the Contractor that the availability of ongoing sustainable transit funding for projects is outlined in the contract Special Provisions Section III, Subsection I (Special Funding Consideration).

As a result of this Amendment, the total contract price will increase by \$137,372,000 from \$234,643,453.32 to \$372,015,453.32.

All other contractual conditions remain unchanged. If you agree with the above, please sign below and return the copy marked "Original" to the Contracts Specialist at MTS. The other copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

Duane Eskierka
Veolia Transportation Services, Inc.

Date: _____



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
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Agenda Item No. 45

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

SUBJECT:

OPERATIONS BUDGET STATUS REPORT FOR DECEMBER 2011
(MIKE THOMPSON)

RECOMMENDATION:

That the Board of Directors receive a report on MTS's operations budget status for December 2011.

Budget Impact

None at this time.

DISCUSSION:

This report summarizes MTS's operating results for December 2011 compared to the approved fiscal year 2012 budget. Attachment A-1 combines the operations, administration, and other activities results for December 2011. Attachment A-2 details the December 2011 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 2011 results for MTS's other activities (Taxicab/San Diego and Arizona Eastern Railway Company/debt service).

MTS NET-OPERATING SUBSIDY RESULTS

As indicated within Attachment A-1, the year-to-date December 2011 MTS net-operating income favorable variance totaled \$2,289,000 (3.5%). Operations produced a \$1,088,000 (1.7%) favorable variance, and the administrative/other activities areas were favorable by \$1,201,000.



MTS COMBINED RESULTS

Revenues

Year-to-date combined revenues through December 2011 were \$48,680,000 compared to the year-to-date budget of \$47,742,000, representing a \$938,000 (2.0%) positive variance. This is due to a favorable variance within passenger revenue.

Expenses

Year-to-date combined expenses through December 2011 were \$110,918,000 compared to the year-to-date budget of \$112,269,000, resulting in a \$1,351,000 (1.2%) favorable variance.

Personnel Costs. Year-to-date personnel-related costs totaled \$56,275,000 compared to a year-to-date budgetary figure of \$56,651,000, producing a favorable variance of \$336,000 (0.7%). This is primarily due to favorable year-to-date variances within Administration.

Outside Services and Purchased Transportation. Total outside services for the first six months of the fiscal year totaled \$35,394,000 compared to a budget of \$36,962,000, resulting in a year-to-date favorable variance of \$1,568,000 (4.2%). This is primarily due to other outside service expense favorable variances within Administration.

Materials and Supplies. Total year-to-date materials and supplies expenses totaled \$4,150,000 compared to a budgetary figure of \$3,684,000, resulting in an unfavorable expense variance of \$466,000 (-12.6%). This is primarily due to unfavorable variances within rail operations.

Energy. Total year-to-date energy costs were \$11,858,000 compared to the budget of \$11,586,000 resulting in a year-to-date unfavorable variance of \$272,000 (-2.3%). Year-to-date energy rates are as follows:

- Diesel: cost per gallon was \$3.33 versus a budgeted rate of \$3.24
- Gasoline: cost per gallon was \$3.50 versus a budgeted rate of \$3.84
- CNG: cost per therm was \$0.881 versus a budgeted rate of \$0.892

Risk Management. Total year-to-date expenses for risk management were \$1,844,000, compared to the year-to-date budget of \$1,917,000 resulting in a favorable variance totaling \$74,000 (3.8%).

General and Administrative. Year-to-date general and administrative costs, including vehicle and facilities leases, were \$70,000 (4.8%) favorable to budget, totaling \$1,398,000 through December 2011, compared to a year-to-date budget of \$1,468,000.

YEAR-TO-DATE SUMMARY

The December 2011 year-to-date net-operating subsidy totaled a favorable variance of \$2,289,000 (3.5%). These factors include favorable variances in passenger revenue, personnel costs, outside services, general and administrative, and risk management, offset by unfavorable variances in other operating revenue, materials and supplies, and energy.



Paul C. Jablonski
Chief Executive Officer

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

FEB16-12.45.DEC OPS BUDGET RPT.MTHOMPSON.doc

Attachment: A. Comparison to Budget

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

MTS
CONSOLIDATED

COMPARISON TO BUDGET - FISCAL YEAR 2012

DECEMBER 31, 2011

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	⁰ / ₀ VARIANCE
Passenger Revenue	\$ 46,197	\$ 45,001	\$ 1,196	2.7%
Other Revenue	2,483	2,741	(258)	-9.4%
Total Operating Revenue	\$ 48,680	\$ 47,742	\$ 938	2.0%
Personnel costs	\$ 56,275	\$ 56,651	\$ 377	0.7%
Outside services	35,394	36,962	1,568	4.2%
Transit operations funding	-	-	-	-
Materials and supplies	4,150	3,684	(466)	-12.6%
Energy	11,858	11,586	(272)	-2.3%
Risk management	1,844	1,917	74	3.8%
General & administrative	790	838	48	5.7%
Vehicle/facility leases	607	630	23	3.6%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	0	0	(0)	-287.1%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 110,918	\$ 112,269	\$ 1,351	1.2%
Operating income (loss)	\$ (62,238)	\$ (64,527)	\$ 2,289	3.5%
Total public support and nonoperating revenues	140	48	93	194.4%
Income (loss) before capital contributions	\$ (62,098)	\$ (64,479)	\$ 2,381	-3.7%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2012
DECEMBER 31, 2011
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	[%] VARIANCE
Passenger Revenue	\$ 46,197	\$ 45,001	\$ 1,196	2.7%
Other Revenue	152	375	(223)	-59.5%
Total Operating Revenue	\$ 46,349	\$ 45,376	\$ 973	2.1%
Personnel costs	\$ 48,855	\$ 48,968	\$ 113	0.2%
Outside services	30,812	31,660	848	2.7%
Transit operations funding	-	-	-	-
Materials and supplies	4,143	3,672	(472)	-12.8%
Energy	11,553	11,235	(318)	-2.8%
Risk management	1,731	1,637	(94)	-5.7%
General & administrative	110	136	26	18.9%
Vehicle/facility leases	522	534	12	2.3%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	12,073	12,073	0	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 109,799	\$ 109,915	\$ 115	0.1%
Operating income (loss)	\$ (63,451)	\$ (64,539)	\$ 1,088	1.7%
Total public support and nonoperating revenues	871	769	102	13.3%
Income (loss) before capital contributions	\$ (62,579)	\$ (63,770)	\$ 1,191	-1.9%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
TRANSIT SERVICES (SAN DIEGO TRANSIT CORPORATION)
COMPARISON TO BUDGET - FISCAL YEAR 2012
DECEMBER 31, 2011
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	^{0/0} VARIANCE
Passenger Revenue	\$ 13,740	\$ 13,089	\$ 652	5.0%
Other Revenue	6	10	(4)	-35.4%
Total Operating Revenue	\$ 13,747	\$ 13,099	\$ 648	4.9%
Personnel costs	\$ 33,136	\$ 32,796	\$ (340)	-1.0%
Outside services	883	1,033	150	14.5%
Transit operations funding	-	-	-	-
Materials and supplies	2,221	2,084	(137)	-6.6%
Energy	2,853	2,837	(16)	-0.6%
Risk management	865	725	(140)	-19.3%
General & administrative	75	66	(9)	-13.9%
Vehicle/ facility leases	118	121	4	3.1%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	4,544	4,544	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 44,696	\$ 44,206	\$ (489)	-1.1%
Operating income (loss)	\$ (30,949)	\$ (31,108)	\$ 159	0.5%
Total public support and nonoperating revenues	(1,014)	(1,117)	102	-9.2%
Income (loss) before capital contributions	\$ (31,963)	\$ (32,224)	\$ 261	-0.8%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
RAIL OPERATIONS (SAN DIEGO TROLLEY, INCORPORATED)
COMPARISON TO BUDGET - FISCAL YEAR 2012
DECEMBER 31, 2011
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	^{0/0} VARIANCE
Passenger Revenue	\$ 18,266	\$ 18,709	\$ (444)	-2.4%
Other Revenue	145	365	(219)	-60.1%
Total Operating Revenue	\$ 18,411	\$ 19,074	\$ (663)	-3.5%
Personnel costs	\$ 15,117	\$ 15,539	\$ 422	2.7%
Outside services	1,708	1,827	119	6.5%
Transit operations funding	-	-	-	-
Materials and supplies	1,919	1,582	(337)	-21.3%
Energy	4,548	4,289	(259)	-6.0%
Risk management	858	912	54	5.9%
General & administrative	29	63	33	53.2%
Vehicle/ facility leases	119	123	4	3.6%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	6,740	6,740	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 31,038	\$ 31,075	\$ 37	0.1%
Operating income (loss)	\$ (12,627)	\$ (12,001)	\$ (626)	-5.2%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (12,627)	\$ (12,001)	\$ (626)	5.2%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
MULTIMODAL OPERATIONS (FIXED ROUTE)
COMPARISON TO BUDGET - FISCAL YEAR 2012
DECEMBER 31, 2011
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	% VARIANCE
Passenger Revenue	\$ 11,741	\$ 10,845	\$ 897	8.3%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 11,741	\$ 10,845	\$ 897	8.3%
Personnel costs	\$ 214	\$ 174	\$ (40)	-23.0%
Outside services	20,163	20,274	111	0.5%
Transit operations funding	-	-	-	-
Materials and supplies	2	2	0	5.2%
Energy	2,938	2,726	(212)	-7.8%
Risk management	-	-	-	-
General & administrative	1	2	1	53.5%
Vehicle/ facility leases	8	10	2	21.5%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	535	535	0	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 23,861	\$ 23,724	\$ (137)	-0.6%
Operating income (loss)	\$ (12,120)	\$ (12,879)	\$ 759	5.9%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (12,120)	\$ (12,879)	\$ 759	-5.9%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
MULTIMODAL OPERATIONS (PARATRANSIT)
COMPARISON TO BUDGET - FISCAL YEAR 2012
DECEMBER 31, 2011
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	⁰ / ₀ VARIANCE
Passenger Revenue	\$ 923	\$ 962	\$ (39)	-4.0%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 923	\$ 962	\$ (39)	-4.0%
Personnel costs	\$ 64	\$ 84	\$ 20	23.5%
Outside services	5,127	5,559	432	7.8%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	1,106	1,242	136	10.9%
Risk management	8	-	(8)	-
General & administrative	1	4	3	76.4%
Vehicle/facility leases	278	280	2	0.7%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	190	190	0	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 6,775	\$ 7,359	\$ 584	7.9%
Operating income (loss)	\$ (5,852)	\$ (6,398)	\$ 546	8.5%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (5,852)	\$ (6,398)	\$ 546	-8.5%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED CHULA VISTA TRANSIT OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2012
DECEMBER 31, 2011
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	[%] VARIANCE
Passenger Revenue	\$ 1,527	\$ 1,397	\$ 130	9.3%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 1,527	\$ 1,397	\$ 130	9.3%
Personnel costs	\$ 134	\$ 186	\$ 52	27.8%
Outside services	2,696	2,732	36	1.3%
Transit operations funding	-	-	-	-
Materials and supplies	1	3	2	68.7%
Energy	108	141	33	23.3%
Risk management	-	-	-	-
General & administrative	4	2	(2)	-112.1%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	63	63	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 3,007	\$ 3,128	\$ 121	3.9%
Operating income (loss)	\$ (1,480)	\$ (1,731)	\$ 251	14.5%
Total public support and nonoperating revenues	1,807	1,807	-	0.0%
Income (loss) before capital contributions	\$ 326	\$ 76	\$ 251	331.8%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CORONADO FERRY
COMPARISON TO BUDGET - FISCAL YEAR 2012
DECEMBER 31, 2011
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	[%] VARIANCE
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	-	-	-	-
Total Operating Revenue	\$ -	\$ -	\$ -	-
Personnel costs	\$ -	\$ -	\$ -	-
Outside services	79	79	-	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	\$ 79	\$ 79	\$ -	0.0%
Operating income (loss)	\$ (79)	\$ (79)	\$ -	0.0%
Total public support and nonoperating revenues	79	79	-	0.0%
Income (loss) before capital contributions	\$ -	\$ -	\$ -	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATION
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2012
DECEMBER 31, 2011
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	[%] VARIANCE
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	2,170	2,146	23	1.1%
Total Operating Revenue	\$ 2,170	\$ 2,146	\$ 23	1.1%
Personnel costs	\$ 7,089	\$ 7,346	\$ 257	3.5%
Outside services	4,556	5,222	666	12.8%
Transit operations funding	-	-	-	-
Materials and supplies	4	11	7	65.5%
Energy	301	345	45	12.9%
Risk management	101	263	162	61.6%
General & administrative	627	648	21	3.3%
Vehicle/facility leases	85	95	10	11.0%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(12,121)	(12,121)	(0)	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 641	\$ 1,810	\$ 1,169	64.6%
Operating income (loss)	\$ 1,528	\$ 336	\$ 1,192	-354.9%
Total public support and nonoperating revenues	(731)	(721)	(10)	1.4%
Income (loss) before capital contributions	\$ 797	\$ (385)	\$ 1,183	-307.1%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OTHER ACTIVITIES
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2012
DECEMBER 31, 2011
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	^{0/0} VARIANCE
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	161	220	(59)	-26.6%
Total Operating Revenue	\$ 161	\$ 220	\$ (59)	-26.6%
Personnel costs	\$ 331	\$ 337	\$ 7	2.0%
Outside services	26	79	53	67.2%
Transit operations funding	-	-	-	-
Materials and supplies	3	1	(2)	-125.8%
Energy	4	6	2	31.4%
Risk management	12	17	5	31.0%
General & administrative	53	54	1	1.6%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	48	48	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 477	\$ 544	\$ 67	12.2%
Operating income (loss)	\$ (316)	\$ (324)	\$ 8	2.5%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (316)	\$ (324)	\$ 8	-2.5%



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Agenda Item No. 46

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

SUBJECT:

CHARGERS YEAR-END REPORT (TOM DOOGAN)

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

The 2011 season represented the 14th complete season that San Diego Trolley, Inc. (SDTI) has provided special service to Chargers' games at Qualcomm Stadium. 2011 also marked the seventh season for Green Line operations to Qualcomm Stadium providing direct service to the games from East County locations.

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

Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tom Doogan, 619.595.4984, tom.doogan@sdmts.com

FEB16-12.46.CHARGERS YEAR-END SUMMARY.TDOOGAN.doc





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

Agenda

Item No. 62

Chief Executive Officer's Report

ADM 121.7

February 16, 2012

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, 2012, through February 8, 2012.

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EXPENSE CONTRACTS

Doc #	Organization	Subject	Amount	Day
B0521.2-09	APOLLO VIDEO TECHNOLOGY	AMENDMENT FOR DVR ENCLOSURES	\$11,073.00	1/17/2012
B0563.1-11	TRAPEZE SOFTWARE GROUP, INC.	REPLACE IVR SYSTEMS	\$130,000.00	1/27/2012
G1326.1-10	MIS SCIENCES, INC.	HOSTED TEXT MESSAGING OPTION YEAR	\$59,000.00	1/30/2012
B0567.0-12	CUYAMACA COMMUNITY COLLEGE	40-HOUR HAZWOPER TRAINING AND CERTIFICAT	\$21,000.00	1/31/2012
G1387.1-11	NMS MANAGEMENT, INC.	ADD DAILY TERMINAL CLEANER TO SAN YSIDRO	\$68,619.60	1/31/2012
G1398.1-12	MORSE GIESLER CALLISTER & KARL	LEGAL SERVICES - WORKERS COMPENSATION	\$15,000.00	2/2/2012

REVENUE CONTRACTS

Doc #	Organization	Subject	Amount	Day
G1358.1-11	SANDAG	MURPHY CANYON EXPRESS COST REIMBURSEMENT	\$TBD	1/11/2012
L1057.0-12	MILES AHEAD MINISTRIES	ROE PERMIT TO CROSS MTS TRACKS SD 1/2	(\$500.00)	1/19/2012
G0930.17-04	SANDAG	MOU RE CIP PROJECTS	\$0.00	1/20/2012
S200-12-505	PSOMAS	DURABLE ROE PERMIT CITY OF LA MESA	(\$1,500.00)	1/30/2012
S200-12-518	INNOVATIVE COLD STORAGE, INC.	LEASE AGREEMENT - 100 RAIL COURT	(\$1.00)	1/31/2012
G1436.0-12	ACE PARKING MANAGEMENT, INC.	TRIANGLE PARCEL LEASE AGREEMENT	(\$45,000.00)	2/2/2012
M6690.0-12	FRANK MORAN - ALL-PRO ASPHALT	LEASE AGREEMENT PARCEL 461-320-12	(\$9,000.00)	2/2/2012
B0536.1-10	CALTRANS	AGMT BTWN CALTRANS/MTS/SANDAG DEL LAGO	\$0.00	2/3/2012
B0568.0-12	CALTRANS	AGMT BTWN CALTRANS/MTS/SANDAG BRT I-15	\$0.00	2/3/2012
G1441.0-12	MUSEUM OF CONTEMPORARY ART SAN	IN-KIND PARTNERSHIP WITH MCASD	\$0.00	2/7/2012

PURCHASE ORDERS

DATE	PO NUMBER	Organization	Subject	AMOUNT
1/13/2012	3115	DAY WIRELESS SYSTEMS	ANTENNA, REMOTE RADIOS, INSPECTION	\$7,338.02
1/17/2012	3116	DELL COMPUTER CORP	DELL LATITUDE LAPTOP	\$1,898.41
1/17/2012	3118	DELL COMPUTER CORP	20 INCH FLAT PANEL DISPLAY	\$145.06
1/19/2012	3114	CDW GOVERNMENT INC.	MOUSE, CHARGER, DVDS	\$119.90
1/19/2012	3117	CDW GOVERNMENT INC.	HP LJ P4015TN	\$4,403.79
1/19/2012	3119	ADDONS, INC.	SUPPORT	\$42,000.00

PURCHASE ORDERS

DATE	PO NUMBER	Organization	Subject	AMOUNT
1/25/2012	3120	CDW GOVERNMENT INC.	WD SATA 160 GB, MICRO BATTERY	\$708.01
1/25/2012	3122	ACCESSIBLE SAN DIEGO	2012 ACCESS GOLD MEMBERSHIP	\$6,250.00
1/26/2012	3121	IPSWITCH	WHATS UP SERVER	\$1,073.25
1/26/2012	3123	L & L PRINTERS	2012 RIDER NEWSLETTER	\$15,128.10
1/26/2012	PW001072	CROSSMAN LANDSCAPE, INC.	WEED ABATEMENT SERVICES	\$7,800.00
2/1/2012	3124	CDW GOVERNMENT INC.	ACROBAT PRO 10	\$1,025.00
2/1/2012	3125	SAN DIEGO POSTAL AND SHIPPING	YEARLY MAINTENANCE AGREEMENT	\$1,100.00
2/1/2012	3126	ARIZONA PACIFIC WOOD PRESERVIN	7X9X9 HARDWOOD PLATES	\$14,233.25
2/3/2012	3128	INC PERFORMANCE POLYMERS INNOV	216 FT OF 115# RE PPI RUBBER 2 1/2	\$6,559.22
2/3/2012	3129	EMPLOYTEST	MICROSOFT WORD ASSESSMENTS	\$129.00
2/6/2012	3132	PIXEL IMAGING MEDIA	TROLLEY WRAP, REMOVAL AND INSTALL	\$9,834.75

WORK ORDERS

Doc #	Organization	Subject	Amount	Day
G0930.17.04.06	SANDAG	UPDATE SDAE SOUTH LINE COMM ENHANCE	\$0.00	1/20/2012
G0930.17.04.07	SANDAG	REPLACE GRADE CROSS TRACK STRUC/MAT	\$0.00	1/20/2012
PWL132.0-11.03	SOUTHLAND ELECTRIC, INC.	HVAC SYSTEM QUALCOMM CONTR. BOOTH	\$21,167.56	1/27/2012
PWL132.0-11.04	SOUTHLAND ELECTRIC, INC.	INSTALL ROOF FASHION VALLEY ELEVATO	\$76,202.70	2/8/2012