



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

Agenda

MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

February 9, 2012

Executive Conference Room
 9:00 a.m.

ACTION RECOMMENDED

- A. ROLL CALL
- B. APPROVAL OF MINUTES - January 12, 2012 Approve
- C. COMMITTEE DISCUSSION ITEMS
 - 1. Trolley Rehabilitation Project Update (Wayne Terry and John Haggerty of SANDAG) Receive
 Action would receive a report for information and provide comments.
 - 2. Mid-Coast Trolley Extension Update (Sharon Cooney) Receive
 Action would receive a report on the Mid-Coast Corridor Transit Project.
 - 3. CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION CHIEF EXECUTIVE OFFICER Pursuant to California Government Code Section 54957 (Jeff Stumbo) Possible Action
- D. REVIEW OF DRAFT FEBRUARY 16, 2012, BOARD AGENDA
- E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA Possible Action
 Review of SANDAG Transportation Committee Agenda and discussion regarding any items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc. Relevant excerpts will be provided during the meeting.
- F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS
- G. PUBLIC COMMENTS
- H. NEXT MEETING DATE: March 8, 2012
- I. ADJOURNMENT

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.

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

January 12, 2012

DRAFT MINUTES

A. ROLL CALL

Vice Chairman Roberts called the Executive Committee meeting to order at 9:03 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Minto moved for approval of the minutes of the December 1, 2011, MTS Executive Committee meeting. Mr. Ovrom seconded the motion, and the vote was 3 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. Appointment of San Diego Association of Governments Transportation Committee Representative and Alternate

Sharon Cooney, Chief of Staff, outlined the parameters of Policy No. 22 that pertain to the Executive Committee's appointments to the San Diego Association of Governments (SANDAG) Transportation Committee.

Action Taken

Mr. Roberts requested nominations from the floor for the Executive Committee representative on the SANDAG Transportation Committee. Mr. Minto moved to reelect and appoint Chairman Mathis as the MTS Board representative serving on the SANDAG Transportation Committee for the 2012 calendar year with Mr. Ovrom as the alternate. The vote for Chairman Mathis was 3 to 0 in favor with Mr. Young absent during the vote. The vote for Mr. Ovrom was 3 to 0 in favor with Mr. Ovrom abstaining.

2. Trolley Rehabilitation Project Update

John Haggerty of SANDAG gave the Executive Committee an update on the trolley rehabilitation project. He covered the schedule of milestone segments within the Blue & Orange Line Improvement Corridor. He talked about the project status in terms of design and construction and went into detail about the current work in progress and percent completion.

Mr. Haggerty explained the phases of construction for the Green Line Extension Stations and provided photographs of the 12th & Imperial Bayside and the Washington Street Station Platforms. He commented that staff is in the process of terminating the contract with the current contractor as there were issues with the quality of materials as well as the delivery time of materials. He showed photographs of the America Plaza Station and talked in detail about the "C" Street Double Crossover construction. He also provided photographs of the track work taking place at the Civic Center Station.

Mr. Haggerty talked about the drainage and grade-crossing improvements near Harbor Drive and provided pictures of the crossover installation. He then discussed the platform improvements in progress on the Orange Line and provided pictures of the 47th Street Station, the Encanto/62nd Street Station, and the Massachusetts Avenue Station. He briefly talked about the track replacement work taking place at 32nd Street and the Euclid Avenue Station. He also briefly updated the Committee on the Light Rail Vehicle Procurement status, stating that 13 vehicles have been delivered thus far.

Mr. Young made a request to view the vegetation plan for the Encanto/62nd Street Station and commented that if extra funding in the budget would allow, he would like to increase the vegetation at that station.

Action Taken

No action was taken on this Item.

3. 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 explained 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, which is established with the annual budget, and approved by the Board of Directors. He then explained that based on the recommendation of the Executive Committee in January 2011, a comprehensive external salary study was conducted by The Epler Company.

Lin Ball, Vice President of The Epler Company and Barbara Craven, Senior Consultant with The Epler Company, gave the Committee a presentation of their compensation study results for nonrepresented positions. 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. Lastly, she discussed the proposed ranges based on the project findings and explained their recommendations. Ms. Ball described further 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.

There was some discussion between the Committee members regarding the positions that were below market rate and the retention and recruiting of employees to these below market positions. The Committee also had questions about immediate raises and the budget impact of the 16 nonrepresented employees who would be receiving a pay increase to bring their salary up to the minimum of their position's new salary range. The Committee also provided comments to staff on clarifying details of the presentation to the full Board of Directors next week.

Action Taken

Mr. Minto moved to forward a recommendation to the Board of Directors to: (1) receive a report from The Epler Company; and (2) approve the proposed MTS Salary Ranges. Mr. Ovrom seconded the motion, and the vote was 4 to 0 in favor.

4. Number Not Used

D. REVIEW OF DRAFT JANUARY 19, 2012, JOINT BOARD AGENDA (*Taken out of Order*)

Recommended 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.

Recommended Consent Items

There was no additional discussion of the recommended Consent Items.

The Executive Committee convened to Closed Session at 10:36 a.m.

C. COMMITTEE DISCUSSION ITEMS (*Cont.*)

5. 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

6. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to California Government Code Section 54956.8

Property: Imperial Avenue Division, 100 16th Street (Assessor Parcel Nos. 535-386-01, 535-386-02, and 535-603-02)

Agency Negotiators: Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; Sharon Cooney, Chief of Staff; and Tim Allison, Manager of Real Estate Assets

Negotiating Parties: City of San Diego and Centre City Development Corporation

Under Negotiation: Price and Terms of Payment

7. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to California Government Code Section 54956.8

Property: 8547 Cuyamaca Street and 9805 Prospect Avenue, Santee, California (Assessor Parcel Nos. 384-190-44 and 74)

Agency Negotiators: Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets

Negotiating Parties: Keith Anderson; D&M Holdings; and Western Real Estate Investments, LLC

Under Negotiation: Price and Terms of Payment

8. **CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
Pursuant to California Government Code Section 54956.8
Property: 5159 Baltimore Drive (Assessor Parcel No. 470-050-16)
Agency Negotiators: Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets
Negotiating Parties: G8 Development, Inc.
Under Negotiation: Price and Terms of Payment

The Executive Committee reconvened to Open Session at 11:43 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, MTS General Counsel, reported the following:

5. The Committee received a report, no action was taken.
6. The Committee received a report and gave direction to staff.
7. The Committee received a report and instructed staff to decline the offer and hold property for market maturity.
8. The Committee received a report and gave direction to staff.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

There was no SANDAG Transportation Committee agenda discussion.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There was no Committee Member Communications and Other Business discussion.

G. PUBLIC COMMENTS

There were no Public Comments.

H. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for February 9, 2012, at 9:00 a.m. in the Executive Committee Conference Room.

I. ADJOURNMENT

Vice Chairman Roberts adjourned the meeting at 11:46 a.m.

Chairman

Attachment: A. Roll Call Sheet

**EXECUTIVE COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) January 12, 2012

CALL TO ORDER (TIME) 9:03 AM

RECESS _____

RECONVENE _____

CLOSED SESSION 10:36 AM

RECONVENE 11:43 AM

ADJOURN 11:46 AM

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
YOUNG	<input checked="" type="checkbox"/> (Gloria) <input type="checkbox"/>	9:07 AM	
MATHIS	<input type="checkbox"/>		
OVROM	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		
MINTO	<input checked="" type="checkbox"/> (Cunningham) <input type="checkbox"/>		
Transportation Committee Rep Slot (Mathis)			

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

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: [Signature]



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

Agenda Item No. C1

MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

February 9, 2012

SUBJECT:

TROLLEY REHABILITATION PROJECT UPDATE (WAYNE TERRY AND JOHN HAGGERTY OF SANDAG)

RECOMMENDATION:

That the Executive Committee receive a report for information and provide comments.

Budget Impact

None.

DISCUSSION:

Activities to rehabilitate and retrofit the trolley system for low-floor-car operations are underway. Design of the stations is progressing, and Blue Line catenary replacement work has been completed. Green Line and Orange Line Station retrofits have begun, and signal and track work is underway. New low-floor vehicles continue to arrive from the manufacturer. MTS and San Diego Association of Governments (SANDAG) staffs will provide the Executive Committee with an update on the project.

Sharon Cooney for

Paul C. Jablonski
Chief Executive Officer

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

FEB9-12.C1.TROLLEY REHAB.TERRY.doc



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

Agenda Item No. C2

MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

February 9, 2012

SUBJECT:

MID-COAST TROLLEY EXTENSION UPDATE (SHARON COONEY)

RECOMMENDATION:

That the Executive Committee receive a report on the Mid-Coast Corridor Transit Project.

Budget Impact

None at this time.

DISCUSSION:

The Mid-Coast Corridor Transit Project will extend trolley service from the Old Town Transit Center to University City serving major activity centers, such as the University of California, San Diego, and University Towne Centre. The project gained permission to enter Preliminary Engineering in September 2011, and the San Diego Association of Governments (SANDAG) is preparing a Draft Supplemental Environmental Impact Statement/Subsequent Environmental Impact Report. MTS has been working closely with SANDAG in its efforts, and staff will provide an update.

A handwritten signature in black ink that reads "Sharon Cooney".

for

Paul C. Jablonski
Chief Executive Officer

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

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 VnLaga 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.





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

DRAFT

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. 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 Receive/
Ratify
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.
- 7. Investment Report - December 2011 Receive
Action would receive a report for information.
- 8. Fiscal Year 2012 Transportation Development Act (TDA) Claim Amendment Adopt
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.
- 9. RTMS Expansion Consulting Services - Sole-Source Contract Award Approve
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.
- 10. Job Order Contract Work Order for CCTV Grossmont East and West Parking Garage Upgrades Approve
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.
- 11. Job Access and Reverse Commute Grant - Route 905 Approve
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.
- 12. SD 100 HVAC Unit Overhaul - Contract Amendments Ratify/
Approve
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.

CLOSED SESSION

24. a. **CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL Existing Litigation Pursuant to California Government Code Section 54956.9(A): Barton Bair v. MTS (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): Angel Mann v. MTS (SDSC Case No. 37-2010-00101898-CU-PA-CTL)** Possible Action
- c. **CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION CHIEF EXECUTIVE OFFICER Pursuant to California Government Code Section 54957 (Jeff Stumbo)** Possible Action

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. **Veolia Contract - Exercise Option Years (Mike Daney)** Approve
Action would authorize the CEO to execute MTS Doc. No. B0453.0-06 with Veolia Transportation Inc., to exercise the 3 one-year option terms to continue providing fixed-route bus service as noted in the existing MTS contract.

REPORT ITEMS

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



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

Agenda Item No. 6

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

**Draft for
Executive Committee
Review Date: 2/9/12**

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:

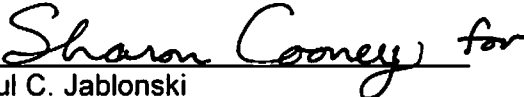
Quarterly Reports

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:

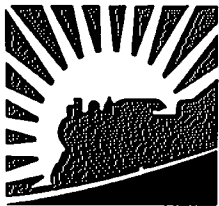
- S200-12-503: Right of Entry Permit to Kehoe Testing and Engineering to perform field investigations along the Orange and Blue Lines in support of the San Diego Association of Governments (SANDAG).
- S200-12-508: Right of Entry Permit to Sweetwater Authority to perform facilities maintenance.
- S200-12-509: 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

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

- | | | |
|-----|---|---------|
| 1. | <u>Approval of the Minutes of October 18, 2011</u>
Action would approve the SD&AE Railway Company Minutes of October 18, 2011. | Approve |
| 2. | <u>Statement of Railway Finances (Linda Musengo)</u>
Action would receive a report for information. | Receive |
| 3. | <u>Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Matt Domen)</u>
Action would receive a report for information. | Receive |
| 4. | <u>Report on Pacific Southwest Railway Museum (Diana Hyatt)</u>
Action would receive a report for information. | Receive |
| 5. | <u>Report on the Desert Line (Chas McHaffie)</u>
Action would receive a report for information. | Receive |
| 6. | <u>Real Property Matters (Tim Allison)</u>
a. <u>Summary of SD&AE Documents Issued Since October 18, 2011</u>
Action would receive a report for information. | Receive |
| 7. | <u>Status of SD&AE Main Line Track and San Ysidro Freight Yard Improvements Projects (Pete d'Ablaing of SANDAG)</u>
Action would receive a report on the current status of the Trade Corridor Improvement Fund (TCIF) South Line Freight Improvement Projects. | Receive |
| 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 Matters

a. 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

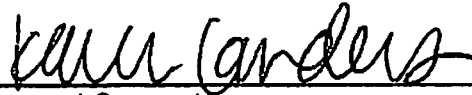
The next meeting of the SD&AE Railway Company Board of Directors is on January 17, 2012.

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.

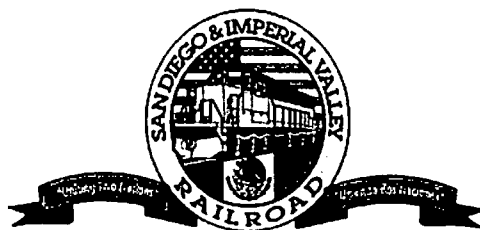
Budget Impact

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

**Draft for
Executive Committee
Review Date: 2/9/12**

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	-	13,450,082 690,602	13,450,082 690,602	0.38%
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

**Draft for
Executive Committee
Review Date: 2/9/12**

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%



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

Agenda Item No. 9

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

**Draft for
Executive Committee
Review Date: 2/9/12**

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.

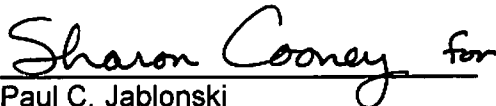
MTS has anticipated expanding the RTMS with the addition of approximately 260 vehicles, including the El Cajon, Chula Vista, and South Bay garages. Given the increased vehicle load on the single-data channel, additional control room console position, and scarce voice radio resources, MTS requires assistance 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.

 Sharon Cooney for

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 Approved as to form: By: _____ Office of General Counsel	Firm: _____ By: _____ Signature Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$197,886		FY 12-13

By: _____ Date _____
Chief Financial Officer

(___ total pages, each bearing contract number)



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

Agenda Item No. 10

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

**Draft for
Executive Committee
Review Date: 2/9/12**

SUBJECT:

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

RECOMMENDATION:

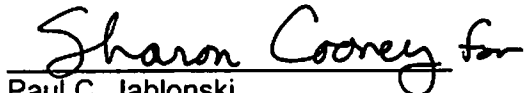
That the Board of Directors authorize the Chief Executive Officer (CEO) to execute Job Order Contract (JOC) Work Order MTSJOC1337-05 (in substantially the same form as Attachment A) with Southland Electric, Inc. to perform work under MTS Doc. No. PWL132.0-11 (Attachment B) for Grossmont East and West 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 \$224,227.07 for the Grossmont East and West Parking Garage CCTV upgrades would come from CIP 11223-0800 Phase II.

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.



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

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.

**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

Price Proposal - CSI Summary

To: Michael Diana
Project Engineer
Metropolitan Transet System
1255 Imperial avenue, Suite 900
San Diego, CA 92101-7492

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

Date : 02/01/2012

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: \$224,227.07

Subtotal for 01-General Requirements	\$11,598.46
Subtotal for 02-SiteWork	\$9,747.76
Subtotal for 13-Special Construction	\$142,549.10
Subtotal for 16-Electrical	\$60,331.75
Project Proposal Total	\$224,227.07

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.

Contractor Project Manager

Date



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

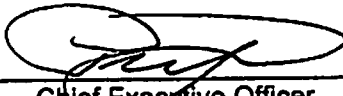

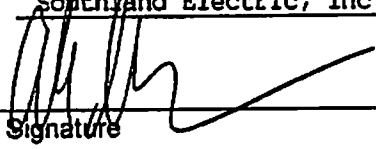
The attached Standard Conditions are part of this Agreement. The Contractor agrees to furnish to MTS services and materials, as follows:

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.



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: 12/17/10
CBROWN-SA

(94 total pages, each bearing contract number)

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



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

**Draft for
Executive Committee
Review Date: 2/9/12**

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.

Sharon Cooney for
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



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

Agenda Item No. 12

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 16, 2012

**Draft for
Executive Committee
Review Date: 2/9/12**

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.



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 sytonic 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

Sutrak Part #	Description	Qty. Per HVAC Unit	Sutrak 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

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	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
738.009.1CHBHPL	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 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 Workslope 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

Sutrak Part #	Description	Qty. Per HVAC Unit	Sutrak 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	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
738.009.1CHBPL	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

	Amendment #1			Amendment #2		
	Parts	Sales Tax	Total	Parts	Sales Tax	Total
Original Base Price						
Overhaul, Quoted per Workscope 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%