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Agenda

MEETING OF THE METROPOLITAN TRANSIT SYSTEM

****BOARD OF DIRECTORS MEETING & FINANCE WORKSHOP****

March 15, 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.

FINANCE WORKSHOP - 9:00 a.m.

ACTION RECOMMENDED

1. Roll Call

2. a. Fiscal Year 2013 Capital Improvement Program (Mike Thompson)

Action would: (1) approve the fiscal year 2013 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels. As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels; (2) recommend that the San Diego Association of Governments (SANDAG) Board of Directors approve the submittal of Federal Section 5307 and 5309 applications for the MTS fiscal year 2013 CIP; (3) approve the transfer of \$4,923,930 from previous CIP projects to the fiscal year 2013 CIP; and (4) recommend that the SANDAG Board of Directors approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2013 CIP recommendations.

**Approve/
Recommend**

**Please SILENCE electronics
during the meeting**

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



FINANCE WORKSHOP - Continued

- b. Fiscal Year 2012 Midyear Adjustment and Fiscal Year 2013 Preliminary Projections (Mike Thompson) Approve/Receive
Action would: (1) approve Resolution No. 12-6 amending the fiscal year (FY) 2012 operating budget for MTS, San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, Chula Vista Transit, and the Coronado Ferry, including using excess revenues over expenses as an additional payment toward the Dexia variable pension debt (projected to be a payment of \$5.2M) saving an estimated \$240K in interest expenses over the next two years; and (2) receive a report regarding the preliminary projection for the FY 2013 operating budget and provide guidance on budgetary closure.
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.
4. Adjournment

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

5. a. Roll Call
- b. Approval of Minutes - February 16, 2012 Approve
- c. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please furnish a copy to the Clerk of the Board.

CONSENT ITEMS

6. SDTI System Safety and Security - Audit Report Receive
Action would receive an internal audit report on San Diego Trolley, Inc.'s (SDTI's) system safety and security.
7. HSQ iLON System Upgrade and Recertification - Sole Source Approve
Action would authorize the CEO to execute MTS Doc. No. L1069.0-12 with HSQ Technology for a system upgrade and recertification of the HSQ iLON fire-safety system.
8. San Diego Transit Corporation (SDTC) Passenger Services - Audit Report Receive
Action would receive internal audit reports on SDTC passenger services.
9. HMS Construction - Job Order Contract Approve
Action would authorize the CEO to execute a Job Order Contract (JOC) with HMS Construction Corporation using MTS Doc. No. PWL136.0-12 for as-needed railroad signal, overhead catenary, and track-work construction services.
10. The ARC of San Diego Interior Bus-Cleaning Services - Exercise Contract Option Years One and Two Approve
Action would authorize the CEO to execute MTS Doc. No. B0517.1-09 with The ARC of San Diego to exercise option years one and two for interior bus-cleaning services.

CONSENT ITEMS - Continued

- | | | |
|-----|---|---------|
| 11. | <u>FY 2012 Caltrans Transportation Planning Grant Programs</u>
Action would approve Resolution No. 12-5 authorizing the CEO to submit applications and enter into a contract (if awarded) with the California Department of Transportation (Caltrans) for FY 2012 Transportation Planning Grant Programs. | Approve |
| 12. | <u>Property Insurance Renewal</u>
Action would authorize the CEO to renew the property insurance coverage for MTS, San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI) with the California State Association of Counties - Excess Insurance Authority (CSAC-EIA) Property Insurance Program, effective March 31, 2012, through March 31, 2013, with various coverage deductibles of \$25,000 (basic), \$100,000 (collision-related), and \$1,500,000 (roads, bridges, and tunnels). | Approve |
| 13. | <u>Banking and Line of Credit Services</u>
Action would authorize the CEO to execute MTS Doc. No. G1413.0-12 and award a contract to JPMorgan Chase Bank, N.A. for banking and line of credit services for MTS. | Approve |

CLOSED SESSION

- | | | |
|-----|--|--------------------|
| 24. | a. CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION
<u>CHIEF EXECUTIVE OFFICER</u> Pursuant to California Government Code Section 54957 (Jeff Stumbo) | Possible
Action |
| | b. CLOSED SESSION - CONFERENCE WITH LABOR NEGOTIATORS Pursuant to California Government Code section 54957.6
<u>Agency-Designated Representative</u> - Jeff Stumbo
<u>Employee Organization</u> - Transit Enforcement Officers Association | Possible
Action |

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. None.

REPORT ITEMS

- | | | |
|-----|---|---------|
| 45. | <u>Trolley Rehabilitation Project Update (Wayne Terry and John Haggerty of SANDAG)</u>
Action would receive a report for information and provide comments. | Receive |
| 46. | <u>System Ridership and Revenue (Mark Thomsen and Sharon Cooney)</u>
Action would receive a report for information. | Receive |
| 47. | <u>Service-Performance Monitoring Report for July 2011 through January 2012 (Devin Braun)</u>
Action would receive a report for information. | Receive |

- | | | |
|-----|---|-------------|
| 60. | <u>Chairman's Report</u> | Information |
| 61. | <u>Audit Oversight Committee Chairman's Report</u> | Information |
| 62. | <u>Chief Executive Officer's Report</u> | Information |
| 63. | <u>Board Member Communications</u> | |
| 64. | <u>Additional Public Comments Not on the Agenda</u>
If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments. | |
| 65. | <u>Next Meeting Date:</u> April 19, 2012 | |
| 66. | <u>Adjournment</u> | |



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***REVISED**

Agenda Item No. 2a

MTS OPERATORS FINANCE WORKSHOP

March 15, 2012

SUBJECT:

FISCAL YEAR 2013 CAPITAL IMPROVEMENT PROGRAM (MIKE THOMPSON)

RECOMMENDATION:

That the MTS Board of Directors:

1. approve the fiscal year 2013 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels (Attachments A and B). As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels;
2. recommend that the San Diego Association of Governments (SANDAG) Board of Directors approve the submittal of Federal Section 5307 and 5309 applications for the MTS fiscal year 2013 CIP (shown in Attachment A);
3. approve the transfer of \$4,923,930 from previous CIP projects to the fiscal year 2013 CIP; and
4. recommend that the SANDAG Board of Directors approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2013 CIP recommendations.

Budget Impact

The total estimated funding for fiscal year 2013 is \$132.9 million (Attachment A). After the utilization of \$41.5 million in preventative maintenance, \$3.9 million for Americans with Disabilities Act (ADA) preventative maintenance (funding the fiscal year 2012 operating budget), funding for SANDAG planning studies totaling \$911,840, \$6.5 million shifted to the operating budget, and \$5 million to pay MTS's variable pension debt, \$74.9 million is available for capital projects.

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DISCUSSION:

Section 5307 and Section 5309 Funds

The fiscal year 2013 recommended MTS CIP (Attachments A and B) will serve as the basis for the federal formula grant applications. The Federal Transit Administration (FTA) requires submission of grant applications to obligate annual appropriations under Section 5309 (Rail Modernization and Fixed-Guideway New Starts) and Section 5307 (Urbanized Area Formula Assistance). The Section 5307 and Section 5309 funding levels (as indicated within Attachment A) are currently estimates.

The FTA funding that MTS receives is structured on a reimbursement basis (after expenses are incurred). Local funding (Transportation Development Act (TDA)/TransNet) that MTS receives is scheduled at the beginning of the fiscal year and is received monthly. In many situations, funds are received before expenses are incurred. The FTA allows federal recipients to move federal dollars to operations to fund the organization's preventative maintenance.

Traditionally, SANDAG has apportioned the formula funds between MTS and the North County Transit District (NCTD) based on population with MTS receiving approximately 70 percent and NCTD receiving approximately 30 percent of the Section 5307 funds, after the off-the-top funds are programmed for the regional vanpool program. Section 5307 and Section 5309 funds can generally be used to provide 80 percent of the cost of capital projects and the cost of preventive maintenance activities, which is an operating cost.

The Section 5307 Urbanized Area Formula Program is a block grant program in which each urbanized area over 50,000 in population receives financial assistance to provide public transit. The formula for determining each metropolitan area's share of funds is based on an urbanized area's population, population density, levels of existing fixed-guideway service, and levels of existing bus service and ridership. The Section 5307 program is designed to meet routine capital needs. Section 5307 Formula funds may not be used for operating assistance; however, the Transportation Equity Act for the 21st Century (TEA-21) expanded the definition of capital to include preventive maintenance, thereby, in effect, mitigating the relative lack of federal assistance for operations. In addition to the expanded definition of capital, the Section 5307 Urbanized Area Formula Program also allows for a 10 percent maximum allocation from the Section 5307 apportionment to support operations of the ADA complementary paratransit service provided by MTS.

The estimated allocation for the MTS Section 5307 program is \$40.8 million (including carryforward from FY 2011), which would be matched with local funds of \$10.2 million. This program would provide an estimated \$51.0 million to fund fiscal year 2013 capital projects.

The Fixed-Guideway Modernization (also known as Rail Mod) Program is one of three categories of funding under the Section 5309 Capital Investment Program, which also includes the Bus Capital and Fixed-Guideway New Starts Programs. Unlike the Section 5309 Bus Capital and Fixed-Guideway New Starts Programs, which are designed to assist in meeting extraordinary capital needs and are awarded generally at the discretion of Congress or the FTA, Section 5309 Rail Mod funds are allocated on a formula basis to rail systems that have been in operation for at least seven years.

Eligible projects include the modernization of existing fixed-guideway systems, including rolling stock. For fiscal year 2013, the Section 5309 funds estimated allocation to MTS is \$13.4 million and would be matched with local funds of \$3.3 million. The program would provide an estimated \$16.7 million to fund fiscal year 2013 capital projects.

Local Match

The local match for CIP projects will come from the pooled transit finances for the MTS region. While it is likely that the actual funds used would be TDA funds, final decisions on the matching source would be made during the fiscal year 2013 CIP implementation process in order to maximize the availability and flexibility of funding.

Other Revenue

In FY 12, MTS received \$15.7 million in Public Transportation, Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds (also referred to as Proposition 1B funds) for the light rail vehicle procurement project. MTS also anticipates receiving its apportionment of \$2.8 million in Proposition 1B – Transit Security Grant Program (TSGP) for FY 13.

Additionally, our estimated State Transit Assistance (STA) fund for FY 13 is \$19.4 million of which \$3,872,000 has been received to date. During FY 11, MTS sold 11 U-2 light rail vehicles from its fleet resulting in proceeds totaling \$2.8 million.

In FY 12, MTS began to utilize CNG rebates provided by the Internal Revenue Service to fund its operations. For FY 13, the amount of compressed natural gas rebates shifted to operations totals \$1.6 million.

Prior to finalizing the recommendation, all previously budgeted capital projects were reviewed to identify certain projects that may have been delayed or completed under budget to be sure that deserving new projects do not go unfunded while prior-year capital programming remains tied up and unused. As a result of this review, MTS staff identified and transferred \$4.9 million to the fiscal year 2013 CIP.

Development of the MTS Fiscal Year 2013 CIP

The CIP process began in October 2011 with the call for projects. The recommended CIP assumes funding \$41.5 million for preventative maintenance, \$4 million for ADA preventative maintenance, \$911,840 in SANDAG planning studies, \$6.5 million as a shift to the operating budget, and \$5 million to pay MTS's variable pension debt. The remaining projects compete for the balance of available funding. A meeting of the Capital Projects Review Committee (CPRC) was held to review the project list and to develop a CIP recommendation for fiscal year 2013. In accordance with the Capital Projects Selection Process, the CPRC is comprised of representatives from MTS Bus, MTS Rail, MTS Administration, Chula Vista Transit (CVT), and SANDAG. Each CPRC member was responsible for submitting the capital requests for its division, agency, or city. The CPRC reviewed and approved the prioritization of those capital requests.

The capital project list (Attachment B) represents the five-year, unconstrained need for the MTS operators. Each MTS agency submitted its capital project requests in priority order, and the lists were consolidated for review by the CPRC. The CPRC reviewed the projects in the context of their impact on operations and determined the most critical

projects to fund this year. The remaining projects were deferred; however, it is recognized that the continued deferral of some projects could have negative impacts on system infrastructure in future years.

Of the \$74.9 million available after preventative maintenance and SANDAG planning studies, \$35.3 million (or 47 percent) has been dedicated to trolley/bus revenue vehicles, and 29.5 million (or 39 percent) has been dedicated to facility construction and improvement projects. The table below is a summary of the CPRC recommendations, the major categories that are proposed to be funded, and the percentage of total available funding. A full listing of projects with respective funding levels is available within Attachment B.

Capital Project Categories	Funding (000s)	% of Total
Trolley/Bus Revenue Vehicles	\$ 35,352	47%
Major Facility & Construction Projects	29,585	39%
Other Equipment & Installations	4,643	6%
LRV Components (Tires, Body Rehab, Other)	2,445	3%
Information Technology	1,965	3%
Rail Infrastructure	690	1%
Miscellaneous Operating Capital	250	0%
Grand Total	\$ 74,930	

Five-Year Capital Program Projections

Attachment C summarizes a high-level look at the five-year capital program. The federal 5307 and 5309 funding levels are projected to increase by 2.0 percent for fiscal year 2014 and increase by 4 percent through 2017. Cumulative total capital needs for the five-year period exceed the available projected funding levels. Total project needs over the five-year term are projected to be \$347.2375.2 million. Projected deficits from fiscal year 2014 to fiscal year 2017 total \$15.3 million. The ratio of total funding to total capital needs over the five-year term is projected at 92-85 percent.

Paul C. Jablonski
Chief Executive Officer

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

MARCH15-12.2a.FY 13 CIP.MTHOMPSON

Attachments: A. Fiscal Year 2013 Funding Sources
B. Fiscal Year 2013 Capital Improvement Projects List
C. Funding Compared to Capital Needs for Fiscal Years 2013 - 2017

San Diego Metropolitan Transit System
FY 2013 Funding Sources (\$000s)

Funding Description	FY13
Federal FY12 - 5307 Funding Estimate	\$ 39,952
FY11 - 5307 Carryforward from FY12 grant	901
Federal FY12 - 5309 Funding Estimate	13,437
Transportation Development Act (TDA)	31,300
Proposition 1B	15,723
Proposition 1B - TSGP	2,779
California State Transit Assistance (STA)	19,480
Mendoza U2 Sale Proceeds	2,841
Compressed Natural Gas (CNG) Tax Credits	1,573
Project Transfers	4,924
Total Available Funding	\$ 132,910
Preventive Maintenance - Federal 5307	\$ (19,763)
ADA Preventive Maintenance -Federal 5307	(3,995)
SANDAG Planning Study - Federal 5307	(729)
Preventive Maintenance - Federal 5309	(13,437)
Preventive Maintenance - FY13 TDA Match	(8,300)
SANDAG Planning Study - FT13 TDA Match	(182)
Operations Usage - \$5.0M TDA; \$1.5M CNG Credits	(6,573)
Variable Pension Obligation Bonds (Dexia)	(5,000)
Total Preventative Maintenance/SANDAG Planning	\$ (57,980)
Available Funding for FY 13 Capital Program	\$ 74,930

**San Diego Metropolitan Transit System
Capital Improvement Program - B
Fiscal Year 2013**

Att. B, AI 2a, 3/15/2012

Project Description	Funding Thru FY 2012	FY 2013 Funded	FY 2013 Unfunded	FY 2014	FY 2015	FY 2016	FY 2017	Budget FY13 - FY17
EC Facility Redevelopment	19,117	25,890						25,890
MTS Bus Replacement	19,657	16,689	2,551	19,970	20,325	20,700	19,745	99,980
LRV Procurement	43,313	15,723	28,000	51,244	51,244	29,058		175,269
Paratransit Vehicles	3,871	2,940	320	2,530	2,175	1,800	2,755	12,520
New IT System	1,300	1,300		750	725			2,775
RTMS South Bay and East County Divisions	2,235	1,000		1,900				2,900
Mainline Drainage and Slope Improvements	403	991						991
SD100 Traction Motor overhaul		660		1,135	1,135	1,135	1,135	5,200
S70 Passenger Window Retrofit		660						660
New Wheel Truing Machine - construction	2,200	650						650
Substation SCADA Design	1,000	646						646
Network Infrastructure	380	510						510
MVE / Orange Line Signal Print Verification & Revisions		500						500
PCIDs For Station Renewal		495						495
Barrier System at SYTC		458						458
CCI Handheld Units		458						458
Fiber Optics Link		400						400
Blue Line Wireless Nodes		400						400
Trolley Station CCTV Coverage Upgrade		400						400
Light Rail Vehicle Electronic Components	1,180	360				180		540
SD100 Operator Seats Replacement		325						325
ADA and Rural RCS Radio Replacement		320	-					320
LRV Brake Overhaul	2,225	300		800	800	1,200	1,200	4,300
Surveillance Camera Upgrade		300						300
C Street Traffic Signals	-	292						292
Elevator and Escalator Modifications	250	250		150	200			600
Substation Rehabilitation (Standardization)	5,498	250						250
Miscellaneous Capital	1,041	250						250
Roof replacement on Builds B and C		200						200
Rail Grinding	1,648	190						190
Facilities Station Cleaning Equipment Replacement		150						150
CCTV at Grossmont		150						150
LRV Body Rehabilitation	2,960	140						140
Building "A" Air-condition and Heater Replacement	125	140						140
Operations Control Center Upgrade		114						114
Transit Store Security Improvement		100						100
iLON Replacement		80						80
TransitWatch re-write		75						75
MTS (IAD) Server Room HVAC Improvements		60						60
Building A Rollup Door Replacements	50	50						50

**San Diego Metropolitan Transit System
Capital Improvement Program - B
Fiscal Year 2013**

Att. B, AI 2a, 3/15/2012

Project Description	Funding Thru FY 2012	FY 2013 Funded	FY 2013 Unfunded	FY 2014	FY 2015	FY 2016	FY 2017	Budget FY13 - FY17
Track Tamping Machine Upgrade		30						30
Portable Compressor		20						20
Electric Utility Shop Vehicle		15						15
LED Interior / Exterior Lighting Upgrade SD100			1,470					1,470
OCS Standardization	1,740		975					975
System Grade Crossing Replacements			900	900	900	900	900	4,500
IAD HVAC & Roof Repair	209		862	367				1,229
Orange Line Crossing Signal Upgrades			810	1,038	1,038	1,038	1,038	4,962
SD100 Inverters Overhaul			500	500	500	500		2,000
ADA Vehicle Cameras			500					500
SD100 Propulsion Sys Overhaul			485	485	485			1,456
ADA AVL / MDT Equipment			425					425
Transit Asset Management System (TAM)			400	1,800	800			3,000
Power Yard Switch Automation / Replacement			400	1,300				1,700
Parking Lot Pavement and Striping			300					300
MVE Interlocking Manual Turn Back			265	175				440
Replace Wiggins Forklift 10K Capacity			200					200
S70 Brake Tooling			200					200
Installation Of Interlocking Event Recorders	78		150					150
Sanding / Shop			150					150
Switch Frog and Crossing Diamond Replacement			100	300				400
IAD Generator Power Distribution Upgrades			100					100
Top Bus Stop Improvements			96	80				176
Removal of Commercial Street Switches			75	75	75			225
Service Lanes Compressed Air System			20					20
LRV HVAC Overhaul	3,429			1,200	1,200	1,200	1,200	4,800
SDSU Fire Alarm Replacement				700				700
Buffer/Coupler Overhaul SD100	1,480			520	500			1,020
SD100 Traction Motor Disconnects	1,070			500	600			1,100
MTS Service Trucks (3-F450's)	240			330	200			530
LRV Tires	3,630			286	460	432	500	1,678
Santa Fe Depot Operations Improvements				250				250
CNG Compressor Replacement				150	150			300
System rail, ties and ballast	1,295			110	110	110	110	440
LRV Gearbox Overhaul	2,500							-
Project Totals	124,124	74,930	40,254	89,545	83,622	58,253	28,583	375,187

San Diego Metropolitan Transit System

Funding Compared to Capital Needs (\$000s)

Fiscal Years 2013-2017

	Proposed FY13	Projected FY14	Projected FY15	Projected FY16	Projected FY17	Total FY13 to FY17
Total Revenues						
Recurring Dedicated CIP Revenues	\$ 79,958	\$ 81,127	\$ 83,973	\$ 86,931	\$ 90,009	\$ 421,998
Other Non Recurring Revenues	52,952	41,523	41,523	31,837	2,779	170,614
Total Capital Revenues	132,910	122,650	125,495	118,768	92,788	592,612
Less: "Off the Top" Expenses						
SANDAG Planning Studies	\$ (912)	\$ (915)	\$ (951)	\$ (989)	\$ (1,029)	\$ (4,796)
ADA Preventative Maintenance	(3,995)	(4,075)	(4,238)	(4,408)	(4,584)	(21,300)
Preventative Maintenance	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(207,500)
Total "Off The Top" Expenses	(46,407)	(46,490)	(46,689)	(46,897)	(47,113)	(233,596)
Less: Shifted to Operations						
CNG Rebate	\$ (1,573)	\$ -	\$ -	\$ -	\$ -	\$ (1,573)
TDA to Operations	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(25,000)
TDA for Dexia	(5,000)	(5,000)	(2,800)			(12,800)
Total Shifted To Operations	(11,573)	(10,000)	(7,800)	(5,000)	(5,000)	(39,373)
Adjusted Available CIP Revenues	\$ 74,930	\$ 66,160	\$ 71,006	\$ 66,871	\$ 40,675	\$ 319,643
Total Project Needs	115,184	89,545	83,622	58,253	28,583	375,187
Total Deficit	\$ (40,254)	\$ (23,384)	\$ (12,616)	\$ 8,619	\$ 12,092	\$ (55,544)
% of Funding / Needs	65.1%	73.9%	84.9%	114.8%	142.3%	85.2%
Accumulated Deficit	\$ (40,254)	\$ (63,639)	\$ (76,255)	\$ (67,636)	\$ (55,544)	



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Agenda Item No. 2a

MTS OPERATORS FINANCE WORKSHOP

March 15, 2012

SUBJECT:

FISCAL YEAR 2013 CAPITAL IMPROVEMENT PROGRAM (MIKE THOMPSON)

RECOMMENDATION:

That the MTS Board of Directors:

1. approve the fiscal year 2013 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels (Attachments A and B). As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels;
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Budget Impact

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DISCUSSION:

Section 5307 and Section 5309 Funds

The fiscal year 2013 recommended MTS CIP (Attachments A and B) will serve as the basis for the federal formula grant applications. The Federal Transit Administration (FTA) requires submission of grant applications to obligate annual appropriations under Section 5309 (Rail Modernization and Fixed-Guideway New Starts) and Section 5307 (Urbanized Area Formula Assistance). The Section 5307 and Section 5309 funding levels (as indicated within Attachment A) are currently estimates.

The FTA funding that MTS receives is structured on a reimbursement basis (after expenses are incurred). Local funding (Transportation Development Act (TDA)/TransNet) that MTS receives is scheduled at the beginning of the fiscal year and is received monthly. In many situations, funds are received before expenses are incurred. The FTA allows federal recipients to move federal dollars to operations to fund the organization's preventative maintenance.

Traditionally, SANDAG has apportioned the formula funds between MTS and the North County Transit District (NCTD) based on population with MTS receiving approximately 70 percent and NCTD receiving approximately 30 percent of the Section 5307 funds, after the off-the-top funds are programmed for the regional vanpool program. Section 5307 and Section 5309 funds can generally be used to provide 80 percent of the cost of capital projects and the cost of preventive maintenance activities, which is an operating cost.

The Section 5307 Urbanized Area Formula Program is a block grant program in which each urbanized area over 50,000 in population receives financial assistance to provide public transit. The formula for determining each metropolitan area's share of funds is based on an urbanized area's population, population density, levels of existing fixed-guideway service, and levels of existing bus service and ridership. The Section 5307 program is designed to meet routine capital needs. Section 5307 Formula funds may not be used for operating assistance; however, the Transportation Equity Act for the 21st Century (TEA-21) expanded the definition of capital to include preventive maintenance, thereby, in effect, mitigating the relative lack of federal assistance for operations. In addition to the expanded definition of capital, the Section 5307 Urbanized Area Formula Program also allows for a 10 percent maximum allocation from the Section 5307 apportionment to support operations of the ADA complementary paratransit service provided by MTS.

The estimated allocation for the MTS Section 5307 program is \$40.8 million (including carryforward from FY 2011), which would be matched with local funds of \$10.2 million. This program would provide an estimated \$51.0 million to fund fiscal year 2013 capital projects.

The Fixed-Guideway Modernization (also known as Rail Mod) Program is one of three categories of funding under the Section 5309 Capital Investment Program, which also includes the Bus Capital and Fixed-Guideway New Starts Programs. Unlike the Section 5309 Bus Capital and Fixed-Guideway New Starts Programs, which are designed to assist in meeting extraordinary capital needs and are awarded generally at the discretion of Congress or the FTA, Section 5309 Rail Mod funds are allocated on a formula basis to rail systems that have been in operation for at least seven years.

Eligible projects include the modernization of existing fixed-guideway systems, including rolling stock. For fiscal year 2013, the Section 5309 funds estimated allocation to MTS is \$13.4 million and would be matched with local funds of \$3.3 million. The program would provide an estimated \$16.7 million to fund fiscal year 2013 capital projects.

Local Match

The local match for CIP projects will come from the pooled transit finances for the MTS region. While it is likely that the actual funds used would be TDA funds, final decisions on the matching source would be made during the fiscal year 2013 CIP implementation process in order to maximize the availability and flexibility of funding.

Other Revenue

In FY 12, MTS received \$15.7 million in Public Transportation, Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds (also referred to as Proposition 1B funds) for the light rail vehicle procurement project. MTS also anticipates receiving its apportionment of \$2.8 million in Proposition 1B – Transit Security Grant Program (TSGP) for FY 13.

Additionally, our estimated State Transit Assistance (STA) fund for FY 13 is \$19.4 million of which \$3,872,000 has been received to date. During FY 11, MTS sold 11 U-2 light rail vehicles from its fleet resulting in proceeds totaling \$2.8 million.

In FY 12, MTS began to utilize CNG rebates provided by the Internal Revenue Service to fund its operations. For FY 13, the amount of compressed natural gas rebates shifted to operations totals \$1.6 million.

Prior to finalizing the recommendation, all previously budgeted capital projects were reviewed to identify certain projects that may have been delayed or completed under budget to be sure that deserving new projects do not go unfunded while prior-year capital programming remains tied up and unused. As a result of this review, MTS staff identified and transferred \$4.9 million to the fiscal year 2013 CIP.

Development of the MTS Fiscal Year 2013 CIP

The CIP process began in October 2011 with the call for projects. The recommended CIP assumes funding \$41.5 million for preventative maintenance, \$4 million for ADA preventative maintenance, \$911,840 in SANDAG planning studies, \$6.5 million as a shift to the operating budget, and \$5 million to pay MTS's variable pension debt. The remaining projects compete for the balance of available funding. A meeting of the Capital Projects Review Committee (CPRC) was held to review the project list and to develop a CIP recommendation for fiscal year 2013. In accordance with the Capital Projects Selection Process, the CPRC is comprised of representatives from MTS Bus, MTS Rail, MTS Administration, Chula Vista Transit (CVT), and SANDAG. Each CPRC member was responsible for submitting the capital requests for its division, agency, or city. The CPRC reviewed and approved the prioritization of those capital requests.

The capital project list (Attachment B) represents the five-year, unconstrained need for the MTS operators. Each MTS agency submitted its capital project requests in priority order, and the lists were consolidated for review by the CPRC. The CPRC reviewed the projects in the context of their impact on operations and determined the most critical

projects to fund this year. The remaining projects were deferred; however, it is recognized that the continued deferral of some projects could have negative impacts on system infrastructure in future years.

Of the \$74.9 million available after preventative maintenance and SANDAG planning studies, \$35.3 million (or 47 percent) has been dedicated to trolley/bus revenue vehicles, and 29.5 million (or 39 percent) has been dedicated to facility construction and improvement projects. The table below is a summary of the CPRC recommendations, the major categories that are proposed to be funded, and the percentage of total available funding. A full listing of projects with respective funding levels is available within Attachment B.

Capital Project Categories	Funding (000s)	% of Total
Trolley/Bus Revenue Vehicles	\$ 35,352	47%
Major Facility & Construction Projects	29,585	39%
Other Equipment & Installations	4,643	6%
LRV Components (Tires, Body Rehab, Other)	2,445	3%
Information Technology	1,965	3%
Rail Infrastructure	690	1%
Miscellaneous Operating Capital	250	0%
Grand Total	\$ 74,930	

Five-Year Capital Program Projections

Attachment C summarizes a high-level look at the five-year capital program. The federal 5307 and 5309 funding levels are projected to increase by 2.0 percent for fiscal year 2014 and increase by 4 percent through 2017. Cumulative total capital needs for the five-year period exceed the available projected funding levels. Total project needs over the five-year term are projected to be \$347.2 million. Projected deficits from fiscal year 2014 to fiscal year 2017 total \$15.3 million. The ratio of total funding to total capital needs over the five-year term is projected at 92 percent.



Paul C. Jablonski
Chief Executive Officer

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

MARCH15-12.2a.FY 13 CIP.MTHOMPSON

Attachments: A. Fiscal Year 2013 Funding Sources
B. Fiscal Year 2013 Capital Improvement Projects List
C. Funding Compared to Capital Needs for Fiscal Years 2013 - 2017

San Diego Metropolitan Transit System

FY 2013 Funding Sources (\$000s)

Funding Description	FY13
Federal FY12 - 5307 Funding Estimate	\$ 39,952
FY11 - 5307 Carryforward from FY12 grant	901
Federal FY12 - 5309 Funding Estimate	13,437
Transportation Development Act (TDA)	31,300
Proposition 1B	15,723
Proposition 1B - TSGP	2,779
California State Transit Assistance (STA)	19,480
Mendoza U2 Sale Proceeds	2,841
Compressed Natural Gas (CNG) Tax Credits	1,573
Project Transfers	4,924
Total Available Funding	\$ 132,910
Preventive Maintenance - Federal 5307	\$ (19,763)
ADA Preventive Maintenance -Federal 5307	(3,995)
SANDAG Planning Study - Federal 5307	(729)
Preventive Maintenance - Federal 5309	(13,437)
Preventive Maintenance - FY13 TDA Match	(8,300)
SANDAG Planning Study - FT13 TDA Match	(182)
Operations Usage - \$5.0M TDA; \$1.5M CNG Credits	(6,573)
Variable Pension Obligation Bonds (Dexia)	(5,000)
Total Preventative Maintenance/SANDAG Planning	\$ (57,980)
Available Funding for FY 13 Capital Program	\$ 74,930

San Diego Metropolitan Transit System
Capital Improvement Program - B
Fiscal Year 2013

Att. B, AI 2a, 3/15/2012

Att. B, AI 2a, 3/15/12

Project Description	Funding Thru FY 2012	FY 2013 Funded	FY 2013 Unfunded	FY 2014	FY 2015	FY 2016	FY 2017	Budget FY13 - FY17
EC Facility Redevelopment	19,117	25,890						25,890
MTS Bus Replacement	19,657	16,689	2,551	19,970	20,325	20,700	19,745	99,980
LRV Procurement	43,313	15,723		51,244	51,244	29,058		147,269
Paratransit Vehicles	3,871	2,940	320	2,530	2,175	1,800	2,755	12,520
New IT System	1,300	1,300		750	725			2,775
RTMS South Bay and East County Divisions	2,235	1,000		1,900				2,900
Mainline Drainage and Slope Improvements	403	991						991
SD100 Traction Motor overhaul		660		1,135	1,135	1,135	1,135	5,200
S70 Passenger Window Retrofit		660						660
New Wheel Truing Machine - construction	2,200	650						650
Substation SCADA Design	1,000	646						646
Network Infrastructure	380	510						510
MVE / Orange Line Signal Print Verification & Revisions		500						500
PCIDs For Station Renewal		495						495
Barrier System at SYTC		458						458
CCI Handheld Units		458						458
Fiber Optics Link		400						400
Blue Line Wireless Nodes		400						400
Trolley Station CCTV Coverage Upgrade		400						400
Light Rail Vehicle Electronic Components	1,180	360				180		540
SD100 Operator Seats Replacement		325						325
ADA and Rural RCS Radio Replacement		320	-					320
LRV Brake Overhaul	2,225	300		800	800	1,200	1,200	4,300
Surveillance Camera Upgrade		300						300
C Street Traffic Signals	-	292						292
Elevator and Escalator Modifications	250	250		150	200			600
Substation Rehabilitation (Standardization)	5,498	250						250
Miscellaneous Capital	1,041	250						250
Roof replacement on Builds B and C		200						200
Rail Grinding	1,648	190						190
Facilities Station Cleaning Equipment Replacement		150						150
CCTV at Grossmont		150						150
LRV Body Rehabilitation	2,960	140						140
Building "A" Air-condition and Heater Replacement	125	140						140
Operations Control Center Upgrade		114						114
Transit Store Security Improvement		100						100
iLON Replacement		80						80
TransitWatch re-write		75						75
MTS (IAD) Server Room HVAC Improvements		60						60
Building A Rollup Door Replacements	50	50						50

**San Diego Metropolitan Transit System
Capital Improvement Program - B
Fiscal Year 2013**

Att. B, AI 2a, 3/15/2012

Project Description	Funding Thru FY 2012	FY 2013 Funded	FY 2013 Unfunded	FY 2014	FY 2015	FY 2016	FY 2017	Budget FY13 - FY17
Track Tamping Machine Upgrade		30						30
Portable Compressor		20						20
Electric Utility Shop Vehicle		15						15
LED Interior / Exterior Lighting Upgrade SD100			1,470					1,470
OCS Standardization	1,740		975					975
System Grade Crossing Replacements			900	900	900	900	900	4,500
IAD HVAC & Roof Repair	209		862	367				1,229
Orange Line Crossing Signal Upgrades			810	1,038	1,038	1,038	1,038	4,962
SD100 Inverters Overhaul			500	500	500	500		2,000
ADA Vehicle Cameras			500					500
SD100 Propulsion Sys Overhaul			485	485	485			1,456
ADA AVL / MDT Equipment			425					425
Transit Asset Management System (TAM)			400	1,800	800			3,000
Power Yard Switch Automation / Replacement			400	1,300				1,700
Parking Lot Pavement and Striping			300					300
MVE Interlocking Manual Turn Back			265	175				440
Replace Wiggins Forklift 10K Capacity			200					200
S70 Brake Tooling			200					200
Installation Of Interlocking Event Recorders	78		150					150
Sanding / Shop			150					150
Switch Frog and Crossing Diamond Replacement			100	300				400
IAD Generator Power Distribution Upgrades			100					100
Top Bus Stop Improvements			96	80				176
Removal of Commercial Street Switches			75	75	75			225
Service Lanes Compressed Air System			20					20
LRV HVAC Overhaul	3,429			1,200	1,200	1,200	1,200	4,800
SDSU Fire Alarm Replacement				700				700
Buffer/Coupler Overhaul SD100	1,480			520	500			1,020
SD100 Traction Motor Disconnects	1,070			500	600			1,100
MTS Service Trucks (3-F450's)	240			330	200			530
LRV Tires	3,630			286	460	432	500	1,678
Santa Fe Depot Operations Improvements				250				250
CNG Compressor Replacement				150	150			300
System rail, ties and ballast	1,295			110	110	110	110	440
LRV Gearbox Overhaul	2,500							-
Project Totals	124,124	74,930	12,254	89,545	83,622	58,253	28,583	347,187

San Diego Metropolitan Transit System Funding Compared to Capital Needs (\$000s) Fiscal Years 2013-2017

	Proposed FY13	Projected FY14	Projected FY15	Projected FY16	Projected FY17	Total FY13 to FY17
Total Revenues						
Recurring Dedicated CIP Revenues	\$ 79,958	\$ 81,127	\$ 83,973	\$ 86,931	\$ 90,009	\$ 421,998
Other Non Recurring Revenues	52,952	41,523	41,523	31,837	2,779	170,614
Total Capital Revenues	132,910	122,650	125,495	118,768	92,788	592,612
Less: "Off the Top" Expenses						
SANDAG Planning Studies	\$ (912)	\$ (915)	\$ (951)	\$ (989)	\$ (1,029)	\$ (4,796)
ADA Preventative Maintenance	(3,995)	(4,075)	(4,238)	(4,408)	(4,584)	(21,300)
Preventative Maintenance	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(207,500)
Total "Off The Top" Expenses	(46,407)	(46,490)	(46,689)	(46,897)	(47,113)	(233,596)
Less: Shifted to Operations						
CNG Rebate	\$ (1,573)	\$ -	\$ -	\$ -	\$ -	\$ (1,573)
TDA to Operations	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(25,000)
TDA for Dexia	(5,000)	(5,000)	(2,800)			(12,800)
Total Shifted To Operations	(11,573)	(10,000)	(7,800)	(5,000)	(5,000)	(39,373)
Adjusted Available CIP Revenues	\$ 74,930	\$ 66,160	\$ 71,006	\$ 66,871	\$ 40,675	\$ 319,643
Total Project Needs	87,184	89,545	83,622	58,253	28,583	347,187
Total Deficit	\$ (12,254)	\$ (23,384)	\$ (12,616)	\$ 8,619	\$ 12,092	\$ (27,544)
% of Funding / Needs	85.9%	73.9%	84.9%	114.8%	142.3%	92.1%
Accumulated Deficit	\$ (12,254)	\$ (35,639)	\$ (48,255)	\$ (39,636)	\$ (27,544)	

Metropolitan Transit System Operating/Capital Budget Background

MTS Board of Directors
Finance Workshop
March 15, 2012

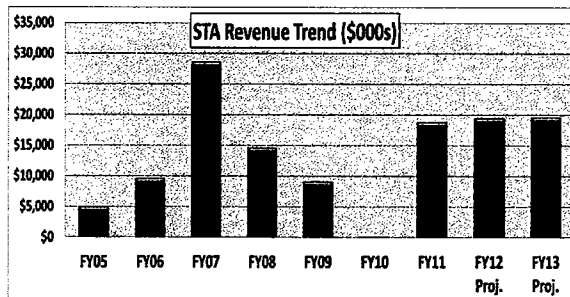


1



Operating / Capital Budget Background

- State Transit Assistance (STA)
 - Canceled during FY09
 - CTA Lawsuit in 2010 resulted in reinstatement by CA Legislature
 - Revised diesel excise tax as funding source
 - \$18.8M received for FY10-11 (bal. of \$1.7M in FY12 Operating Budget)
 - Due to volatile nature, not included in original budget in FY11 or FY12
 - \$19.5M estimated for FY12 by CA State Controller
 - Included full \$19.5M in FY13 CIP
 - \$19.7M estimated for FY13 by CA State Controller
 - Proposal to include \$6M FY13 operating budget, \$13.7M remainder in capital reserve for FY 2014 CIP



2



Operating / Capital Budget Background Cont'd

- FY09 - Moved Additional Federal into Operations (Preventative Maintenance), TDA to Capital
 - Increased to maximum availability based on Operations budget (\$41.5M)
 - Spending Federal dollars more timely
 - Swapped flexible, interest bearing TDA in Capital Program (\$10M)
- FY10 - Dexia Variable Pension Debt refinance
 - \$30M was to be paid \$5M per year with TDA Capital
 - Current balance at \$12.8M after \$5.0M payment in FY12
- FY12 Operating Budget Closure included \$9.7M of non-recurring revenues
 - TDA from Capital (\$5.0M)
 - CNG Credits (\$3.0M)
 - FY10-11 carry over STA (\$1.7M)

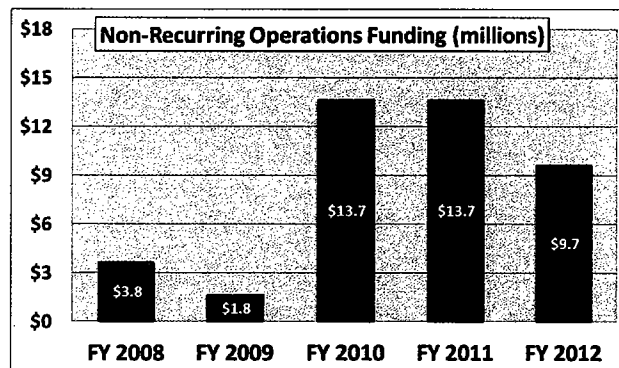


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Operating / Capital Budget Background Cont'd

- Total of \$42.6M of non-recurring funding within operating budget
 - \$36.0 million of funding from the Capital Improvement Plan
 - \$6.6 million of contingency reserve usage

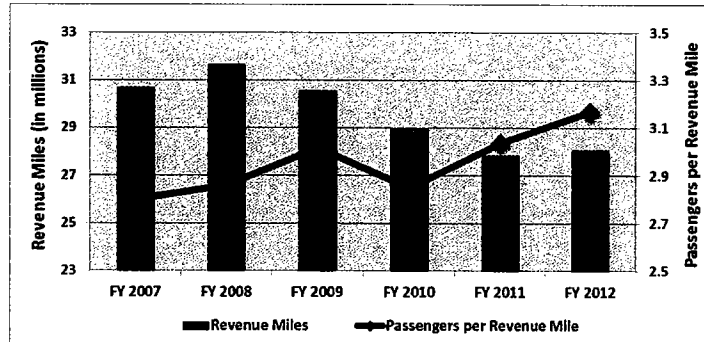


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Operating / Capital Budget Background Cont'd

- Service Levels
 - Cut service 4 years in a row (2007 - 2010)
 - 3.6 million miles (11%) less annual service than FY 2008
 - FY 2003 service levels and FY 2008 passenger levels
 - Despite these cuts, passengers per revenue mile (efficiency) growing

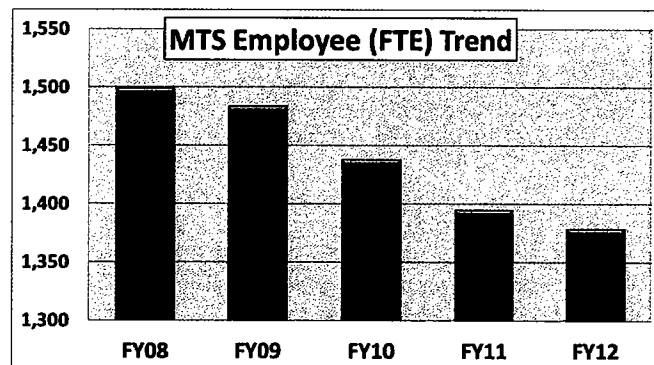


5



Operating / Capital Budget Background Cont'd

- Reduced staffing levels by 120 FTEs (Full Time Equivalents)
 - MTS Administration employees reduced by 24 FTEs (20%)
 - Operations employees reduced by 96 FTEs (7%)



6



Operating / Capital Budget Background Cont'd

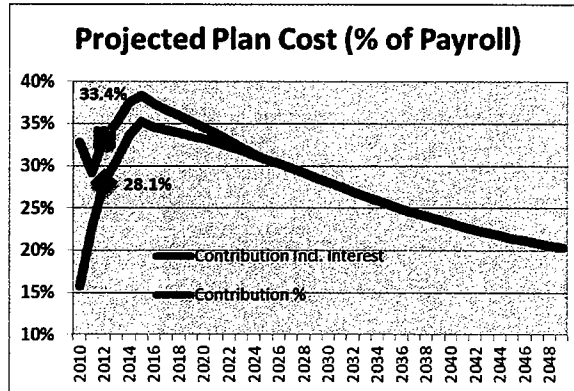
- **SDTC Pension Rates**

as % of Payroll (costs)

- 15.8% in FY10 (\$5.7M)
- 22.7% in FY11 (\$7.8M)
- 28.1% in FY12 (\$10.0M)
- 30.7% in FY13 (\$11.2M)
- 33.7% in FY14 (\$12.5M)
- 35.3% in FY15 (\$13.4M)

- **POB Interest not included above:**

- \$1.9M in FY12, 5.3% of payroll
- Total cost 33.4% of payroll in FY12 (\$11.9M)



7



Metropolitan Transit System Capital Improvement Program (CIP) FY13 Budget March 15, 2012



8



Development of the FY13 CIP

- Began September 2011 with the request for projects
- Capital Projects Review Committee (CPRC) meeting was held to discuss the priority project list
- The CPRC is comprised of:
 - Bus Operations
 - Rail Operations
 - Chula Vista Transit
 - Metropolitan Transit Systems Administration
 - SANDAG Engineering
- Each Committee member was responsible for submitting and discussing their capital requests for the agency and cities it serves.
- The Committee reviewed and the CEO approved the prioritization of the capital requests



9



Capital Funding Levels Proposed Fiscal Year 2013 (\$000's)

Federal Funding Levels (Section 5307 / 5309)	\$	54,290
* Transportation Development Act (TDA)		31,300
California State Transit Assistance (STA)		19,480
Proposition 1B		18,502
* Mendoza U2 Sale Proceeds		2,841
* Compressed Natural Gas (CNG) Tax Credits		1,573
* Capital Project Transfers		4,924
Operations Usage - \$5.0M TDA; \$1.6M CNG		(6,573)
Dexia Variable Debt		(5,000)
Total Preventative Maintenance		(45,495)
SANDAG Planning Studies		(912)
Total Funding Available	\$	<u>74,930</u>
* Non-recurring revenues total \$14,069		



10



FY13 Capital Project Highlights

Capital Project Categories	Funding	%
Trolley/Bus Revenue Vehicles	\$ 35,352	47%
Major Facility & Construction Projects	29,585	39%
Other Equipment & Installations	4,643	6%
LRV Components (Tires, Body Rehab, Other)	2,445	3%
Information Technology	1,965	3%
Rail Infrastructure	690	1%
Miscellaneous Operating Capital	250	0%
Grand Total	\$ 74,930	

- 43 Projects Funded in FY13 CIP
- If full \$19.5M of STA funding not received, reduce funding for ECBMF and backfill in FY14



11



Capital Improvement Program Fiscal Years 2013-2017

	Proposed FY13	Projected FY14	Projected FY15	Projected FY16	Projected FY17	Total FY13 to FY17
Total Revenues						
Recurring Dedicated CIP Revenues	\$ 79,958	\$ 81,127	\$ 83,973	\$ 86,931	\$ 90,009	\$ 421,998
Other Non Recurring Revenues	52,952	41,523	41,523	31,837	2,779	170,614
Total Capital Revenues	\$ 132,910	\$ 122,650	\$ 125,495	\$ 118,768	\$ 92,788	\$ 592,612
Total "Off The Top" Expenses	\$ (46,407)	\$ (46,490)	\$ (46,689)	\$ (46,897)	\$ (47,113)	\$ (233,596)
Total Shifted To Operations	(11,573)	(10,000)	(7,800)	(5,000)	(5,000)	(39,373)
Adjusted Available CIP Revenues	\$ 74,930	\$ 66,160	\$ 71,006	\$ 66,871	\$ 40,675	\$ 319,643
Total Project Needs	115,184	89,545	83,622	58,253	28,583	375,187
Total Deficit	\$ (40,254)	\$ (23,384)	\$ (12,616)	\$ 8,619	\$ 12,092	\$ (55,544)
Accumulated Deficit	\$ (40,254)	\$ (63,638)	\$ (76,254)	\$ (67,636)	\$ (55,544)	



12



Fiscal Year 2013 CIP Recommendations

That the MTS Board of Directors:

1. approve the fiscal year 2013 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels (Attachments A and B). As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels;
2. recommend that the San Diego Association of Governments (SANDAG) Board of Directors approve the submittal of federal Sections 5307 and 5309 applications for the MTS fiscal year 2013 CIP (shown in Attachment A);
3. approve the transfer of \$4,923,930 from previous CIP projects to the fiscal year 2013 CIP;
4. recommend that the SANDAG Board of Directors approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2013 CIP recommendations



13



Metropolitan Transit System FY 2012 Midyear Adjustment and FY 2013 Budget Development

MTS Board of Directors
Finance Workshop
March 15, 2012



14



Fiscal Year 2012 Midyear Assumptions / Executive Summary

- Revenue
 - Passenger Revenue remains favorable:
 - YTD Jan ridership 1.6% vs budget, 6.3% vs FY11
 - YTD Jan average fare 0.9% vs budget, -1.2% vs FY11
 - Updated sales tax receipts projection from SANDAG +5.0%
 - TDA revenue increases by \$1.7M
 - TransNet revenue increases by \$812K
 - Non-recurring funding remains in the budget, \$9.7M in total
- Expenses
 - No major adjustments at midyear
 - Personnel - favorable experience in fringe benefits
 - Purchased Transportation - less than expected demand for ADA Services



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Metropolitan Transit System Midyear Adjustment Fiscal Year 2012 (\$000s)

	Original Budget	Amended Budget	Variance	Variance %
Passenger Revenue	\$ 89,026	\$ 91,641	\$ 2,615	2.9%
Other Operating Income	5,582	5,474	(108)	-1.9%
Total Operating Income	\$ 94,608	\$ 97,115	\$ 2,508	2.7%
Federal	38,518	38,403	(116)	-0.3%
TDA/Transnet	79,693	82,077	2,384	3.0%
Other	10,553	10,820	267	2.5%
Total Recurring Subsidy	\$ 128,764	\$ 131,299	\$ 2,535	2.0%
Non-recurring Subsidy	9,697	9,661	(36)	-0.4%
Total Subsidy	\$ 138,462	\$ 140,960	\$ 2,499	1.8%
Total Revenue	\$ 233,069	\$ 238,076	\$ 5,007	2.1%

- Operating Revenue:
 - Passenger revenues favorable due to ridership
 - Other operating revenue unfavorable by \$108,000, primarily due to interest income
- Subsidy Revenue:
 - TDA / TransNet sales tax generated revenue
 - Other - additional FasTrak Revenue (\$500K)
 - Non-recurring subsidy: TDA Capital \$5.0M, CNG credits \$3.0M, STA \$1.7M



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**Metropolitan Transit System
Midyear Adjustment
Fiscal Year 2012 (\$000s)**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Variance</u>	<u>Variance %</u>
Personnel Expenses	\$ 100,475	\$ 107,154	\$ (6,679)	-6.6%
Personnel Expenses - Dexia	12,200	5,000	7,200	59.0%
Outside Services	73,213	72,975	238	0.3%
Materials and Supplies	7,347	7,784	(437)	-6.0%
Energy	22,803	23,078	(275)	-1.2%
Risk Management	3,844	3,993	(149)	-3.9%
General and Administrative	1,676	1,788	(112)	-6.7%
Debt Service	10,531	10,199	332	3.2%
Vehicle / Facility Lease	980	923	57	5.8%
Total Expenses	\$ 233,069	\$ 232,894	\$ 175	0.1%

- Personnel - Additional OT less savings in fringe benefits
- Outside Services - Purchased transportation for ADA Services, less increased repairs & maintenance costs
- Materials and Supplies - Increased costs for bus and trolley revenue vehicle parts
- Energy - Diesel rate revised to \$3.45/gallon from \$3.24, increase in Total Miles



17



**Metropolitan Transit System
Midyear Adjustment
Fiscal Year 2012 (\$000s)**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Variance</u>	<u>Variance %</u>
Operating Revenues	\$ 94,608	\$ 97,115	\$ 2,508	2.7%
Recurring Subsidy Revenues	128,764	131,299	2,535	2.0%
Total Recurring Revenues	\$ 223,372	\$ 228,415	\$ 5,043	2.3%
Total Expenses	233,069	232,894	175	0.1%
Net Operating Deficit	\$ (9,697)	\$ (4,479)	\$ 5,218	-53.8%
Non-recurring Revenues	9,697	9,661	(36)	-0.4%
Total Revenues Less Expenses	\$ (0)	\$ 5,182	\$ 5,182	-

- Still includes non-recurring revenue of \$9.7M
 - TDA Capital \$5.0M, CNG credits \$3.0M, STA \$1.7M



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**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
FINAL YEAR END BUDGET COMPARISON - FY 2011
CONTINGENCY RESERVE**

(in \$ 000's)

Balance, June 30 , 2010		\$ 21,885
FY 2011 operations	(190)	
FY 2011 Interest and other adjustments	(23)	
Taxicab	(39)	
SD&AE	<u>53</u>	
Adjusted total from operations	(199)	
Balance, June 30 , 2011		<u>\$ 21,686</u>

* Balance represents 9.3% of midyear operating budget, target 10-15%



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**Fiscal Year 2012 Midyear
Options - \$5.3M**

- Additional payment on Dexia Variable Debt (Staff / BDC Recommendation)
 - Original plan to pay \$5M/year for 6 years
 - Current balance \$12.8M
 - Paying additional \$5.2M saves \$240K over remaining life
 - Projected balance on July 1, 2012 would be \$7.5M
 - After \$5M FY13 payment, balance down to \$2.6M
 - Projected to pay loan off in 3.5 years, a cumulative savings of \$1.4M
- Increase service levels
 - Additional Peak, Saturday, Sunday service demand needs
 - Earliest implementation is Sept 2012, held over for FY13 and funded with STA
- Increase the contingency reserve balance
 - Adding \$5.2M brings balance to 11.6% of the FY12 amended operating budget
- Return funding to the CIP program



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**Metropolitan Transit System
Fiscal Year 2012 Midyear Adjustment
Staff Recommendation**

- That the MTS Board of Directors approve the Combined MTS FY 2012 Midyear Budget Amendment, including using excess revenues over expenses as an additional payment towards the Dexia Variable Pension Debt (projected to be a payment \$5.2M, an interest savings of \$240K over next two years)



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**Fiscal Year 2013 Projection
Key Assumptions**

Revenue

- Passenger Revenue - Preliminary ridership growth of 2%
- Recurring Subsidy Revenue
 - Sales tax revenue - SANDAG is projecting a 4.5% increase for the 2013 fiscal year, impacting TDA / TransNet subsidy revenues (\$2.4M)
 - STA revenue - Add \$6M of FY13 funding in operating budget (30% of total projected STA of \$19.7M)
 - Specifically to fund additional service
- Non-Recurring Subsidy Revenue
 - CNG credits of \$1.6M remain in operating budget, program expired in 12/2011
 - \$5M in Capital TDA shifted in FY12 remain in operating budget in FY13
 - Non-recurring revenue usage will drop from \$9.7M to \$6.6M



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Fiscal Year 2013 Projection Key Assumptions (continued)

Service Improvements

- \$14.7 Million in service cuts (subsidy reductions) from 2007 - 2010
 - 3.6 million miles (11%) less annual service than FY 2008
 - FY 2003 service levels and FY 2008 passenger levels
 - February 2010: over 50% of Sunday services (plus others) cut for \$7.1 Million in subsidy reductions
- FY12 Ridership up substantially (+6.3% Y-T-Y)
- FY13 Budget Development Committee recommendation - \$6 Million in FY13 increased service
 - Funded with FY13 STA
 - Improve existing service
 - Restore some previous cuts
 - Meet increased demand



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Fiscal Year 2013 Projection Key Assumptions (continued)

Service Improvements - Preliminary Proposal

PROPOSAL DEVELOPMENT	Still to go...
Board Policy 42 evaluation criteria <ul style="list-style-type: none"> • Passengers/Revenue Hour • Subsidy per Passenger • Farebox Recovery Ratio 	Complete service analysis
Service network	Board feedback
Rider comments/complaints	Scheduling processes
Heavy ridership reports	Public outreach
	Title VI evaluation
	Public hearing

Expected Outcomes:

- Frequency Improvements & Capacity Increases
- Span Increases
- More days-of-the-week
- Better route performance
- Wider area coverage/better network



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Fiscal Year 2013 Projection Key Assumptions (continued)

Service Improvements - Preliminary Proposal

IMPROVEMENT TYPE	WEEKDAY	SATURDAY	SUNDAY
Frequency Improvements	2, 4, 10, 15, 20, 30, 35, 41, 44, 810	5, 6, 7, 13, 20, 30, 705, 712, 905, 955, 992, Orange Line	6, 7, 15, 30, 35, 41, 44, 703, 815, 848, 901, 992, Orange Line, Green Line
Capacity Increases	2, 4, 15, 20, 41, 44, 810	7	1, 6, 7, 10, 13, 15, 44,
Span Increases	30		815, 848, 864, 874/875
Weekend Service		150	88, 150, 712, 856, 905, 923
Better Route Performance	11, 20, 41, 44	6, 7, 11	6, 7, 11
Wider Area Coverage Improved Network	20, 30, 970	20, 30	30, 88, 150, 712, 856, 864, 901, 905



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Fiscal Year 2013 Projection Key Assumptions (continued)

Operating Expenses

- \$6M additional service in Sept. 2012
- Personnel
 - Ongoing labor negotiations (3 open contracts)
 - SDTC Pension rate projected to increase from 28.1% to 30.7% (from \$10.0M to \$11.2M)
- Contract Services
 - Veolia Fixed Route rate increases by 0.1% under 1st option year (\$40K)
- Energy
 - Electricity Direct Access program - enrolled, Feb. 2012 switch (\$700K annually)
 - Diesel/Gasoline increasing by 5% (\$350K), CNG decreasing by 9% (-\$650K)
- Debt service reductions
 - \$5 million (TDA) for Dexia Variable Pension Debt payment



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**Metropolitan Transit System
Operating Budget Projection
Fiscal Year 2013**

	FY12 Amended	FY13 Projection	Variance	Variance %
Operating Revenues	\$ 97,115	\$ 99,058	\$ 1,942	2.0%
Recurring Subsidy Revenues	131,299	139,531	8,232	6.3%
Total Recurring Revenues	\$ 228,415	\$ 238,589	\$ 10,174	4.5%
Total Expenses	232,774	245,727	(12,953)	-5.6%
Net Operating Deficit	\$ (4,360)	\$ (7,139)	\$ (2,779)	63.7%
Non-recurring Revenues	9,661	6,573	(3,088)	-32.0%
Total Revenues Less Expenses	\$ 5,301	\$ (566)	\$ (5,867)	-

- Non-recurring revenue of \$6.6M (TDA Capital \$5.0M, CNG \$1.6M)
- Expense growth of \$6.5M or \$2.8% before additional service



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Fiscal Year 2013 Open Items

- Federal funding - Potential cut of 10%
 - \$5.4M reduction in funding
- State of California Budget - STA funding stability
- CNG credits have expired
- San Diego Transit pension contribution rate continues to rise (actuarial estimates)
- Dexia Variable Pension Debt payment potentially paid off 3 years early
 - \$38.8M in total debt
 - Early payoff cumulative savings of \$1.4M
- Still utilizing non-recurring revenues for budget balancing
 - \$6.6 million projected for FY13
- Service levels - Need for additional service in light of increasing demand
- Staffing - Need to review IT resources
- East County Bus Maintenance Facility - Finalize cost estimates



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Metropolitan Transit System
Fiscal Year 2013 Budget Timeline

DATE	Meeting
2/24/2012	Budget Development Committee
3/15/2012	Finance Workshop
Week of 4/2/2012	Budget Development Committee
4/19/2012	Finance Workshop
5/17/2012	Public Hearing



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Metropolitan Transit System
Fiscal Year 2013 Projection
Staff Recommendation

- That the MTS Board of Directors receive the report regarding the preliminary projection for the FY 2013 operating budget



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

Agenda Item No. 2b

MTS OPERATORS FINANCE WORKSHOP

March 15, 2012

SUBJECT:

FISCAL YEAR 2012 MIDYEAR ADJUSTMENT AND FISCAL YEAR 2013
PRELIMINARY PROJECTIONS (MIKE THOMPSON)

RECOMMENDATION:

That the Board of Directors:

1. approve Resolution No. 12-6 (Attachment A) amending the fiscal year (FY) 2012 operating budget for MTS, San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, Chula Vista Transit, and the Coronado Ferry, including using excess revenues over expenses as an additional payment toward the Dexia variable pension debt (projected to be a payment of \$5.2M) saving an estimated \$240K in interest expenses over the next two years; and
2. receive a report regarding the preliminary projection for the FY 2013 operating budget and provide guidance on budgetary closure.

Budget Impact

None at this time.

DISCUSSION:

Combined MTS FY 2012 Midyear Adjustment

Revenues. Passenger fare revenues resulted in a \$2,615,000 favorable midyear adjustment primarily due to an increase in ridership experienced so far this fiscal year. Through December 2011, year-to-date ridership is up 1.8% compared to the original FY 2012 budget while average fares are up 0.8%.

Advertising revenues are projected to increase by approximately \$160,000. This revenue increase is attributed to a rebounding advertising market.



Other revenue is projected to decrease by \$268,000. This is primarily due to lower-than-expected interest income on MTS cash balances.

Subsidy revenues resulted in a \$2,499,000 favorable midyear adjustment. This is primarily due to increased sales tax-generated revenue, which impacts MTS's share of Transportation Development Act (TDA) and TransNet revenues. The original projection for FY 2012 was for an increase of 4% over FY 2011's projection. Based on sales tax receipts, SANDAG has revised its projection to an increase of 5% over FY 2011 actual. As a result of these increasing revenues, MTS operations will receive additional TDA revenues of \$1,717,000 and additional TransNet revenues of \$812,000. Other midyear adjustments include:

- \$500,000 in additional FasTrak revenue from SANDAG;
- \$200,000 decrease in Medi-Cal revenues. This decrease reflects the current run rate of Medi-Cal reimbursement for ADA services;
- All other adjustments totaled a decrease of \$365,000.

In total, consolidated revenues resulted in a \$5,007,000 favorable midyear adjustment.

Expenses. Total operating expenses resulted in a \$175,000 favorable midyear adjustment.

Personnel-related expenses resulted in a \$521,000 favorable midyear adjustment.

These adjustments include:

- an increase in labor expenses of \$523,000 primarily due to overtime usage;
- a decrease in fringe expenses of \$1,044,000 due to changes to budgetary assumptions for health and welfare (\$431,000),
- a projected decrease in projected workers' compensation disability payments (\$163,000); and
- a decrease in sick/vacation payoff estimates (\$521,000).

Total outside services produced a favorable midyear adjustment of \$238,000. This is primarily due to decreased costs within purchased transportation costs (\$640,000) due to lower-than-expected demand for ADA paratransit services. There were additional costs within security expenses (\$217,000) and repair and maintenance services (\$413,000), which were partially offset by costs savings in other outside services (\$328,000).

Staff projects an unfavorable midyear adjustment of \$437,000 for materials and supplies expenses due to increases to parts for revenue vehicles within operations.

A total unfavorable increase in energy for the 2012 fiscal year is \$275,000. This is primarily due to increased total compressed natural gas fleet miles compared to the original budget and partially offset by a lower rate for gasoline. The amended rates are as follows:

	Original FY 12	Amended FY 12
Compressed Natural Gas	\$0.892	\$0.909
Diesel	\$3.240	\$3.450
Gasoline	\$3.840	\$3.440

Risk management produced an unfavorable midyear adjustment of \$150,000 due to increased liability expenses within bus operations.

General and administrative costs produced an unfavorable midyear adjustment of \$112,000 primarily due to increased costs for noncapital equipment.

Debt service produced a favorable midyear adjustment of \$332,000 primarily due to the lower-than-projected variable Dexia pension debt-interest expense.

Vehicle/facility leases resulted in a favorable midyear adjustment of \$57,000.

Net income. In total, the increases to revenues and decreases to expenses produce a \$5.2 million favorable variance. The midyear-adjusted budget still includes \$9.7 million in nonrecurring revenues for budget balancing as detailed below.

	Original FY12	Amended FY12	\$ Change	% Change
Operating Revenues	\$ 94,608	\$ 97,115	\$ 2,508	2.7%
Non-Operating Revenue	128,765	131,264	2,499	1.9%
Recurring Revenues	\$ 223,372	\$ 228,379	\$ 5,007	2.2%
Operating Expenses	\$ 233,069	\$ 232,894	\$ (175)	-0.1%
Net Operating Deficit	\$ (9,697)	\$ (4,515)	\$ 5,182	-53.4%
Non-Recurring Revenues	\$ 9,697	\$ 9,697	\$ -	0.0%
Net Income	\$ (0)	\$ 5,182	\$ 5,182	-

The FY 2012 amended budget is detailed in the following attachments:

- Attachment B-1: total combined MTS consolidated midyear budget adjustments.
- Attachment B-2: total combined administrative proposed adjustments.
- Attachment B-3: total combined other activities proposed adjustments.
- Attachment B-4: combined operating budget adjustments.
- Attachments B-5 to B-12: supporting operating adjustments for each operator.
- Attachment B-13: nonoperating funding sources by activity and type.

MTS FY 2013 Forecast

Staff will present a preliminary forecast for the upcoming fiscal year 2013 budget, including preliminary sales tax-related income projections and high-level expense assumptions.

Time Line/Calendar of Budgetary Process

Attachment B-14 provides a recommended budgetary process time line.

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

Paul C. Jablonski
Chief Executive Officer

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

Attachments: A. Resolution No. 12-6
B. FY 12 Amended Budget Details

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 12-6

Resolution Approving Amendments to FY 2012 Budget

WHEREAS, the MTS Board of Directors adopted Resolution No. 11-6 on May 26, 2011, approving the FY 2012 budgets for MTS, San Diego Transit Corporation, San Diego Trolley, Inc., MTS Contract Services, Chula Vista Transit, and Coronado Ferry;

BE IT RESOLVED, that the MTS Board of Directors approves changes to the fiscal year 2012 Operating Budget, per the attached proposed Budget Amendments.

PASSED AND ADOPTED, by the MTS Board of Directors this 15th day of March 2012, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairman
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

Attachment: Budget Amendments

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2012**

	ACTUAL FY11	ORIGINAL BUDGET FY12	AMENDED BUDGET FY12	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	87,298,528	89,025,692	91,641,080	2,615,387	2.9%
ADVERTISING REVENUE	620,774	1,293,800	1,453,800	160,000	12.4%
CONTRACT SERVICE REVENUE	129,244	-	-	-	-
OTHER INCOME	4,611,714	4,288,348	4,020,555	(267,793)	-6.2%
TOTAL OPERATING REVENUES	92,660,260	94,607,841	97,115,435	2,507,594	2.7%
NON OPERATING REVENUE					
SUBSIDY REVENUE	127,512,298	127,685,313	130,207,497	2,522,184	2.0%
RESERVE REVENUE	14,167	31,946	43,473	11,528	36.1%
OTHER INCOME	10,998,780	10,744,284	10,709,711	(34,573)	-0.3%
TOTAL NON OPERATING REVENUE	138,525,245	138,461,542	140,960,682	2,499,139	1.8%
TOTAL COMBINED REVENUES	231,185,504	233,069,383	238,076,116	5,006,734	2.1%
OPERATING EXPENSES					
LABOR EXPENSES	63,336,522	63,556,124	64,078,781	522,657	0.8%
FRINGE EXPENSES	50,541,811	49,119,003	48,075,132	(1,043,870)	-2.1%
TOTAL PERSONNEL EXPENSES	113,878,333	112,675,127	112,153,913	(521,214)	-0.5%
SECURITY EXPENSES	5,712,723	5,854,826	6,071,490	216,663	3.7%
REPAIR/MAINTENANCE SERVICES	3,684,863	3,874,670	4,287,476	412,805	10.7%
ENGINE AND TRANSMISSION REBUILD	1,182,531	1,408,128	1,508,500	100,372	7.1%
OTHER OUTSIDE SERVICES	5,653,424	6,761,022	6,432,802	(328,219)	-4.9%
PURCHASED TRANSPORTATION	53,671,319	55,314,810	54,674,847	(639,963)	-1.2%
TOTAL OUTSIDE SERVICES	69,904,860	73,213,456	72,975,115	(238,341)	-0.3%
LUBRICANTS	347,706	414,444	407,523	(6,921)	-1.7%
TIRES	870,978	761,248	792,019	30,771	4.0%
OTHER MATERIALS AND SUPPLIES	6,280,287	6,171,137	6,584,495	413,358	6.7%
TOTAL MATERIALS AND SUPPLIES	7,498,971	7,346,829	7,784,037	437,208	6.0%
DIESEL FUEL	6,377,854	7,365,340	6,923,263	(442,077)	-6.0%
CNG	7,164,159	6,496,144	7,300,398	804,254	12.4%
TRACTION POWER	6,059,644	5,757,321	5,772,642	15,321	0.3%
UTILITIES	3,222,234	3,184,397	3,081,545	(102,852)	-3.2%
TOTAL ENERGY	22,823,891	22,803,201	23,077,848	274,647	1.2%
RISK MANAGEMENT	4,134,038	3,844,496	3,993,478	148,982	3.9%
GENERAL AND ADMINISTRATIVE	1,660,394	1,675,943	1,787,794	111,851	6.7%
DEBT SERVICE	10,649,050	10,530,655	10,198,630	(332,025)	-3.2%
VEHICLE/ FACILITY LEASE	817,640	979,677	923,157	(56,520)	-5.8%
TOTAL OPERATING EXPENSES	231,367,178	233,069,385	232,893,972	(175,413)	-0.1%
NET OPERATING SUBSIDY	(138,706,919)	(138,461,544)	(135,778,537)	2,683,007	1.9%
OVERHEAD ALLOCATION	1	-	-	-	-
ADJUSTED NET OPERATING SUBSIDY	(138,706,918)	(138,461,544)	(135,778,537)	2,683,007	1.9%
TOTAL REVENUES LESS TOTAL EXPENSES	(181,673)	(2)	5,182,144	5,182,146	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONSOLIDATED ADMINISTRATION
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2012**

	ACTUAL FY11	ORIGINAL BUDGET FY12	AMENDED BUDGET FY12	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
ADVERTISING REVENUE	620,774	1,293,800	1,453,800	160,000	12.4%
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	3,032,699	2,487,548	2,325,006	(162,542)	-6.5%
TOTAL OPERATING REVENUES	3,653,473	3,781,348	3,778,806	(2,542)	-0.1%
NON OPERATING REVENUE					
SUBSIDY REVENUE	39,695	47,500	5,256,146	5,208,646	10965.6%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	7,717,246	7,576,508	7,576,508	-	0.0%
TOTAL NON OPERATING REVENUE	7,756,942	7,624,008	12,832,654	5,208,646	68.3%
TOTAL COMBINED REVENUES	11,410,415	11,405,356	16,611,460	5,206,104	45.6%
OPERATING EXPENSES					
LABOR EXPENSES	11,024,515	10,486,960	9,766,978	(719,983)	-6.9%
FRINGE EXPENSES	2,822,969	4,155,342	4,702,972	547,629	13.2%
TOTAL PERSONNEL EXPENSES	13,847,484	14,642,303	14,469,950	(172,353)	-1.2%
SECURITY EXPENSES	5,608,354	5,757,214	5,973,877	216,663	3.8%
REPAIR/MAINTENANCE SERVICES	42,841	41,688	52,186	10,498	25.2%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	3,080,798	4,192,894	3,795,207	(397,687)	-9.5%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	8,731,993	9,991,795	9,821,270	(170,525)	-1.7%
LUBRICANTS	-	-	-	-	-
TIRES	5,296	7,850	21,770	13,920	177.3%
OTHER MATERIALS AND SUPPLIES	11,141	14,100	11,850	(2,250)	-16.0%
TOTAL MATERIALS AND SUPPLIES	16,437	21,950	33,620	11,670	53.2%
DIESEL FUEL	151,259	132,618	156,745	24,127	18.2%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	501,463	555,958	438,039	(117,919)	-21.2%
TOTAL ENERGY	652,722	688,576	594,784	(93,792)	-13.6%
RISK MANAGEMENT	539,081	525,805	395,172	(130,634)	-24.8%
GENERAL AND ADMINISTRATIVE	1,239,081	1,288,594	1,433,936	145,343	11.3%
DEBT SERVICE	8,429,894	8,297,535	8,307,394	9,859	0.1%
VEHICLE / FACILITY LEASE	163,584	190,949	146,127	(44,821)	-23.5%
TOTAL OPERATING EXPENSES	33,620,275	35,647,507	35,202,254	(445,252)	-1.2%
NET OPERATING SUBSIDY	(29,966,802)	(31,866,159)	(31,423,448)	442,710	1.4%
OVERHEAD ALLOCATION	22,028,187	24,242,151	23,772,940	(469,210)	-1.9%
ADJUSTED NET OPERATING SUBSIDY	(7,938,615)	(7,624,008)	(7,650,508)	(26,500)	-0.3%
TOTAL REVENUES LESS TOTAL EXPENSES	(181,674)	-	5,182,146	5,182,146	-

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONSOLIDATED OTHER ACTIVITIES
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2012**

	ACTUAL FY11	ORIGINAL BUDGET FY12	AMENDED BUDGET FY12	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	1,029,110	1,051,000	1,021,000	(30,000)	-2.9%
TOTAL OPERATING REVENUES	1,029,110	1,051,000	1,021,000	(30,000)	-2.9%
NON OPERATING REVENUE					
SUBSIDY REVENUE	-	-	-	-	-
RESERVE REVENUE	14,167	31,946	43,473	11,528	36.1%
OTHER INCOME	-	-	-	-	-
TOTAL NON OPERATING REVENUE	14,167	31,946	43,473	11,528	36.1%
TOTAL COMBINED REVENUES	1,043,276	1,082,946	1,064,473	(18,472)	-1.7%
OPERATING EXPENSES					
LABOR EXPENSES	579,963	558,413	549,413	(9,000)	-1.6%
FRINGE EXPENSES	58,572	112,761	112,451	(310)	-0.3%
TOTAL PERSONNEL EXPENSES	638,535	671,174	661,864	(9,310)	-1.4%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	13,821	13,000	13,000	-	0.0%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	165,446	145,108	145,108	-	0.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	179,266	158,108	158,108	-	0.0%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	900	2,500	4,500	2,000	80.0%
TOTAL MATERIALS AND SUPPLIES	900	2,500	4,500	2,000	80.0%
DIESEL FUEL	4,186	6,600	6,600	-	0.0%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	4,764	6,000	6,000	-	0.0%
TOTAL ENERGY	8,949	12,600	12,600	-	0.0%
RISK MANAGEMENT	30,291	34,100	27,100	(7,000)	-20.5%
GENERAL AND ADMINISTRATIVE	102,646	107,825	107,825	-	0.0%
DEBT SERVICE	-	-	-	-	-
VEHICLE/ FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	960,588	986,307	971,997	(14,310)	-1.5%
NET OPERATING SUBSIDY	68,521	64,693	49,003	(15,690)	24.3%
OVERHEAD ALLOCATION	(82,688)	(96,638)	(92,476)	4,162	-4.3%
ADJUSTED NET OPERATING SUBSIDY	(14,167)	(31,946)	(43,473)	(11,528)	-36.1%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	0	-

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONSOLIDATED OPERATIONS
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2012**

	ACTUAL FY11	ORIGINAL BUDGET FY12	AMENDED BUDGET FY12	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	87,298,528	89,025,692	91,641,080	2,615,387	2.9%
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	129,244	-	-	-	-
OTHER INCOME	549,905	749,800	674,549	(75,251)	-10.0%
TOTAL OPERATING REVENUES	87,977,677	89,775,492	92,315,629	2,540,136	2.8%
NON OPERATING REVENUE					
SUBSIDY REVENUE	127,472,603	127,637,813	124,951,352	(2,686,462)	-2.1%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	3,281,534	3,167,775	3,133,203	(34,573)	-1.1%
TOTAL NON OPERATING REVENUE	130,754,137	130,805,589	128,084,554	(2,721,034)	-2.1%
TOTAL COMBINED REVENUES	218,731,813	220,581,081	220,400,183	(180,898)	-0.1%
OPERATING EXPENSES					
LABOR EXPENSES	51,732,044	52,510,751	53,762,390	1,251,639	2.4%
FRINGE EXPENSES	47,660,270	44,850,899	43,259,710	(1,591,190)	-3.5%
TOTAL PERSONNEL EXPENSES	99,392,314	97,361,650	97,022,099	(339,551)	-0.3%
SECURITY EXPENSES	104,369	97,613	97,613	-	0.0%
REPAIR/MAINTENANCE SERVICES	3,628,202	3,819,982	4,222,289	402,307	10.5%
ENGINE AND TRANSMISSION REBUILD	1,182,531	1,408,128	1,508,500	100,372	7.1%
OTHER OUTSIDE SERVICES	2,407,181	2,423,020	2,492,487	69,467	2.9%
PURCHASED TRANSPORTATION	53,671,319	55,314,810	54,674,847	(639,963)	-1.2%
TOTAL OUTSIDE SERVICES	60,993,601	63,063,553	62,995,736	(67,816)	-0.1%
LUBRICANTS	347,706	414,444	407,523	(6,921)	-1.7%
TIRES	865,682	753,398	770,248	16,850	2.2%
OTHER MATERIALS AND SUPPLIES	6,268,245	6,154,537	6,568,145	413,608	6.7%
TOTAL MATERIALS AND SUPPLIES	7,481,634	7,322,379	7,745,917	423,538	5.8%
DIESEL FUEL	6,222,410	7,226,122	6,759,918	(466,204)	-6.5%
CNG	7,164,159	6,496,144	7,300,398	804,254	12.4%
TRACTION POWER	6,059,644	5,757,321	5,772,642	15,321	0.3%
UTILITIES	2,716,008	2,622,439	2,637,506	15,067	0.6%
TOTAL ENERGY	22,162,220	22,102,025	22,470,464	368,438	1.7%
RISK MANAGEMENT	3,564,666	3,284,591	3,571,206	286,615	8.7%
GENERAL AND ADMINISTRATIVE	318,667	279,524	246,033	(33,492)	-12.0%
DEBT SERVICE	2,219,157	2,233,120	1,891,236	(341,884)	-15.3%
VEHICLE/ FACILITY LEASE	654,056	788,728	777,029	(11,699)	-1.5%
TOTAL OPERATING EXPENSES	196,786,315	196,435,571	196,719,721	284,150	0.1%
NET OPERATING SUBSIDY	(108,808,638)	(106,660,078)	(104,404,092)	2,255,986	2.1%
OVERHEAD ALLOCATION	(21,945,498)	(24,145,512)	(23,680,464)	465,048	-1.9%
ADJUSTED NET OPERATING SUBSIDY	(130,754,136)	(130,805,590)	(128,084,556)	2,721,035	2.1%
TOTAL REVENUES LESS TOTAL EXPENSES	1	(2)	(1)	1	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
SAN DIEGO TRANSIT CORPORATION
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2012**

	ACTUAL FY11	ORIGINAL BUDGET FY12	AMENDED BUDGET FY12	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	26,055,592	26,700,919	27,812,569	1,111,650	4.2%
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	129,244	-	-	-	-
OTHER INCOME	22,336	20,000	10,000	(10,000)	-50.0%
TOTAL OPERATING REVENUES	26,207,172	26,720,919	27,822,569	1,101,650	4.1%
NON OPERATING REVENUE					
SUBSIDY REVENUE	64,590,649	60,576,753	59,733,647	(843,105)	-1.4%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	3,045,644	3,000,000	2,963,673	(36,327)	-1.2%
TOTAL NON OPERATING REVENUE	67,636,293	63,576,753	62,697,320	(879,432)	-1.4%
TOTAL COMBINED REVENUES	93,843,465	90,297,672	90,519,890	222,218	0.2%
OPERATING EXPENSES					
LABOR EXPENSES	29,427,170	30,249,577	30,726,602	477,025	1.6%
FRINGE EXPENSES	39,678,237	35,012,344	34,655,845	(356,500)	-1.0%
TOTAL PERSONNEL EXPENSES	69,105,407	65,261,921	65,382,447	120,525	0.2%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	776,697	846,720	790,707	(56,013)	-6.6%
ENGINE AND TRANSMISSION REBUILD	633,466	614,128	720,500	106,372	17.3%
OTHER OUTSIDE SERVICES	555,306	596,277	582,480	(13,797)	-2.3%
PURCHASED TRANSPORTATION	12,180	-	-	-	-
TOTAL OUTSIDE SERVICES	1,977,649	2,057,125	2,093,687	36,562	1.8%
LUBRICANTS	178,583	198,691	198,507	(184)	-0.1%
TIRES	838,692	731,398	769,248	37,850	5.2%
OTHER MATERIALS AND SUPPLIES	3,390,942	3,234,677	3,564,042	329,364	10.2%
TOTAL MATERIALS AND SUPPLIES	4,408,216	4,164,767	4,531,797	367,031	8.8%
DIESEL FUEL	921,951	1,116,285	1,154,372	38,088	3.4%
CNG	4,235,897	3,955,027	4,033,189	78,162	2.0%
TRACTION POWER	-	-	-	-	-
UTILITIES	572,826	597,960	589,651	(8,309)	-1.4%
TOTAL ENERGY	5,730,674	5,669,272	5,777,213	107,940	1.9%
RISK MANAGEMENT	2,051,021	1,450,019	1,775,259	325,240	22.4%
GENERAL AND ADMINISTRATIVE	126,487	131,503	139,293	7,790	5.9%
DEBT SERVICE	2,219,157	2,233,120	1,891,236	(341,884)	-15.3%
VEHICLE/ FACILITY LEASE	230,095	242,677	241,391	(1,286)	-0.5%
TOTAL OPERATING EXPENSES	85,848,706	81,210,404	81,832,322	621,918	0.8%
NET OPERATING SUBSIDY	(59,641,534)	(54,489,485)	(54,009,753)	479,732	0.9%
OVERHEAD ALLOCATION	(7,994,759)	(9,087,268)	(8,687,568)	399,701	-4.4%
ADJUSTED NET OPERATING SUBSIDY	(67,636,293)	(63,576,753)	(62,697,321)	879,433	1.4%
TOTAL REVENUES LESS TOTAL EXPENSES	0	(0)	(0)	0	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
SAN DIEGO TROLLEY INCORPORATED
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2012**

	ACTUAL FY11	ORIGINAL BUDGET FY12	AMENDED BUDGET FY12	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	34,672,527	35,664,824	35,107,518	(557,306)	-1.6%
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	527,570	729,800	664,549	(65,251)	-8.9%
TOTAL OPERATING REVENUES	35,200,097	36,394,624	35,772,067	(622,557)	-1.7%
NON OPERATING REVENUE					
SUBSIDY REVENUE	23,564,752	25,203,679	25,949,535	745,856	3.0%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL NON OPERATING REVENUE	23,564,752	25,203,679	25,949,535	745,856	3.0%
TOTAL COMBINED REVENUES	58,764,848	61,598,303	61,721,602	123,299	0.2%
OPERATING EXPENSES					
LABOR EXPENSES	21,593,221	21,493,432	22,212,012	718,580	3.3%
FRINGE EXPENSES	7,652,465	9,530,627	8,336,293	(1,194,334)	-12.5%
TOTAL PERSONNEL EXPENSES	29,245,685	31,024,059	30,548,305	(475,754)	-1.5%
SECURITY EXPENSES	104,369	97,613	97,613	-	0.0%
REPAIR/ MAINTENANCE SERVICES	2,685,575	2,807,542	3,267,289	459,747	16.4%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	794,965	730,848	800,045	69,197	9.5%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	3,584,909	3,636,003	4,164,946	528,944	14.5%
LUBRICANTS	169,124	215,753	209,016	(6,737)	-3.1%
TIRES	26,991	22,000	1,000	(21,000)	-95.5%
OTHER MATERIALS AND SUPPLIES	2,870,629	2,909,060	2,993,154	84,094	2.9%
TOTAL MATERIALS AND SUPPLIES	3,066,743	3,146,812	3,203,170	56,357	1.8%
DIESEL FUEL	409,999	438,115	435,510	(2,605)	-0.6%
CNG	-	-	-	-	-
TRACTION POWER	6,059,644	5,757,321	5,772,642	15,321	0.3%
UTILITIES	2,052,188	1,918,831	1,955,603	36,772	1.9%
TOTAL ENERGY	8,521,831	8,114,267	8,163,756	49,488	0.6%
RISK MANAGEMENT	1,500,912	1,824,572	1,770,647	(53,925)	-3.0%
GENERAL AND ADMINISTRATIVE	185,574	125,268	88,477	(36,791)	-29.4%
DEBT SERVICE	-	-	-	-	-
VEHICLE/ FACILITY LEASE	178,318	246,612	240,680	(5,932)	-2.4%
TOTAL OPERATING EXPENSES	46,283,973	48,117,593	48,179,981	62,388	0.1%
NET OPERATING SUBSIDY	(11,083,876)	(11,722,969)	(12,407,914)	(684,945)	-5.8%
OVERHEAD ALLOCATION	(12,480,875)	(13,480,711)	(13,541,621)	(60,910)	0.5%
ADJUSTED NET OPERATING SUBSIDY	(23,564,751)	(25,203,680)	(25,949,535)	(745,854)	-3.0%
TOTAL REVENUES LESS TOTAL EXPENSES	0	(1)	0	2	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONTRACTED BUS OPERATIONS - FIXED ROUTE
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2012**

	ACTUAL FY11	ORIGINAL BUDGET FY12	AMENDED BUDGET FY12	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	22,177,470	21,857,122	23,905,997	2,048,875	9.4%
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	22,177,470	21,857,122	23,905,997	2,048,875	9.4%
NON OPERATING REVENUE					
SUBSIDY REVENUE	24,030,170	25,372,285	23,960,974	(1,411,311)	-5.6%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	134,168	67,733	91,242	23,509	34.7%
TOTAL NON OPERATING REVENUE	24,164,338	25,440,018	24,052,216	(1,387,803)	-5.5%
TOTAL COMBINED REVENUES	46,341,808	47,297,140	47,958,213	661,073	1.4%
OPERATING EXPENSES					
LABOR EXPENSES	303,684	347,120	430,852	83,732	24.1%
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	303,684	347,120	430,852	83,732	24.1%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	105,474	85,460	84,505	(955)	-1.1%
ENGINE AND TRANSMISSION REBUILD	479,572	670,000	700,000	30,000	4.5%
OTHER OUTSIDE SERVICES	515,103	527,448	463,632	(63,816)	-12.1%
PURCHASED TRANSPORTATION	38,274,721	39,143,681	39,304,231	160,550	0.4%
TOTAL OUTSIDE SERVICES	39,374,870	40,426,589	40,552,368	125,779	0.3%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	4,800	4,800	-	0.0%
TOTAL MATERIALS AND SUPPLIES	-	4,800	4,800	-	0.0%
DIESEL FUEL	2,807,711	3,183,595	2,977,531	(206,065)	-6.5%
CNG	2,833,901	2,237,460	2,980,971	743,511	33.2%
TRACTION POWER	-	-	-	-	-
UTILITIES	2,860	3,900	3,710	(190)	-4.9%
TOTAL ENERGY	5,644,472	5,424,955	5,962,212	537,256	9.9%
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	1,107	3,629	4,057	428	11.8%
DEBT SERVICE	-	-	-	-	-
VEHICLE/FACILITY LEASE	26,211	19,439	16,836	(2,604)	-13.4%
TOTAL OPERATING EXPENSES	45,350,345	46,226,533	46,971,125	744,592	1.6%
NET OPERATING SUBSIDY	(23,172,875)	(24,369,411)	(23,065,127)	1,304,283	5.4%
OVERHEAD ALLOCATION	(991,463)	(1,070,608)	(987,090)	83,518	-7.8%
ADJUSTED NET OPERATING SUBSIDY	(24,164,338)	(25,440,019)	(24,052,217)	1,387,801	5.5%
TOTAL REVENUES LESS TOTAL EXPENSES	(0)	(0)	(1)	(1)	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONTRACTED BUS OPERATIONS - PARATRANSIT
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2012**

	ACTUAL FY11	ORIGINAL BUDGET FY12	AMENDED BUDGET FY12	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	1,858,556	1,966,469	1,901,247	(65,222)	-3.3%
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	1,858,556	1,966,469	1,901,247	(65,222)	-3.3%
NON OPERATING REVENUE					
SUBSIDY REVENUE	11,233,587	12,370,482	11,355,153	(1,015,329)	-8.2%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	101,722	100,042	78,288	(21,754)	-21.7%
TOTAL NON OPERATING REVENUE	11,335,309	12,470,524	11,433,441	(1,037,083)	-8.3%
TOTAL COMBINED REVENUES	13,193,864	14,436,993	13,334,689	(1,102,305)	-7.6%
OPERATING EXPENSES					
LABOR EXPENSES	109,735	168,536	135,740	(32,796)	-19.5%
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	109,735	168,536	135,740	(32,796)	-19.5%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	237,745	246,078	322,237	76,160	30.9%
PURCHASED TRANSPORTATION	10,185,040	10,869,272	10,043,589	(825,683)	-7.6%
TOTAL OUTSIDE SERVICES	10,422,785	11,115,349	10,365,826	(749,523)	-6.7%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	2,077,107	2,480,048	2,185,509	(294,540)	-11.9%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	1,257	1,320	889	(431)	-32.7%
TOTAL ENERGY	2,078,364	2,481,368	2,186,398	(294,971)	-11.9%
RISK MANAGEMENT	7,650	-	15,300	15,300	-
GENERAL AND ADMINISTRATIVE	3,184	10,950	4,725	(6,225)	-56.9%
DEBT SERVICE	-	-	-	-	-
VEHICLE/ FACILITY LEASE	219,431	280,000	278,123	(1,877)	-0.7%
TOTAL OPERATING EXPENSES	12,841,148	14,056,204	12,986,111	(1,070,093)	-7.6%
NET OPERATING SUBSIDY	(10,982,593)	(12,089,735)	(11,084,864)	1,004,871	8.3%
OVERHEAD ALLOCATION	(352,716)	(380,789)	(348,577)	32,212	-8.5%
ADJUSTED NET OPERATING SUBSIDY	(11,335,309)	(12,470,524)	(11,433,441)	1,037,083	8.3%
TOTAL REVENUES LESS TOTAL EXPENSES	-	0	(0)	(0)	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CHULA VISTA TRANSIT
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2012**

	ACTUAL FY11	ORIGINAL BUDGET FY12	AMENDED BUDGET FY12	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	2,534,382	2,836,359	2,913,748	77,389	2.7%
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	2,534,382	2,836,359	2,913,748	77,389	2.7%
NON OPERATING REVENUE					
SUBSIDY REVENUE	3,569,897	3,613,331	3,446,951	(166,380)	-4.6%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL NON OPERATING REVENUE	3,569,897	3,613,331	3,446,951	(166,380)	-4.6%
TOTAL COMBINED REVENUES	6,104,280	6,449,690	6,360,699	(88,991)	-1.4%
OPERATING EXPENSES					
LABOR EXPENSES	298,235	252,086	257,184	5,098	2.0%
FRINGE EXPENSES	140,888	119,248	78,892	(40,355)	-33.8%
TOTAL PERSONNEL EXPENSES	439,123	371,334	336,076	(35,258)	-9.5%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	60,456	80,260	79,789	(471)	-0.6%
ENGINE AND TRANSMISSION REBUILD	69,494	124,000	88,000	(36,000)	-29.0%
OTHER OUTSIDE SERVICES	148,562	166,869	168,593	1,723	1.0%
PURCHASED TRANSPORTATION	5,060,009	5,144,754	5,166,116	21,362	0.4%
TOTAL OUTSIDE SERVICES	5,338,521	5,515,883	5,502,497	(13,386)	-0.2%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	6,674	6,000	6,150	150	2.5%
TOTAL MATERIALS AND SUPPLIES	6,674	6,000	6,150	150	2.5%
DIESEL FUEL	5,641	8,078	6,997	(1,081)	-13.4%
CNG	94,361	303,657	286,238	(17,419)	-5.7%
TRACTION POWER	-	-	-	-	-
UTILITIES	86,876	100,428	87,652	(12,775)	-12.7%
TOTAL ENERGY	186,879	412,162	380,886	(31,276)	-7.6%
RISK MANAGEMENT	5,083	10,000	10,000	-	0.0%
GENERAL AND ADMINISTRATIVE	2,315	8,175	9,481	1,306	16.0%
DEBT SERVICE	-	-	-	-	-
VEHICLE/ FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	5,978,594	6,323,554	6,245,091	(78,463)	-1.2%
NET OPERATING SUBSIDY	(3,444,212)	(3,487,196)	(3,331,343)	155,853	4.5%
OVERHEAD ALLOCATION	(125,685)	(126,136)	(115,608)	10,527	-8.3%
ADJUSTED NET OPERATING SUBSIDY	(3,569,897)	(3,613,331)	(3,446,951)	166,380	4.6%
TOTAL REVENUES LESS TOTAL EXPENSES	1	(0)	(0)	0	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CORONADO FERRY
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2012**

	ACTUAL FY11	ORIGINAL BUDGET FY12	AMENDED BUDGET FY12	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
SUBSIDY REVENUE	139,368	157,103	160,911	3,808	2.4%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL NON OPERATING REVENUE	139,368	157,103	160,911	3,808	2.4%
TOTAL COMBINED REVENUES	139,368	157,103	160,911	3,808	2.4%
OPERATING EXPENSES					
LABOR EXPENSES	-	-	-	-	-
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	-	-	-	-	-
SECURITY EXPENSES	-	-	-	-	-
REPAIR/ MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	-	-	-	-	-
PURCHASED TRANSPORTATION	139,368	157,103	160,911	3,808	2.4%
TOTAL OUTSIDE SERVICES	139,368	157,103	160,911	3,808	2.4%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-
DEBT SERVICE	-	-	-	-	-
VEHICLE/ FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	139,368	157,103	160,911	3,808	2.4%
NET OPERATING SUBSIDY	(139,368)	(157,103)	(160,911)	(3,808)	-2.4%
OVERHEAD ALLOCATION	-	-	-	-	-
ADJUSTED NET OPERATING SUBSIDY	(139,368)	(157,103)	(160,911)	(3,808)	-2.4%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	-

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATIVE PASS THROUGH
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2012**

	ACTUAL FY11	ORIGINAL BUDGET FY12	AMENDED BUDGET FY12	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
SUBSIDY REVENUE	344,180	344,180	344,180	-	0.0%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL NON OPERATING REVENUE	344,180	344,180	344,180	-	0.0%
TOTAL COMBINED REVENUES	344,180	344,180	344,180	-	0.0%
OPERATING EXPENSES					
LABOR EXPENSES	-	-	-	-	-
FRINGE EXPENSES	188,680	188,680	188,680	-	0.0%
TOTAL PERSONNEL EXPENSES	188,680	188,680	188,680	-	0.0%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	155,500	155,500	155,500	-	0.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	155,500	155,500	155,500	-	0.0%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-
DEBT SERVICE	-	-	-	-	-
VEHICLE/ FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	344,180	344,180	344,180	-	0.0%
NET OPERATING SUBSIDY	(344,180)	(344,180)	(344,180)	-	0.0%
OVERHEAD ALLOCATION	-	-	-	-	-
ADJUSTED NET OPERATING SUBSIDY	(344,180)	(344,180)	(344,180)	-	0.0%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
FISCAL YEAR 2012

	Federal	TDA	STA	State - Other	TransNet	Other Local	Other Non Operating	Reserves/ Carryovers	Total
SDTC	20,223,559	FY11	1,697,468	-	16,090,769	3,569,160	-	-	41,580,956
SDTI	13,436,963	7,512,572	-	-	5,000,000	-	-	-	25,949,535
MCS 801 - South Central	-	13,263,237	-	-	-	-	-	-	13,263,237
MCS 802 - JARC Otay	207,087	225,636	-	-	-	-	-	-	432,723
MCS 803 - JARC Mid City	156,389	159,997	-	-	-	-	-	-	316,386
MCS 820 - East County	-	6,061,120	-	-	-	-	-	-	6,061,120
MCS 830 - Commuter Express	-	393,726	-	-	-	-	-	-	1,237,461
MCS 831 - Murphy Canyon	-	-	-	-	-	843,735	-	-	91,242
MCS 835 - Central Routes 961-965	-	1,903,638	-	-	-	-	-	-	1,903,638
MCS 840 - Regional Transit Center Maintenance	-	195,456	-	-	-	-	-	-	195,456
MCS 850 - ADA Access	3,869,693	4,958,934	-	1,400,000	658,643	181,102	-	-	11,068,372
MCS 856 - ADA Certification	-	208,493	-	-	-	-	-	-	208,493
MCS 875 - Coaster Connection	-	78,288	-	-	-	78,288	-	-	156,576
MCS 880 - Rural	434,837	116,116	-	-	-	-	-	-	550,953
Chula Vista Transit	-	3,446,951	-	-	-	-	-	-	3,446,951
Coronado Ferry	-	160,911	-	-	-	-	-	-	160,911
Administrative Pass Thru	-	344,180	-	-	-	-	-	-	344,180
Subtotal Operations	38,328,528	39,029,255	1,697,468	1,400,000	21,749,412	4,763,527	-	-	106,968,190
Taxicab	-	-	-	-	-	-	-	46,523	46,523
SD&AE	-	-	-	-	-	-	-	(3,050)	(3,050)
Subtotal Other Activities	-	-	-	-	-	-	-	43,473	43,473
Administrative	74,000	5,182,146	-	-	-	-	7,576,508	-	12,832,654
Grand Total	38,402,528	44,211,401	1,697,468	1,400,000	21,749,412	4,763,527	7,576,508	43,473	119,844,317

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
FY 2013 BOARD MEETING CALENDAR**

DATE	Meeting	Review Points
2/24/2012	Budget Development Committee	FY12 Midyear Amendment, FY13 CIP, Preliminary FY13 Forecast
3/15/2012	Finance Workshop	FY12 Midyear Amendment, FY13 CIP, Preliminary FY13 Forecast
Week of 4/2/2012	Budget Development Committee	FY 2013 Draft Budget: Revenues, Expenses, Policy Issues, Operational Issues, Budget Closure
4/19/2012	Finance Workshop	FY 2013 Draft Budget: Revenues, Expenses, Policy Issues, Operational Issues, Budget Closure
5/17/2012	Public Hearing	Public Hearing, Board Adoption

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

February 16, 2012

MINUTES

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:03 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. McClellan moved to approve the minutes of the January 19, 2012, MTS Board of Directors meeting. Mr. Minto seconded the motion, and the vote was 11 to 0 in favor with Ms. Bragg, Ms. Emerald, Ms. England, and Mr. Young absent.

3. Public Comments

Latasha Taylor: Ms. Taylor spoke to the Board about her experiences riding the bus and trolley as a disabled rider. She commented that because she does not appear to be disabled, she has been treated unfairly by drivers and other disabled patrons. She was trying to make others aware that just because a person does not physically appear to have a disability, it does not mean they are not disabled. Chairman Mathis directed staff to meet with Ms. Taylor and get the details of her experiences.

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

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

Action would receive a report for information.

8. Fiscal Year 2012 Transportation Development Act (TDA) Claim Amendment

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

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

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

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

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.

13. Excess Insurance Renewals for Liability and Workers' Compensation Program

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

14. Revisions to MTS Policy No. 26 – Disadvantaged Business Enterprise Program

Action would approve revisions to MTS Policy No. 26 – Disadvantaged Business Enterprise Program.

Action on Recommended Consent Items

Mr. Minto moved to approve Consent Agenda Item Nos. 6, 7, 8, 9, 10, 11, 12, 13, and 14. Mr. Gloria seconded the motion, and the vote was 13 to 0 in favor with Ms. Bragg and Mr. Young absent.

CLOSED SESSION:

24. Closed Session Items

The Board convened to Closed Session at 9:09 a.m.

- 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)
- 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)

The Board reconvened to Open Session at 9:35 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

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

NOTICED PUBLIC HEARINGS:

- 25. None.

DISCUSSION ITEMS:

- 30. Veolia Transportation Services, Inc. – Exercise Contract Option–Year Extensions

Claire Spielberg, Chief Operating Officer of Transit, along with Michael Daney, Senior Transportation Operations Specialist, gave the Board an overview of the Veolia Transportation Services contract option. Mr. Daney gave a brief overview of Veolia Transportation and provided a comparison between MTS Bus and Veolia in terms of contract operation. He talked about the existing contract between MTS and Veolia and Veolia's performance record. He then talked about the budget incurred when exercising three 1-year option terms with a total contract value of \$372,015,453. Lastly, he talked about the contract terms and contract pricing option years and stated that the average increase per option period is 1.9%.

Ms. Spielberg clarified nuances of the Veolia contract for Ms. Emerald. Ms. Emerald and Rios requested copies of the Veolia contract, labor agreements, and customer satisfaction survey results.

Messrs. Roberts and Rindone provided comments in support of the good working relationship between MTS and Veolia.

Ms. Spielberg clarified for Mr. Alvarez the CPI of the contract and option years average less than 2.5%, a 1.9%, aggregate, which is consistent with the San Diego region.

Action Taken

Ms. Emerald moved to authorize the CEO to execute MTS Doc. No. B0453.0-06 with Veolia Transportation Services, Inc., to exercise three 1-year option terms to provide fixed-route bus service (as specified in the existing MTS contract). Mr. Roberts seconded the motion, and the vote was 15 to 0 in favor.

REPORT ITEMS:

45. Operations Budget Status Report for December 2011

Mike Thompson, Budget Manager, gave the Board a report on the operations budget status report for December 2011. He stated that the year-to-date combined revenues through December 2011 were \$48,680,000 compared to the year-to-date budget of \$47,742,000, representing a \$938,000 or 2% positive variance. He stated that the favorable variance was due to passenger revenue.

Mr. Thompson stated that the year-to-date combined expenses through December 2011 were \$110,918,000 compared to the year-to-date budget of \$112,269,000, resulting in a \$1,351,000 or 1.2% favorable variance. He then provided a year-to-date summary stating that the December 2011 year-to-date net-operating subsidy totaled a favorable variance of \$2,289,000 or 3.5%. These include favorable variances in passenger revenue, personnel costs, outside services, general and administrative, and risk management, offset by unfavorable variances in other operating revenue, materials and supplies, and energy.

Mr. Thompson talked about ongoing budgetary concerns and stated that sales tax subsidy revenue, passenger levels, and the State of California Budget are all positive with energy prices holding steady compared to projections.

Mr. Jablonski explained that the budget is balanced due to receipt of \$10 million in one-time funds.

Mr. Ewin asked staff to provide a five-year historical financial view.

Action Taken

Mr. McClellan moved to receive a report on MTS's operations budget status for December 2011. Mr. Ovrom seconded the motion, and the vote was 15 to 0 in favor.

46. Chargers Year-End Report

Tom Doogan, Special Events and Operations Coordinator, gave the Board a summary of the 2011 Year-End Chargers Football Light Rail Transit (LRT) service. He stated that 2011 was the seventh year of Green Line service to the stadium. He explained that the Green Line operated 4-car trains for each weekend game, shuttle service operated between Old Town and the stadium, mid-line trips operated beginning at the Hazard Center Station eastbound and at the 70th Street Station westbound and additional trips operated from El Cajon to the stadium beginning 90 minutes before kickoff. He explained further that the 2011 season included three weeknight games, two of which had start times around 5:00 p.m., during peak service hours

placing a substantial burden on the entire system. Mr. Doogan provided a diagram of the LRT consists during the weekday peak events and the normal schedule Sunday games.

Mr. Doogan provided attendance and ridership numbers for 2011 compared to 2010. He stated overall attendance was down 2%, and trolley ridership was down less than 1%. He stated that gate % was equal to 23% vs. 22.7% in 2010. He then stated that ticket booth revenue was down 5% from 2010.

Mr. Doogan provided an overview of the 2011 San Diego State University (SDSU) Football attendance and ridership, with a 71% increase in attendance and a 97% increase in ridership since the inception of the LRT service to Qualcomm Stadium in 1997. He also stated that attendance and ridership was down for the NCAA Bowl Games compared to 2010.

In response to questions from Messrs. Young and Cunningham, Mr. Doogan stated that MTS works very closely with event organizers and marketing coordinators for city-wide special events, but it is difficult to measure attendance and ridership figures for events that do not take place in controlled environments such as Qualcomm Stadium.

Ms. Bragg expressed her concern for resources being spread too thin during special-event operations at peak ridership times.

Action Taken

Mr. Cunningham moved to receive a report for information. Mr. Minto seconded the motion, and the vote was 14 to 0 in favor with Mr. Roberts absent.

60. Chairman's Report

Chairman Mathis made no report.

61. Audit Oversight Committee Chairman's Report

Mr. Ewin, Chairman of the Audit Oversight Committee, stated that the audit was beginning to take form. He requested a copy of the 2011 CAFR be provided to Mr. Alvarez and Ms. Bragg.

62. Chief Executive Officer's Report

Mr. Jablonski stated that today the FTA is holding a listening session at the County Administration Building regarding the New Starts process and the importance of the Mid-Coast extension. He will be involved in the discussions along with Messrs. Roberts and Mathis.

He reported his recent travel; the APTA Transit CEO's Seminar in Orlando, Florida, a Western Transit CEO's meeting in Austin, Texas, and a trip to Washington D.C. to meet with members of the FTA and Senator Feinstein regarding Mid-Coast.

63. Board Member Communications

Mr. Ewin commented that the City of La Mesa is turning 100 and preparing to have a Centennial Celebration.

Mr. Young requested staff look at ridership numbers during peak times on the Orange Line.

64. Additional Public Comments on Items Not on the Agenda

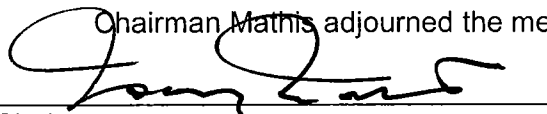
There were no additional public comments.

65. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, March 15, 2012.

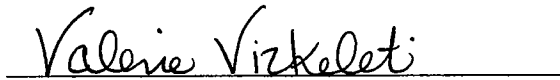
66. Adjournment

Chairman Mathis adjourned the meeting at 10:24 a.m.



Chairperson
San Diego Metropolitan Transit System

Filed by:



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

Approved as to form:



Office of the General Counsel
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
ROLL CALL

MEETING OF (DATE): February 16, 2012

CALL TO ORDER (TIME): 9:03 AM

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:09 AM

RECONVENE: 9:34 AM

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 10:24 AM

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ALVAREZ	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
BRAGG	<input checked="" type="checkbox"/> (King) <input type="checkbox"/>	9:09 AM	
CASTANEDA	<input type="checkbox"/> (Rindone) <input checked="" type="checkbox"/>		
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>		
EWIN	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>		
EMERALD	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:08 AM	
ENGLAND	<input checked="" type="checkbox"/> (Gastil) <input type="checkbox"/>	9:08 AM	
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>		
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>		
RIOS	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		10:00 AM
YOUNG	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:15 AM	

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD:

Valerie Vizkeletti

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

Carver Cox



AGENDA ITEM NO.

3

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

1

PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT)
TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM

1. INSTRUCTIONS

This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Board (please attach any written statement to this form). Communications on hearings and agenda items are generally limited to three minutes per person unless the Board authorizes additional time; however, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous hearings or agenda items may not again be addressed under General Public Comments.

(PLEASE PRINT)

DATE	3-15-'12
Name	Thomas Harry B. Cill
Address	P.O. 60545 92106
Telephone	(619) 623-9355
Organization Represented	Self
Subject of Your Remarks	Fire Extinguisher
Regarding Agenda Item No.	
Your Comments Present a Position of:	<input type="checkbox"/> SUPPORT <input checked="" type="checkbox"/> OPPOSITION

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Public comment on matters not on the agenda will be limited to five speakers with three minutes each, under the Public Comment Agenda Item. Additional speakers will be heard at the end of the Board's Agenda.

NOTE: Subjects of previous hearings or agenda items may not again be addressed under General Public Comments.



ELECTED NOT
TO SPEAK

AGENDA ITEM NO.

3

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

2

PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT)
TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM

1. INSTRUCTIONS

This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Board (please attach any written statement to this form). Communications on hearings and agenda items are generally limited to three minutes per person unless the Board authorizes additional time; however, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous hearings or agenda items may not again be addressed under General Public Comments.

(PLEASE PRINT)

DATE	March 15 2012		
Name	Andre Terry		
Address	4634 Thorn St San Diego Ca		
Telephone	619 581-8788		
Organization Represented	Public		
Subject of Your Remarks	Security Misconduct		
Regarding Agenda Item No.			
Your Comments Present a Position of:	<input type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Public comment on matters not on the agenda will be limited to five speakers with three minutes each, under the Public Comment Agenda Item. Additional speakers will be heard at the end of the Board's Agenda.

NOTE: Subjects of previous hearings or agenda items may not again be addressed under General Public Comments.



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

March 15, 2012

SUBJECT:

SDTI SYSTEM SAFETY AND SECURITY – AUDIT REPORT

RECOMMENDATION:

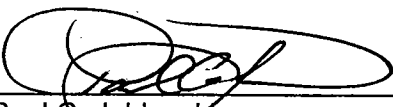
That the Board of Directors receive an internal audit report on San Diego Trolley, Inc.'s (SDTI's) system safety and security.

Budget Impact

None.

DISCUSSION:

During November 2011, the MTS Internal Auditor performed an assurance review of SDTI system safety and security. As a result of this review, four findings and recommendations were made for Management's consideration. Management has reviewed the recommendations and is taking action to address the issues identified.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Daniel Madzelan, 619.595.4920, Daniel.Madzelan@sdmts.com

MAR15-12.6.SDTI SAFETY & SECURITY.DMADZELAN.doc

Attachment: A. SDTI System Safety and Security – Audit Report





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

Att. A, AI 6, 3/15/12

Memorandum

DATE: 12/8/2011
TO: Nancy Dock
Stephanie Murphy
FROM: Daniel Madzellan
SUBJECT: Audit Report – SDTI Safety and Security Programs

EXECUTIVE SUMMARY:

Background:

Federal Transit Administration (FTA) Rule 49 *CFR Part 659: Rail Fixed Guideway Systems; State Safety Oversight* documents safety and security program requirements for Rail Transit Agencies (RTAs). Under the Rule, each RTA must have a separate System Safety Program Plan (SSPP) and a Security Emergency Preparedness Program (SEPP). At a minimum, the SSPP must address twenty-one (21) safety elements; similarly, at a minimum, the SEPP must address five (5) security elements. The Rule also requires the RTA to review all twenty-one safety elements and the five security elements during a three year cycle.

The Public Utilities Commission of the State of California (CPUC) serves as the oversight agency to ensure RTAs current programs meet the requirements, as well as identify areas that require revision. To fulfill their oversight obligations, the CPUC issued General Order 164-D, last amended on May 3, 2007.

Audit Objectives and Scope:

The audit was designed to provide reasonable assurance that current operating procedures ensure continued compliance with CPUC General Order 164-D. The audit specifically reviewed three sections of General Order 164-D:

- Section 3: Requirements for System Safety Program Plans (SSPP).
- Section 4: Requirements for System Security Plans (SEPP).
- Section 5: Requirements for Internal Safety and Security Audits.

The last CPUC triennial reviews of Safety and Security operations occurred in 2009. The audit reviewed operating activities of both Safety and Security occurring in 2009, 2010 and 2011.

Audit Results:

Based on Audit's understanding of General Order 164-D, discussions with SDTI Safety Manager, MTS Security Management, CPUC representatives, and reviews of supporting documentation both the current SSPP and SEPP specifically address the required elements documented in FTA Rule 49 *CFR Part 659*.

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



The audit did identify opportunities for strengthening internal controls, specifically controls regarding information and communication, with respect to Section 5 of General Order 164-D. Audit findings are as follows:

NOTE: As documented in SDTI's System Safety Master Review Schedule, there are six (6) elements scheduled for review by the Safety Manager and a CPUC representative in December 2011. Actual submission of the 2011 internal audit report to the CPUC is scheduled to take place by February 15, 2012 in accordance with General Order 164-D. Thus, those reviews and related checklists were not subject to detailed Internal Audit fieldwork procedures. However, the Internal Auditor will attempt to attend and observe those reviews.

High Priority Findings:

- No findings considered high priority.

Medium Priority Findings:

- Security Operations – Communication of Activities to the CPUC: Section 5.5 of General Order 164-D states that prior to the 15th of February the RTA shall submit a report for the internal audits performed during the preceding year. Based on evidence reviewed, submissions of the security audit reports did not always occur, or did not occur in accordance with specified time parameters. Additionally, there was a misunderstanding regarding a Resolution issued by the CPUC addressing the 2009 triennial review where an additional response to CPUC should have occurred, but had not as of the date of this report.

Low Priority Findings:

- Internal Security Audits – Master Security Audit Review Schedule and Performance: The 2009 triennial review recommended SDTI develop an internal security audit schedule that details the annual audits to be performed for the three year cycle. There is discussion within the current SEPP regarding overall internal audit procedures. However, the audit activities do not specifically reflect a schedule of audits for the five elements over a three year cycle. Audit did observe the Safety Manager, along with CPUC representatives performing reviews of these five areas in late October 2011; however these reviews were not reflected on SDTI Safety's Master Audit Schedule.
- Internal Safety Audits – Safety Review Checklists: Audit checklists used by the Safety Manager clearly document the sections of SSPP under review, as well as SDTI standard operating procedures for various operational activities. However, there is not a clear linkage between the audit checklists and the specific elements outlined in FTA Rule 49 CFR Part 659. Thus, there could be inquiries raised as to whether all elements were adequately reviewed in the three year period.
- Internal Safety Audits – Tracking and Remediation Report: The Safety Manager utilizes a spreadsheet to document and track the status of safety audit findings. Audit observed the Completion Date column of the report was not being populated when a finding was changed from open to closed. This was inconsistent with Audit's expectations given the column's inclusion on the tracking spreadsheet. Audit did observe that all status changes of findings from open to closed were justified based on supporting documentation.

Subsequent pages of this report contain details regarding audit findings documented above, as well as definitions of Audit Priority Findings.

AUDIT FINDINGS AND MANAGEMENT ACTION PLANS:

Finding/Observation:

Security Operations – Communication of Activities to the CPUC:

Section 5.5 of General Order 164-D states that prior to the 15th of February the RTA shall submit a report for the internal audits performed during the preceding year. Based on evidence reviewed, a security internal audit report was not submitted to the CPUC for calendar year 2009.

In 2010, as recommended in the 2009 triennial report, Security submitted their revised SEPP to the CPUC for review and acceptance. The CPUC reviewed and accepted the SEPP as evidenced by a letter from the CPUC dated September 8, 2010. An internal security audit report should have been submitted to the CPUC by February 15, 2011 stating there were no program changes since the SEPP was accepted. The actual letter was not submitted until November 10, 2011.

Finally, although the security triennial review took place in 2009, a formal resolution finalizing the report was not issued until May 26, 2011. The Resolution stated MTS was to provide a status update on the findings/recommendations in the report, as well as monthly status updates until the findings were closed. MTS provided a response consistent with the requirements stated in the Resolution to the CPUC on March 4, 2011. In speaking with a CPUC representative, MTS should have responded again, subsequent to the date of the Resolution. Such a response had not taken place as of the date of this report.

Finding Priority Rating:

Medium Priority Finding

Audit Recommendation:

There are no specific recommendations regarding this finding. Based on discussions with Security Management and reviews of the SEPP, Security Management is aware of the annual internal audit report requirement. Going forward, Security Management needs to ensure these reports are timely submitted to the CPUC.

Security Management is currently working on revising their SEPP. When the revised document is submitted to the CPUC, Security Management should include a response to the Resolution, re-iterating or updating the points made in the March 4, 2011 letter to the CPUC.

Management Response/Action Plan:

This finding manifested due to miscommunication between CPUC and MTS and furthered by the elimination of the Assistant Director position. As of December 19, 2011, we believe we are now in compliance with the internal audit requirements. An outside consultant was hired to develop CPUC audit compliance checklists retroactively for 2009, 2010 and 2011 and then review MTS documentation to ensure audit requirements had been met. The checklists and the consultant's letter, noting comments but no findings, have been provided to Internal Audit.

Management Estimated Action Plan Completion Date:

February 15, 2012. The ERP (Emergency Response Plan), SSP (System Security Plan) and TVA (Threat and Vulnerability Assessment) are currently being updated and the SSP will be submitted to CPUC before February 15, 2012 as required. The October SSP update was not accepted by CPUC, due to its proximity to the next anticipated update. Additionally, the 2012 Triennial CPUC Audit is scheduled for March 5, 2012. Lastly, once a Deputy Director is on board, annual internal audits will take place each year using the checklists prepared by the consultant.

Finding/Observation:

Internal Security Audits – Master Security Audit Review Schedule and Performance:

Section 5.2 of CPUC General Order 164-D requires performance of internal safety and security audits such that all required safety and security plan elements be audited within a three period.

The 2009 triennial review recommended SDTI develop an internal security audit schedule that details the annual audits to be performed for the three year cycle (review of the five elements). There is discussion within the current SEPP regarding internal audit procedures. However, the audit activities do not specifically reflect a schedule of audits for the five elements over a three year cycle.

The SDTI Safety Manager, along with CPUC representatives, performed reviews of these five areas in late October 2011, documenting the results on checklists similar in format to those used for internal safety reviews. These reviews were not reflected on SDTI Safety's Master Audit Schedule. In previous years, these reviews were reflected on the Safety Manager's Master Audit Schedule. However, when General Order 164-D was amended in 2007 requiring two separate Program Plan documents for safety and security, these reviews were no longer considered to be part of their responsibility. Accordingly, the elements were removed from the schedule.

Finding Priority Rating:

Low Priority Finding

Audit Recommendation:

Audit would recommend that the Safety Manager re-incorporate security element reviews into their Master Audit Schedule and perform these reviews every three years. This would facilitate an independent review of security operations, as well as streamline operations with CPUC representatives who must be present during these reviews.

Security Management would still be responsible for performing annual internal audits as outlined in their SEPP, as well as submitting the annual report regarding audit activities.

Management Response/Action Plan:

Security Mgmt. Response: Management now possesses checklists which will be rotated throughout the three year cycle. The schedule will be established once a Deputy Director is on board. It is anticipated that these audits shall take place in the fall of each year to coincide with annual updates of the SSP so that any deficiencies found in the audit can be addressed/updated in the SSP. Management agrees with the recommendation of the Safety Manager reincorporating the triennial audit in order to meet the independent audit requirement.

Safety Mgmt. Response: The Master Schedule for SDTI Internal Safety Audit (ISA) 2007 – Present, has been modified to include five (5) elements for review, regarding Security Department responsibilities. The Safety Department performed a review of the elements on October 27, 2011. Per FTA Oversight Rule 49 CFR 659, Joey Bigornia, CPUC Designated Representative was present as a witness. A 3-Year schedule that identifies the elements to be performed was submitted to Internal Audit as part of the reporting process.

Management Estimated Action Plan Completion Date:

Closed for this Audit Report.

Going forward, tentatively November 1, 2012. As the retro-active audits have just taken place for 2009, 2010 and 2011, annual audits will be entered into the SSP as schedule in October of each year.

Finding/Observation:

Internal Safety Audits – Safety Review Checklists:

Section 5.4 of General Order 164-D requires performance of internal safety and security audits utilizing written checklists and that each RTA shall provide the audit checklists to CPUC staff prior to the audit.

Based on reviews of the 2009 and 2010 Internal Safety Audit (ISA) Reports, there were audit checklists developed and provided to the CPUC prior to the audit. The checklists clearly document the sections of SSPP under review, as well as SDTI's standard operating procedures for various operational activities. However, there is not a clear linkage between the audit checklists and the specific elements as outlined in FTA Rule 49 *CFR Part 659*. Thus, there could be inquiries raised as to whether all elements were adequately reviewed given the elements are not clearly referenced within the checklists.

Based on discussion with the Safety Manager and analysis of the individual checklists, Audit concluded the elements subject to testing in 2009 and 2010 as stated on the Safety's Internal Audit Master Schedule were adequately addressed.

Finding Priority Rating:

Low Priority Finding

Audit Recommendation:

Audit recommends the Safety Manager clearly document within the audit checklists the safety element the checklist is addressing. This would help ensure that all elements are reviewed in accordance with Rule 49 *CFR Part 659*.

Management Response/Action Plan:

Internal Safety Audits – Safety Review Checklists:

The element title and number will be included in the Reference Criteria Section of each Internal Review document, to ensure audit checklists and the specific elements outlined in FTA Rule 49 *CFR Part 659* are being adequately reviewed. Examples were submitted to Internal Audit as part of the reporting process.

Management Estimated Action Plan Completion Date:

Complete as of report issuance date.

Finding/Observation:

Internal Safety Audits – Tracking and Remediation Report:

In accordance with General Order 164-D, the Safety Manager has submitted Internal Safety Audit (ISA) Reports for fiscal years 2009 and 2010. Included in the report is a tracking spreadsheet listing all findings as a result of the internal audits, as well as the current status of the findings (open or closed). The Safety Manager submits a bi-monthly report to the CPUC updating the status of audit findings.

Audit observed the tracking spreadsheet includes a column for documenting the Completion Date; however this column of the report was not utilized. Given this column is included on the tracking spreadsheet, omitting this information for each finding is inconsistent with Audit expectations.

Audit independently validated, through examination of supporting documentation, that all status changes of findings from open to closed were justified.

Finding Priority Rating:

Low Priority Finding

Audit Recommendation:

Audit would recommend Safety Manager either 1) utilize the Completion Date field of the report as it was intended, or 2) removing the column from the tracking report, so as not to give the appearance this is required information. Audit considers removing the field from the tracking spreadsheet reasonable given documenting such information is not a requirement for CPUC reporting purposes.

Management Response/Action Plan:

Internal Safety Audits – Tracking and Remediation Report:

Tracking Spreadsheets will be modified to exclude the completion dates on items which are closed. A department within one reporting period may present numerous support documents with various completion dates. The Completion Date column will be eliminated. Support documentation will serve as justification for items having a closed status. Example of new tracking spreadsheet was submitted to Internal Audit as part of the reporting process.

Management Estimated Action Plan Completion Date:

Complete as of report issuance date.

AUDIT FINDINGS RATINGS DEFINITIONS:

High Priority Finding	<p>Immediate management attention is required. This is a serious internal control that if not mitigated could lead to:</p> <ul style="list-style-type: none">• Significant financial losses;• Serious violation of corporate strategies, policies, or values,• Reputational damage• Significant adverse regulatory impact (loss of operating licenses, material fines).
Medium Priority Finding	<p>Timely management attention is required. This is an internal control that if not mitigated could lead to:</p> <ul style="list-style-type: none">• Financial losses,• Loss of control, non-compliance with departmental policies or procedures,• Adverse regulatory impact.
Low Priority Finding	<p>Routine management attention is warranted. This is an internal control or risk issue which may lead to improvement in the quality or efficiencies of the organization or process.</p>



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Agenda Item No. 7

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

March 15, 2012

SUBJECT:

HSQ iLON SYSTEM UPGRADE AND RECERTIFICATION – SOLE SOURCE

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1069.0-12 (in substantially the same format as Attachment A) with HSQ Technology for a system upgrade and recertification of the HSQ iLON fire-safety system.

Budget Impact

The total for completion of the upgrade and recertification of the iLON fire-safety system would not exceed \$157,197 and would be funded by MTS Capital Improvement Project (CIP) 11325 (iLON Replacement).

DISCUSSION:

MTS is currently using the iLON system to control the San Diego State University tunnel fire safety system. HSQ Technology developed and installed the iLON system under a competitive award in 2003 through the San Diego Association of Governments (SANDAG) under LRT 10426 Mission Valley East – Green Line Trolley Project.

HSQ Technology is the sole provider of technical services and ongoing support for the iLON system. For this project, HSQ Technology will upgrade the aging system components and configure remote management and monitoring capability for system maintenance. HSQ will also prepare a Test Document for approval by the Fire Marshal's office for the upgraded system.



This system is a required critical-safety component of the San Diego State University tunnel. It must be updated in order to be compliant with the requirements for continued operation of service at that location. Staff has determined that labor hour and equipment pricing for the iLON upgrade and recertification project is fair and reasonable and, therefore, staff recommends Board approval of MTS Doc. No. L1069.0-12 with HSQ Technology for these services.



Paul C. Jablonski
Chief Executive Officer

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

MARCH15-7.12.HSQ iLON SYSTEM UPGRADE RECERT.MLAWRENCE

Attachment: A. Draft MTS Doc. No. L1069.0-12

DRAFT

Att. A, AI 7, 3/15/12

STANDARD SERVICES AGREEMENT

L1069.0-12
CONTRACT NUMBER
CIP 11325
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: HSQ Technology

Address: 26227 Research Road

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

Hayward, CA 94545

Telephone: 510-259-3705

Authorized person to sign contracts: Harold Spence 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 upgrade and recertification services for the iLON fire-safety system as set forth in the Scope of Work, HSQ Technology's proposal dated January 18, 2012, 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 from April 1, 2012, through September 30, 2012.

The total cost of this contract shall not exceed \$157,197, without the express written consent of MTS.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM		CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer		Firm: _____
Approved as to form:		By: _____ Signature
By: _____ Office of General Counsel		Title: _____
AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$157,197	CIP 11325	12/13

By: _____
Chief Financial Officer Date

(____ total pages, each bearing contract number)



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Agenda Item No. 8

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

March 15, 2012

SUBJECT:

SAN DIEGO TRANSIT CORPORATION (SDTC) PASSENGER SERVICES – AUDIT
REPORT

RECOMMENDATION:

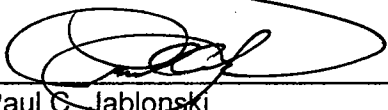
That the Board of Directors receive internal audit reports on SDTC passenger services.

Budget Impact

None.

DISCUSSION:

During December 2011, the MTS Internal Auditor performed a review of SDTC passenger service operations. Based on the nature of the operations, the Internal Auditor elected to issue two separate reports—one report addressing customer service operations and the other report addressing the Classroom Day Trip Program. With respect to customer service operations, there were three findings and recommendations for Management's consideration. Likewise, there were three key findings and recommendations for Management's consideration regarding the Classroom Day Trip Program. Management has reviewed the recommendations and is taking action to address the issues identified.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Daniel Madzellan; 619.595.4920; daniel.madzellan@sdmts.com

MARCH15-12.8.SDTC PASSENGER SVCS AUDIT.DMADZELAN

Attachments: A. Report on Customer Service
B. Report on Classroom Day Tripper Program

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Att. A, AI 8, 3/15/12

Memorandum

DATE: 12/28/2011
TO: John Davenport, Belinda Fragger, and Christy Gonzalez
FROM: Daniel Madzellan
SUBJECT: Audit Report – Customer Service Operations

EXECUTIVE SUMMARY:

Audit Objectives and Scope:

The purpose of the audit was to assess the goals and objectives of customer service operations, evaluate the controls designed to achieve the goals and objectives, and determine if opportunities for strengthening internal controls existed.

Based on Audit's understanding of operations, assessed risks, and consultation with Passenger Services Management, the audit focused on four areas: 1) overall system for tracking customer reported cases, 2) timeliness of responses to reported cases, 3) resolutions of reported cases, and 4) management reporting.

Detail testing and analysis concentrated on bus operations, both MTS and Contracted Services, occurring in September, October, and November of 2011. Audit also performed high level analytical reviews on other MTS departments who receive customer cases through the Customer Response Center (CRC), the web based application utilized to record and investigate customer comments.

Audit Results:

Passenger Service Management has developed an extremely dynamic system for tracking and responding to customer comments. Audit testing revealed the system was working as designed and overall was effective in achieving the goals and objectives of customer services operations. Audit did identify some opportunities for strengthening the current system. Findings are as follows:

High Priority Findings:

- No findings considered high priority.

Medium Priority Findings:

- No findings considered medium priority.



Low Priority Findings:

- Timeliness of Responses to Reported Cases – Additional Management Reporting: Audit randomly selected fifty (50) cases in the CRC system, twenty-five (25) assigned to MTS bus operations and 25 assigned various Contracted Service bus operations. Audit evaluated each case to determine if, 1) the case was assigned to bus operations within 2 business days of receipt by customer service, and 2) if the case was resolved by bus operations within 15 days, the department goals and objectives.

Customer Service was 100% compliant in assigning cases to bus operations with 2 business days. The overall compliance rate for MTS bus operations closing cases within 15 days was 64% (16/25); average days to close a case - 13 days; longest duration - 39 days. For Contracted Services, the overall compliance rate was 68% (17/25); average days to close a case - 12 days; longest duration - 42 days. NOTE: South Central operations had a compliance rate of 90% (9/10) and First Transit Mini-Bus was 100% compliant (5/5).

- Resolution of Reported Cases – Cases Lacking Documentation Audit Considered Necessary to Formally Close a Case: Based on selected cases identified above, there were seven cases, all submitted via the internet, where the customer requested to be contacted. Evidence of follow up customer contact was not documented in the case itself. There were also two cases classified as closed, however, there was no documentation provided by a department supervisor documenting the action taken.
- Resolution of Reported Cases – Final Classification of Reported Cases Inconsistent with Audit's Expectations: There were seven cases, four from MTS Bus Operations and three from Contracted Services, where Audit's assessment of final complaint code assigned to the case was inconsistent with the actions taken as documented by the Supervisor. The majority of these expectation differences involved final case status as BD – Benefit of the Doubt or NV – No Validity.

Subsequent pages of this report contain details regarding audit findings documented above, additional audit observations, as well as definitions of Audit Priority Findings.

Background:

The customer service operation is a function of the Passenger Services Department, which operates within SDTC. Customer Services handles customer comments for all MTS bus operations, including Contracted Services and Para Transit. Customer Service also handles customer comments concerning other MTS departments unrelated to bus operations, such as Trolley and Security. Customer Service is open weekdays 8:30am – 5:00pm with a voice mail messaging system for afterhours calls. The majority of customer comments are by phone; however complaints are also received in person, by letter, or via the web. Customer Service handles roughly 500-700 passenger contacts a month.

Customer Services utilize an internally developed web based system (CRC) to record all customer contacts, assign cases to various operation's management, and monitor incidents as they move through the system. Management has also developed TOAD reporting, summarizing total cases by incident type and bus operation division on a monthly basis. Distribution of the report to department management occurs on a monthly basis.

AUDIT FINDINGS AND MANAGEMENT ACTION PLANS:

Finding/Observation:

Timeliness of Responses to Reported Incidents – Additional Management Reporting:

Audit randomly selected fifty (50) cases in the CRC system, twenty-five (25) assigned to MTS bus operations and 25 assigned to various Contracted Service bus operations. Audit evaluated each case to determine if; 1) the case was assigned to bus operations within 2 business days of receipt by customer service, and 2) if the case was resolved by bus operations within 15 days, the department goals and objectives.

Customer Service was 100% compliant in assigning cases to bus operations with 2 business days. The overall compliance rate for MTS bus operations closing cases within 15 days was 64% (16/25); average days to close a case - 13 days; longest duration - 39 days. For Contracted Services, the overall compliance rate was 68% (17/25); average days to close a case - 12 days; longest duration - 42 days. NOTE: South Central operations had a compliance rate of 90% (9/10) and First Transit Mini-Bus was 100% compliant (5/5).

Additionally, Audit performed high level analytics on other departments who received cases within the CRC, but are unrelated to bus operations. The analysis indicated other departments are utilizing the system and responding to cases assigned to them. However, the analysis also indicated a number of cases assigned to other operational departments are not always being timely addressed within the actual system.

Timeliness of case resolution is a key goal/objective of customer service operations. One viable option to improve this element would be to develop an aging report of cases in the CRC system.

Finding Priority Rating:

Low Priority Finding

Audit Recommendation:

Audit would recommend Passenger Service Management work with the IT Department to develop an aging report within TOAD to better track the timeliness element of case resolution. This would provide management additional information and visibility into the overall performance of operations. Audit would also recommend this aging be applicable to all departments that currently utilize the CRC system and not limited strictly to bus operations. This would help management's ability to communicate with other departments the status of cases assigned to them; thereby increasing the likelihood cases will be timely reviewed and resolved.

Passenger Service Management did provide Audit an example of the current reporting available in the CRC system to track timeliness of case resolution. Adding some informational fields to the current report could make it a viable option for tracking the timeliness element of operations.

Management Response/Action Plan:

Management will schedule a meeting with IT to discuss the creation of a customized report within the CRC that provides aging information on all passenger incidents from date of call or receipt of letter to final resolution. This will help management monitor the CRC operation performance as well as ensure all incidents are being processed and closed out in a timely manner.

Management Estimated Action Plan Completion Date:

Customer Service management will set up a meeting with IT within 30 days after audit finalization. IT will place the request for service in their operating queue for resource assignment to develop the report. Management cannot estimate a final completion date until IT provides feedback on the time needed to complete the job.

Finding/Observation:**Resolution of Reported Cases – Cases Lacking Documentation Audit Considered Necessary to Formally Close a Case:**

Based on the same population of cases identified above, Audit reviewed the details of the case, observing the following:

1. There were seven cases, all submitted via the internet, where the customer requested to be contacted. Evidence of customer contact as requested was not documented in the case file itself.
2. There were two cases from the Contracted Services population, classified as closed. However, there was no documentation provided by a department supervisor describing the action taken. There was one case, also from Contracted Service population, where documented action taken was “need direction.” There was no other documentation within the case file. For these three cases Audit concluded there was insufficient information to formally close the case.

Finding Priority Rating:

Low Priority Finding

Audit Recommendation:

With respect to the first finding, as part of standard operating procedures, Audit would recommend Passenger Services require documentation in Section H – Customer Contact for all cases. If the customer did not request to be contacted, Passenger Services can simply state “not applicable.” If the customer did request to be contacted, Passenger Services should complete section as currently configured within the CRC system.

With respect to the second finding, Audit would recommend Passenger Services inquire with the IT department to determine if there are controls that can be implemented requiring documentation in Section E – Supervisor Action Taken, before a case can be classified as closed. Such a control would ensure supervisors are populating this section of the case and prevent occurrences where no documentation was provided as observed.

If such an IT control cannot be implemented, Passenger Services, as part of their case closing process should verify Section E is populated with a response, thereby ensuring a review occurred before closing a case.

Management Response/Action Plan:

Response to # 1 (above)

All Email contacts are sent a standard response, see below.

Dear MTS Customer,

Thank you for taking the time to submit your comments to us. It is important for MTS to hear from customers regarding their experiences on public transit. Please, be assured that the appropriate action will be taken concerning the incident you have reported. Feel free to contact us in the future regarding your transportation needs.

Furthermore, Passenger Services has implemented this change to make sure that Section H. Is properly filled out and that the Customer contact Date and CS representative initials are documented in the fields below. If there was no contact requested NA will be noted.

Customer Contacted By:

Contact Date:

Response to #2

Customer Service will check with IT to determine if a popup menu feature can be implemented before a supervisor sends the complaint back for close out.

Until such control can be implemented, Customer Service will monitor Incidents that are sent back for closing and if no "action" has been documented within the field Customer Service will re-submit the complaint back to the operating agency requesting a response or document that there was no action needed.

Management Estimated Action Plan Completion Date:

The above process will be implemented immediately. Customer Service will request a meeting with IT within 30 days after audit finalization. Customer Service cannot give a definite date for IT work until the change details are reviewed by IT professionals.

Finding/Observation:**Resolution of Reported Cases – Final Classification of Reported Cases Inconsistent with Audit's Expectations:**

There were seven cases, four from MTS Bus Operations and three from Contracted Services, where Audit's assessment of the final complaint code assigned to the case was inconsistent with the actions taken as documentation by the Supervisor. The majority of these expectation differences involved final case status as BD – Benefit of the Doubt or NV – No Validity.

For certain cases, the supervisor comments did not explicitly indicate benefit of the doubt or no validity, but the case was classified as such. In other instances, the supervisors' notes did indicate benefit of the doubt or suggest no validity, but the case's original complaint classification code was not changed to reflect as such. Ensuring case complaint codes are accurate is also considered a key objective of customer service operations.

Finding Priority Rating:

Low Priority Finding

Audit Recommendation:

Management should provide additional guidelines in their operating procedures regarding what documentation is required in order to change a reported incident to BD – Benefit of the Doubt or NV – No Validity prior to closing a case within the CRC system. Strengthening current guidelines would provide more assurance that all cases are properly classified in accordance with department policies and procedures.

Management Response/Action Plan:

Customer Service Supervisors will continue to review all incidents created by staff for code accuracy to ensure that the proper code is being used. Going forward Customer Service supervisors will monitor close outs that have a notation requesting a code change. The code will only be changed on a particular incident to BD or NV if the operations supervisor has requested the change and all supporting documentation is included or noted in the action taken field.

Management Estimated Action Plan Completion Date:

Customer Service supervisors will implement this procedure immediately upon audit finalization.

OTHER AUDIT OBSERVATIONS:

Resolution of Reported Cases – Including Supervisor's Initials in Action Taken Section of Case File:

Audit observed that certain supervisors within MTS Bus Operations would include their initials or name when providing a response to an incident, while other supervisor did not. As a best practice, Audit would encourage all supervisors to include their initials or provide their name when responding to an incident.

This is not considered necessary for Contracted Services operations, as management knows who is responsible for completing the supervisor sections for each operating division.

CRC System – Adding an Additional Complaint Code:

Given the new rules and procedures regarding Cart, Strollers, and Cargo for bus and trolley operations, management might consider creating a new customer complaint code within the CRC addressing rule changes. Creating a separate code for these types of complaints would provide management more visibility into how MTS customer are receiving these, or subsequent, rule changes. It could also give management information regarding individual bus driver's application of the new rules, as the new rules do allow for discretion on the part of the bus drivers when applying the new rules.

AUDIT FINDINGS RATINGS DEFINITIONS:

High Priority Finding	<p>Immediate management attention is required. This is a serious internal control that if not mitigated could lead to:</p> <ul style="list-style-type: none">• Significant financial losses;• Serious violation of corporate strategies, policies, or values,• Reputational damage• Significant adverse regulatory impact (loss of operating licenses, material fines).
Medium Priority Finding	<p>Timely management attention is required. This is an internal control that if not mitigated could lead to:</p> <ul style="list-style-type: none">• Financial losses,• Loss of control, non-compliance with departmental policies or procedures,• Adverse regulatory impact.
Low Priority Finding	<p>Routine management attention is warranted. This is an internal control or risk issue which may lead to improvement in the quality or efficiencies of the organization or process.</p>



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Att. B, AI 8, 3/15/12

Memorandum

DATE: 12/28/2011
TO: John Davenport, Belinda Fragger, and Christy Gonzalez
FROM: Daniel Madzelan
SUBJECT: Audit Report – Classroom Day Pass Program

EXECUTIVE SUMMARY:

Background:

Passenger Service Department manages the Classroom Day Pass Program. The program offers reduced fare day passes for youth groups or students for fieldtrips. The program serves as a way to educate students on utilizing public transportation. Reduced day pass rates, as documented in program narratives, are:

- \$1.50 per person on all regularly scheduled MTS and North County Transit District (NCTD) buses, MTS trolley, and the NCTD Sprinter.
- \$3.00 per person on the NCTD Coaster. Combine a Coaster excursion with the bus, trolley, or Sprinter and add \$1.50 per person.
- \$2.00 per person on the Coronado/San Diego Bay Ferry. Combine the Ferry outing with bus or Trolley and add \$1.50 per person.

MTS employs a part time Classroom Day Tripper Coordinator who is responsible for the day to day operation and management of the program. Trip reservations can be made via phone, web, or in person. Once the Classroom Day Tripper Coordinator receives and confirms a reservation, the requesting organization is instructed to send a check or money order, made payable to SANDAG, to the Classroom Day Tripper Coordinator. Checks and money orders are the only acceptable method of payment.

Upon receipt of full payment, the Classroom Day Tripper Coordinator prepares a Day Trip Pass that clearly states date of travel, number of passengers, group/organization's name, and the adult leader's name. The day pass can be picked up in person or mailed to the requesting individual or group coordinator. Also upon receipt of payment, the Classroom Day Tripper Coordinator photocopies the check and completes a Classroom Pass Receipt Form listing the actual trip date, group name, check/money order number, and total amount of passengers and the sale amount. This form, along with the individual original checks is forwarded to SANDAG for final processing.

SANDAG confirms receipt of the checks back to the Classroom Day Tripper Coordinator, deposits the actual checks, and remits the revenues collected for the month based on an Excel allocation report prepared by the Classroom Day Tripper Coordinator. The report lists how each payment received during the month are to be allocated amongst MTS Bus, MTS Trolley, NCTD, or the Ferry based on the trip itinerary.

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

It should be noted that a new department head assumed management responsibility for Passenger Services and the Regional Telephone Information operations on July 15, 2011. Also at the same time, a new supervisor was promoted to assist the new department head with various tasks including supervision of the classroom day trip coordinator. Upon review of existing procedures with the Classroom Day Tripper Coordinator, the newly assigned managers discovered a number of past operating procedures determined to be ineffective or inefficient. These procedures primarily related to monitoring/oversight controls (i.e. lack of supervisor review of trip request forms). Accordingly, an effort was made to simplify processes while enhancing overall internal control over the classroom day pass program. This was done in conjunction with MTS Audit staff.

Audit Objectives and Scope:

Audit objectives were to evaluate current operating procedures, determine the overall effectiveness of existing controls, and explore opportunities for improving internal controls. The audit focused on: 1) the process for recording and tracking classroom day trip passenger and sales, 2) the communication between MTS and SANDAG regarding day trip programs' revenue, 3) the reconciliation of the MTS allocation reporting to SANDAG's remittance reporting, and 4) the general oversight and monitoring of control activities.

The initial audit scope was to concentrate on activities occurring in September, October, and November of 2011. Upon commencing fieldwork activities Audit identified apparent control and reporting deficiencies. After communicating these preliminary findings with management, Audit and management agreed to expand the scope of the audit by performing high level analytical reviews on all months from calendar year 2011, excluding December.

Audit Results:

Audit concluded that the overall process for recording and reporting day trip activities were out dated and not well designed, and therefore were considered ineffective in achieving the overall goals and objectives of program operations.

As mentioned above, the department has been under new management direction since July 15, 2011. New management, through their own analysis, identified similar findings discussed in this report. Prior to the audit commencing they had been working towards implementing new processes and procedures. Audit has consulted with management on the new reporting procedures for recording day trip activities. Audit concluded management's new control design will be more effective in mitigating the issues identified during this review. However, it should be noted that because this is a new process management may need to revise these new procedures to ensure internal controls are achieving their stated goals/objectives.

Key findings are summarized below. Findings all determined to be medium priority.

1. MTS Allocation Reporting Inconsistent with SANDAG's Revenue Remittance Reporting: Currently, MTS bases their allocation reporting on the month the actual trip took place (i.e. modified accrual basis). SANDAG's bases their remittance reporting around actual checks received and processed during a month (i.e. cash basis). The different methodologies of reporting leads to timing differences that cannot be reconciled in an efficient, easy manner.
2. Validity and Accuracy of MTS Allocation of Revenue Reporting: There were differences between MTS revenue allocation reports and Audit's expected trip revenues based on passenger counts and pricing as outlined above. Accordingly, Audit cannot reasonably conclude the information reflected with MTS reports is valid and accurate, which in turn impacts Audit's ability to reconcile to SANDAG's actual remittances.
3. Program Rates Charged for Ferry Services is Inconsistent with the Rates Reflected within Program Operating Narratives: Current program narratives lists the Coronado/San Diego Bay Ferry cost as \$2 per person. Audit observed there were trips where the reported Ferry charges and allocation was for only \$1 per person. Based on discussion with the prior supervisor and Classroom Day Tripper Coordinator these charges arise if the Ferry use is only one way, not a round trip. There were fifty-three (53) one way trips reflected on MTS reporting where only \$1 per person was charged.

Subsequent pages of this report contain details regarding audit findings, recommendations, and management's response to findings and recommendations.

AUDIT FINDINGS:

1) MTS Allocation Reporting Inconsistent with SANDAG's Revenue Remittance Reporting:

Audit learned through inquiry that Passenger Services was not provided with information from SANDAG regarding the actual remittances made on a monthly basis. SANDAG confirms with the Classroom Day Tripper Coordinator receipt of actual checks on the Classroom Day Pass Program Receipt Form, but there was no further correspondence. The Classroom Day Tripper Coordinator allocation spreadsheet was not forwarded to MTS Accounting/Finance. Conversely, SANDAG's monthly allocation file was not forwarded to MTS Passenger Services. As such, Audit designed testing to verify that MTS reporting and SANDAG reporting were reconciling on a monthly basis. Audit was unable to reconcile MTS allocation reporting to SANDAG remittance reporting.

Currently, MTS bases their allocation reporting on the month the actual trip took place (i.e. modified accrual basis). SANDAG bases their remittance reporting around actual checks received and processed during a month (i.e. cash basis). This difference in reporting leads to timing/reconciling differences as outlined below:

A group may schedule a day trip for one month, but make a payment in a month preceding the actual trip date. For example, a group may schedule a trip for January 2012, but make their full payment in December 2011. Upon receipt of the actual check, the MTS Classroom Day Tripper Coordinator records the check on a Day Pass Program Receipt Form and forwards the form and actual check to SANDAG. In general, Audit found that The Day Pass Program Form does not report how to allocate payment checks. Allocation information comes from a monthly Excel file submitted to SANDAG. Audit found no concrete evidence of past supervisor review of the trip request form to ensure completeness of trip details or accuracy of the form. In the situation described herein the Excel file forwarded to SANDAG by MTS would not reflect the trip and payment allocation for the January 2012 trip, since MTS only reports allocations on trips occurring during the current month just completed, in this case December trips. In these instances, SANDAG would be allocating cash receipts without input or guidance from MTS.

The table below summarizes MTS allocation reporting and SANDAG's remittance reporting at the end of the four month test period. Totals shown below represent cumulative revenues reported as of the end of the month. As shown in the table, SANDAG's reporting shows remittance of more revenues than MTS reported to them. SANDAG's monthly allocations for NCTD and Ferry operations were almost always in agreement with MTS reporting for those agencies. Thus, the differences shown below all relate to MTS Bus or Trolley revenues.

	End of Aug 2011	End of Sept 2011	End of Oct 2011	End of Nov 2011
MTS Revenue Reporting – All Agencies	\$ 41,600.75	\$ 43,234.75	\$ 45,962.25	\$ 49,748.25
SANDAG Revenue Allocations – All Agencies	\$ 42,750.75	\$ 43,805.75	\$ 46,404.25	\$ 49,801.75
Difference	(\$ 1,150.00)	(\$ 571.00)	(\$ 441.50)	\$ (53.50)

While the overall revenues reported by MTS and remitted by SANDAG nearly agree by the end of November, further Audit testing raised concerns regarding the overall validity and accuracy of MTS reporting as discussed below.

2) Validity and Accuracy of MTS Allocation of Revenue Reporting:

Audit's initial testing procedures to test the validity and accuracy of reporting focused on selecting individual day trips from MTS reporting, obtaining the supporting details for the trip, and verifying the trip was properly reflected on MTS reporting, including both the Day Pass Receipt Form and monthly allocation Excel report. Audit reviewed four trips from September observing the following:

- The allocation of revenue to the various agencies was not documented on the day trip request form. This form is used to compile the monthly Excel report forwarded to SANDAG at the end of a month detailing how the trip revenues are to be allocated amongst the various agencies.
- There was no evidence of past supervisor review of the trip request form to ensure completeness of trip details or accuracy of the form details.
- One of the trip selections was missing a photocopy of a payment check. However, there was evidence to support this check was forwarded to SANDAG for processing.
- Two of the trips had total revenues reported inconsistent with Audit's expectation based on the total passenger counts reported and total payment made by the organization.

Audit communicated these findings to management. At management's request, Audit changed and expanded the scope of the audit and performed high level analytical reviews on all monthly revenue allocation reporting compiled by the Classroom Day Tripper Coordinator. Analytical procedures focused on re-calculating the total revenues based on total passengers reported in the Excel allocation report and program rates as stated in program operating narratives. The following summarizes the analytical reviews performed by Audit.

Total Trips Reflected on Monthly Reports (January – November 2011).	411
Total Trips where Audit's Expected Reported Revenues was different from those reflected in Mgmts. Reporting. ***	62
Percentage Difference	15.1%
Total Revenue Dollars Reported – MTS Reports (January – November 2011)	\$ 49,748.25
Audit's Expected Total Revenues based on MTS Reporting ***	\$ 50,574.50
Difference – Net Basis	(\$ 826.25)

*** Difference, both in terms of individual trip events and dollars does include inconsistencies with Ferry charges, as will be discussed in a subsequent finding.

Audit provided management a copy of the analysis. Management communicated to Audit that their own internal reviews have found similar issues with current revenue allocation reporting.

Based on discussion with the Classroom Day Tripper Coordinator, as well as evidenced by the analysis, there have not been well-defined review procedures in the past to validate the accuracy of the information contained in the monthly revenue allocation reports. Also, the reports do not utilize Excel formula functionality to serve as a compensating internal control to ensure accurate data input and calculations.

Audit also learned through discussion with the Classroom Day Tripper Coordinator the actual allocation reports are not updated at the time checks are received. Rather the reports are compiled near the end of the month. As such, there were months where the final report had to be adjusted to reflect activities that were previous excluded.

Based on discussions and evidence reviewed, Audit concluded that while MTS allocation reporting and SANDAG actual remittance reporting were nearly in agreement as of the end of November (\$53 difference as documented above), there are general concerns regarding the overall validity and accuracy of the reports MTS prepares, which ultimately SANDAG uses to allocate revenues to the various agencies.

3) Program Rates Charged for Ferry Services are Inconsistent with the Rates Reflected within Program Operating Narratives

As documented above, current program narratives indicate Coronado/San Diego Bay Ferry day pass rates are \$2 per person. While testing for validity and accuracy of MTS reporting, Audit observed there were trips where the reported Ferry allocation was for only \$1 per person. Based on discussion with the Classroom Day Tripper Coordinator and previous supervisor in charge of program oversight these events arise if passengers take the Ferry one way, not a round trip.

There were fifty-three (53) one way trips reflected in MTS reporting where only \$1 per person was charged. Also within SANDAG's fare ordinance concerning the classroom day trip program, there was no mention of cost related Ferry usage, either a one way fare or a round trip fare per passenger.

AUDIT RECOMMENDATIONS:

Prior to the audit commencing, management was in the process of re-designing their procedures for tracking and revenue allocation on a cash basis model, so as to better align MTS reporting with SANDAG's remittance reporting. Taking a proactive approach and altering the current reporting guidelines with Audit's review and feedback was considered the most rational course of action management could take. Audit has consulted with management on these new reports/templates and believes the new reporting format will be far more effective in mitigating the issues discussed in this report. Management also communicated with Audit their plans for changing operating responsibilities between the Classroom Day Tripper Coordinator and the Supervisor. Audit likewise concluded management's plans for changing roles and responsibilities would be more effective in mitigating issues within this report.

Along with formally implementing the new reporting and operating procedures to ensure the validity and accuracy of reporting, Audit would recommend the following:

1. Management documented new control activities into a formal Department Standard Operating Procedure (SOP).
2. Management work with MTS Accounting/Finance to determine the best method for obtaining SANDAG allocation reporting, so that monthly reconciliations can take place in a timely fashion.
3. Management should update the day trip program operation narratives to reflect the fact that Ferry reduced pass rates for one way service is \$1 per person, while round trip reduced rates are \$2 per person.

Finally, the MTS Senior Accountant communicated to Audit that SANDAG had approached MTS in early December about eliminating their involvement in the day trip program allocation process. As described in this report, SANDAG only serves as a conduit to process checks and remit payments back to MTS, NCTD, and the Ferry. They do not receive any proceeds from day trip activities. Accordingly, Audit would recommend:

1. If SANDAG no longer wants to be involved in the process and provided legal ordinances would allow for MTS to have complete ownership, Audit would encourage Passenger Service Management and Accounting/Finance assess the internal control activities that would need to be put in place for MTS to operate the program without SANDAG involvement.

If implementation of such controls could occur with limited financial burden, both from a monetary and human resource perspective, Audit believes the best course of action would be for MTS to take full control and operate the Classroom Day Pass program without SANDAG involvement.

MANAGEMENT RESPONSE:

- Management will take an objective look at the current operation of the day tripper program to determine long term needs of the program including the proper resources and skill levels required to successfully operate the classroom day tripper program.
- Management has implemented a new reporting system that was reviewed by audit to ensure proper record keeping.
- MTS Finance will assume the role of SANDAG on February 1, 2012.
- Management will work closely with Finance to ensure all classroom day tripper records are compliant with MTS financial standards.

AUDIT FINDINGS RATINGS DEFINITIONS:

High Priority Finding	<p>Immediate management attention is required. This is a serious internal control that if not mitigated could lead to:</p> <ul style="list-style-type: none">• Significant financial losses;• Serious violation of corporate strategies, policies, or values,• Reputational damage• Significant adverse regulatory impact (loss of operating licenses, material fines).
Medium Priority Finding	<p>Timely management attention is required. This is an internal control that if not mitigated could lead to:</p> <ul style="list-style-type: none">• Financial losses,• Loss of control, non-compliance with departmental policies or procedures,• Adverse regulatory impact.
Low Priority Finding	<p>Routine management attention is warranted. This is an internal control or risk issue which may lead to improvement in the quality or efficiencies of the organization or process.</p>



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Agenda Item No. 9

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

March 15, 2012

SUBJECT:

HMS CONSTRUCTION - JOB ORDER CONTRACT

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute a Job Order Contract (JOC) with HMS Construction Corporation using MTS Doc. No. PWL136.0-12 (in substantially the same format as Attachment A) for as-needed railroad signal, overhead catenary, and track-work construction services.

Budget Impact

The total contract amount would not exceed \$2,000,000.00 and would be effective from 4/1/12 through 4/14/13. As individual work orders will be issued under this contract, required funds would be encumbered from those work orders' project funding source. Individual work orders exceeding the CEO's authority of \$100,000.00 will be submitted to the Board for approval. Use of JOC contracts competed by SANDAG also requires a 6.75% payment to cover SANDAG, administrative costs, and proprietary costs related to the JOC procurement method. Such fees are assessed at the time an individual work order is issued.

DISCUSSION:

JOC is a procurement process under which public agencies generate a contract specification that defines various work categories, identifies unit costs (including labor and materials for each of those categories), and invites competitive bids. This process allows the consolidation of numerous individual projects of the same general scope to be managed under a single competitively bid contract. In addition, it also provides an on-call contractor ready to perform a series of projects at previously competed prices. This

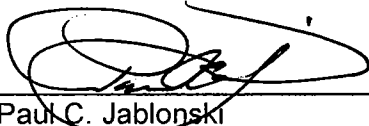


optimizes staff's ability to manage repetitive maintenance and repair work of the same nature and is generally considered as both time- and cost-efficient.

This JOC is under the San Diego Association of Governments' (SANDAG's) Contract Number 5001338. SANDAG routinely awards JOCs in different work disciplines with each containing language that allows other agencies (such as MTS) to participate. MTS staff recommends leveraging these contract provisions to reduce procurement administrative lead times and to conserve MTS staff labor while seeking a qualified service provider for signal, catenary, and track-related work.

Approval of this JOC would ensure that MTS will have ability to complete contemplated upgrades on the Orange Line, such as track work, railroad switch and signal system work, and work on traction power/catenary systems on other lines, without the need for a lengthy and labor-intensive procurement process.

Therefore, MTS staff recommends that the Board authorize the CEO to execute a JOC with HMS Construction Corporation using MTS Doc. No. PWL136.0-12 for as-needed railroad signal, overhead catenary, and track-work construction services.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Marco Yniguez, 619.557.4576, marco.yniguez@sdmts.com

MARCH15-12.9.HMS CONSTRUCTION JOC.MYNIGUEZ

Attachment: A. MTS Doc. No. PWL136.0-12 with HMS Construction Corporation

STANDARD SERVICES AGREEMENT

Att. A, AI 9, 3/15/12

DRAFT

PWL136.0-12
CONTRACT NUMBER

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, a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: HMS Construction Corporation Address: 1047 La Mirada Court
Form of Business: Corporation Vista, CA 92081
(Corporation, partnership, sole proprietor, etc.)
Telephone: (760) 673-8647

Authorized person to sign contracts: Michael C. High President
Name Title

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

Railroad signaling, overhead catenary, and track work construction services work will consist of track work, railroad switching and signaling-equipment work, and traction power/catenary system work in accordance with the SDMTS Standard Condition Services, Federal Requirements), MTS's Safety Program, and as further described in SANDAG Job Order Contract No. 5001338, and hereinafter referred to as "Contract Document."

This contract shall be effective 4/1/12 through 4/14/13. The total cost of this contract shall not exceed \$2,000,000.

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

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$To be encumbered on JOC		FY 12-13

By: _____ Date _____
Chief Financial Officer

(___ total pages, each bearing contract number)



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Agenda Item No. 10

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

March 15, 2012

SUBJECT:

THE ARC OF SAN DIEGO INTERIOR BUS-CLEANING SERVICES - EXERCISE
CONTRACT OPTION YEARS ONE AND TWO

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0517.1-09 (in substantially the same format as Attachment A) with The ARC of San Diego to exercise option years one and two for interior bus-cleaning services.

Budget Impact

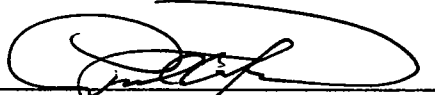
The total amount of option year one is \$201,691.80. The total amount of option year two is \$205,725.64. The total contract amount, including this amendment, would not exceed \$1,105,168.65. The MTS Bus Maintenance operating budget funds this project annually. MTS receives federal funds for preventative maintenance in the form of a grant, which is budgeted with 80% federal funds and 20% local funds of the total amount.

DISCUSSION:

In 2009, the MTS Board of Directors awarded a contract to The ARC of San Diego (ARC) to deep clean SDTC buses for a three-year base with two 1-year options. ARC is a not-for-profit organization providing services for the mentally disabled to promote personal, social, and economic independence. Because of the socioeconomic benefits of contracting with ARC combined with a shortage of internal International Brotherhood of Electrical Workers (IBEW) 465 union personnel available to perform this work, the IBEW made an exception and allowed this work to be contracted to ARC. Staff worked in conjunction with the IBEW and signed an agreement to allow ARC members to perform this work that is usually reserved for union personnel only.



Staff is very satisfied with ARC's performance, and the costs have remained fair and reasonable; therefore, staff is recommending approval of MTS Doc. No. B0517.1-09 to exercise the two option years for deep cleaning the interior of MTS buses.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Julio Ortiz, 619.238.0100, Ext. 6500, Julio.Ortiz@sdmts.com

MARCH15-12.10.THE ARC OF SD BUS CLEANING.MLAWRENCE

Attachment: A. MTS Doc. No. B0517.1-09

DRAFT

Att. A, AI 10, 3/15/12

March 15, 2012

MTS Doc. No. B0517.1-09
OPS 960.6

Mr. Anthony De Salis
The ARC of San Diego
9575 Aero Drive
San Diego, CA 92123

Dear Mr. De Salis:

Subject: AMENDMENT NO. 1 TO MTS DOC. NO. B0517.0-09; INTERIOR BUS-CLEANING
SERVICES

This shall serve as Amendment No. 1 to our agreement for interior bus-cleaning services as further described below.

SCOPE OF SERVICES

Continue to provide interior bus-cleaning services in accordance with the terms and conditions of the original agreement.

SCHEDULE

Option year 1 covers the period of service from April 1, 2012, through March 31, 2013. Option year 2 covers the period of service from April 1, 2013, through March 31, 2014.

PAYMENT

The parties agree that the total amount of option year one will be \$201,691.80. The total amount of option year two will be \$205,725.64. The total value of this contract (including this amendment) shall not exceed \$1,105,168.65.

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

Sincerely,

Agreed:

Paul C. Jablonski
Chief Executive Officer

Anthony De Salis
The ARC of San Diego

Date: _____



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Agenda Item No. 11

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

March 15, 2012

SUBJECT:

FY 2012 CALTRANS TRANSPORTATION PLANNING GRANT PROGRAMS

RECOMMENDATION:

That the Board of Directors approve Resolution No. 12-5 (Attachment A) authorizing the Chief Executive Officer (CEO) to submit applications and enter into a contract (if awarded) with the California Department of Transportation (Caltrans) for FY 2012 Transportation Planning Grant Programs.

Budget Impact

None at this time. The total amount of the application is up to \$100,000.

DISCUSSION:

Each year, Caltrans administers a federal transportation planning grant program that provides grants to transit agencies, regional planning agencies, and other community and governmental entities. These funds are to be apportioned by Caltrans through a competitive-grant application process. Caltrans is currently accepting applications for the available funding. MTS is seeking funding under this program to develop transportation forecasting tools and models using Compass Card data.

Recommendation

Caltrans requirements include submission of a resolution by the Board of Directors. Therefore, staff recommends that the Board approve Resolution No. 12-5 (Attachment A) authorizing the CEO to enter into a contract with Caltrans for the use of FY 2012 Transportation Planning Grant Programs (if awarded).

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

Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Janelle Carey, 619.557.4561, janelle.carey@sdmts.com

Attachment: A. Resolution No. 12-5

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



SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 12-5

Resolution of the Board of Directors of the Metropolitan Transit System Authorizing the Chief Executive Officer to Execute Agreements with the California Department of Transportation for Use of FY 2012 Transportation Planning Grant Programs

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 develop transportation forecasting tools and models using Compass Card data.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that MTS does hereby authorize the Chief Executive Officer, or designated representative, to file and execute any actions necessary on behalf of MTS to contract with the California Department of Transportation in order to use any federal planning grants awarded through the Transportation Planning Grant Programs.

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 Transportation Planning Grant Programs.

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

MARCH15-12.11.AttA.RESO 12-5.CALTRANS GRANT.
FORECASTING TOOLS COMPASS CARD DATA.JCAREY



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Agenda Item No. 12

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

March 15, 2012

SUBJECT:

PROPERTY INSURANCE RENEWAL

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer to renew the property insurance coverage for MTS, San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI) with the California State Association of Counties – Excess Insurance Authority (CSAC-EIA) Property Insurance Program, effective March 31, 2012, through March 31, 2013, with various coverage deductibles of \$25,000 (basic), \$100,000 (collision-related), and \$1,500,000 (roads, bridges, and tunnels).

Budget Impact

The preliminary renewal premium would be a maximum of \$985,908, which is about 4.36% above last year's actual premium of \$944,678. The premium is anticipated to be charged against the budgets of MTS (\$4,573), SDTC (\$217,248), and SDTI (\$764,087). The premium is estimated to be split between fiscal years 2012 and 2013 as follows:

PROPERTY PREMIUM ESTIMATED FISCAL YEAR SPLIT			
Policy Period: 03/31/12 - 03/31/13			
Agency	FY 12	FY 13	Total Premium
MTS	\$1,143	\$3,430	\$4,573
SDTC	\$54,312	\$162,936	\$217,248
SDTI	\$191,022	\$573,065	\$764,087
TOTAL	\$246,477	\$739,431	\$985,908

DISCUSSION:

MTS's current property insurance policy will expire on March 31, 2012. This line of coverage insures against physical damage, vandalism, and theft caused to the real and personal property of MTS, SDTC, and SDTI. The coverage is obtained through the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), which is a joint-purchase group of 52 California counties and 29 other California public entities. SDTC has been insured through this group since 1993. Effective November 1, 1997, all MTS entities became insured with CSAC-EIA.

The CSAC-EIA Property Program is a complex layering of multiple insurance carriers, including both domestic and international insurers. Some of the CSAC-EIA members, including both the City and County of San Diego, have purchased earthquake insurance in the past. MTS and its entities have traditionally elected not to purchase this optional coverage.

Due to the size of its membership, the CSAC-EIA Program has tremendous premium-purchasing power. Special form-perils coverage provides risk protection on most perils (including terrorism), and causes of loss unless specifically excluded by the policy. Some of the perils excluded in MTS's program include earthquake, wear and tear, pollution, war risk, employee fraud, nuclear radiation, and loss to landscaping, money, or watercraft. These exclusions do not include every peril or property specifically excluded; however, they are examples of the types of losses that would not be covered.

The proposed renewal policy carries a blanket limit of \$610 million, which applies to perils for any one occurrence. Some sublimits apply to specific types of losses. MTS has a minimum \$25,000 deductible per occurrence, a \$100,000 deductible for bus and light rail vehicle collisions, a \$250,000 deductible for comprehensive coverage on the rolling stock (buses and light rail vehicles), and a \$1,500,000 deductible on roads, bridges, and tunnels. In general, loss valuation is on a replacement-cost basis.

This year's premium is increasing by approximately \$41,230 or 4.36% from the previous year. The increase is due to an overall hardening of the property insurance market. Nationwide, premium increases in the property insurance market are ranging from 4% to 15%. The reasons for the firm market include:

1. Over \$100 billion in catastrophe losses worldwide in 2011
2. Majority of carriers' combined ratios exceeding 100%
3. Higher reinsurance costs in 2012
4. Minimal returns on investment



Paul C. Jablonski
Chief Executive Officer

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

MARCH15-12.12.PROPERTY INSURANCE RENEWAL SLOCKWOOD

Attachment: A. Preliminary Premium Allocation for MTS, SDTC, & SDTI

*****PRELIMINARY PREMIUM ALLOCATION*****

**CSAC EXCESS INSURANCE AUTHORITY
PROPERTY PROGRAM
POLICY TERM: March 31, 2012 to March 31, 2013**

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM - METROPOLITAN TRANSIT DEVELOPMENT
BOARD**

DATE: March 1, 2012

REASON FOR REVISION OF PREMIUM ALLOCATION: 2012/2013 UPDATED RENEWAL ESTIMATE

2012/2013 TOTAL ESTIMATED ANNUAL PREMIUM:	\$4,573
2011/2012 TOTAL ANNUAL PREMIUM:	\$3,445
INCREASE (DECREASE) IN ANNUAL PREMIUM:	\$1,127
2012/2013 TOTAL REPORTED INSURABLE VALUES:	\$15,572,452
2011/2012 TOTAL REPORTED INSURABLE VALUES:	\$12,044,194
PERCENTAGE INCREASE (DECREASE) IN TOTAL INSURED VALUES:	29.29%

- CALCULATIONS -			
COVERAGE DESCRIPTION	DECLARED VALUES	RATE (\$/100)	ANNUAL PREMIUM
All Risk incl. Flood and Deductible Pool Contribution	\$15,281,982	0.0207	\$3,157
Terrorism, Excess Boiler and Machinery and Brush Fire (Miscellaneous Other Coverages)			\$724
OPTIONAL COVERAGES:			
A. Earthquake per schedule including Rooftop (if applicable)	\$0	0.0000	\$0
B. Licensed Vehicles	\$290,470	0.2100	\$610
Buses (Part of Coverage B. Licensed Vehicles)	\$0	0.1600	\$0
C. Mobile Equipment (Non-highway licensed)	\$0	0.1500	\$0
D. Fine Arts (scheduled)	\$0	0.0207	\$0
E. Green Building Coverage	N/A	N/A	\$0
Total Estimated Annual Premium			\$4,491
Estimated Taxes and Fees			\$17
EIA Administration Fee			\$56
Pre-Paid Balance Adjustment			\$8
No Claims Bonus (2010/11)			\$0
ESTIMATED COLLECTIBLE PREMIUM			\$4,573

*****PRELIMINARY PREMIUM ALLOCATION*****

CSAC EXCESS INSURANCE AUTHORITY
PROPERTY PROGRAM

POLICY TERM: March 31, 2012 to March 31, 2013

SAN DIEGO METROPOLITAN TRANSIT SYSTEM - SAN DIEGO TRANSIT CORPORATION

DATE: March 1, 2012

REASON FOR REVISION OF PREMIUM ALLOCATION: 2012/2013 UPDATED RENEWAL ESTIMATE

2012/2013 TOTAL ESTIMATED ANNUAL PREMIUM: \$217,248
 2011/2012 TOTAL ANNUAL PREMIUM: \$190,973
 INCREASE (DECREASE) IN ANNUAL PREMIUM: \$26,275
 2012/2013 TOTAL REPORTED INSURABLE VALUES: \$177,808,186
 2011/2012 TOTAL REPORTED INSURABLE VALUES: \$142,397,618
 PERCENTAGE INCREASE (DECREASE) IN TOTAL INSURED VALUES: 24.87%

- CALCULATIONS -			
COVERAGE DESCRIPTION	DECLARED VALUES	RATE (\$/100)	ANNUAL PREMIUM
All Risk incl. Flood and Deductible Pool Contribution	\$79,833,117	0.0598	\$47,716
Terrorism, Excess Boiler and Machinery and Brush Fire (Miscellaneous Other Coverages)			\$8,270
OPTIONAL COVERAGES:			
A. Earthquake per schedule including Rooftop (if applicable)	\$0	0.0000	\$0
B. Licensed Vehicles	\$1,053,803	0.2100	\$2,213
Buses (Part of Coverage B. Licensed Vehicles)	\$96,921,266	0.1600	\$155,074
C. Mobile Equipment (Non-highway licensed)	\$0	0.1500	\$0
D. Fine Arts (scheduled)	\$0	0.0598	\$0
E. Green Building Coverage	N/A	N/A	\$0
Total Estimated Annual Premium			\$213,273
Estimated Taxes and Fees			\$950
EIA Administration Fee			\$2,648
Pre-Paid Balance Adjustment			\$377
No Claims Bonus (2010/11)			\$0
ESTIMATED COLLECTIBLE PREMIUM			\$217,248

*****PRELIMINARY PREMIUM ALLOCATION*****

CSAC EXCESS INSURANCE AUTHORITY
PROPERTY PROGRAM

POLICY TERM: March 31, 2012 to March 31, 2013

SAN DIEGO METROPOLITAN TRANSIT SYSTEM - SAN DIEGO TROLLEY, INC.

DATE: March 1, 2012

REASON FOR REVISION OF PREMIUM ALLOCATION: 2012/2013 UPDATED RENEWAL ESTIMATE

2012/2013 TOTAL ESTIMATED ANNUAL PREMIUM:	\$764,087
2011/2012 TOTAL ANNUAL PREMIUM:	\$744,912
INCREASE (DECREASE) IN ANNUAL PREMIUM:	\$19,175
2012/2013 TOTAL REPORTED INSURABLE VALUES:	\$1,066,704,856
2011/2012 TOTAL REPORTED INSURABLE VALUES:	\$1,007,481,311
PERCENTAGE INCREASE (DECREASE) IN TOTAL INSURED VALUES:	5.88%

- CALCULATIONS -			
COVERAGE DESCRIPTION	DECLARED VALUES	RATE (\$/100)	ANNUAL PREMIUM
All Risk incl. Flood and Deductible Pool Contribution	\$697,414,231	0.0156	\$108,740
Terrorism, Excess Boiler and Machinery and Brush Fire (Miscellaneous Other Coverages)			\$49,614
OPTIONAL COVERAGES:			
A. Earthquake per schedule including Rooftop (if applicable)	\$0	0.0000	\$0
B. Licensed Vehicles	\$2,164,417	0.2100	\$4,545
Buses (Part of Coverage B. Licensed Vehicles)	\$366,126,208	0.1600	\$585,802
C. Mobile Equipment (Non-highway licensed)	\$1,000,000	0.1500	\$1,500
D. Fine Arts (scheduled)	\$0	0.0156	\$0
E. Green Building Coverage	N/A	N/A	\$0
Total Estimated Annual Premium			\$750,202
Estimated Taxes and Fees			\$3,247
EIA Administration Fee			\$9,314
Pre-Paid Balance Adjustment			\$1,324
No Claims Bonus (2010/11)			\$0
ESTIMATED COLLECTIBLE PREMIUM			\$764,087



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Agenda Item No. 13

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

March 15, 2012

SUBJECT:

BANKING AND LINE OF CREDIT SERVICES

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1413.0-12 (in substantially the same format as Attachment A) and award a contract to JPMorgan Chase Bank, N.A. for banking and line of credit services for MTS.

BUDGET IMPACT:

The FY 2013 budget impact of these services would be \$67,045.00. This amount is included in the proposed FY 2013 budget. There is no federal participation anticipated in this procurement.

Base contract - year one	\$ 249,135.00
Options (two 1-year options)	\$ 182,090.00
Total contract value including options	\$ 431,225.00

Details are provided in the Contract Cost Summary by year in Attachment B.

DISCUSSION:

MTS currently has two contracts with Bank of America. One is for traditional banking services and the other is for a line of credit for \$10 million. Both contracts expire on June 30, 2012. For ease in contract management, staff determined that a service package combining normal business banking with a line of credit agreement is the ideal approach and issued a Request for Proposal (RFP) for both services in November 2011.

The primary banking services that MTS utilizes include 14 checking or investment accounts, deposits inclusive of armored-car deliveries, sophisticated on-line banking services, and a line of credit.



Request for Proposals (RFP) Process

On November 2, 2011, an outreach letter was mailed to more than 25 Federal Deposit Insurance Corporation- (FDIC)-insured banks in San Diego County announcing the upcoming solicitation. It also provided the MTS Procurement Department Web site registration information as well as the name of the contracting officer and contact information. The purpose was to obtain good contact information for those banks that may be interested and to reach out to all possible qualified institutions. The RFP was published on December 2, 2011, for the purpose of securing a multiyear contract for banking services that includes: depository, cash vault, Automated Clearing House (ACH), disbursement, reconciliation, wire transfers, on-line services, reporting, and other account services. Additionally, a line of credit facility for \$10 million was included in the RFP.

Four proposals were received by the RFP deadline of January 24, 2012. MTS received proposals from US Bank, Wells Fargo Bank, JPMorgan Chase Bank, N.A., and Bank of America. An initial assessment concluded that all were responsive and responsible with regards to the requirements of the solicitation.

The proposals were evaluated by a committee consisting of representatives from the Finance, Revenue, and Procurement Departments. While considering the primary objectives of the RFP, the evaluation committee evaluated and ranked the proposals using the following criteria and their relative weights of importance:

- | | | |
|----|--|-----|
| 1. | Financial stability, conversion plan, qualifications of bank personnel, relevant experience, and ability to provide all requested services | 20% |
| 2. | Customer service | 20% |
| 3. | Credit line terms and conditions | 20% |
| 4. | Community reinvestment | 10% |
| 5. | Cost/price | 30% |

Costing

As part of the costing evaluation, an earnings credit-rate assumption was factored into the calculation provided by each bank. An earnings credit rate is an earnings rate banks give customers on their deposits to offset bank fees. In the costing assumptions provided to the proposing banks, an assumed level of deposits made was provided for banks to propose their earnings credit rate.

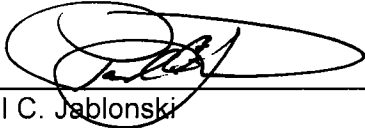
Best and Final Offer

In accordance with the Federal Transit Administration's Best Practices Procurement Manual, Section 4.5.5.2, the evaluation committee invited three banks in for interviews and negotiations and then requested a Best and Final Offer (BAFO) from each firm.

Staff Recommendation

It was the unanimous finding of the evaluation committee that the proposal submitted by JPMorgan Chase Bank, N.A. represents the best value to the MTS. This finding was based on the procurement objectives, the evaluation criterion contained in the RFP, and a consideration of both technical and price factors (see Attachment C - Evaluation Summary).

Based upon the above, staff recommends that the Board of Directors authorize the CEO to execute MTS Doc. No. G1413.0-12, in substantially the same format as Attachment A, with JPMorgan Chase Bank, N.A. for banking and line of credit services for a period of three years with two 1-year options.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Tom Lynch, 619.557.4538, Tom.Lynch@sdmts.com
Sean Reed, 619.557.4566, Sean.Reed@sdmts.com

MARCH12-13.BANKING & LINE OF CREDIT SVCS.SREED

Attachments: A. Draft MTS Doc. No. G1413.0-12
B. Contract Cost Summary
C. Evaluation Summary

DRAFT

STANDARD SERVICES AGREEMENT

G1413.0-12
 CONTRACT NUMBER
 FIN 360
 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, hereinafter referred to as "Contractor":

Name: JPMorgan Chase Bank, N.A. Address: 3 Park Plaza, Suite 900

Form of Business: Corporation Irvine, CA 92614
 (Corporation, partnership, sole proprietor, etc.)

Telephone: 949-833-4379

Authorized person to sign contracts: Heather Usiski - Vice President, Government Banking Relationship Manager
 Name Title

The attached Standard Conditions are part of this agreement. The Contractor agrees to furnish to MTS the following services:

Banking and Line of Credit (LOC) Services as specified in the Scope of Work attached as Exhibit A, the Pricing Proposal attached as Exhibit B, and the Standard Conditions Services attached as Exhibit C.

The term of the contract shall be up to a five-year period consisting of a three-year base contract with two 1-year options, which MTS may exercise at its discretion depending on the Contractor's performance. The option years may be exercised individually, all at once, or not at all.

Total contract amount shall not exceed \$249,135.00 for the three base years and \$182,090.00 for the two option years if exercised by MTS for a total of \$431,225.00.

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

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$189,135.00	902-59990	2012 – 2015
\$60,000.00	902-53910	2012 – 2015
Grand Total: \$249,135.00		

By: _____
 Chief Financial Officer Date

**San Diego Metropolitan Transit System
Banking Services Contract
Cost Summary**

Att. B, AI 13, 3/15/12

Contract Year	MTS Fiscal Year	Contract Amount			Projected Budgets	
		Gross Banking Services	Credit Line Cost	Total Fees	Earnings Rate Credit	Net Amount to Budget
1	2013	\$47,045	\$20,000	\$67,045	(\$47,045)	\$20,000
2	2014	\$71,045	\$20,000	\$91,045	(\$71,045)	\$20,000
3	2015	<u>\$71,045</u>	<u>\$20,000</u>	<u>\$91,045</u>	<u>(\$71,045)</u>	<u>\$20,000</u>
Total Base Years		\$189,135	\$60,000	\$249,135	(\$189,135)	\$60,000
<u>Option Years</u>						
4	2016	\$71,045	\$20,000	\$91,045	(\$71,045)	\$20,000
5	2017	<u>\$71,045</u>	<u>\$20,000</u>	<u>\$91,045</u>	<u>(\$71,045)</u>	<u>\$20,000</u>
Grand total with options		<u><u>\$331,225</u></u>	<u><u>\$100,000</u></u>	<u><u>\$431,225</u></u>	<u><u>(\$331,225)</u></u>	<u><u>\$100,000</u></u>

**San Diego Metropolitan Transit System
Banking Services Contract
Evaluation Summary (Max Score = 100)**

Att. C, AI 13, 3/15/12

	Member 1		Member 2		Member 3		Member 4		Member 5		Average Score
US Bank		66.00		64.00		66.00		54.00		54.00	60.80
JPMorgan Chase		86.00		80.00		86.00		86.00		86.00	84.80
Bank of America		80.00		78.00		82.00		80.00		80.00	80.00
Wells Fargo		50.00		50.00		56.00		56.00		40.00	50.40



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Agenda Item No. 45

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

March 15, 2012

SUBJECT:

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

RECOMMENDATION:

That the Board of Directors 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 Board with an update on the project.

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

Paul C. Jablonski
Chief Executive Officer

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

MARCH15-12.45.TROLLEY REHAB.TERRY



MTS Board

Blue and Orange Line Improvement Corridor

March 15, 2012



Blue & Orange Line Improvement Corridor



①

MTS Board

Trolley Improvement Map

7 Green Line Ext. Stations

- 8" Platforms
- Shelters
- Electrical
- Communications

6 Downtown Stations

- 8" Platform
- Crossover America Plaza
- Electrical
- Communications
- Switches at 12th & Imperial

9 - Orange Line Stations

- 8" Platforms
- Shelters
- Rail Replacement
- Electrical
- Communications

12 - Blue Line Stations

- Fiber Optic
- Crossovers
- Signaling System
- Platform Re-construction
- Transit Centers
- Grade crossings
- Crossing Gates
- Rail replacement
- Tie replacement
- Track replacement



Blue & Orange Line Improvement Corridor



②

MTS Board

Budget Update

Description	\$ in Millions			
	FY2012 Budget	Committed As of 2/29/2012	Expended As of 2/29/2012	Expended (% of FY 2012 Budget)
Program & Construction Management	\$33.4	\$16.5	\$10.2	31%
Blue Line Crossovers & Signaling	\$41.6	\$36.3	\$17.0	41%
Blue Line Station Improvements	\$79.7	\$5.8	\$5.7	7%
Blue Line Infrastructure	\$89.0	\$2.7	\$2.1	2%
Slope Repair / Substation Roof Repair	\$5.0	\$0.0	\$0.0	<1%
Green Line Extension, Downtown & Orange Line Station Improvements	\$63.1	\$41.8	\$16.0	25%
Low Floor Vehicles	\$240.2	\$230.7	\$56.4	23%
TOTAL	\$552.0	\$333.8	\$107.5	19%



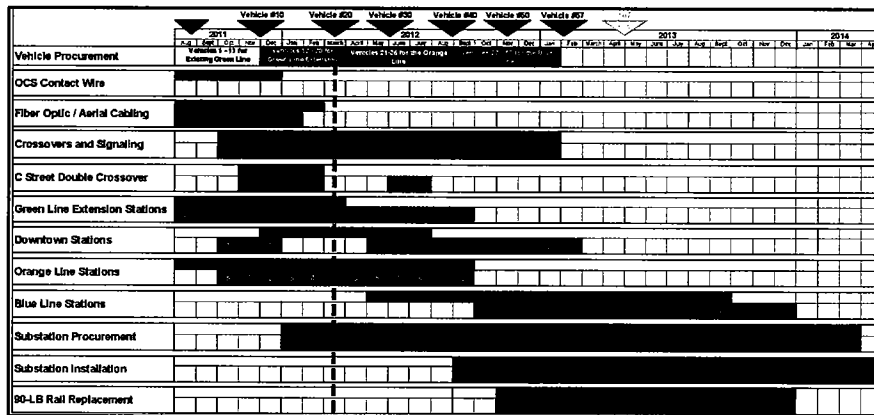
Blue & Orange Line Improvement Corridor



3

MTS Board

Station Construction Schedule



Blue & Orange Line Improvement Corridor



4

MTS Board
Corridor Delivery Summary

- Green Line/Bayfront Stations Fall 2012
- Downtown Stations/Orange Line Early 2013
- Blue Line Stations/Blue Line Late 2013
- Blue Line State-of-Good Repair Late 2014
- Freight Capacity Improvements Mid 2015



Blue & Orange Line Improvement Corridor



5

MTS Board
Project Status

Design 2009 – 2012

- Traction Power Substation Installation 95%
- Rail Rehabilitation In Process
 - 90 lb Rail Replacement
 - Track and Tie Replacement

Construction - Completed

- Blue Line Contact Wire
- Euclid Avenue Grade Crossing
- 32nd & Commercial Trackwork
- America Plaza Station
- Civic Center Station Trackwork and Trackway Paving



Blue & Orange Line Improvement Corridor



6

MTS Board Project Status

Construction – In Progress

– Fiber Optic	95%
– C Street Crossover	95%
– Orange Line Stations	25%
– Green Line Extension Stations	25% *
– Crossovers & Signaling	35%
– Downtown Stations	NTP March 2012
– Traction Power Substations	
▪ Substation Procurement	NTP (Siemens)
▪ Substation Installation	Advertise – April 2012
– Blue Line Station Improvements	Advertise – March 2012



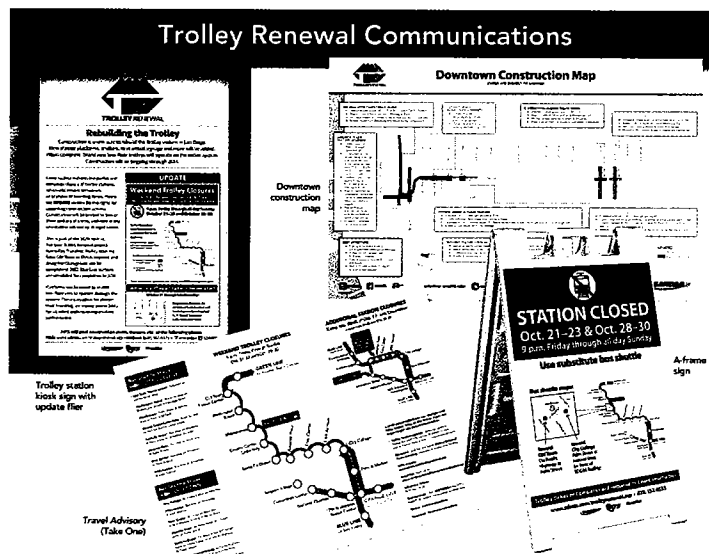
Blue & Orange Line Improvement Corridor



⑦

MTS Board

Trolley Renewal Communications



Blue & Orange Line Improvement Corridor



⑧

MTS Board

Green Line Extension Stations Recovery Plan

- Divide work between contractors
- Repackage station work
- Utilize Job Order Contracts (JOC)
- Parallel more activities



MTS

Blue & Orange Line Improvement Corridor

SANDAG

9

MTS Board

Green Line Extension Stations



12th & Imperial Station (Bayside Platform)

MTS

Blue & Orange Line Improvement Corridor

SANDAG

10

MTS Board
Green Line Extension Stations



Washington Street Station
Platform Re-opened November 23



Blue & Orange Line Improvement Corridor



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MTS Board
Green Line Extension Stations



Gaslamp Station

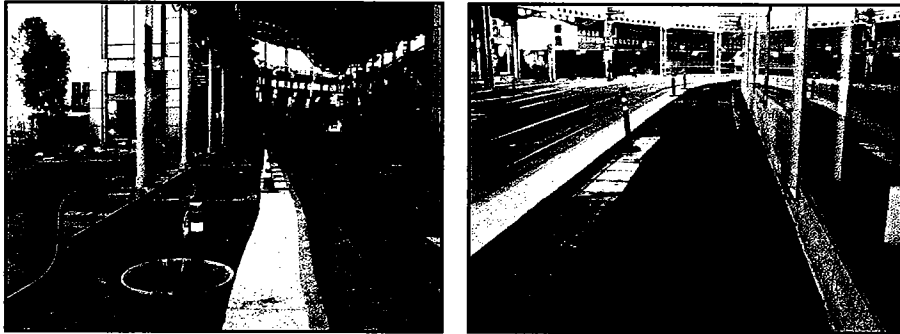


Blue & Orange Line Improvement Corridor



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MTS Board
America Plaza Station



Station Platform Under Construction

Construction Started – October 2011



Blue & Orange Line Improvement Corridor



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MTS Board
America Plaza Station



Station Platform Completed

Platform Reopened – December 2011

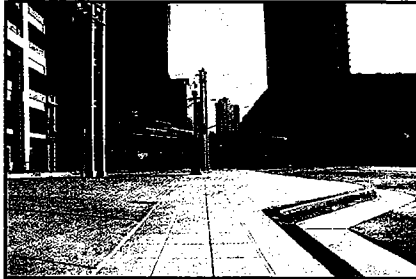


Blue & Orange Line Improvement Corridor

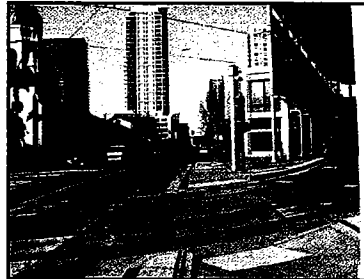


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MTS Board America Plaza Station



Pedestrian "Pop-out" completed on Kettner Blvd.



ADA Ramps at Trolley Crossing.

Improvements Completed February 2012

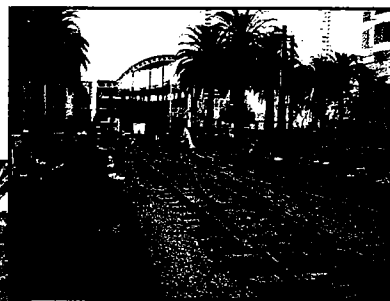
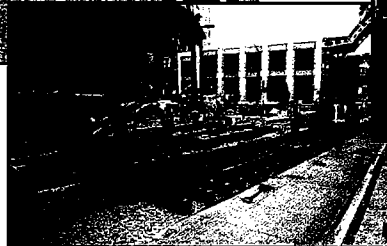


Blue & Orange Line Improvement Corridor



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MTS Board C Street Double Crossover



Installation of the Double Crossover

Trackwork Installation Completed February 2012



Blue & Orange Line Improvement Corridor



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MTS Board C Street Double Crossover



Preparations for final improvements



Sidewalk Improvements Completed

Trackwork and Sidewalk Construction Complete

MTS

Blue & Orange Line Improvement Corridor

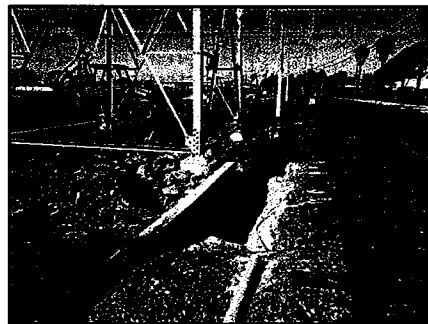
SANDAG

17

MTS Board Blue Line Crossovers & Signaling



Railroad Signal Pole Foundation



Conduit Installation

Near 8th Street Station

MTS

Blue & Orange Line Improvement Corridor

SANDAG

18

MTS Board
Blue Line Crossovers & Signaling



Retaining Wall for Signal Cabinets

Near Main Street



Blue & Orange Line Improvement Corridor



19

MTS Board
Blue Line Crossovers & Signaling



Concrete Tie Replacement



Track Installation

Crossover Installation



Blue & Orange Line Improvement Corridor



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MTS Board Blue Line Crossovers & Signaling



Track Installation



Completed Crossover

Near 8th Street Station

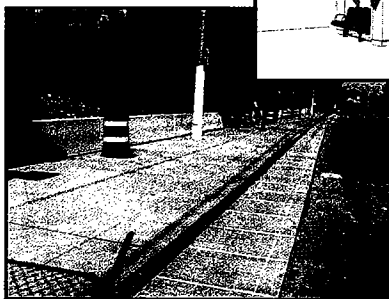
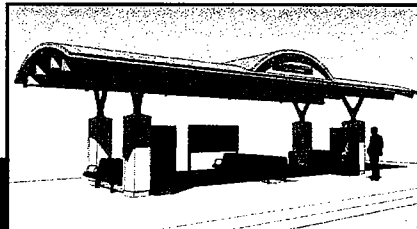


Blue & Orange Line Improvement Corridor



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MTS Board Orange Line Stations



47th Street Station



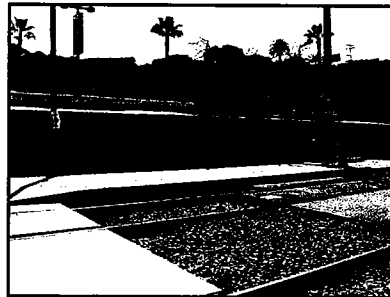
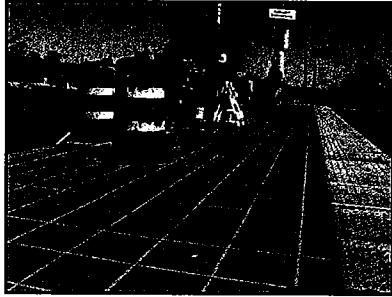
Blue & Orange Line Improvement Corridor



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MTS Board

Orange Line Stations



Platform Improvements In Progress

Encanto / 62nd Street Station



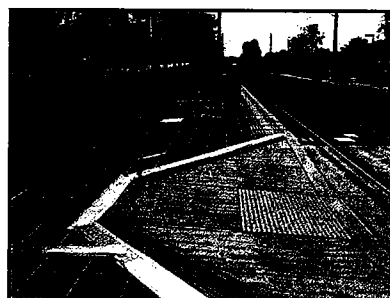
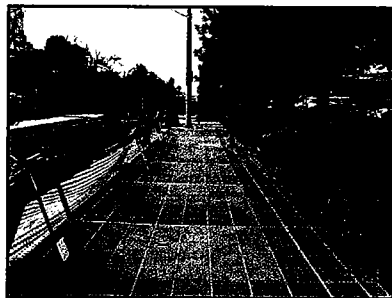
Blue & Orange Line Improvement Corridor



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MTS Board

Orange Line Stations



Platform Improvements and Paver Installation In Progress

Massachusetts Station



Blue & Orange Line Improvement Corridor

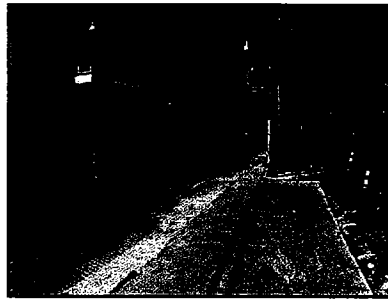


24

MTS Board
Orange Line Stations



Conduit Trenching



Conduit Work Complete

Lemon Grove Station



Blue & Orange Line Improvement Corridor



(25)

MTS Board
Orange Line Stations



Track Replacement Complete at Station Platform



32nd Street Station Track Replacement



Blue & Orange Line Improvement Corridor



(26)

MTS Board

Orange Line Stations



Track Replacement on Commercial Street



Trackway Paving on Commercial Street

32nd Street Station Track Replacement



Blue & Orange Line Improvement Corridor



27

MTS Board

Light Rail Vehicle Procurement Status

- **Production Timeframe:** 2010 to 2013
 - Production Status: 44%
 - Delivered: 21
 - In Revenue Service: 13
 - In Production at the Plant: 10



Blue & Orange Line Improvement Corridor



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Agenda Item No. 46

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

March 15, 2012

SUBJECT:

REPORT ON SYSTEM RIDERSHIP AND REVENUE (MARK THOMSEN AND
SHARON COONEY)

RECOMMENDATION:

That the Board of Directors receive a report for information and provide comments.

Budget Impact

None.

DISCUSSION:

Fare-revenue generation is an important component in the MTS strategy for creating a sustainable transit operation. Mid-year budget projections for Fiscal Year 2012 anticipate \$89.7 million in fare revenue generated by nearly 89 million fixed-route passengers, and fixed-route fare revenue is 41.8 percent of the agency's operating budget. Understanding MTS passengers and the various fare products that they use to access the MTS system assists the agency in a number of ways, including budgeting, targeting demand, and setting fare policy. Staff will provide a report on passenger demographics, fare-product usage, and fare-revenue generation.

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

Paul C. Jablonski
Chief Executive Officer

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

MARCH15-12.46.RIDERSHIP&REVENUE.THOMSEN

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



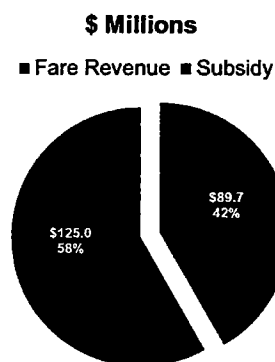
Ridership Composition & Fare Revenue Generation

Board of Directors
March 15, 2012



Ridership & Fare Revenue Significance

- 88.5 million MTS riders projected in FY2012 generate \$89.7 million in Operating Revenue
- Farebox Recovery Ratio is 41.8%

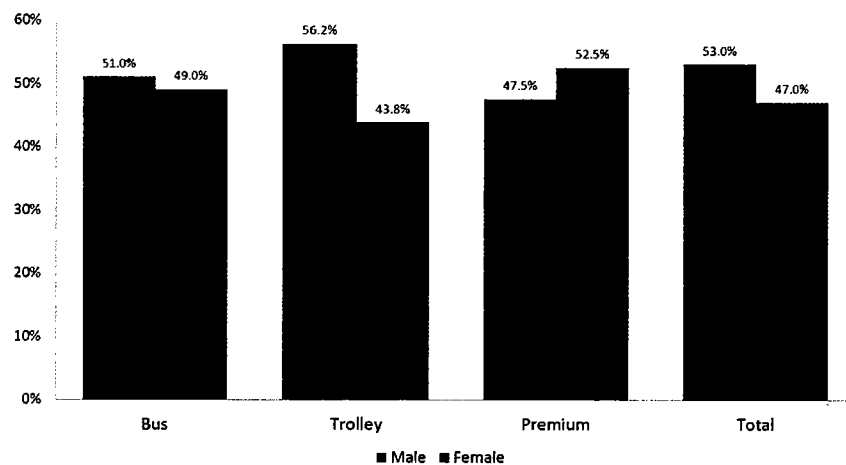


Who Are Our Riders?

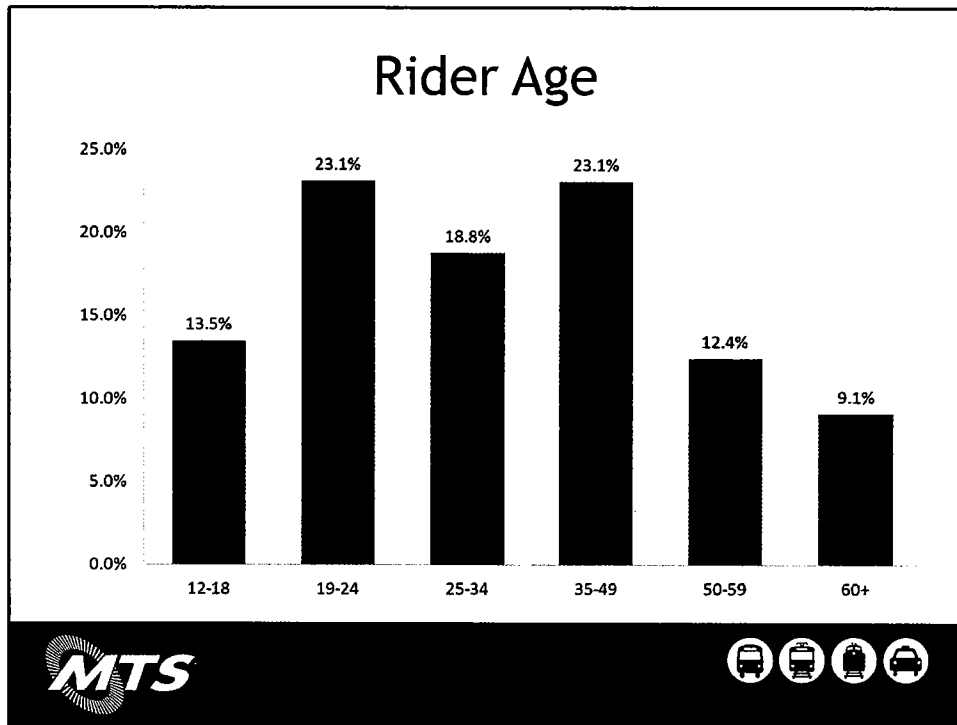


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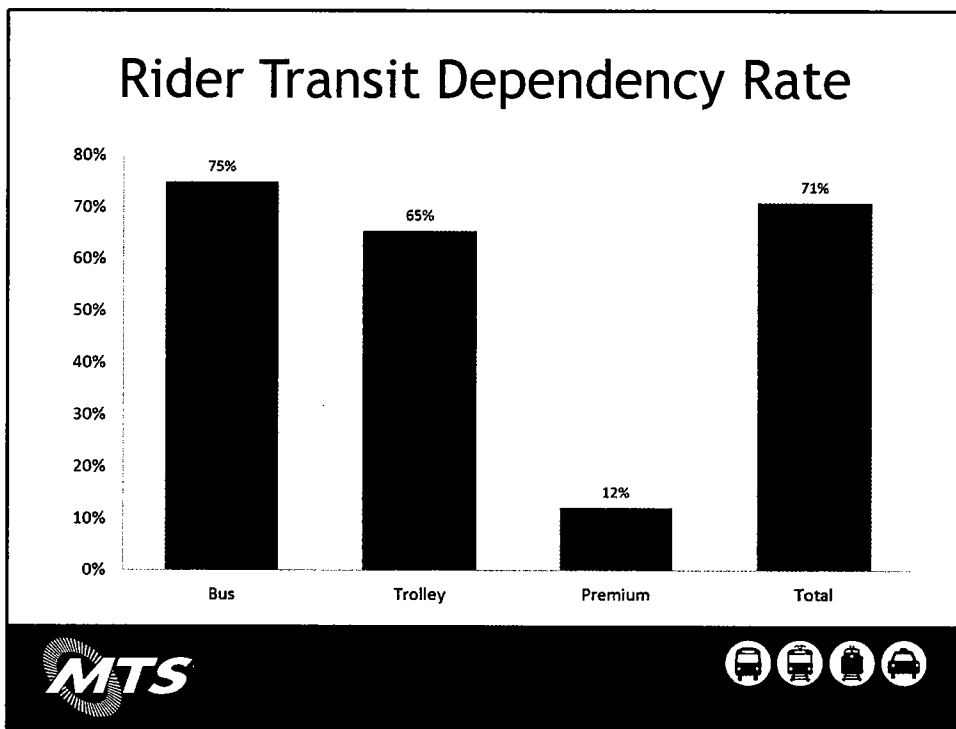
Rider Gender



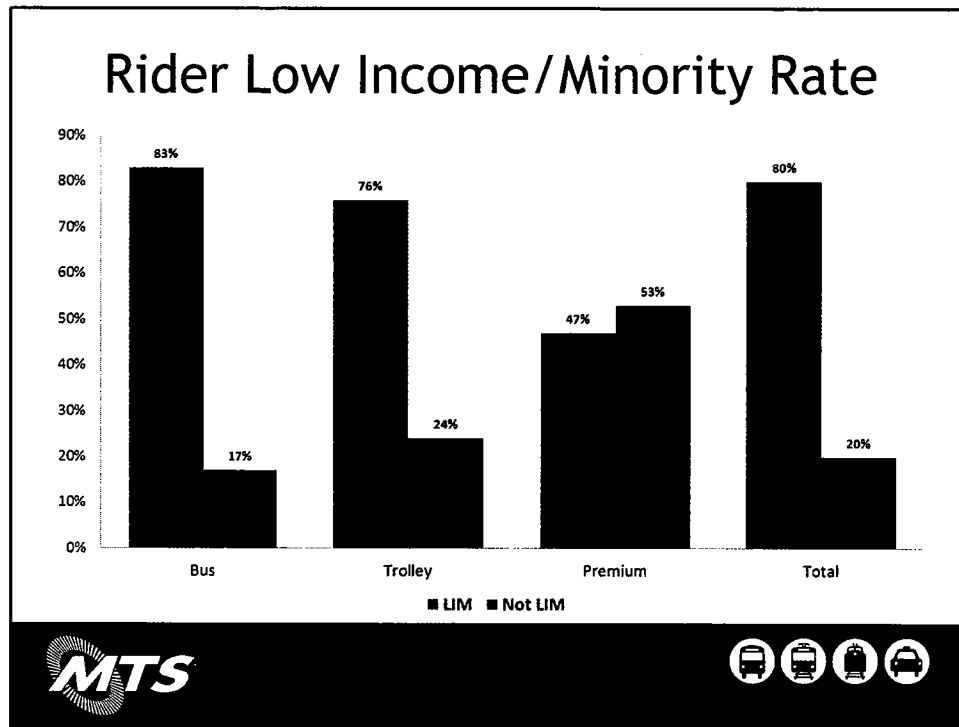
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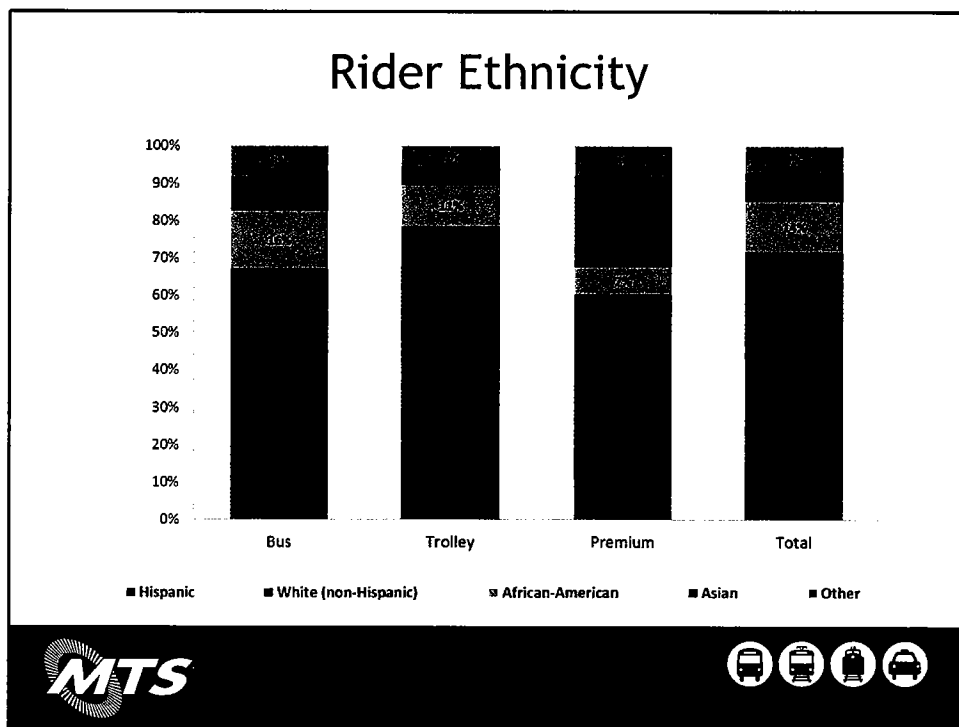
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6



7



8

Trip Purpose

Purpose	% of Trips	
	2003	2009
Home-Work	42%	30%
Home-School	20%	19%
Home-Shopping	12%	9%
Home-VFF **	10%	--
Home-Recreation	--	10%
Home-Medical	3%	5%
Other-Unspecified	13%	27%
Total	100%	100%

** Visit friends & family



(9)

Fare Revenue Generation



(10)

Regional Fares: 2012

Cash Fares

Bus - Adult+Youth	\$ 2.25
- SDM	\$ 1.10
Express- Adult+Youth / Premium	\$ 2.50 / \$ 5.00
- SDM / Premium	\$ 1.25 / \$ 2.50
Trolley - Adult+Youth	\$ 2.50
- SDM	\$ 1.25

Monthly Passes

- Adult / Premium	\$ 72 / \$ 100
- Youth / Premium	\$ 36 / \$ 50
- SDM / Premium	\$ 18 / \$ 25

Day Passes (no free transfers)

- Regular / Premium	\$ 5 / \$ 12
---------------------	--------------



(11)

Boardings by Fare Component: FY2011

Fare Type		# Millions	%
Cash	Full	6.4	8%
	SDM	1.3	1%
Pass	SDM	25.2	30%
	Day	22.0	26%
	Adult	16.4	19%
	Youth	7.5	9%
	College	1.4	2%
	Premium	0.4	0%
	Coaster	0.0	0%
Free		4.1	5%
Total		84.8	100%



(12)

Fare Revenue by Fare Component: FY2011

Source	Type	\$ Mil	%
Cash	Full + SDM	\$14.8	16.9%
Passes	Day	\$30.2	34.6%
	Adult+Premium+Coaster	\$21.2	24.3%
	SDM	\$8.0	9.2%
	Youth	\$5.8	6.7%
	College	\$1.7	2.0%
TransNet	Proposition A	\$5.5	6.3%
Total		\$87.3	100.0%



(13)

Boarding & Fare Revenue Shares

Source	Type	% Brdgs	% Fare Rev
Cash	Full + SDM	9%	17%
Passes	Day	26%	35%
	Adult +Prem +Cstr	19%	24%
	SDM +TransNet %	30%	14%
	Youth+TransNet %	9%	8%
	College	2%	2%
Free		5%	0%
Total		100%	100%



(14)

Fare Revenue Summary

- Passes generate 85% of system boardings and 77% of fare revenue (83% with TransNet).
- Average Fare
 - Cash \$ 1.909
 - Pass \$ 0.993
 - System \$ 1.029



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Senior Disabled Medicare Fare Usage



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SDM Fare Boarding Rates

California Peer Properties: FY2009

Property	SDM Boardings
MTS (FY11)	31.3%
NCTD (FY11)	28.3%
LA MTA	18.2%
Santa Clara VTA	16.0%
SamTrans	15.4%
Sacramento RTD	12.1%
AC Transit (FY02)	11.0%



(17)

SDM Cash & Pass Fares

California Peer Properties: 2012

Property	Age	Cash Fare	Pass Fare	
			Day	Month/ 30-Day
MTS	60	\$1.10/1.25	---	\$18
AC Transit	65	\$1.05	\$0.25/Transfer	\$20
LA MTA	62	\$0.55P/0.25OP	\$1.80	\$35
OCTA	60	\$0.60	\$1.25	\$18
Sacramento RT	62	\$1.25	\$3.00	\$50
SamTrans	65	\$1.00	---	\$25
SF Muni	65	\$0.75	---	\$21
Santa Clara VTA	65	\$1.00	\$2.50	\$25



(18)

SDM Pass Holder Composition

MTS: 2009

<u>Years of Age</u>	<u>% of Riders</u>
10 - 59	81.7%
60 - 64	9.3%
65 +	9.1%



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Ensuring SDM Qualification Integrity

- New process for certifying eligibility for the reduced pass implemented in May, 2011
- Short and long form process depending on reason for eligibility
- More control over the process
- Issued 4,800 cards through February (500-600 per month)



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Conclusions

- Fares represent a significant portion of MTS Operating Revenue (41.8%).
- Most MTS riders are transit dependent (71%).
- Most MTS riders are Low Income and / or Minority (80%).
- A disproportionate portion of operating revenue is from non-SDM riders.
 - SDM pass holders represent 30% of trips but generate only 9% of fare revenue.



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Agenda Item No. 47

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

March 15, 2012

SUBJECT:

SERVICE-PERFORMANCE MONITORING REPORT FOR JULY 2011 THROUGH
JANUARY 2012 (DEVIN BRAUN)

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

MTS Board Policy No. 42 establishes a process for evaluating existing transit services to achieve the objective of developing a customer-focused, competitive, integrated, and sustainable system. The policy states that services will be evaluated annually; however, this information is provided for the first seven months of FY 12 in order to see more recent data. The analysis will show any trends for the current fiscal year and help to track performance throughout the year.

Objective: Develop a Customer-Focused and Competitive System

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



- Total Passengers

Route Categories	YTD FY 2010	YTD FY 2011	YTD FY 2012	Chg. 10-11	Chg. 11-12	% Chg. 10-11	% Chg. 11-12
Premium Express	158,226	166,664	176,403	8,438	9,739	5.3%	5.8%
Express	1,268,891	1,204,609	1,348,800	(64,282)	144,191	-5.1%	12.0%
Light Rail	17,945,998	18,292,809	19,288,614	346,811	995,805	1.9%	5.4%
Urban Frequent	22,134,100	20,959,442	22,211,135	(1,174,658)	1,251,693	-5.3%	6.0%
Urban Standard	6,480,378	7,298,908	7,853,700	818,530	554,792	12.6%	7.6%
Circulator	482,791	463,478	480,847	(19,313)	17,369	-4.0%	3.7%
Rural	14,522	20,425	28,165	5,903	7,740	40.6%	37.9%
Demand-Responsive	202,936	207,046	203,423	4,110	(3,623)	2.0%	-1.7%
Total MTS Passengers	48,687,842	8,613,381	51,591,087	(74,461)	2,977,706	-0.2%	6.1%
Bus Ridership	30,538,908	30,113,526	32,099,050	(425,382)	1,985,524	-1.4%	6.6%

Fixed-route bus ridership is up 6.1% overall for FY 12 through January, which is an increase of 2,977,706 passengers. The largest increases were seen in Urban Frequent routes (those that operate every 15 minutes or better in the urban core) with a 1.2 million increase in ridership (or 6.0%).

Ridership is generally increasing due to an improved economy. The most recent figure for January 2012 unemployment in San Diego County is 8.9%, which is lower than January 2011 when it was at 10.4%. There are more riders on the system as some riders are taking more trips due to more hours/days of work, and some riders are now using transit to get to their new jobs.

Demand Responsive (ADA Paratransit/MTS Access) shows a slight decrease in passengers. While this number is within the expected range for a service operating at the same levels as the previous year, there might be a slight decrease due to more passengers taking fixed-route trips instead of MTS Access trips due to convenience or cost; i.e., an \$18 monthly pass versus a \$9 round-trip ride on MTS Access.

- Average Weekday Passengers

Route Categories	YTD FY 2010	YTD FY 2011	YTD FY 2012	Chg. 10-11	Chg. 11-12	% Chg. 10-11	% Chg. 11-12
Premium Express	1,097	1,125	1,191	28	67	2.5%	5.9%
Express	7,775	7,448	8,359	(327)	911	-4.2%	12.2%
Light Rail	89,887	91,820	98,284	1,933	6,464	2.1%	7.0%
Urban Frequent	120,472	117,242	124,685	(3,230)	7,443	-2.7%	6.3%
Urban Standard	36,284	42,322	46,019	6,038	3,697	16.6%	8.7%
Circulator	3,450	3,370	3,489	(79)	119	-2.3%	3.5%
Rural	152	217	242	65	25	42.5%	11.7%
Demand-Responsive	1,269	1,292	1,260	23	(32)	1.8%	-2.5%
Average Weekday Passengers	260,386	264,835	283,529	4,449	18,694	1.7%	7.1%
Bus Passengers Only	169,229	171,723	183,985	2,494	12,262	1.5%	7.1%

The total average weekday passenger statistics show how many passengers ride MTS on a typical weekday. MTS is currently carrying 283,529 passengers per weekday on average, a 7.1% increase of 18,694 daily passengers over FY 11. Meanwhile, service levels have only increased by 0.9%. As will be shown later in the report, productivity is also increasing because of these two growth factors.

- Passengers per Revenue Hour

Route Categories	YTD FY 2010	YTD FY 2011	YTD FY 2012	Chg. 10-11	Chg. 11-12	% Chg. 10-11	% Chg. 11-12
Premium Express	22.7	22.5	20.6	(0.1)	(1.9)	-0.6%	-8.5%
Express	27.9	30.2	33.6	2.3	3.4	8.3%	11.1%
Light Rail	169.0	178.8	188.6	9.8	9.8	5.8%	5.5%
Urban Frequent	33.7	35.3	37.2	1.6	1.9	4.8%	5.3%
Urban Standard	24.7	27.4	29.2	2.7	1.8	10.8%	6.4%
Circulator	15.4	15.7	16.1	0.3	0.4	2.0%	2.7%
Rural	5.59	8.11	10.83	2.5	2.7	45.1%	33.5%
Demand-Responsive	2.03	2.06	2.08	0.0	0.0	1.5%	1.0%
System Riders per Rev. Hour	40.2	42.6	45.0	2.4	2.4	5.9%	5.6%
Bus Riders per Rev. Hour	30.4	32.1	33.9	1.7	1.8	5.5%	5.7%

Passengers per revenue hour describes how the revenue hours (in-service hours and layover hours) that were added or removed related to ridership increases or decreases. Increasing riders per revenue hour shows the system is more efficient—carrying more passengers with the same number of buses.

In fact, MTS has increased its system-wide riders per revenue hour to 45.0, a 5.6% increase. As shown in the passenger ridership and revenue-hours category, MTS has been able to increase ridership at a faster rate than it added service.

The only category with a decrease is Premium Express routes; however, this was due in part to the Route 830 Pilot Project (Tierrasanta to 32nd Street). In addition, some service was added to Route 810 to alleviate overcrowding causing a slight decline in productivity.

- Passengers per In-Service Hour

Route Categories	YTD FY 2010	YTD FY 2011	YTD FY 2012	Chg. 10-11	Chg. 11-12	% Chg. 10-11	% Chg. 11-12
Premium Express	24.26	23.94	23.05	(0.3)	(0.9)	-1.3%	-3.7%
Express	33.91	36.71	40.86	2.8	4.1	8.3%	11.3%
Light Rail	201.09	209.63	224.39	8.5	14.8	4.2%	7.0%
Urban Frequent	42.02	43.43	46.20	1.4	2.8	3.3%	6.4%
Urban Standard	33.20	36.25	39.24	3.0	3.0	9.2%	8.2%
Circulator	23.99	24.18	25.09	0.2	0.9	0.8%	3.7%
Rural	5.31	8.10	8.67	2.8	0.6	52.6%	7.1%
Demand-Responsive							
System Riders per In-Svc. Hour	53.65	56.09	59.90	2.4	3.8	4.6%	6.8%
Bus Riders per In-Svc. Hour	38.4	40.1	42.8	1.7	2.7	4.4%	6.8%

Passengers per in-service hour is related to passengers per revenue hour but shows how many passengers are carried while the bus is in service and not on layover. Analyzing this figure helps MTS to understand how effective it is at providing the right level of service instead of how effective MTS is at grouping trips and breaks together for a vehicle to operate (revenue hours).

MTS is operating at 59.9 passengers per in-service hour year-to-date. This is a 6.8% increase over FY 11. All categories except Premium Express routes show an increase. The small decline in Premium Express productivity accounts for the extra service that was added on Route 810 and the Route 830 Pilot Project (Tierrasanta to 32nd Street).

- On-Time Performance

Route Categories	Service Change				
	June 2010	Sept. 2010	Jan. 2011	June 2011	Sept. 2011
Premium Express	100.0%	97.9%	97.9%	100.0%	99.6%
Express	90.6%	84.6%	70.3%	71.3%	87.4%
Light Rail	90.4%	89.3%	90.6%	91.9%	90.6%
Urban Frequent	87.0%	85.1%	84.2%	82.4%	80.9%
Urban Standard	90.3%	87.9%	83.7%	83.6%	82.2%
Circulator	77.8%	81.0%	87.2%	90.0%	91.8%
Rural	N/A	N/A	N/A	N/A	N/A
Demand-Responsive	N/A	N/A	N/A	N/A	N/A
MTS System	88.2%	86.5%	84.3%	84.2%	84.2%

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

On-time performance is measured by service change in order to realize the results of scheduling changes—these are periods of approximately 4 months each. MTS's goal for on-time performance is 85% for Urban Frequent routes and 90% for all other routes.

Due to increased ridership, traffic, wheelchair boardings, construction, and other outside factors, on-time performance has seen a slight decline in the last fiscal year. However, improvement in on-time performance remains an important goal for MTS. Where budget allows, the Scheduling Department builds in extra time to handle the higher loads and to deal with the extraneous circumstances on certain trips. In addition, the MTS On-Time Task Force meets to discuss ways of improving on-time performance without added cost. Such changes as the new cart/baggage policy, removing seats from buses, and headsigns asking passenger to exit the rear of the bus have helped to stem the delays passengers experience on the bus.

MTS Trolley continues to deal with wheelchair-lift uses as one of the biggest causes of delays. Over the next few years, during the Trolley Renewal Project, on-time performance will be lower. When the lines are reconstructed and operational, the new S70 US light rail vehicle on-time performance is expected to greatly improve.

- Preventable Accidents per 100,000 Miles

Operator	FY10	FY 11	YTD FY 12	Chg 10-11	Chg 11-12
MTS Bus	1.73	1.58	1.49	-8.5%	-5.8%
MTS Contract Services	1.00	0.96	1.02	-3.6%	6.5%
MTS Trolley	0.01	0.00	0.04	-100%	N/A

Overall, preventable accident rates have remained very low. MTS Bus had a slight decline in the accident rate while Contract Services and MTS Trolley had a slight increase. The Trolley had no preventable accidents in FY 11 but has had two preventable accidents so far in FY 12.

- Complaints per 100,000 Passengers

Operator	FY 10	FY 11	YTD FY 12	Chg 10-11	Chg 11-12
MTS Bus	8.9	9.1	9.1	1.9%	0.3%
MTS Contract Services FR	9.4	8.4	10.9	-11.2%	30.1%
MTS Trolley	2.37	2.64	2.05	11.2%	-22.4%

Customer complaints are processed through the Customer Service Department at MTS. Passengers have one central number to call to make a complaint, and the appropriate staff person is notified to handle the complaint.

For year-to-date FY12, complaints per 100,000 passengers remained flat at 9.1 complaints per 100,000 passengers and has risen to 10.9 complaints per 100,000 passengers on contracted routes. MTS Trolley has seen a decrease so far in the number of complaints received in FY 12 over the previous two fiscal years.

Objective: Develop a Sustainable System

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

- In-Service Hours (weekly)

Operator	January		Difference	
	2011	2012	Number	Percent
MTS Bus	11,828	11,856	29	0.2%
MTS Contract Service Fixed-Route	12,899	12,993	94	0.7%
System	24,727	24,849	123	0.5%

Service levels have slightly increased from last fiscal year. MTS is operating approximately 123 more hours per week, which is a 0.5% increase. The increases have come from some slight service adjustments to deal with high-load factors.

- In-Service Miles (weekly)

Operator	January		Difference	
	2011	2012	Number	Percent
MTS Bus	158,608	158,821	213	0.1%
MTS Contract Service Fixed-Route	179,356	182,213	2,857	1.6%
System	337,964	341,034	3,070	0.9%

Service levels have slightly increased from last fiscal year. MTS operates approximately 3,070 more in-service miles per week, which is a 0.9% increase. These increases have come from slight service adjustments to deal with high-load factors.

- Weekday Peak-Vehicle Requirement

Operator	Jan 2011	Jan 2012	Chg 11-12
MTS Bus	189	188	-1
MTS Contract Services Fixed-Route	233	234	+1
MTS Trolley	97	97	0

The Weekday Peak-Vehicle Requirement shows the maximum number of vehicles that are on the road at any time in order to provide the levels of service that have been planned. MTS Bus had an overall decrease of one vehicle while contracted services increased by one peak bus in the same time period. These changes can be attributed to added running time (for increases) and scheduling efficiencies (for decreases).

- In-Service Speeds (mph)

Operator	Jan 2011	Jan 2012	Chg 11-12
MTS Bus	13.4	13.4	NC
MTS Contract Services FR	13.9	14.0	+0.1

In-service speeds have remained very constant year-over-year.

- In-Service/Total Miles

Operator	Jan 2011	Jan 2012	Chg 11-12
MTS Bus	87.6%	87.4%	-0.23%
MTS Contract Services FR	N/A	N/A	N/A
MTS Trolley	N/A	N/A	N/A

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

- In-Service/Total Hours

Operator	Jan 2011	Jan 2012	Chg 11-12
MTS Bus	77.0%	76.9%	-0.07%
MTS Contract Services FR	N/A	N/A	N/A
MTS Trolley	N/A	N/A	N/A

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



Paul G. Jablonski
Chief Executive Officer

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

MARCH15-12.47. SERVICE PERF MONITORING. DBRAUN



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Agenda

Item No. 62

Chief Executive Officer's Report

ADM 121.7

March 15, 2012

In accordance with Board Policy No. 52, Procurement of Goods and Services, attached are listings of contracts, purchase orders, and work orders that have been approved within the CEO's authority (up to and including \$100,000) for the period February 9, 2012, through March 7, 2012.

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EXPENSE CONTRACTS				
Doc #	Organization	Subject	Amount	Day
G1204.1-09	SMITH WATTS & COMPANY	STATE LOBBYNG SERVICES	\$69,600.00	2/10/2012
G1326.1-10	MIS SCIENCES, INC.	HOSTED TEXT MESSAGING OPTION YEAR	\$59,000.00	2/10/2012
G1416.0-12	JACOBS CENTER FOR NEIGHBORHOOD	HOLIDAY MUSIC/ENTERTAIN SERIES	\$5,000.00	2/10/2012
G1424.0-12	DLA PIPER, LLP	LEGAL SERVICES - FINANCE LAW	\$10,000.00	2/21/2012
G1427.0-12	MCDUGAL LOVE ECKIS SMITH BOEH	LEGAL SERVICES - GENERAL & TORT LIABILT	\$85,000.00	2/22/2012
G1425.0-12	LIEBMAN, QUIGLEY, SHEPPARD	LEGAL SERVICES - GENERAL & TORT LIABILT	\$80,000.00	2/24/2012
G1423.0-12	LAW OFFICES OF DAVID C. SKYER	LEGAL SERVICES - GENERAL & TORT LIABILT	\$95,000.00	2/29/2012
G1433.0-12	TROVILLION, INVEISS & DEMARKIS	LEGAL SERVICES - WORKERS' COMPENSATION	\$60,000.00	3/1/2012
L1065.0-12	PATRIOT ENVIRONMENTAL SERVICES	TRAUMA SCENE CLEAN UP SERVICES	\$31,050.00	3/1/2012
G1421.0-12	BAKER & MILLER, PLLC	LEGAL SERVICES - RAILROAD & ENVIRONMENTA	\$25,000.00	3/2/2012
G1426.0-12	LAW OFFICES OF MARK H BARBER	LEGAL SERVICES - WORKERS COMPENSATION	\$140,000.00	3/2/2012
G1429.0-12	OPPER & VARCO, LLP	LEGAL SERVICES - ENVIRONMENTAL & REAL ES	\$50,000.00	3/2/2012
G1440.0-12	BUCK-O-NINE	LOCAL BAND PROJECT FOR MTS COMMERCIALS	\$2,500.00	3/2/2012
G1325.1-10	RAEL & LETSON	OPEB ACTUARIAL VALUATION SERVICES	\$25,000.00	3/7/2012
G1439.0-12	VOKAB KOMpany	LOCAL BAND PROJECT FOR MTS COMMERCIALS	\$2,500.00	3/7/2012

REVENUE CONTRACTS				
Doc #	Organization	Subject	Amount	Day
G1436.0-12	ACE PARKING MANAGEMENT, INC.	TRIANGLE PARCEL LEASE AGREEMENT	(\$45,000.00)	2/10/2012
L1060.0-12	HMS CONSTRUCTION, INC.	ROE PERMIT CONSTRUCT RAIL TRACK WORK JOC	\$0.00	2/10/2012
L0894.1-09	RAM INDUSTRIAL SERVICES	ADDITIONAL UPGRADES TO SOW	\$0.00	2/13/2012
L1063.0-12	SOUTHLAND ELECTRIC	ROE PERMIT RAILWAY ELECTRICAL	\$0.00	2/15/2012
G1412.0-12	AMCAL MULTI-HOUSING, INC.	DEPOSIT AGREEMENT 62ND/ENCANTO	(\$10,000.00)	2/21/2012
B0547.1-11	SD FRICTION PRODUCTS/WETMORES	AMEND 1 CHANGE P/N'S	\$0.00	2/29/2012
B0523.2-09	SANDAG	SUPER LOOP MOU AMEND 7/1/11 - 6/30/12	TBD	3/5/2012
G1445.0-12	PM REALTY GROUP	PARTNERSHIP AGREEMENT - PARKING	(\$9,600.00)	3/6/2012
L1070.0-12	BRICEHOUSE STARBOARD LLC	ROE PERMIT - MTS LOCATION - CRICKET	\$0.00	3/6/2012
G1443.0-12	ROWLBERTO PRODUCTIONS	PARTNERSHIP - A TROLLEY SHOW	\$0.00	3/7/2012
G1444.0-12	STARPAL	ONE YR PARTNERSHIP PROGRAM	\$0.00	3/7/2012
L0894.2-09	RAM INDUSTRIAL SERVICES	UPGRADES TO THE SOW	\$0.00	3/7/2012

PURCHASE ORDERS (IFAS)				
DATE	PO NUMBER	Organization	Subject	AMOUNT
2/9/2012	3137	TECHNOLOGY INTEGRATION GROUP	CATALYST LAN BASE, TRANSCIEVER	\$9,073.13
2/10/2012	3138	SAN DIEGO READER	FULL PAGE ADS	\$18,456.00
2/10/2012	3139	CDW GOVERNMENT INC.	CISCO LC CONNECTOR	\$2,033.25
2/13/2012	3140	CDW GOVERNMENT INC.	HARD DRIVE, CABLE, MAINT KIT	\$1,802.18
2/17/2012	3141	WEST COAST CABLING, INC.	TRACER SYSTEM UPGRADES	\$5,570.47
2/17/2012	3142	ANDERSON & BRABANT	APPRAISAL WOODENMAN ST.	\$3,750.00
2/17/2012	3143	DELL COMPUTER CORP.	DELL LATITUDE LAPTOP	\$1,887.53
2/17/2012	3144	CDW GOVERNMENT INC.	APC NETSHELTER	\$368.85
2/17/2012	3145	CDW GOVERNMENT INC.	HP PAPER CASSETTE, USB MOUSE	\$697.17
2/17/2012	3146	FUSION STORM	CISCO INRONPORT WEB SECURITY BNDL	\$30,070.12
2/21/2012	PW001073	DRAIN MEDIC, INC.	REZNOR HEATERS, LABOR	\$8,320.57
2/22/2012	3147	TECHNOLOGY INTEGRATION GROUP	DATADOMAIN SUPPORT	\$5,151.60
2/22/2012	3148	TECHNOLOGY INTEGRATION GROUP	NETWORK SERVER	\$3,132.56
2/22/2012	3149	TECHNOLOGY INTEGRATION GROUP	EMC NAS & MAINT.	\$28,089.50
2/23/2012	3150	CDW GOVERNMENT INC.	GOV VEEAM VMWARE - VEEAM BU MAINT	\$13,552.00
2/24/2012	3151	IKON OFFICE SOLUTIONS INC.	1 YR MAINT RENEW EMC AX SUPPORT	\$6,423.00
2/24/2012	3152	CALHOUN TECHNOLOGIES	HP DL360 HOT PLUG REDUNDANT POWER	\$743.48
2/27/2012	3153	RECOGNITION IDEAS & CONCEPTS	SERVICE PINS	\$5,816.39
2/29/2012	3154	IACCESS	HID CARDS	\$2,747.63
3/2/2012	3155	HSQ TECHNOLOGY	ILON SYSTEM SUPPORT SERVICES	\$84,000.00

WORK ORDERS				
Doc #	Organization	Subject	Amount	Day
G0930.17.04.08	SANDAG	LRV CAR WASH RPLC REIMBURS FLAG/MNG		2/14/2012
G1246.0-09.12.1	DAVID EVANS & ASSOCIATES INC	PLAN AND SPEC PREP FOR BLDG AQUALC	\$0.00	2/21/2012
G1246.0-09.10.1	DAVID EVANS & ASSOC.	ADDITIONAL DESIGN SERVICES WHEEL TR	\$15,798.28	3/1/2012
L0901.0-10.1	KOBEY CORPORATION	A-MART LEMON GROVE LICENSE AGREEMENT	\$0.00	3/1/2012
L0901.0-10.2	KOBEY CORPORATION	CRICKET LICENSE AGREEMENT	\$0.00	3/1/2012