



11-146A53 1131

12-02-13 ADD:DD IN

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

## Agenda

VD202

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

December 5, 2013

Executive Conference Room  
9:00 a.m.

#### ACTION RECOMMENDED

- |    |  |               |
|----|--|---------------|
| A. | ROLL CALL  |               |
| B. | APPROVAL OF MINUTES - October 3, 2013  | Approve       |
| C. | COMMITTEE DISCUSSION ITEMS   |               |
| 1. | <u>Trolley Renewal Project Update (John Haggerty of SANDAG)</u>  | Informational |
| 2. | <u>Appointment of MTS Chairperson (Sharon Cooney)</u><br>Action would forward a recommendation to the Board of Directors regarding the appointment of the MTS Chairperson.   | Approve       |
| 3. | <u>San Diego Transit Corporation Employee Retirement Plan's Actuarial Valuations as of July 1, 2013 (Robert McCrory of Cheiron, Inc. and Larry Marinesi)</u><br>Action would forward a recommendation to the Board of Directors to receive the San Diego Transit Corporation (SDTC) Employee Retirement Plan's actuarial valuation as of July 1, 2013, and adopt the pension contribution rate of 39.147 percent for SDTC's pension plans in fiscal year 2015. | Approve       |
| 4. | <u>Security Services Agreement - Exercise Option Years (Bill Burke)</u><br>Action would forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to exercise Option Years 1 and 2 under MTS Doc. No. G1299.0-10 with Universal Protection Services (UPS) for the provision of security services for fiscal years 2015 and 2016.   | Approve       |

Please SILENCE electronics  
during the meeting

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

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



C. COMMITTEE DISCUSSION ITEMS - CONTINUED

5. RTMS Back-Office Upgrade and Contract Bus Fleet Expansion (Bill Spraul and Stevan White) Approve  
Action would forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. G1544.0-13 with ACS Transport Solutions, Inc. (ACS) to purchase, install, test and verify, and warranty Regional Transportation Management System (RTMS) equipment, hardware, software, and back-office equipment for the MTS Bus, MTS contracted bus, and NCTD fleets.
6. Taxicab Administration Contract Extension (Sharon Cooney) Approve  
Action would forward a recommendation to the Board of Directors to authorize the CEO to negotiate with the City of San Diego a "Ninth Amendment to Agreement for Administration of Taxicab and Other For-Hire Vehicle Regulations Between San Diego Metropolitan Transit System and City of San Diego" (MTS Doc. No. G0225.9-95).

D. REVIEW OF DRAFT DECEMBER 12, 2013, BOARD AGENDA

- E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA Possible Action  
Review of SANDAG Transportation Committee Agenda and discussion regarding any items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc. Relevant excerpts will be provided during the meeting.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

G. PUBLIC COMMENTS

H. NEXT MEETING DATE: January 9, 2014

I. ADJOURNMENT



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DRAFT

## Agenda

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

December 12, 2013

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 two working days prior to the meeting to ensure availability. Assistive Listening Devices (ALDs) are available from the Clerk of the Board/Assistant Clerk of the Board prior to the meeting and are to be returned at the end of the meeting.

#### ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes - November 14, 2013 Approve
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.
4. Appointment of MTS Chairperson (Sharon Cooney) Approve  
Action would receive a recommendation from the Executive Committee regarding the appointment of the MTS Chairperson.

Please SILENCE electronics  
during the meeting

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## CONSENT ITEMS

- |     |   |                    |
|-----|---|--------------------|
| 6.  | <u>Bus Operator Uniforms - Contract Award</u><br>Action would authorize the Chief Executive Officer (CEO) to: (1) execute MTS Doc. No. B0600.0-13 with Kingsbury Uniforms, Inc. for the provision of bus operator uniforms for a three-year base period with 2 one-year optional terms (for a total of 5 years); and (2) exercise each option year at the CEO's discretion.   | Approve            |
| 7.  | <u>Investment Report - October 2013</u>   | Informational      |
| 8.  | <u>Building C Backup Electrical Power Generator - Contract Award</u><br>Action would authorize the CEO to execute MTS Doc. No. PWL150.0-14 with Global Power Group, Inc. to procure and install a 400 kW, 500 KVA backup electrical power generator at MTS's Building C LRV Maintenance Facility.   | Approve            |
| 9.  | <u>General Engineering and Real Estate Services for MTS Right of Entry and Right-of-Way Issues</u><br>Action would ratify previous actions and authorize the CEO to execute Work Order No. 13.01.02 to MTS Doc. No. G1496.0-13 with RailPros, Inc.  | Ratify/<br>Approve |
| 10. | <u>Drug and Alcohol Collection, Testing, and Administration Services - Contract Award</u><br>Action would authorize the CEO to: (1) execute MTS Doc. No. G1550.0-13 with Drug Testing Network, Inc. for the provision of drug and alcohol collection, testing, and administration services for a two-year base period and 3 one-year optional terms, exercisable at MTS's sole determination, for a total of five years; and (2) exercise each option year at the CEO's discretion. | Approve            |
| 11. | <u>Independent Auditing Services - Contract Award</u><br>Action would authorize the CEO to: (1) execute MTS Doc. No. G1513.0-13 with Pun and McGeady, LLP for the provision of independent auditing services for a five-year base period with 3 one-year option terms (for a total of 8 years); and (2) exercise each option year at the CEO's discretion.  | Approve            |
| 12. | <u>Actuarial Services for the San Diego Transit Corporation (SDTC) Pension Plan - Contract Award</u><br>Action would authorize the CEO to: (1) execute MTS Doc. No. G1650.0-14 with Cheiron for the provision of actuarial services for the SDTC pension plan for a five-year base period and 5 one-year option terms exercisable at MTS's sole determination; and (2) exercise each option year at the CEO's discretion.   | Approve            |
| 13. | <u>Railroad Bridge Inspection Services - Contract Award</u><br>Action would authorize the CEO to execute MTS Doc. No. PWL147.0-13 with J.L. Patterson for the provision of railroad bridge inspection services for five years (beginning on February 1, 2014, and ending on January 31, 2019).  | Approve            |
| 14. | <u>RTMS Radio Tower at Mt. Soledad Station, Naval Base Point Loma - Site Lease Amendment</u><br>Action would authorize the CEO to execute MTS Doc. No. B0513.2-09 with the Department of the Navy to continue the lease of MTS's Mt. Soledad Signal Station site for five years.  | Approve            |



## CLOSED SESSION

24. None.

## NOTICED PUBLIC HEARINGS

25. None.

## DISCUSSION ITEMS

30. RTMS Back-Office Upgrade and Contract Bus Fleet Expansion (Bill Spraul and Stevan White) Approve  
Action would authorize the CEO to execute MTS Doc. No. G1544.0-13 with ACS Transport Solutions, Inc. (ACS) to purchase, install, test and verify, and warranty Regional Transportation Management System (RTMS) equipment, hardware, software, and back-office equipment for the MTS Bus, MTS contracted bus, and NCTD fleets.
31. Security Services Agreement - Exercise Option Years (Bill Burke) Approve  
Action would authorize the CEO to exercise Option Years 1 and 2 under MTS Doc. No. G1299.0-10 with Universal Protection Services (Universal) for the provision of security services for fiscal years 2015 and 2016.
32. Taxicab Contract Renewal (Sharon Cooney) Approve  
Action would authorize the CEO to negotiate with the City of San Diego a "Ninth Amendment to Agreement for Administration of Taxicab and Other For-Hire Vehicle Regulations Between San Diego Metropolitan Transit System and City of San Diego" (MTS Doc. No. G0225.9-95).
33. San Diego Transit Corporation Employee Retirement Plan's Actuarial Valuations as of July 1, 2013 (Robert McCrory of Cheiron, Inc. and Larry Marinesi) Adopt  
Action would receive the San Diego Transit Corporation (SDTC) Employee Retirement Plan's actuarial valuation as of July 1, 2013, and adopt the pension contribution rate of 39.147 percent for SDTC's pension plans in fiscal year 2015.

## REPORT ITEMS

45. Senior/Disabled/Medicare (SDM) Reduced-Fare Program (Sharon Cooney) Informational
46. Fiscal Year 2013 Final Budget Comparison (Mike Thompson) Informational
47. Operations Budget Status Report for October 2013 (Mike Thompson) Informational

- |     |   |               |
|-----|---|---------------|
| 60. | <u>Chairman's Report</u>  | Informational |
| 61. | <u>Audit Oversight Committee Chairman's Report</u>  | Informational |
| 62. | <u>Chief Executive Officer's Report</u>   | Informational |
| 63. | <u>Board Member Communications</u>  |               |
| 64. | <u>Additional Public Comments Not on the Agenda</u><br>If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments. |               |
| 65. | Next Meeting Date: January 16, 2014   |               |
| 66. | <u>Adjournment</u>  |               |

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

October 3, 2013

MINUTES

A. ROLL CALL

Chairman Mathis called the Executive Committee meeting to order at 9:00 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Cunningham moved for approval of the minutes of the September 5, 2013, MTS Executive Committee meeting. Mr. Ovrom seconded the motion, and the vote was 4 to 0 in favor with Mr. Roberts absent.

C. COMMITTEE DISCUSSION ITEMS

2. Trolley Renewal Project Update (TAKEN OUT OF ORDER)

Bruce Schmith, SANDAG discussed the status of the Blue Line Crossover and Signaling project including milestones regarding Blue Line Stations and Rail Construction. He reviewed rail replacement, station work, completion dates and the 8<sup>th</sup> Street Transit Center. Karen Landers, General Counsel stated that with regard to the 8<sup>th</sup> Street Transit Center they were coming closer to gaining the easement. Paul Jablonski, Chief Executive Officer stated that work has been ongoing for three years and they have met with the former and current Admiral and advised them the deadline was October 5<sup>th</sup> as there will be fees in delays, etc. and MTS has reached out to the new Admiral to receive an update. He believes MTS will tell the Navy shortly that MTS will not proceed with this work until the Blue Line station is complete as they have been down this road numerous times before and does not want to waste money if they can't keep to the schedule as Blue Line construction is tightly scheduled; therefore the 8<sup>th</sup> Street Transit Center may not be completed until 2015. Mr. Cunningham asked if MTS would incur costs from backing out and Mr. Jablonski responded not if MTS pulls out by October 5<sup>th</sup>. Mr. Jablonski advised no vote was required as it is a SANDAG project. Mr. Schmith reviewed the traction power substation site acquisition. Mr. Terry discussed the Light Rail Procurement Status including production timeframe.

Mr. Cunningham asked if extra security was brought onto the single track. Mr. Terry advised the signaling is working very well. He discussed the construction being done on the single track and the safety.

Action Taken

Ms. Emerald moved to receive a report regarding station and shelter concepts for the Mid-Coast Corridor Transit Project and provide comments. Mr. Cunningham seconded the motion, and the vote was 5 to 0 in favor.

1. Mid-Coast Trolley Shelter Concepts

John Haggerty of SANDAG discussed the concepts of the Mid-Coast station Corridor Transit Project, the budget required, the number of stations and locations. He discussed the FTA Environmental Impact Statement, the Record of Decision and the timeline for construction and completion. He reviewed the station design process for the stations and shelters. He introduced lead architect Gary Hartnett from Tucker Sadler Associates and discussed his background and expertise. Mr. Hartnett provided guiding design principles including the canopy approach, canopy concepts including images of the canopy roof and windscreen. He described various material options, passed samples around for committee review and discussed material costs. Mr. Haggerty discussed the station design development process and next steps.

Ms. Emerald asked with regard to the benefits of using the polycarbonate material. Mr. Hartnett advised the benefit of using this particular material is that it can be illuminated and comes with integrated solar panels. Ms. Emerald asked how much energy the solar panels would generate. Mr. Hartnett advised the lighting units of the canopy generate electricity and then the electricity is put back into the grid resulting in a lower energy bill.

Mr. Roberts commented with regard to customization and consistency. For example for a single ride from the border to UTC there should be consistency in design from station to station.

Mr. Roberts further asked about advertising at the stations and if advertisements would be illuminated. Ms. Emerald followed up with a suggestion that during daylight hours perhaps there could be changing screens to rotate advertisements, etc. Ms. Cooney advised there could potentially be electronic screens as seen in San Francisco stations. Mr. Mathis said revenue potential will be considered with regard to design concepts.

Mr. Roberts advised there could potentially be problems with graffiti and scratching on the polycarbonate material and he advised the particular sample provided for viewing at the meeting was easily scratched. Mr. Haggerty responded that fluted panels are harder to vandalize and they were also looking at additional solid materials.

Mr. Mathis asked with regard to seismic considerations. Mr. Haggerty stated the lighter the structure the better which is why polycarbonate is preferred over glass, but that steel is also well-equipped to deal with seismic activity.

Mr. Jablonski stated there is concern regarding maintenance of materials used in construction and while design and selection of materials are important he does not want the process of choosing the design concept to detract from using certain materials for ease of maintenance and changeability.

Ms. Emerald said while continuity and consistency is important the stations should reflect their respective communities. Individual station design elements provide a certain comfort level for riders to help them feel a connection to the station and community.

Mr. Mathis stated an important design element is security of the stations.

Action Taken

Ms. Emerald moved to receive a report for information. Mr. Cunningham seconded the motion, and the vote was 5 to 0 in favor.

3. The City of San Diego's Downtown Quiet Zone - Operational Update

Mr. Jablonski provided the background and history of Quiet Zone. Mr. Mathis stated the name lends itself to incorrect expectations by downtown residents that they would have a completely quiet environment. Mr. Terry provided an update on the Quiet Zone including regulatory supplemental safety measures, quadrant gates, pedestrian gates, crossing bell and approach modification, Kettner Blvd. and G Street crossing, Broadway crossing, Seaport Village Station near-side station stop, a typical crossing gate and mitigation measures in process with the California Public Utilities Commission.

Mr. Roberts asked with regard to crossing activation and timing. Mr. Terry advised it was 10-12 seconds.

Mr. Ovrom asked if there was any chance to change the tone to make it less obtrusive in the middle of the night. Mr. Terry said it has been reduced to the minimum required by Federal law and they are working to prototype a shroud to distance the sound away and upward with the bells being 8 feet above service level and should significantly decrease the amount of noise.

The Board discussed the trains in circulation and Mr. Mathis advised the schedules cannot be limited any further.

Mr. Terry said the residents see that MTS is being responsive and keeping them in the loop as to what is going on.

Ms. Emerald asked regard to the shrouds and what it does to the decibel level. Mr. Jablonski advised it is pointed to where the pedestrians are and focusing the sound in a specific spot.

Action Taken

Ms. Emerald moved to receive a report for information. Mr. Roberts seconded the motion, and the vote was 5 to 0 in favor.

4. 2014 Bus Rapid Project Implementation & Major Service Changes

Mr. Desmond discussed the implementation of the 3 new Rapid routes and related service changes including rider outreach. He reviewed the proposed major changes in Mid-City/Uptown and the I-15 Corridor and provided a map of the Mid-City Rapid routes. He discussed the Mid-City impacts and provided recommendations including the proposed new trial express route. He reviewed the I-15 Rapid routes, current routes for the 844, 845 and 20 and provided recommendations. He discussed the demand for service to Mt. Carmel and Poway high school and eventually it is MTS's goal to provide service to these schools. He discussed current route 964, 921 and provided

recommendations. He provided a current premium express map and discussed other routes and recommended changes to these routes.

Mr. Roberts asked MTS considered putting Wi-Fi on these express routes. Mr. Desmond responded when the bus procurement was in process they looked at this possibility however others that were implementing it were having issues with the technology, but it is possibly something MTS will look to adding in the future.

Ms. Emerald questioned regarding Route 950 out of Otay and where it goes. Mr. Desmond answered it goes from Otay Mesa Border Crossing to the Iris Trolley Station and it supplements Route 905 which is the local service serving Otay Mesa communities and MTS found a large majority of passengers were trying to get from Border Crossing to Trolley Station only, so this is the popular express route.

Mr. Cunningham asked regarding TransNet dollars, if they are guaranteed and if it is an annual funding request. Ms. Cooney stated TransNet goes through 2040.

Mr. Cunningham asked about high school student service. Mr. Jablonski said there are very strong Federal regulations about not using transit as a "school bus" and the rule is that transit can serve "people" and if there is a demand for service it can be offered, but it has to be regular and open to the public and cannot be identified solely with the school and published and operated as a regular route.

#### Public Comments

S. Clive Richard – Mr. Richard discussed a bus route that goes down Montezuma near his home no longer exists and he is now a mile to San Diego State and it concerns him living in an isolated part of the City that he loses out and the people in his neighborhood lose out on the great advantages MTS is now providing and it is disappointing.

#### Action Taken

Ms. Emerald moved to receive a report for information. Mr. Roberts seconded the motion, and the vote was 5 to 0 in favor.

#### 5. Student Pass Pilot Program (Sharon Cooney)

Ms. Cooney provided a history, background and goal of the program. She discussed the challenges of the program and the items and actions required to fund the program. Tentatively the launch date is November 1, 2013. MTS would administer the program and provide the compass cards for free as well as conduct a truancy study. A scope of work was sent to the School District with no response at this point. There has been some push back as they would like to perform the truancy study through Mid-City CAN.

Mr. Jablonski advised his concern is that there is not as much importance being placed on demonstrating it has an impact on truancy so if something can be done to increase attendance it will increase revenues so if this is the program's sole purpose it can be a self-sustaining program. His concern is there is not much importance being placed on truancy and its being generated more on a needs basis and he's worried this is what the

study will be focused on.

Action Taken

Mr. Ovrom moved to receive an update on the pilot program to supply free transit passes to students in San Diego Unified School District. Ms. Emerald seconded the motion, and the vote was 4 to 0 in favor with Mr. Roberts absent.

D. REVIEW OF DRAFT OCTOBER 10, 2013, BOARD AGENDA (TAKEN OUT OF ORDER)

Recommended Consent Items

6. Investment Report - July 2013

Action would receive a report for information.

7. Centralized Train Control and Customer Information Systems Maintenance Services MOU with SANDAG

Action would approve entering into a Memorandum of Understanding with SANDAG for the productive and preventative maintenance services on software and equipment through the end of the Calendar year (CY) 2015 for the Centralized Train Control (CTC) and Customer Information System (CIS).

8. Increased Authorization for Wheel Truing Machine Pit Design Services

Action would: (1) ratify the previous actions of the CEO; and (2) authorize the CEO to execute Amendment No. 2 to Work Order 09.10. to MTS Document No. G1246.0-09 with David Evans and Associates, Inc. for engineering services for wheel truing machine pit design for Building C.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA (TAKEN OUT OF ORDER)

Review of SANDAG Transportation Committee Agenda and discussion regarding any items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc. Relevant excerpts will be provided during the meeting.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS (TAKEN OUT OF ORDER)

There were no Committee member communications.

G. PUBLIC COMMENTS (TAKEN OUT OF ORDER)

There were no Public comments.

**The Executive Committee convened to Closed Session at 11:02 a.m.**

6. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to California Government Code Section 54956.8

Properties: Encanto/62nd Street Trolley Station, San Diego, California (Assessor Parcel Nos. 549-071-18, 21, 38, and 39)

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

Negotiating Parties: AMCAL Multi-Housing, Inc.

Under Negotiation: Price and Terms of Payment

7. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to California Government Code Section 54956.8

Property: 8650 Tech Way, San Diego, California (Assessor Parcel Nos. 369-220-85)

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

Negotiating Parties: Sunroad Enterprises; Excel Hotel Group

Under Negotiation: Price and Terms of Payment

**The Executive Committee reconvened to Open Session at 11:38 a.m.**

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

6. The Executive Committee received a report from negotiators and gave direction.
7. The Executive Committee received a report and gave directions to Staff with Executive Committee Member Cunningham excusing himself from the discussion.

H. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for October 17, 2013.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 11:40 a.m.



Chairman

- Attachment:
- A. Roll Call Sheet
  - B. Quiet Zone Handout
  - C. Email Invitation from Kathie Wellington, SDT Retirees Association



**EXECUTIVE COMMITTEE  
METROPOLITAN TRANSIT SYSTEM**

**ROLL CALL**

MEETING OF (DATE) October 3, 2013

CALL TO ORDER (TIME) 9:00 a.m.

RECESS N/A

RECONVENE N/A

CLOSED SESSION 11:02 a.m.

RECONVENE 11:38 a.m.

ADJOURN 11:40 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
GLORIA	<input type="checkbox"/> (Emerald) <input checked="" type="checkbox"/>	9:00 a.m.	11:40 a.m.
MATHIS	<input checked="" type="checkbox"/>	9:00 a.m.	11:40 a.m.
OVROM	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>	9:00 a.m.	11:40 a.m.
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:09 a.m.	11:40 a.m.
CUNNINGHAM	<input checked="" type="checkbox"/> (McClellan) <input type="checkbox"/>	9:00 a.m.	<del>11:40 a.m.</del> 11:20 am
Transportation Committee Rep Slot (Mathis)			

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY THE GENERAL COUNSEL:



Diego and Arizona Eastern Railway (SD&AE), San Diego Trolley, Inc. (SDTI), San Diego Transit Corporation (SDTC) any other entity performing maintenance work on the ROW, any other entity providing passenger rail operation services for NCTD or MTS on the ROW, and any other entity providing dispatch services to NCTD or MTS for the ROW, their officers, directors, agents and employees ("Railroad Indemnitees"), from any and all liability, loss, expense (including reasonable attorneys' fees and other defense costs), demands, suits, liens, damages, costs, claims, including, but not limited to, third party claims, claims for bodily injury, death, personal injury, or property damage, that are incurred by or asserted against the Railroad Indemnitees arising out of or connected with this CMA, the design/construction of any SSMs or any part of the Quiet Zone, a failure to comply with state and/or federal rules and regulations which pertain to Quiet Zones and/or entering the ROW for Quiet Zone purposes, the implementation of any device or appurtenance necessary to create a Quiet Zone, the maintenance of any device or appurtenance necessary to create a Quiet Zone by the CITY or its designee, claims which allege the Quiet Zone causes additional noise from the MTS gate crossing bells, claims that the Quiet Zone causes additional traffic delays or diminution in property value as it relates to MTS operation within the Quiet Zone, and any negligent acts or omissions on the part of the CITY, its Council, officers, agents, contractors, or employees under or in connection with any work, authority or jurisdiction of CITY required by the federal rules and regulations pertaining to the establishment and operation of a Quiet Zone at the Crossings. The requirements as to the types and limits of the insurance coverage to be maintained by the CITY as required by section 16, and any approval of the insurance by MTS or NCTD, are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by CITY pursuant to this CMA, including but limited to, the provisions concerning indemnification.

#### (b) NCTD

NCTD agrees to indemnify, defend and hold harmless MTS, SDTI, SDTC, SD&AE, SD&IV, their officers, directors, agents, and employees ("MTS Indemnitees"); the CITY and its City Council members, officers, agents, volunteers, contractors, and employees ("City Indemnitees"), from any and all liability, loss, expense (including reasonable attorneys' fees and other defense costs), demands, suits, liens, damages, costs, claims, including but not limited to, claims for bodily injury, death, personal injury, or property damage, that are incurred by or asserted against the MTS Indemnitees and/or CITY Indemnitees arising out of or connected with the maintenance performed by NCTD or its designee on the Crossings and/or any negligent acts or omissions on the part of NCTD, their Boards, officers, agents, contractors, or employees, under or in connection with any work, authority or jurisdiction delegated to NCTD under this CMA.

#### (c) MTS

MTS agrees to indemnify, defend and hold harmless NCTD, AMTRAK, TASI, any other entity providing passenger rail operation services for NCTD, and any other entity providing dispatch services to NCTD for the ROW operated by NCTD, their officers, directors, agents and employees ("NCTD Indemnitees"); the CITY and its City Council members, officers, agents, volunteers, contractors, and employees ("City Indemnitees"), from any and all liability, loss, expense (including reasonable attorneys' fees and other defense costs), demands, suits, liens,

CITY that the subject Crossing Improvements or Public Roadway Safety Devices and Related Appurtenances need to be relocated within a reasonable period of time. Notwithstanding the foregoing, MTS and NCTD shall not seek to relocate any Crossing Improvements or Public Roadway Safety Devices and Related Appurtenances in a manner that would eliminate the Quiet Zone designation, unless the relocation is required to eliminate an unsafe condition, including an unsafe operating condition as determined solely by MTS or NCTD and/or a physically hazardous condition. The parties agree that before seeking to relocate any Crossing Improvement or Public Roadway Safety Device that any dispute regarding the removal or relocation of a Crossing Improvement or Public Roadway Safety Device or Related Appurtenance shall be resolved in accordance with the dispute resolution procedures set forth in this CMA. If however MTS or NCTD determines that relocation is required to eliminate an unsafe operating condition, physically hazardous condition, or other operation needs in their sole discretion, MTS or NCTD would not be required to utilize the dispute resolution procedures set forth in this CMA and instead could proceed to modify the particular crossing by way of PUC or FRA application. However, the City would then have the right to object to any proposed changes to the crossing that could or would eliminate the Quiet Zone designation. Nothing in this CMA shall be construed as waiving the City's right to contest any effort by MTS or NCTD to remove or relocate any Crossing Improvement or Public Roadway Safety Device. It shall be the responsibility of the party seeking relocation to obtain all permits necessary from any other agency (including by way of example the California Public Utilities Commission) prior to relocating any Crossing Improvement or Public Roadway Safety Device or Related Appurtenance if applicable. The failure to obtain the necessary permission shall not be construed as a failure of the consideration for this CMA by the CITY. If MTS and/or NCTD request the relocation of any Crossing Improvement or Public Roadway Safety Device for its own convenience, the agency requesting relocation shall pay to relocate any Crossing Improvement or Public Roadway Safety Device.

14. **Emergency Situations.** Notwithstanding any other provision in this Agreement, nothing herein shall be construed as abrogating or altering MTS's or NCTD's right to sound a horn (either locomotive or light rail) under the circumstances set forth in section 222.23 of the Final Rule. If MTS or NCTD determines (a) that an emergency situation exists at one or more of the Crossings covered by this Agreement, and (b) that as a result, MTS and/or NCTD will sound the horn at the affected Crossing(s), then MTS and/or NCTD shall give written notice to the City. MTS and/or NCTD shall not be required to obtain the City's permission before taking action under this section or the Final Rule. The City shall not be precluded from objecting to MTS's or NCTD's determination(s) or action(s) under this section or the Final Rule.

15. **Indemnification.**

(a) **CITY**

CITY shall indemnify, defend and hold harmless MTS, NCTD, their Boards, their officers, directors, agents, and employees, the National Railroad Passenger Corporation ("AMTRAK"), NCTD's Contract Operator TransitAmerica Services, Inc. (TASI), the Burlington Northern & Santa Fe Railway ("BNSF"), the Southern California Regional Rail Authority ("SCRRA"), Rail America, the San Diego and Imperial Valley Railroad ("SD&IV"), the San

**Nikki Machado**

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**Subject:** FW: SDT Retirees  
**Attachments:** Friendship\_luncheon\_Fall\_2013.pdf

**From:** KATHIE WELLINGTON [mailto:tomkat777@wildblue.net]  
**Sent:** Wednesday, October 02, 2013 3:13 PM  
**To:** Denis Desmond  
**Subject:** SDT Retirees

Board of Directors, SDT MTS

Hi, I'm Kathie Wellington, President of the SDT Retirees Association. We've been active since 1976. Our group is a social one. We meet once a month and host 2 luncheons a year, one in the Spring and the second in the Fall.

In the past, our group had an ongoing relationship (after retirement) with the General Manager, Vice President and Manager of Transportation and Maintenance, they supported us with the luncheon, out of pocket and was very visible at our events. Their involvement allowed us to offer discounted meals to our Retirees, some of whom receive a very small retirement check.

Besides the financial end, they supported our group by attending the Luncheon. This action, showed that 'Management' cared, these particular benefactors have since moved on. We have not seen this caring/supportive action in the last 7 or so, years. It leaves a 'hole' in the community of SDT's extended family.

The Titles have changed and the inclination of continued camaraderie have as well. We would like to help change that climate and develop a working relationship with the Board of Directors of San Diego Transit. Maybe encourage 'All' to attend our Luncheons, be available to the retirees, who still have the desire to continue their relationship with SDT after their retirement.

With the assistance/encouragement of the SDT Board, we may see some of the Managers at SDT attend the Luncheons in the future. I've attached our current invitation for THIS Friday's Luncheon, October 4th, you are welcome to attend.

Thank you for your time. Kathie Wellington (619)669-0764

--

*Have a Magical Day, Kathie*



If we missed inviting Someone...please invite them for us. Just give them a copy of this letter.

# Retirees...You are invited

Friday, October 4, 2013

Join us at: Cottonwood Golf Club for our Social

3121 Willowglen Dr, Rancho San Diego, 92019 (619)442-9891 (ext. 3)

Doors open at 11:00am to visit w/Friends. **Lunch at NOON!**

Enjoy a Lunch Buffet at the subsidized price of **\$12.00 per person**

**Only** two (2) meals at this reduced price.

(More than one 'guest' for lunch? All addl. meals priced \$20.00)

NOTE: Special 'pricing' Thanks to generous donations from "our" Unions: 1309 & 465

**You must RSVP** using the form below, **by October 1, 2013**

RSVP TODAY, Don't miss out on a great experience. (No walk-ins please)

**MAIL ...the form below & Your CHECK** (payable to: S.D.T.R.A) to:

**SDTRA at 15263 Lawson Valley Rd., Jamul, CA 91935**

Don't forget  
the Money  
Raffle!!

NOTE: Cancellations taken by phone until  
Oct 1, 2013 **NO refunds after this**  
**date!!!** (619) 669-0764

\*\*\*VOLUNTEER\*\*\*  
JOIN us at the Monthly Meeting



cut here

cut here

cut here

cut here

**MAIL THIS HALF** OF LETTER **BACK** TO US!!!

Enclosed is my check in the amount of \$ \_\_\_\_\_ for ( # ) \_\_\_\_\_ lunch(s)

**Print Legibly**

Retiree name (\$12.00): \_\_\_\_\_

(Use preferred Spelling for the name tags)

1st Guest Name (\$12.00): \_\_\_\_\_

Addl. Guest (\$20.00): \_\_\_\_\_

Your Phone in case of cancellation: ( ) \_\_\_\_\_

email address \*\*\*\*\*please!:

## Nikki Machado

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**From:** Jim Cunningham <JCunningham@poway.org>  
**Sent:** Wednesday, December 04, 2013 6:06 PM  
**To:** Nikki Machado  
**Cc:** Marti Emerald; mcclellan6@cox.net; Al Ovrom; Harry Mathis; Harry Mathis; Ron Roberts; Todd Gloria  
**Subject:** Re: MTS | Executive Committee Meeting 12/5/13 - Additional Materials

Dear Team MTS:

Although, I will unfortunately be unable to attend the EBoard meeting I, in abstentia ,do wholeheartedly support the re-appointment of Harry as the Chair. His steady and reasoned hand has served MTS well over the years.

Happy Holidays:

Jim  
Sent from my iPad

On Dec 4, 2013, at 2:30 PM, "Nikki Machado" <[Nikki.Machado@sdmts.com](mailto:Nikki.Machado@sdmts.com)> wrote:

Dear Committee Members:

Attached, please find a letter from Harry Mathis and Agenda Item C5 for your review. Hard copies will be placed at your seat at tomorrow's meeting as well.

Thank you,

Nikki Machado  
Executive Assistant to CEO Paul Jablonski and  
Clerk of the Board  
Metropolitan Transit System  
1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7492  
Phone: (619) 557-4515  
[www.sdmts.com](http://www.sdmts.com)

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<Mathis.Harry.Ltr.of.Interest.12.05.13.pdf>

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**UNITED TAXI WORKERS of San Diego**  
Advocate · Educate · Organize · Empower

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*Dedicated to  
Drivers Rights &  
Equality in the  
Taxi Industry*  
**www.utwsd.org**



**Sarah Saez**  
*Program Director*  
P: (619)255-7355  
F: (619) 255-7375  
**sarah@utwsd.org**

**4265 Fairmount Ave., Suite #180 San Diego, CA 92105**



# Driven to Despair:

## A Survey of San Diego Taxi Drivers

**San Diego State University and the Center on Policy Initiatives**

**May 2013**

As the City of San Diego considers reforming the regulation of its taxi industry, this report presents results of a survey of San Diego taxi drivers conducted in March and April of 2013. We surveyed more than 300 taxi drivers, asking about earnings, expenses, hours, health care, vehicle safety and industry practices. While the city's taxi drivers are technically independent contractors, the vast majority lease rather than own the taxis they drive. This report focuses on those "lease drivers."

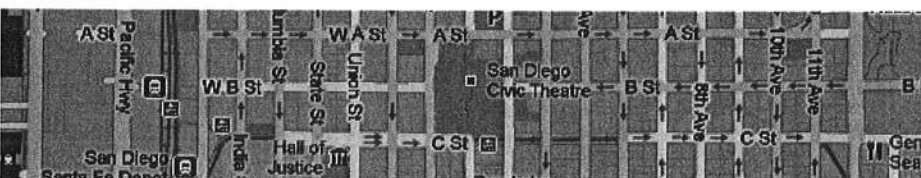
Taxis are a crucial link in San Diego's public transportation network. In a metropolitan area with few mass transit options, taxis are vital for the region's tourism industry, as well as for local businesses and residents. The City of San Diego issues taxi permits and regulates the industry through a contracted agency, the Metropolitan Transit System (MTS). Rather than renewing the five-year MTS contract when it expires in June 2013, the City has decided to extend the contract one year while studying options for reforming the system.

The findings reported here reveal problems with the taxi regulatory system and working conditions that have serious impacts on public health and safety, as well as the lives of the drivers and their families.

### Key findings:

- 1)** Almost 90% of licensed taxi drivers in San Diego are "lease drivers," who rent the cars from individual or business owners, usually by the week.
- 2)** San Diego taxi drivers earn a median of less than \$5 an hour. They must drive for more than 70 hours a week to earn what a minimum-wage worker makes in 40 hours.
- 3)** Virtually no drivers have job-related health coverage or workers' compensation insurance, and few are covered for injuries in case of accidents.
- 4)** While they lack employee benefits, drivers also are denied the business practices standard for independent contractors. The current system encourages taxi drivers to drive when tired or sick, and allows lax vehicle maintenance, putting public health and safety at risk.
- 5)** City permits are re-sold on the open market without regulation, for tens of thousands of dollars more than their purchase price. As a result, drivers pay high lease prices and are blocked from becoming owner-operators.

By Jill Esbenshade, PhD, and Muna Aden, Andy Anderson, Amy Ash, Linzi Berkowitz, Roberto Danipour, Lea Marzo, Janelle Perez, Andrew Quinn, Rebecca Quinn, Karina Russ, Helga Staalhane, and Carolina Valdivia, with Susan Duerksen and Peter Brownell, PhD.



**SAN DIEGO STATE  
UNIVERSITY**



# 1)

**Almost 90% of licensed taxi drivers in San Diego are “lease drivers” who rent the cars from individual or business owners, usually by the week.**

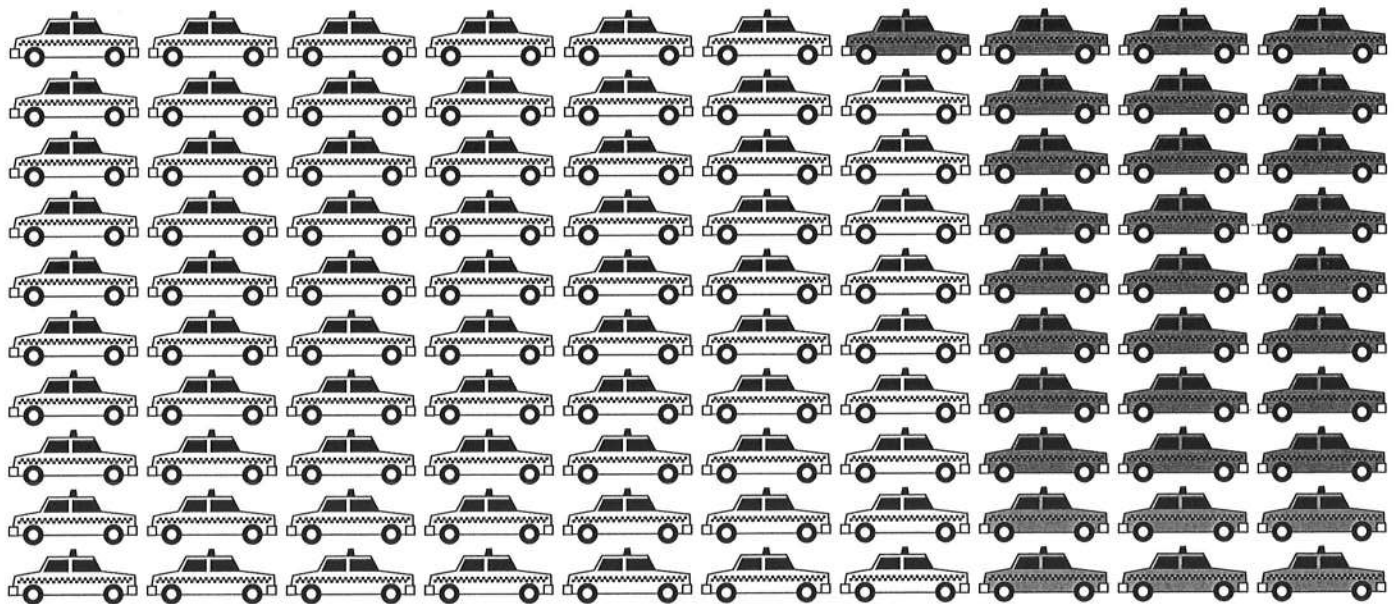
While taxi drivers are legally treated as independent contractors, and are required to have business licenses, 89% of licensed drivers do not own a taxi. Rather the cars and the taxi permits, sometimes referred to as “medallions,” are owned by other individuals or businesses, referred to as “permit holders” or owners. Throughout this report, unless otherwise noted, the term “drivers” refers to “lease drivers,” who rent the cars they drive.

Most taxi permit holders in San Diego are not owner-operators who drive their own cabs. By cross-referencing a San Diego County Sheriff’s list of all licensed taxi drivers with an MTS list of all permit holders, we found that almost 60% of individuals who own taxis are not even licensed to drive a taxi. Of the 1,058 taxis registered under MTS, 726 (69%) are owned by permit holders who own multiple vehicles; only about a quarter of those are owned or

co-owned by a licensed driver and all have lease drivers licensed to operate them. Only 18% of taxis are owned by a licensed taxi driver who owns just one cab, and two-thirds of those also have lease drivers licensed to drive them.

The third major player is the dispatch company, of which Yellow Cab is the largest in San Diego. Every taxi must be affiliated with a dispatch service, which takes and distributes calls, does advertising, and sometimes manages the drivers, collects their lease payments and takes care of other financial operations such as credit card charges and insurance.

The largely unregulated relationship between drivers and the permit holders is at the crux of many of the complaints drivers have about working conditions, safety and pay.



Owners have multiple cabs and lease to drivers\*



Owners have one cab and lease to drivers\*



Owners have one cab and only drive it themselves

**Figure 1. Only 6% of SD taxis are licensed to be driven only by the owner.**

*\*Some owners are licensed taxi drivers but also lease out their cabs. See text for details.*



## 2)

**San Diego taxi drivers earn a median of less than \$5 an hour. They must drive for more than 70 hours a week to earn what a minimum-wage worker makes in 40 hours.**

The median earnings of lease drivers, including tips, amount to \$4.45 an hour, despite the fact that San Diego has the second highest fare rates in the country.<sup>1</sup> Although lease drivers work a median of 71 hours a week, they take home a weekly average of only \$317.

Net earnings are so low because drivers' expenses are high, especially for the lease and gas. The lease rate averages approximately \$400 a week for 12 hours a day, and substantially more for a 24-hour lease. Drivers report spending an average of \$256 a week on gas, plus an estimated \$60 a week on miscellaneous costs: car washes, cell phone service, tickets, repairs and credit card fees, which account for the largest portion of these costs. Aside from gas costs, these figures are comparable with and even lower than estimates produced by an MTS consultant in 2011.<sup>2</sup>

Regulations require that the owner equip each taxi with a credit card machine. When passengers pay with credit cards, the dispatch companies usually deduct 5% to 10% of the fare, far above the 1% to 2% transaction fee charged by the card companies.

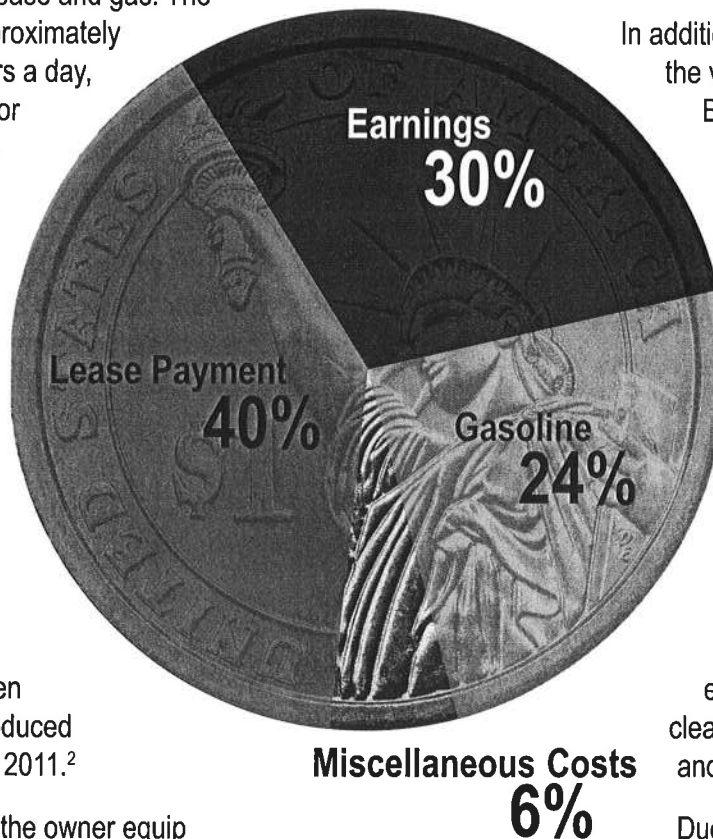
Drivers report that tips are almost always charged with the fare when passengers use credit cards, so the fee is deducted from their tips as well. Although drivers report that only 27% of their passengers, on average, come from dispatch calls, these fees apply to charged

fares regardless. Cell phone alternatives for credit card processing might lower the drivers' costs, but we estimate that 85% of drivers use the dispatch company machines; some said they were told it is required, some did not know of the alternatives and others said customers often are suspicious of the cell phone method.

In addition, drivers lose income when the vehicle is out of service.

Besides missed fares, they sometimes also continue to incur debt when owners do not pro-rate the lease while cars are off the road for repairs that are the owners' responsibility. Drivers also must continue to pay the lease but lose many hours' income for circumstances such as drunken customers vomiting in the taxi, which causes the additional expense of professionally cleaning the carpet and upholstery.

Due to high expenses, fewer than 10% of drivers earn even the equivalent of California's minimum wage of \$8 an hour. In addition, if the drivers were hourly employees, they would legally have to receive time-and-a-half overtime pay for any hours over 40 a week. The drivers surveyed averaged eight years of experience, and there was no significant correlation between years of experience and higher earnings. Rather, drivers continue to work long hours and struggle to cover expenses after years in the industry.



**Figure 2. Taxi drivers take home only 30 cents of each dollar collected, including tips.**

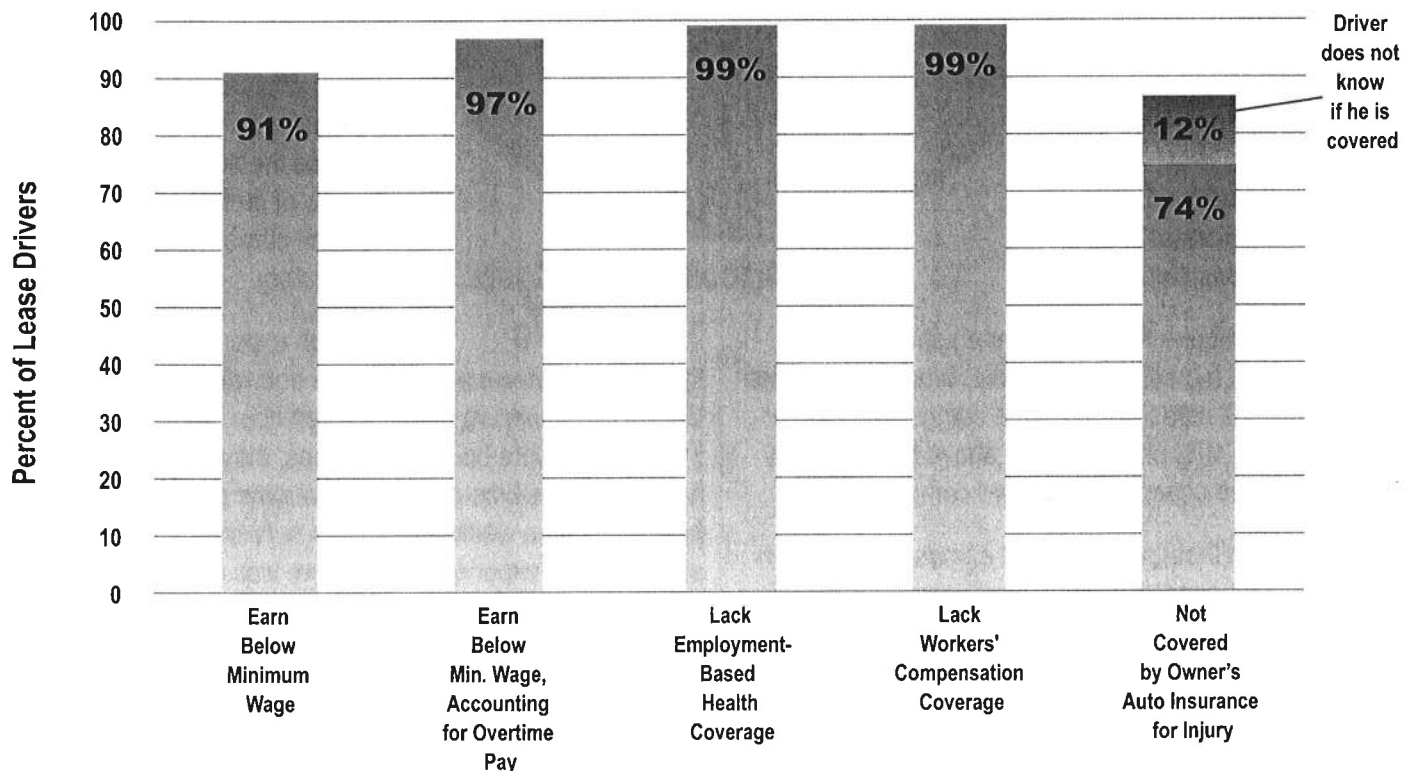
# 3)

**Virtually no drivers have job-related health coverage or workers' compensation insurance, and few are covered for injuries in case of accidents. While they lack employee benefits, drivers are also denied the business practices standard for independent contractors.**

Ninety-nine percent of drivers report that they are not covered by employment-based health insurance. The combination of very low wages and absence of health coverage means the public subsidizes the industry in terms of the provision of healthcare to drivers and their families. Only 10% have private health insurance, mainly through a spouse's job or private purchase, while 18% report that they are covered by government programs like Medi-Cal and 71% report being completely uninsured. The uninsured must rely on public clinics and emergency rooms for care, and those costs are typically passed on to insurance ratepayers or covered by public funds. Hence, the public is subsidizing coverage for workers in a particularly unhealthy industry, where drivers are subject not only to injury from accidents and attacks, but also commonly suffer such ailments as leg, foot and back pain, diabetes from infrequent bathroom use, and weight gain

and high blood pressure from sitting for 12 hours a day. The majority (52%) also have children at home, 85% of whom are either uninsured (31%) or covered by a government program (54%).

Compounding the lack of health insurance, the vast majority of lease drivers in San Diego also are not covered for injuries or accidents by workers' compensation or the owner's auto insurance, although taxi driving is one of the most dangerous occupations.<sup>3</sup> As non-employees, they are not entitled to workers' compensation but could purchase it for themselves; however 78% did not know of the program, and virtually none were enrolled in it. Furthermore, almost three-quarters report that they are not covered for medical expenses on the car insurance of the taxis they drive, and an additional 12% do not know if they are covered.



**Figure 3: Almost all taxi drivers lack standard pay and benefits.**

While drivers lack the rights and benefits discussed above because they are technically independent contractors, neither does their treatment by owners conform to standard business-to-business practices. Almost half (49%) of drivers have no written lease agreement with their permit holder and even more (63%) report that they have no written information about what the lease covers.

This situation is ripe for violations of the regulations that do exist. For instance, the city policy governing the taxi industry (Ordinance 11) requires owners to repair and maintain the vehicles. However, almost 20% of lease drivers report paying for routine vehicle repair and mechanical maintenance themselves and 27% report paying for accident repairs. Moreover, half of all drivers do not get receipts for their lease payments and another 10% only sometimes get receipts. Considering that 97% report paying their lease at least partially in cash, this means that tens of millions of dollars are changing hands each year without documentation. For drivers expected to operate as small businesses, the result is that they do not have records of their largest business expense for tax purposes.

Drivers lack control over basic decisions that affect their businesses. For example, they cannot choose which dispatch company they are affiliated with or what advertising is displayed on the cars they drive – including ads for bars or other businesses that may violate their religious beliefs. Income from the ads goes to the permit holders or the dispatch company, not the driver leasing the car.

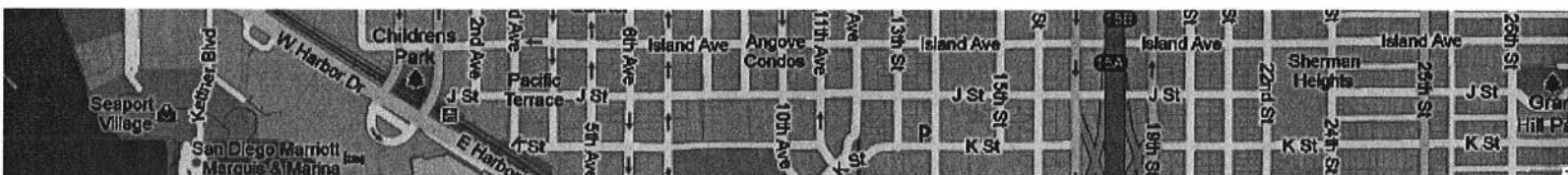
Drivers also rarely have the freedom to choose to lease fewer than 12 hours a day or seven days a week. Some owners insist on a 24-hour lease and refuse to let the driver split it with someone else. Furthermore, lease drivers must acquire a “hire slip” from a permit holder to qualify for the taxi license issued by the sheriff, and those licenses tie them to specific permit holders. If either party severs the relationship, the driver must get a “hire slip” from someone else and then wait for and pay for a new sheriff’s license.



“

*As a driver I must take credit cards. But the owner... takes only cash. Besides that, no receipt! If you ask for a receipt, the next morning you can be out.*

”





# 4)

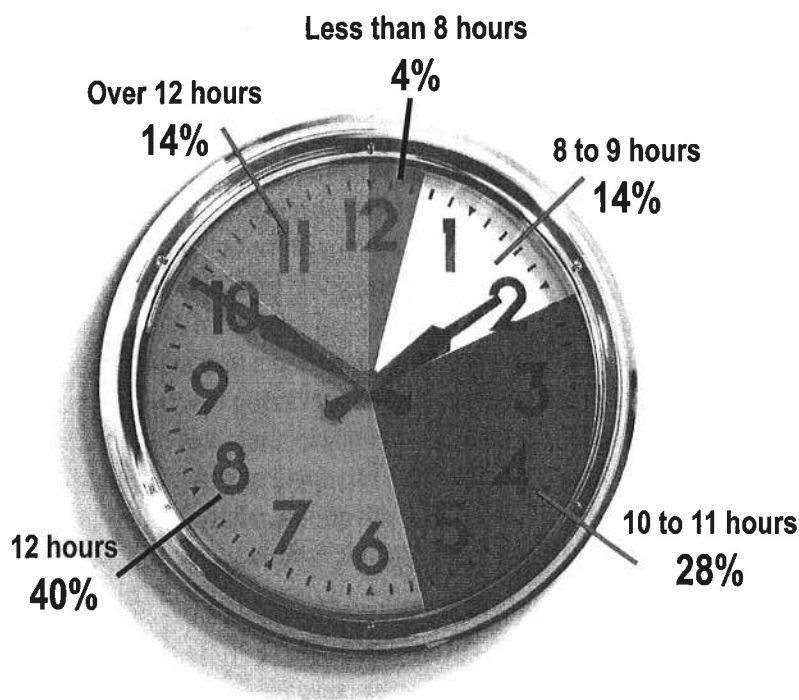
## The current system encourages taxi drivers to drive when tired or sick, and allows lax vehicle maintenance, putting public health and safety at risk.

Virtually all (99%) of taxi leases are for either 12 or 24 hours a day, and 86% are for 7-day weeks, which encourages drivers to drive long hours to cover the high lease costs and other expenses, and still earn even a meager income. As a result, the lease drivers work a median of 71 hours a week. Almost 80% drive 6 days a week or more, with the majority (53%) driving 7 days a week. On days they work, 82% report working at least 10-hour shifts, with the majority (54%) working 12 hours or more.

The public safety hazard of driving long shifts was made clear in 2011 when an exhausted taxi driver fell asleep after many hours at the wheel and crashed into a crowd outside the Stingaree Night Club in downtown San Diego. Dozens were injured and the angry crowd assaulted the driver.<sup>4</sup>

Drivers also often drive when they are sick because of financial pressures. Besides the loss of potential fare income, they get no sick-time relief from the obligation to pay the lease. Two-thirds of drivers report paying the lease for days they do not drive, most commonly because of illness. As one driver said: "When I call off sick, it's like I have to pay my company to be sick." Another driver explained that after driving with the flu for several days she ended up in the emergency room, for which the hospital later billed her \$4,000. The current system creates a strong incentive for drivers to work despite illness or injury, which may impair their driving and may expose passengers to communicable diseases.

Vehicle safety is another serious concern for the public, as well as the drivers. According to MTS records, safety violations were found in almost all the 95 taxis stopped for traffic violations and other reasons between July 2011 and July 2012: "98.05 percent of vehicles contacted were




**Figure 4. Four of every five taxi drivers work 10-hour shifts or longer.**

taken out of service. Of those vehicles, 94.05 percent was because of safety violations."<sup>5</sup>

Even at the airport, the only area in the City with a vehicle age limit on taxis, spot inspections of random vehicles in 2012 resulted in 44% taken out of service for safety violations.<sup>6</sup> According to our survey, 38% of taxis on the road in San Diego are 10 years or older. The majority (53%) of cars have 200,000 miles or more, with nearly 20% at 300,000 miles or higher.





During our surveys and in-depth interviews, we repeatedly heard from drivers that owners commonly postpone vehicle maintenance and even manipulate inspection results. One driver showed us how he had covered up the "check engine" and other maintenance lights on the dashboard with little pieces of paper so as not to worry customers, because his owner would not fix the problems. Several drivers reported newer tires being put on vehicles before a scheduled safety

inspection and then switched back afterward, with one driver recounting that he had been fired because he did not want to let the owner "borrow" the tires from his leased vehicle for the inspection of another taxi. When drivers were asked in an open-ended question what would most improve the industry for the public, the most common answer was better vehicle safety.

“

*I pay lease, I pay gas, so I must make a certain amount of money every day... I must drive very long every day.*

*I do not see my kids. Sometimes I leave before they are awake and when I come home they are asleep.*

”

“

*When I call off sick, it's like I have to pay my company to be sick.*

”

## Demographics of drivers surveyed:

Gender: 97% male

Average age: 43

Immigrants: 94%

Average years in US: 16

Region of origin: 65% East Africa, 15% Middle East, 6% Other Africa, 6% US, 4% Latin America

Residence: Majority live in City Heights or contiguous zip codes

5)

**City permits are re-sold on the open market without regulation, for tens of thousands of dollars more than their purchase price. As a result, drivers pay high lease prices and are blocked from becoming owner-operators.**

Although permits are issued by MTS for a fee of \$3,000, they are re-sold on the open market for up to 45 times this amount. In 2011, an MTS consultant estimated the range on permit re-sales to be \$35,000 to \$110,000 based on individual accounts.<sup>7</sup> We estimate the 2013 price to be even higher. Eight owner-operators in our survey estimated the current value of their permits, and both the mean and median were \$140,000. It should be clarified that these permits are not private property; according to the City Attorney they are a privilege that can be granted, withdrawn, altered or revoked. However, the permits are re-sold with very little regulation and no income to the city or its agent MTS, which receives just \$1,992 to \$4,400 per transfer to cover administrative expenses.<sup>8</sup>

Regulation of this market could increase revenue for the City and reign in the extraordinary resale prices. The high prices for permits have two major detrimental effects:

1) They drive up lease rates charged by permit holders trying to recoup the costs, and 2) They create an insurmountable hurdle for drivers who wish to become owner-operators but cannot afford the permits.

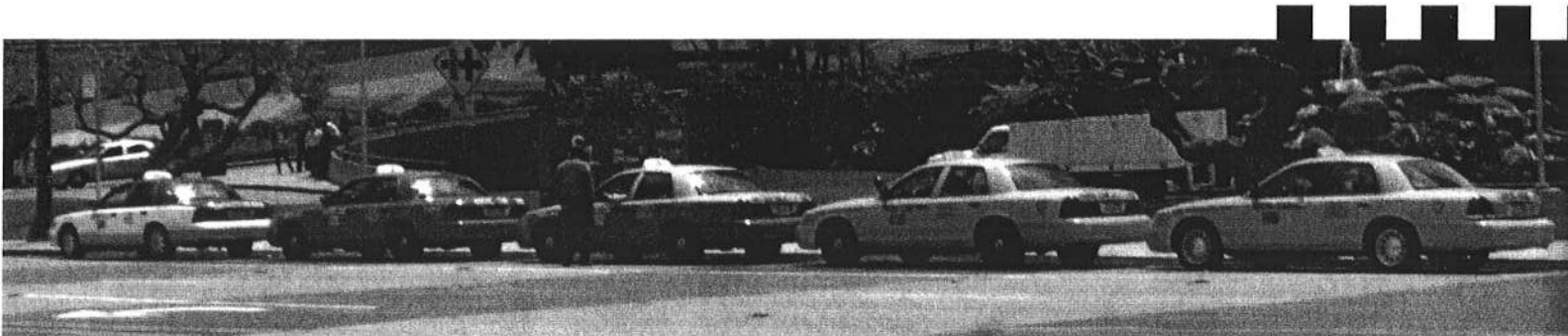
Further blocking the path to taxi ownership for the drivers, city policy gives preference for new permits to companies over individuals. According to City Policy 500-02, issued in June 2012, 60% of new taxi permits will be issued in blocks of five to taxi companies, while only 40% will be issued as single permits to experienced drivers.

### ***An owner:***



***I buy taxi permit and, like property or anything else, it is like investment. So I lease out to my driver and I need to make profit, too. It is my investment and I still pay for it, so I must charge more than that per day to make profit.***





# Retaliation

Lease drivers in San Diego have no legal protection from retaliation by permit holders. This vulnerability not only demonstrably reduces the drivers' ability to participate in an open discussion of the industry, but also prevents them from ensuring the safety of themselves and their customers. In the survey, half the drivers report being scared that the permit holder would fire or suspend them (or "take away the key") if they brought up a problem with the vehicle, and a full two-thirds fear going to MTS – the regulatory agency – if their owner did not fix a problem with the vehicle. The common perception is that MTS would inform the owner who would then retaliate against the driver. Anecdotally, a number of drivers recounted that the owner had taken the keys after they complained about the vehicle or spoke up at public meetings or to authorities – and a few were blacklisted. Some drivers we spoke to have not been able to find work again, while others had difficulty finding a new position.

One driver reported having the keys taken away after he complained that the air conditioner did not work during a particularly busy conference week in the summer. Seeking a new job, he was rejected by another permit holder, who said: "Your boss told me that you're trouble."

Another driver said: "When you complain, they kick you out and they tell to each other."

“

*If you go to a meeting or something, there is a lot of retaliation for lease drivers.*

*If they see you on TV, they call you right away and say:*

*“Get out of my car. Why did you go there? Who gave you permission?”*

”

We attended a driver meeting where drivers were encouraged to run for the Taxi Advisory Committee of MTS, but responded that they would not step forward because they would be fired, and that they feared being fired just for attending the meeting. This raises serious concerns about the ability of lease drivers to participate in the civic process of reforming the City's taxi system, without protections from retaliation.





# POLICY RECOMMENDATIONS:

The City of San Diego has an opportunity and responsibility to reform the taxi industry. New governance of the industry should include policies that encourage decent working conditions, protect public health and safety, and resolve the limbo status that leaves lease drivers with neither legally-mandated employee protections nor the standard treatment afforded business owners.

**For the short term, we suggest three main policies that have been successfully implemented in other cities:**

● A standard lease agreement for use between lease drivers and permit holders, developed by the City, that specifies the following:

1. A cap on lease rates
2. A requirement that owners provide written receipts for all lease payments
3. A limit on the number of hours drivers work in each 24-hour period
4. Provision for drivers to take one day off each week in which they are not liable for lease payments
5. Employer responsibility for vehicle insurance and maintenance

The lease agreement should be enforceable and include a simple and equitable dispute resolution process. Permit holders must be required to give drivers a written copy of the agreement, which should be in simple language and available in the most common languages spoken by the drivers.

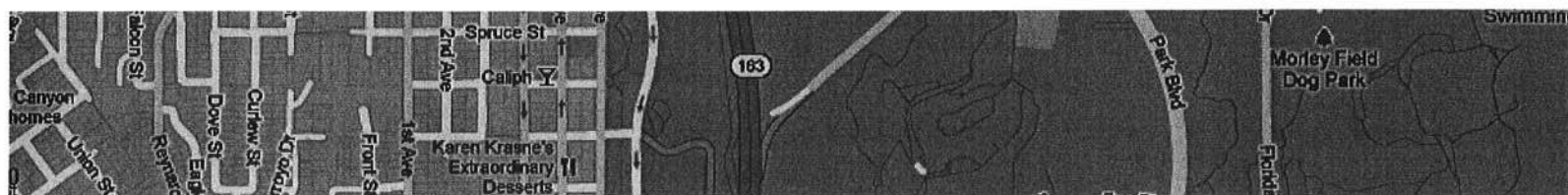
● An age limit and mileage cap on all vehicles, and more consistent safety inspections. If cars are taken out of service because of safety violations, the driver should receive a refund on the lease for the number of days (or partial days) that the vehicle is not available.

● A policy prohibiting the firing or blacklisting of drivers in retaliation for 1) participating in activities to improve the industry, including consulting with city staff or their agents, or 2) complaining about their own treatment or the safety or maintenance of their vehicles. A simple complaint system should be developed to encourage reporting of safety problems.

With these policies in place, the City should fund an education program to make sure all permit holders and drivers are aware of their rights and responsibilities. These rights and responsibilities should be clearly posted in each vehicle.

**In the long term:**

● The City should reform the system so that lease drivers are either afforded the protections of employees or are given ample and realistic opportunities to become owner-operators. Various models exist in other cities to transform the out-of-control permit transfer market, which currently drives high leases and unsafe conditions, into a controlled system that benefits both the City and the majority of taxi drivers.





# Methods

We conducted 331 surveys by approaching drivers at taxi stands throughout the City of San Diego. We surveyed drivers at 25 sites from La Jolla to the US-Mexican border, with no one site accounting for more than 14% of our sample. At most sites, we conducted surveys during both day and night shifts. Of the 331 survey participants, 311 were lease drivers, a significant number given that an analysis of the San Diego County Sheriff's list of licensed taxi drivers indicates there are approximately 1,850 lease drivers in the City of San Diego.

An analysis of information obtained from the sheriff and MTS allowed us to compare our sample to the total population of lease drivers in San Diego on the following measures: gender, zip code, ethnicity of lease drivers, radio dispatch distribution and size of company. We determined that our sample of lease drivers is representative.

Because owner-operators make up a small share of active taxi drivers, our sample only yielded 20 surveys of owner operators. Although those surveys provided useful information, the raw number was not sufficient to produce reliable analysis of owner-operator characteristics. While owner-operators comprised 6% of our sample, we calculate they make up 11% of licensed taxi drivers; it is not known how many are actively driving since most have lease drivers also licensed to drive their cabs. In the entire MTS region, (City of San Diego, El Cajon, Imperial Beach, La Mesa, Lemon Grove, Poway and Santee) there are 246 licensed taxi drivers who are registered as owners with MTS and 1,969 who are not (11% and 89% respectively). A different analysis of MTS ownership data resulted in a similar estimate of the percentage of drivers who are owners.

In addition to the surveys, we conducted 20 in-depth interviews, 17 with lease drivers and three with owners to gain a fuller picture of the issues. We also attended driver meetings, where issues were discussed among themselves and with the Mayor, to get a broader understanding of our results in the context of worker concerns.

## Acknowledgements:

We would like to thank Dean Wong of the College of Arts and Letters at SDSU, The California Endowment and The California Wellness Foundation for funding this study. We would also like to thank Dr. Audrey Beck for consulting on research design and Dr. Kyra Greene for her invaluable assistance with data analysis and presentation. Special thanks to Karina Russ and Linzi Berkowitz for their work on data analysis. Finally, we thank the hundreds of drivers who participated in the study.

Map graphics copyright Google 2013. Photos by CPI.

Design by Anoki Casey

<sup>1</sup> "Metered taxicab fares in 40 major U.S. cities," Washington Post, April 19, 2012, available at: <http://www.washingtonpost.com/wp-srv/special/business/taxi-fares-compared/>

<sup>2</sup> True North, "Taxicab Permitting Process Study Final Report, Prepared for the MTS," October 4, 2011, p. 33. Available at: [http://docs.sandiego.gov/councilcomm\\_agendas\\_attach/2011/PSNS\\_111102\\_6a.pdf](http://docs.sandiego.gov/councilcomm_agendas_attach/2011/PSNS_111102_6a.pdf)

<sup>3</sup> Bureau of Labor Statistics, "National Census of Fatal Occupation Injuries, 2011, News Release." September 12, 2012. USDL- 12 -1888.

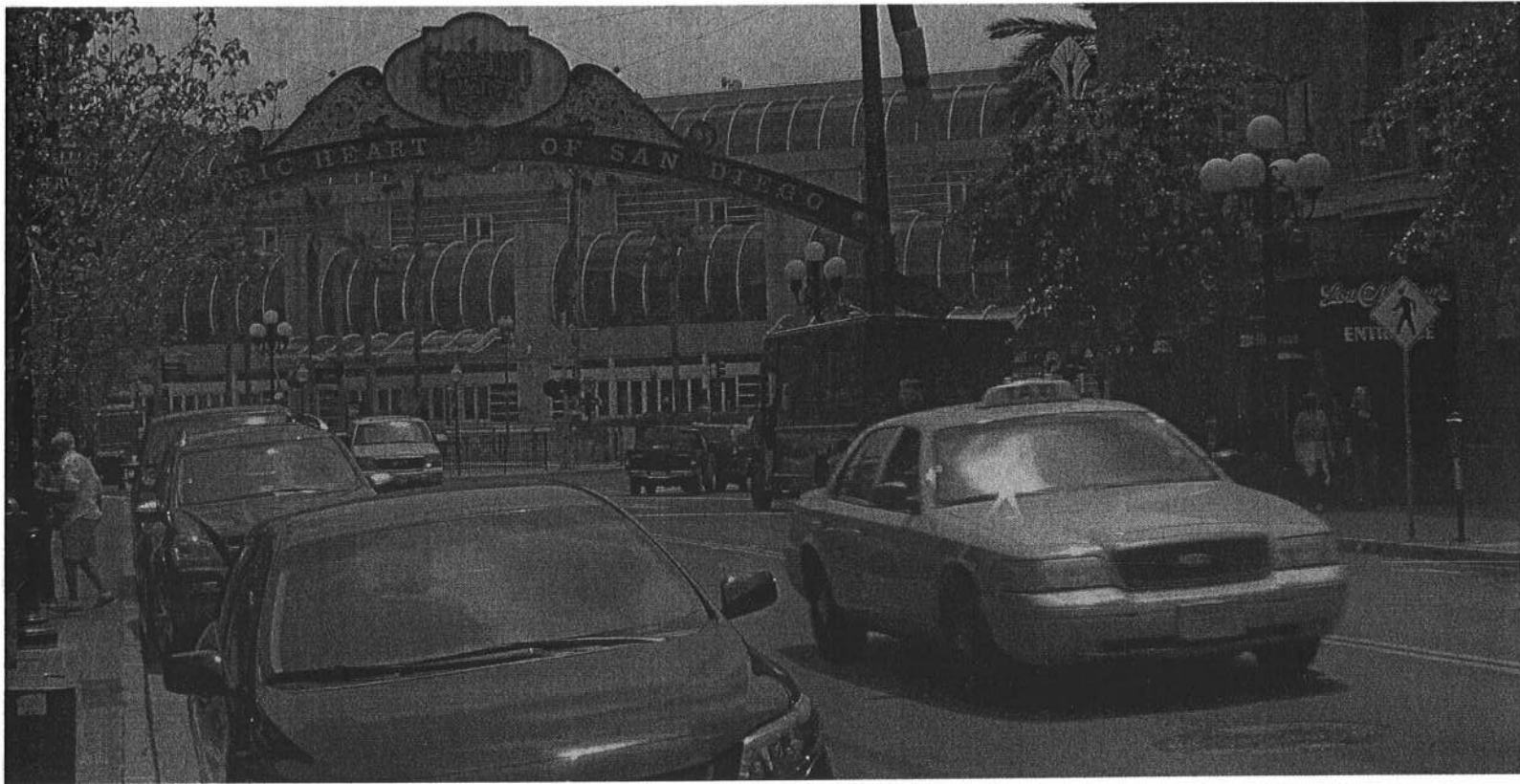
<sup>4</sup> Davis, Kristina. "No Charges Against Cabdriver in Stingaree Crash," San Diego Union Tribune, May 4, 2011. Available at: <http://www.utsandiego.com/news/2011/may/04/no-charges-against-cab-driver-stingaree-crash/>

<sup>5</sup> Agenda of Taxicab Advisory Committee, December 14, 2012. Detailed reports are attached to agenda. Available at: <http://www.sdmts.com/MTS/documents/12.14.12MTGPKG.pdf>

<sup>6</sup> Forty-four percent is the average over the four reported sessions of inspections. Agenda of Taxicab Advisory Committee, December 14, 2012. Detailed reports are attached to agenda. Available at: <http://www.sdmts.com/MTS/documents/12.14.12MTGPKG.pdf>

<sup>7</sup> True North, "Taxicab Permitting Process Study Final Report, Prepared for the MTS," October 4, 2011.

<sup>8</sup> City of San Diego IBA Report Number: 12-10, Feb. 2012



The Center on Policy Initiatives is a nonprofit research and action institute dedicated to advancing economic equity for working people and diverse communities throughout the San Diego region. Founded in 1997, CPI fights for policy solutions that increase access to good jobs and quality healthcare and improve conditions for low-wage workers and families.

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**SAN DIEGO STATE  
UNIVERSITY**

San Diego State University is the oldest and largest higher education institution in the San Diego region. Founded in 1897, the university offers bachelor's degrees in 84 areas, master's degrees in 76 areas and doctorates in 18 areas. SDSU's approximately 30,000 students participate in an academic curriculum distinguished by direct contact with faculty and an increasing international emphasis that prepares them for a global future.

[www.sdsu.edu](http://www.sdsu.edu)





**Metropolitan Transit System**

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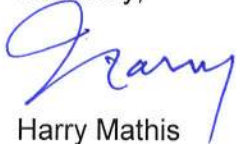
December 5, 2013

Dear Members of the MTS Executive Committee:

As you know, my term as your Chairman will be completed on December 31, and I wish to thank each of you for the strong support that you have shown me during my tenure. As the accompanying agenda item indicates, the Executive Committee (under MTS Board Policy No. 22) shall make a recommendation to the full Board relative to the election/reelection of the Chairperson.

I am writing to inform you that I would welcome the opportunity to continue serving you and our agency for another term. Together at MTS, we have accomplished a great deal in establishing and maintaining MTS's position as a national leader in providing efficient and safe transportation for the people we serve. However, we know that many daunting challenges lie ahead. There are many unfinished tasks of great magnitude facing us, which are essential to our mission of effectively serving the current and future transportation needs of the public. I ask your support in my desire to continue working with you to successfully meet these challenges.

Sincerely,



Harry Mathis





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## Agenda Item No. C1

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

December 5, 2013

#### SUBJECT:

TROLLEY RENEWAL PROJECT UPDATE (JOHN HAGGERTY OF SANDAG)

#### RECOMMENDATION:

That the Executive Committee receive a report for information.

#### Budget Impact

None.

#### DISCUSSION:

The Trolley Renewal Project is a system-wide rehabilitation and upgrade of the existing trolley system. The project includes the purchase of new low-floor vehicles, the rehabilitation and retrofit of stations and transit centers throughout the system, new crossovers and upgraded signaling, replacement of the overhead catenary wire, track work and rail replacement, slope repair, and traction power substation replacement and rehabilitation. Construction and infrastructure work is currently underway in downtown San Diego and on the Orange and Blue Lines. Staff will provide an update on the construction 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: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)



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



## MTS Executive Committee

### Blue and Orange Line Improvement Corridor

December 5<sup>th</sup>, 2013



Blue & Orange Line Improvement Corridor



## MTS Executive Committee

### Blue Line Crossover & Signaling



- Milestone A Cutover Completed in November
- Final Walk-thru & Punchlist Items to be Completed Feb/14



Blue & Orange Line Improvement Corridor



## MTS Executive Committee

### Blue Line Stations & Rail Construction

- Rail Replacement on-going (Night Work)
- Station Work
  - Temporary Stations in place @ BL, Harborside & Pac Fleet
  - Trackwork replaced @ BL, Harborside WB & Pac Fleet Harborside EB this weekend
  - Milestone D (8<sup>th</sup> St., 24<sup>th</sup> St. & E St.) work to begin Tuesday @ 8<sup>th</sup> Street
  - Acceptable Shelter Drawing submittal from Flatiron is Delayed
- All Stations Complete – End of 2014
- Final Completion – Early 2015



Blue & Orange Line Improvement Corridor



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## MTS Executive Committee

### Barrio Logan Station



Temporary Station Open for Service



Final Trackwork Complete



Blue & Orange Line Improvement Corridor



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## MTS Executive Committee

### Barrio Logan Station



- Permanent platform concrete pour
- Prepping for tile overlay and installation of station amenities



Blue & Orange Line Improvement Corridor



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## MTS Executive Committee

### Harborside Station



Temporary Station Open for Service



WB Trackwork Complete  
EB this Weekend



Blue & Orange Line Improvement Corridor



6



## MTS Executive Committee

### Pacific Fleet Station



Pac Fleet Trackwork Under Construction



Pac Fleet Trackwork Near Completion



Blue & Orange Line Improvement Corridor



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## MTS Executive Committee

### Future Blue Line Projects

- San Ysidro Yard Improvements (WCG - \$22.8M)  
Begin Construction Spring 2014
- South Line Freight Improvements (Flatiron - \$18.3M)  
Begin Construction Spring 2014
- Slope and Trackbed Reconstruction (\$4M)  
After San Ysidro Yard Improvements Project



Blue & Orange Line Improvement Corridor



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## MTS Executive Committee

### Traction Power Substation Installation



- 10 of 17 TPSS's have been Installed
- TPSS @ Blue Barn to be installed March/14
- TPSS's @ 25<sup>th</sup> & Commercial (Police Station) and Woodman sites to begin construction in Jan/14



Blue & Orange Line Improvement Corridor



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## MTS Executive Committee

### Traction Power Substation Site Acquisition

- 25<sup>th</sup> and COMMERCIAL:  
City Council Approved in November
- LOCKRIDGE or MOUNT HOPE  
Discussions with City on-going for Mount Hope Cemetery site
- PAC FLEET
- 8<sup>th</sup> STREET
- J STREET

Union Pacific rights-of-way  
Continuing R/W negotiations with UP.  
MTS Board authorized condemnation (if necessary)



Blue & Orange Line Improvement Corridor



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## MTS Executive Committee

### Light Rail Procurement Status

- **Production Timeframe:** 2010 to Early 2014
  - Production Status: 97%
  - Delivered: 63 of 65
  - In Revenue Service: 59
  - In Production at the Plant: 2



Blue & Orange Line Improvement Corridor



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## Agenda Item No. C2

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

December 5, 2013

#### SUBJECT:

APPOINTMENT OF MTS CHAIRPERSON (SHARON COONEY)

#### RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors regarding the appointment of the MTS Chairperson.

#### Budget Impact

None.

#### DISCUSSION:

MTS Policy No. 22 sets forth the following procedure for the appointment of the MTS Chairperson:

*Prior to the expiration of a Chairperson's term, the Executive Committee shall make a recommendation to the Board on whether to reelect the current Chairperson. In the event that the Board does not reelect a chairperson, or in the event of a vacancy in the position of Chairperson, the Executive Committee shall create an ad hoc nominating committee that shall, by whatever means it deems appropriate, recommend to the Board a candidate or candidates for the position of Chairperson. The Board shall then vote to elect a Chairperson.*



Mr. Mathis serves as the current Chairperson for the MTS Board, and his second four-year term is scheduled to end on December 31, 2013. Therefore, the Executive Committee is asked to make a recommendation to the Board of Directors regarding the next Chairperson term, which would run from January 1, 2014, through December 31, 2017. Mr. Mathis desires to continue in his role as Chair of MTS.



---

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)



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## Agenda Item No. C3

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

December 5, 2013

#### SUBJECT:

SAN DIEGO TRANSIT CORPORATION EMPLOYEE RETIREMENT PLAN'S  
ACTUARIAL VALUATION AS OF JULY 1, 2013 (ROBERT MCCRORY OF CHEIRON  
INC. AND LARRY MARINESI)

#### RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to receive the San Diego Transit Corporation (SDTC) Employee Retirement Plan's actuarial valuation as of July 1, 2013 (Attachment A), and adopt the pension contribution rate of 39.147 percent for SDTC's pension plans in fiscal year 2015.

#### Budget Impact

Board adoption of the pension contribution rate of 39.147 percent would result in an annual pension contribution of approximately \$12,804,000.

#### DISCUSSION:

The actuarial valuation of the Retirement Plans of SDTC as of July 1, 2013, has recently been completed. The entire report is in Attachment A. The purpose of the actuarial valuation is to compute the annual pension contribution rate and to provide disclosures necessary for Governmental Accounting Standards Board (GASB) Statement No. 25.

This valuation was completed November 26, 2013, by Cheiron, Inc. and has produced an increase in the recommended contribution rate. The previous valuation (July 1, 2012) recommended a contribution rate of 36.106 percent of covered payroll. The July 1, 2013, valuation recommends a 39.147 percent contribution rate. This contribution rate would be used for fiscal year 2015 budget year.



There are many factors that have an effect on the annual contribution rate. These factors include changes such as demographic and salary experience as well as investment gains/losses. The plan's actuarial experience during fiscal year 2013 resulted in a 0.664 percent increase in the cost as a percent of payroll, the investment experience resulted in an increase of 2.233 percent primarily due to the final recognition of prior investment losses from fiscal year 2009, and other adjustments totaled 0.144%.

The following table details how the cost of the plan has changed since the last actuarial valuation:

	<u>Cost in Dollars</u>	<u>Cost as % of Payroll</u>
July 1, 2012	\$12,056,945	36.106%
Change in cost due to demographic and salary experience	78,443	0.664%
Expected change in cost based on prior valuation and deferred investment gains and losses	781,843	2.369%
Changes in cost due to investment experience from July 1, 2012 through June 30, 2013	(44,741)	(0.136%)
Changes in cost due to changes in actuarial software with merger of EFI and Cheiron	(68,483)	0.144%
July 1, 2013	\$12,804,007	39.147%

Bob McCrory of Cheiron, Inc. will provide an overview of the report in more detail and be available for any questions.



Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachment: A. Actuarial Report (EC Only Due to Volume)



# Retirement Plans of San Diego Transit Corporation

Actuarial  
Review and  
Analysis as of  
July 1, 2013



Robert T. McCrory, FSA



David Holland, FSA

Prepared November 26, 2013



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## Summary of Results

### Executive Summary

This actuarial review and analysis of the Retirement Plans of San Diego Transit Corporation (the Plan, the Corporation) as of July 1, 2013 has produced an increase in recommended contributions. Actuarial experience during the year 2012-13 Plan year was about neutral in aggregate; however, recognition of prior investment losses (especially fiscal year 2009) continues to put upward pressure on the contribution rates.

A comparative summary of the current status of the Plan as a whole is as follows. Note that the total contribution – employer and employee – is shown in dollars and as a percent of Plan member payroll (not including payroll for employees hired into the DC plan). The employer contribution is this total, reduced by member contributions actually received.

	July 1, 2012	July 1, 2013
<b>Plan Membership</b>		
Active	763	722
Inactive	244	239
Receiving Benefits	<u>805</u>	<u>827</u>
Total	1,812	1,788
Average Valuation Salary	\$ 46,576	\$ 48,712
<b>Assets (\$ millions)</b>		
Market Value (MVA)	\$ 139.9	\$ 148.6
Valuation Assets (AVA)	\$ 147.8	\$ 148.5
<b>Valuation Results (\$ millions)</b>		
Actuarial Liability (AL)	\$ 235.4	\$ 241.3
Unfunded Actuarial Liability	87.6	92.9
Funding Ratio (AVA/AL)	62.8%	61.5%
Funding Ratio (MVA/AL)	59.4%	61.6%
<b>Contributions (\$ millions)</b>		
Total Normal Cost	\$ 3.9	\$ 3.9
Total Contribution	\$ 12.1	\$ 12.8
Total Contribution as a percentage of payroll	36.106%	39.147%

### Purpose of the Report

This Report presents the results of an actuarial review of the Retirement Plans of San Diego Transit Corporation as of July 1, 2013. The purposes of this review are:

- To compute the annual contribution required for the 2014-15 fiscal year to fund the Plan in accordance with actuarial principles, and
- To present those items required for disclosure under Statement No. 25 of the Governmental Accounting Standards Board (GASB).

### Organization of the Report

This Report is organized in six sections:

- This Summary of Results presents the conclusions of the Report and discusses the reasons for changes since the last review.
- Section 1 below contains an outline of the Plan provisions on which our calculations are based, statistical data concerning Plan participants, and a summary of the actuarial assumptions employed to compute liabilities and costs.
- Section 2 presents information concerning Plan assets, including an income statement from July 1, 2012 to June 30, 2013.
- Section 3 contains the actuarial calculation of liabilities and Plan cost.
- Section 4 contains pension plan information required under Statement No. 25 of the Governmental Accounting Standards Board.
- Two appendices contain detailed demographic information (Appendix I) and tables used to compute benefits for current Plan members (Appendix II).

### Change in Plan Cost from July 1, 2012 to July 1, 2013

The table below shows how the cost of the Plan has changed since the last actuarial review.

	Cost in Dollars	Cost as % of Payroll
July 1, 2012 (Section 3.1, Column 1)	\$ 12,056,945	36.106%
Change in cost due to demographic and salary experience	78,443	0.664%
Expected change in cost based on prior valuation and deferred investment gains/losses	781,843	2.369%
Change in cost due to investment experience from July 1, 2012 through June 30, 2013	(44,741)	(0.136%)
Change in cost due to changes in actuarial software with merger of EFI and Cheiron	(68,483)	0.144%
<b>July 1, 2013 (Total employee + employer) (Section 3.1, Column 2)</b>	<b>12,804,007</b>	<b>39.147%</b>

The percentage of payroll cost shown above is based on a member payroll of \$32.7 million projected for the 2013-14 fiscal year. As discussed earlier, this figure is based only on payroll for members participating in the Plan. The actual total employer and employee contribution will be based on the rates shown above multiplied by actual payroll, so the amount may differ from the amount in the table.

The computations of Plan liabilities and cost are based on the Plan provisions and on the actuarial assumptions as of July 1, 2013. To the best of our knowledge, as of July 1, 2013 there have been only minor changes in the Plan provisions since the July 1, 2012 valuation. However, future changes in the Plan due to collective bargaining and stemming from the passage of the Public **Employees' Pension Plan** Reform Act (PEPRA, AB 340) may significantly change the nature of future benefit payments to Plan members.

We have computed the cost of the Plan using an asset smoothing method to reduce contribution volatility. The smoothing method spreads investment gains and losses over five years. The resulting Actuarial Value of Assets is constrained to remain within 20% of the market value. If the Plan cost had been computed based on the market value of assets as of June 30, 2013, the Corporation contribution would have been about the same, since as of July 1, 2013 market value and actuarial value of assets are nearly identical.

Current Plan provisions are outlined in Section 1.1. The changes in Plan provisions resulting from PEPRA and collective bargaining are highlighted in yellow. A summary of actuarial methods and assumptions is presented in Section 1.3, and the computation of the Actuarial Value of Assets is shown in Section 2.2.

In reviewing the experience of the past year, we can see that it is dominated by investments and by the closure of the Plan to most new hires. Overall, Plan cost increased by about \$750,000, almost all of which was due to a combination of the continued recognition of 2008-09 asset losses and a partially offsetting return of 9.24% on assets during the past year.

The following is a more detailed analysis of the changes in Plan cost since July 1, 2012.

- Demographic changes caused cost to increase as a percentage of payroll.

The demographic experience of the Plan from July 1, 2012 to June 30, 2013 – rates of retirement, death, disability, and termination, and the replacement of terminating members with new hires – resulted in an increase in the cost of the Plan of 0.66% of pay, or \$78,000.

The closure of the Plan to most new entrants – in particular, ATU, IBEW, and clerical members – resulted in an increase in Plan cost as a percentage of pay. As members retire or otherwise leave the Plan, they are no longer being replaced by new members, and the active payroll decreases. Since all Plan normal costs and the unfunded liability is paid as a percentage of active payroll, a declining payroll causes Plan cost to increase as a percentage of pay. This effect is particularly strong in a Plan with a comparatively low funded ratio, which is the case for the SDTC Plan.

As the active workforce shrinks, Plan costs will continue to increase as a percentage of pay, at least until the Plan achieves full funding.

- Past investment losses continue to be recognized.

There was a significant increase in Plan cost due to the scheduled recognition of one fifth of the fiscal 2009 investment losses. This factor alone produced an increase in the contribution rate of about 2.4% of payroll, which is roughly \$780,000. With the July 1, 2013 valuation, the fiscal 2009 losses have now been recognized completely in the smoothed assets and Plan cost.

- Investment returns were higher than the actuarial assumption.

As detailed in Section 2.1, the return on Plan assets on a market value basis was approximately 9.2% during the 2012-13 fiscal year, or about 1.7% above the 7.5% assumed return. This gain is recognized gradually, one-fifth immediately, and four-fifths deferred for recognition over the next four years, in accordance with the actuarial smoothing method, designed to reduce cost volatility.

This investment gain and partial recognition of such caused a cost decrease of 0.14% of pay, or about \$45,000.

- EFI Actuaries has been acquired by Cheiron, Inc., which uses different software for computing actuarial liabilities and costs.

The EFI and Cheiron software were in nearly perfect agreement, with liabilities within 0.5%; the cost as a percentage of pay is 39.147%, which is within 2% (relative) of the figure based on the EFI software.

We recommend using the cost produced by the Cheiron software in this and future actuarial valuations. The Cheiron package (ProVal) is the industry standard and it is in wide use throughout the actuarial profession, both within Cheiron and other firms. The transition will strengthen the institutional base of the Retirement Plan.

Over the past year the funded ratio declined slightly, from 63% to 62%; this funded ratio is computed using the actuarial (smoothed) value of Plan assets. The same ratio based on market value of assets rose to 62% as of July 1, 2013, primarily due to investment gains on market value during fiscal year 2012-13.

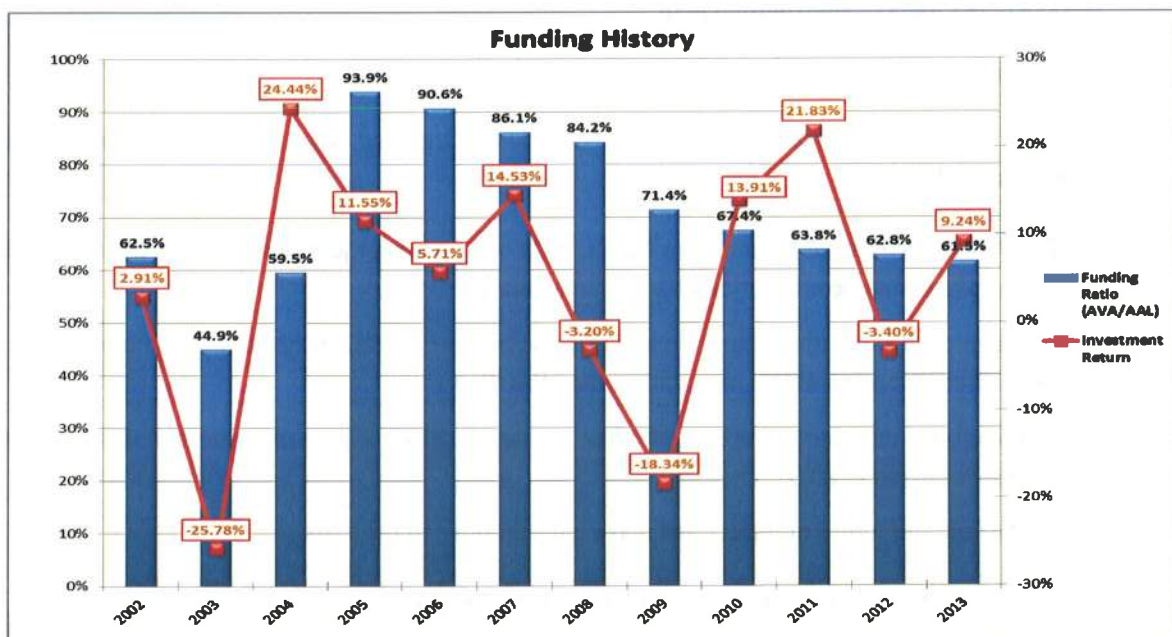
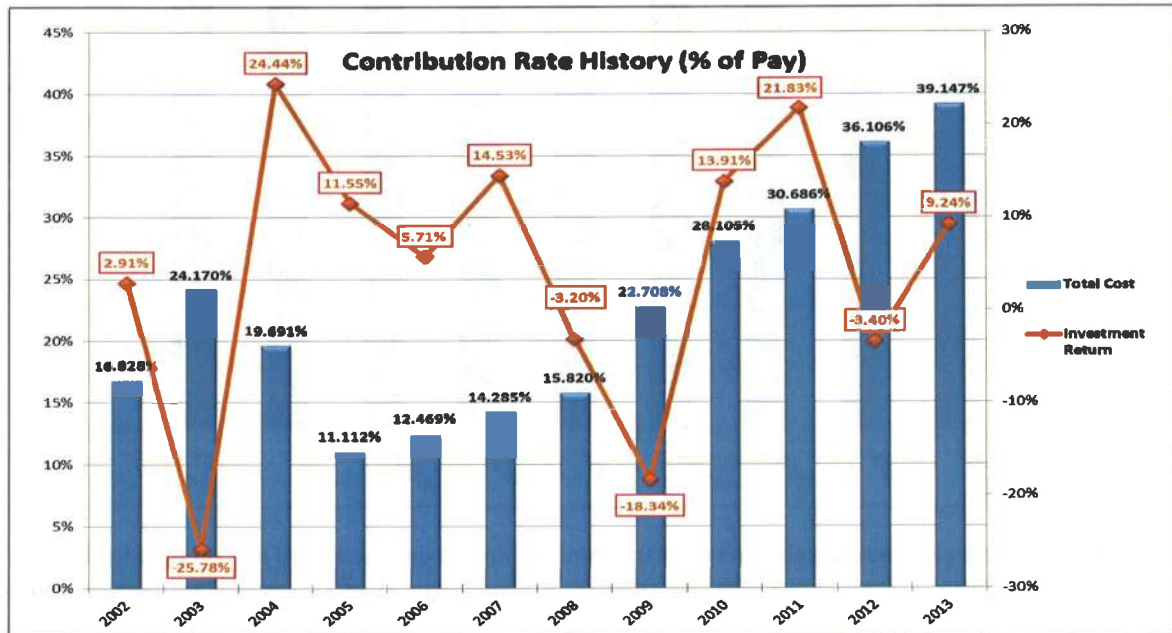
The funded ratio that would be necessary to have just enough assets in the Plan to cover inactive liabilities – those for retired, disabled, and vested terminated members and their beneficiaries – would be 63%, which is higher than the current funded ratio. This means that Plan assets do not fully cover the inactive liabilities, and as a result no assets are currently set aside to fund future benefit payments for any of the Plan's active members.

### **History of Plan Cost and Funding**

As discussed above, the Plan cost has increased both in dollar terms and as a percentage of active members' payroll during the past year. The graphs below show the history of Plan costs and funded ratios over the past decade. The return on Plan assets is also plotted – on the right hand vertical axis – so the relationship between investment return and the Plan cost and funded ratio can be noted.

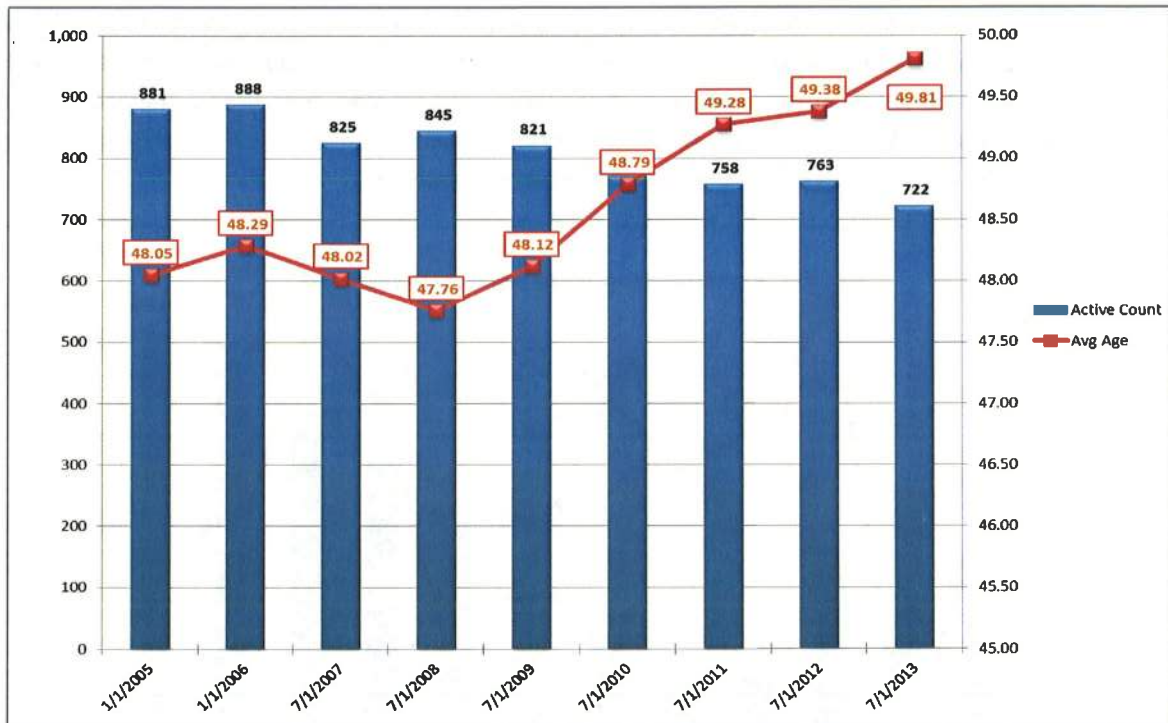


In the graphs below we observe a steady increase in cost and a decrease in the funded ratio. This occurred because the compound investment return for the 12 years graphed was just 3.36%, well below the 7.5% to 8% actuarial assumptions in those years. On average, each year witnessed a shortfall of between 4% and 4.5% when comparing actual versus expected Plan assets. These shortfalls reduce Plan funding and are made up in the form of higher Plan contributions.



Another significant factor in the increasing Plan cost has been the shrinking and aging of the covered workforce. The number and average age of Plan members is shown in the graph below.





In the above graph we see that active Plan membership has declined from 888 on January 1, 2006 to 722 at July 1, 2013, a decrease of 19%. In addition, the average age of an active member has increased by over 1.5 years. These trends can be expected to continue, as former new Plan members participate instead in the defined contribution plan.

### Future Plan Costs

As noted above, a number of changes, some collectively bargained, have taken place in the Plan. Briefly, they are as follows:

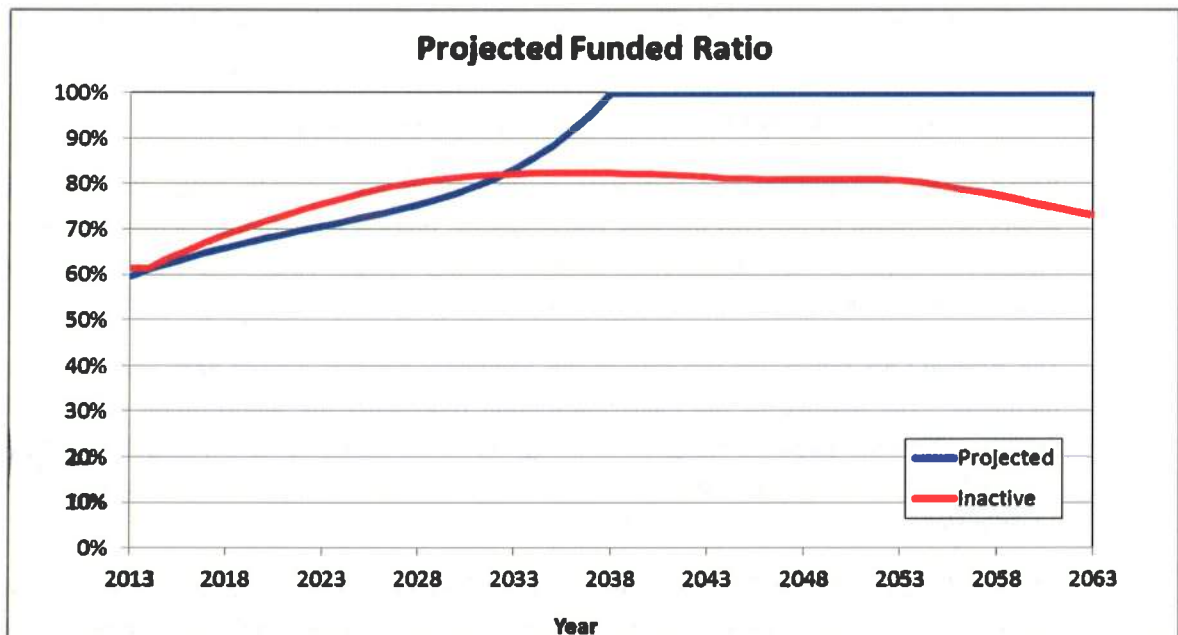
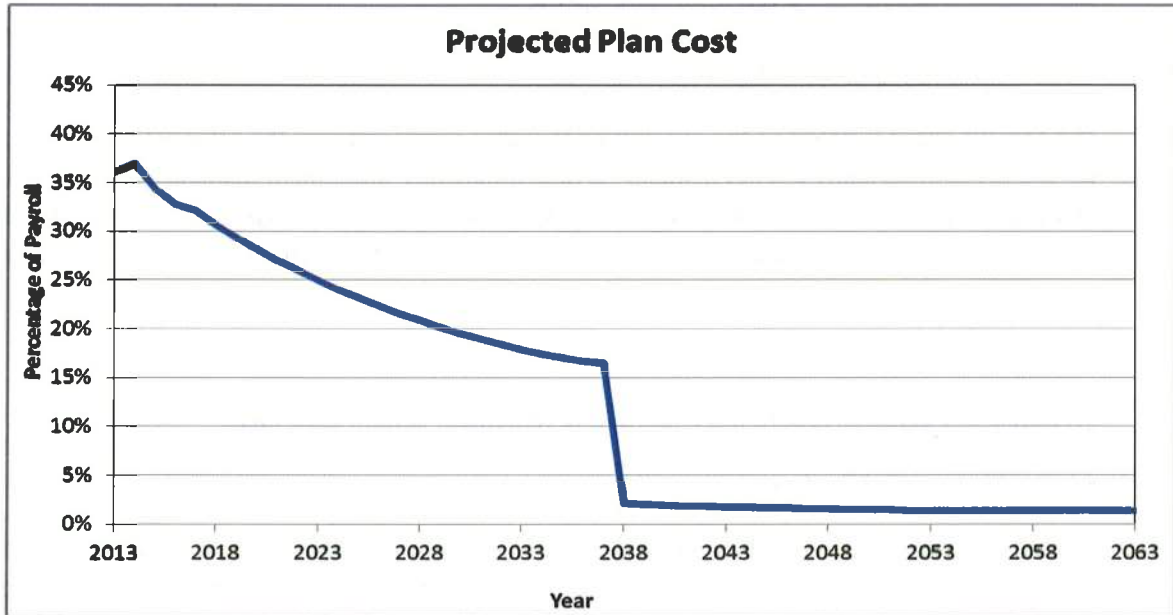
- IBEW employees hired on and after May 1, 2011 will no longer join this Plan, but will be members of a separate defined contribution 401(a) plan instead.
- ATU and clerical members hired on and after November 1, 2012 will become members of a separate defined contribution 401(a) plan, rather than this Plan.
- Non-contract members hired on or after January 1, 2013 will receive the benefits mandated by PEPRA as passed in 2012.
- All current and future members will make contributions to the Plan.

In Section 1.1 the new Plan provisions are highlighted and described in detail.

In addition to the above changes, the California Actuarial Advisory Panel (CAAP) has developed a set of recommended funding guidelines, with a final draft issued in 2013. These Guidelines establish model

procedures for funding methods and amortization periods that are suggested – but not mandated – for California public defined benefit plans.

Assuming we were to follow the actuarial funding method and amortization policy adopted for the Plan in 2012, and all actuarial assumptions are exactly met, the following two graphs present the Plan's projected cost (as a percentage of total projected SDTC payroll, including employees hired into the DC plan) and funded ratio (based on market value).



We note in the above graphs that the projected total Plan cost – including SDTC and member contributions – declines gradually as a percentage of total SDTC payroll over the next 25 years, with a significant drop when the unfunded actuarial liability is fully amortized in 2037. This is expected, because no new ATU, IBEW, or clerical members are joining the Plan after 2012. Consequently, we have a dwindling Plan population – only non-contract members – whose pension contribution is being spread over the entire SDTC active payroll.

We note that Plan funding (the solid blue line) grows to 100% over the 25-year amortization period. Note, however, that it still takes about 20 years before assets exceed the level of the liability for inactive members, shown as the solid red line.

The analysis above is based on the assumption that Plan assets will earn the actuarial assumption, which we can say with certainty will not happen. As time progresses, investment markets will go up and down, and the behavior of Plan members will differ from our assumptions. Consequently, actuarial gains and losses will be produced, and these gains and losses will be amortized in accordance with CAAP recommendations, generally over closed 15-year periods.

### Some Reminders

In reading any actuarial report, it is important to remember certain basic facts.

- Experience will differ from assumptions.

The liabilities and contributions determined in this Report are based on a set of actuarial assumptions. Despite the care and effort expended in determining the most accurate possible set of assumptions, the future experience of the Plan will certainly differ from what we assume. As a result, actuarial gains or losses will occur annually, and the employer and employee contributions will fluctuate.

- Cost consists of Normal Cost and Amortization of the Unfunded Liability

Based on the assumptions and cost method, Plan assets are currently below the target level of assets determined by the cost method; consequently, there is an unfunded actuarial liability. As a result, the required Plan contribution consists of two components: The Normal Cost and the amortization of the Unfunded Actuarial Liability (UAL).

The Normal Cost represents the cost of the additional benefits earned each year by active Plan members. The balance of the Plan contribution represents the amortization of the unfunded liability, which is a payment designed to bring the Plan's assets up to the target level set by the actuarial cost method. Currently, the amortization of UAL represents about two-thirds of the total contribution.

As the UAL is amortized, the Plan contribution will gradually decrease to a level near the Normal Cost, which itself will be changing due to recent Plan amendments, the California Public Employees' Pension Reform Act (PEPRA), and actuarial experience.

### Conclusion and Actuarial Certification

In preparing our report, we relied on information (some oral and some written) supplied by the Retirement Plans of San Diego Transit Corporation. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23.

To the best of our knowledge, this Report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this Report. We believe that the actuarial methods and assumptions employed in preparing this Report are reasonable and appropriate for the purposes for which this Report was created. This Report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This Report was prepared exclusively for the Retirement Board of the Retirement Plans of San Diego Transit Corporation for the purpose described herein. This Report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Respectfully Submitted,



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Associate Actuary



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## **Section 1:**

### **Summary of Plan Provisions, Member Statistics, and Actuarial Assumptions**

## 1.1: Brief Outline of Plan Provisions

### Definitions

#### *Average Monthly Final Earnings*

Average Monthly Final Earnings means the average monthly compensation during the consecutive months that produces a Participant's highest average compensation, computed by dividing the Compensation Earnable for such period by the number of months in such period.

- For ATU, IBEW, and Clerical Participants, the averaging period is thirty-six (36) consecutive months.
- For Non-Contract Participants, the number of consecutive months is twelve (12).

**Public Employees' Pension Reform Act (PEPRA):** For Non-Contract Participants hired on and after January 1, 2013, the number of consecutive months is thirty-six (36).

Those months during which the Participant did not receive Compensation from the Employer equivalent to one half the regular working days will be excluded. The average is then based on that portion of the averaging period remaining after the excluded months.

**PEPRA:** It is possible that exclusions for months in which the member did not work full-time may be subject to change.

#### *Compensation*

Compensation means the remuneration for services paid by the Employer. The monetary value of board, lodgings, fuel, car allowance, laundry or other advantages furnished to a Participant is not included.

**PEPRA:** For members joining the Plan on and after January 1, 2013, only base compensation up to the Social Security Taxable Wage Base (\$113,700 for 2013) will count for computing Plan benefits and employee contributions; in particular, all or most overtime will be excluded.

#### *Compensation Earnable*

Compensation Earnable is the Compensation actually received by a Participant during a period of employment. For ATU and Non-Contract Participants, any bonus or retroactive wage increases are treated as compensation when received rather than when the services are performed. For IBEW Participants, Compensation Earnable is limited to 2,140 hours of straight time equivalent hours in any 12-month period.

In addition, the value of any vacation or sick leave accumulated but unused when benefits begin is excluded from Compensation Earnable and from Average Monthly Final Earnings.

**PEPRA:** For members joining the Plan on and after January 1, 2013, it is likely that some sources of compensation, such as those underlined above, may be excluded from benefit and contribution computations for these new members.



### ***Credited Years of Service***

In general, Credited Years of Service is continuous Service with the San Diego Transit Corporation and its predecessor company from the last date of employment through the date of retirement, death, disability, or other termination of service.

As of November 10, 1997, part-time ATU employees receive one Credited Year of Service for every 2,080 Hours of Service worked as a part-time employee after December 1, 1990.

For Non-Contract Participants, Credited Years of Service includes any year commencing on or after July 1, 1982 in which the Participant completes at least 1,000 Hours of Service. In addition, Credited Years of Service for Non-Contract Participants will exclude any period of Service after the Participant's Normal Retirement Date.

A Participant who is disabled and recovers from disability and reenters the Plan as an active Participant will not receive Credited Years of Service for the period of disability.

### **Participation**

All full-time and certain part-time IBEW employees hired prior to May 1, 2011 will become Participants on their date of hire. IBEW employees hired on and after May 1, 2011 will become members of a separate defined contribution plan and will not be members of this Plan.

All full-time and certain part-time ATU employees hired prior to November 1, 2012 will become Participants on their date of hire. ATU employees hired on and after November 1, 2012 will become members of a separate defined contribution plan and will not be members of this Plan.

All Non-Contract employees become Participants after earning one Credited Year of Service.

PEPRA: Any member joining the Plan for the first time on or after January 1, 2013 is a New Member.

### **Retirement Benefit**

#### ***Eligibility***

Clerical and Non-Contract members are eligible for normal service retirement upon attaining age 63 and completing five or more years of service and eligible for early service retirement upon attaining age 53 and completing five or more years of service.

ATU and IBEW members are eligible for normal service retirement upon attaining age 63 (65 for IBEW) and completing five or more years of service and eligible for early service retirement upon attaining age 55 and completing five or more years of service.

PEPRA: New Members are eligible to retire upon attaining age 52 and completing five or more years of service.



### ***Benefit Amount***

The monthly service retirement benefit is the Participant's Average Monthly Final Earnings multiplied by the percentage figures shown in the tables below.

- For ATU and Clerical Participants terminating prior to October 1, 2005, ATU/Clerical Table A-1 is used; for ATU and Clerical Participants terminating on and after October 1, 2005, ATU/Clerical Table A-2 is used. Prior to January 1, 2006, the benefit from the table is limited to 60%.
- For IBEW Participants terminating prior to January 1, 2008, IBEW Table A-1 is used; for IBEW Participants terminating on and after January 1, 2008, IBEW Table A-2 is used.
- For Non-Contract participants terminating prior to July 1, 2000, Non-Contract Table A-1 is used; for Non-Contract participants terminating on and after July 1, 2000, Non-Contract Table A-2 is used.

For Participants with **fractions of a year of age or service, the Participant's age or service will be rounded to the completed quarter year, and the percentage multiplier will be computed from the table using interpolation.**

ATU participants who are active from November 10, 1997 to December 31, 1998 and from November 10, 1997 to December 31, 1999 receive an additional 2.5% and 2.5%, respectively. However, the multiplier from Table A-1 or A-2, as augmented by the additional 2.5% increments, is still limited to 60% prior to January 1, 2006 and 70% thereafter.

Non-Contract Participants who are active as of July 1, 1994 and July 1, 1995 receive an additional 6% and 2%, respectively. However, the benefit multiplier, as augmented by the additional 6% and 2% increments, is still limited to 60% under Table A-1 and 70% under Table A-2.

A Participant who is disabled and recovers from disability and reenters the Plan as an active Participant will have this benefit amount reduced by the actuarial equivalent of the benefits paid during the period of disability.

**PEPRA: For New Members, the benefit multiplier will be 1% at age 52, increasing by 0.1% for each year of age to 2.5% at 67. In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age.**

### ***Form of Benefit***

The normal form of benefit is an annuity payable for the life of the Participant, with no continuation of benefits to a beneficiary after death. The retirement benefit will be paid as a 50% Joint and Survivor benefit actuarially equivalent to the normal form for participants who have been married for at least one year. Otherwise, the normal form will be paid.

**Because Members will be making member contributions, the Member's beneficiaries may be eligible to receive a refund of accumulated contributions that exceed the benefits paid out to the Member (if any) upon death.**

The ATU and IBEW benefits have been amended from time to time to remove the actuarial reduction in benefits for previously retired Participants whose spouses have died before them. However, these adjustments are retroactive only, and they do not apply to benefits paid to currently active Participants.

ATU and IBEW Participants may elect an Alternative Retirement Formula if they terminate employment before early retirement but after 10 years of credited service or were hired between April 1, 1968 and March 31, 1971 and desire to retire at their Normal Retirement Date. These Participants are eligible for a deferred benefit commencing at age 65 based on Table B.

Tables A-1 and A-2 for each employee group, as well as Table B, can be found in Appendix II herein.

### **Disability Retirement Benefit**

#### ***Eligibility***

A Participant is eligible for a Disability Retirement Benefit if:

- The Participant has earned five Credited Years of Service (ATU, IBEW, Clerical and Non-Contract), and
- The Participant is unable to perform the duties of his or her job with the Corporation, cannot be transferred to another job with the Corporation, and has submitted satisfactory medical evidence of permanent disqualification from his or her job.

PEPRA: The Act is silent on eligibility requirements for benefits other than retirement. For now, we will assume that the Plan's rules will continue to apply to New Members.

#### ***Benefit Amount***

The Disability Retirement Benefit is a monthly benefit equal to the lesser of:

1.  $1\frac{1}{2}\%$  times Credited Years of Service at Disability Retirement Date times the Participant's Average Monthly Final Earnings; and
2. The Normal Retirement Benefit calculated using the Average Monthly Final Earnings at Disability Retirement Date and the projected Credited Years of Service to Normal Retirement Date.

The benefit is reduced by 50% of the amount of any earned income from other sources in excess of 50% of the Participant's Average Monthly Earnings during the 12 months prior to disability; this reduction applies to all IBEW and Non-Contract Participants, but only to ATU Participants hired after June 30, 1983.

PEPRA: Note that the Disability Retirement Benefit for New Members is based on the new definition of Compensation, which is subject to a maximum and excludes overtime.

#### ***Form of Benefit***

The normal form of benefit is an annuity commencing at disability and payable for the life of the Participant, with no continuation of benefits to a beneficiary after death. The Disability Retirement

Benefit will be paid as a 50% Joint and Survivor benefit actuarially equivalent to the normal form for participants who have been married for at least one year. Otherwise, the normal form will be paid.

Because Members will be making member contributions, the Member's beneficiaries may be eligible to receive a refund of accumulated contributions that exceed the benefits paid out to the Member (if any) upon death.

The ATU and IBEW benefits have been amended from time to time to remove the actuarial reduction in benefits for previously retired Participants whose spouses have died before them. However, these adjustments are retroactive only, and they do not apply to benefits paid to currently active Participants.

## **Pre-Retirement Death Benefit**

### ***Eligibility***

A vested Participant is entitled to elect coverage of a pre-retirement spouse's benefit.

For years a Participant is age 55 or under, the cost of the coverage is paid by the Company. For the years a Participant is over age 55 and has elected this coverage the cost of this coverage is paid by the Participant in the form of a reduced benefit upon retirement. The reduction is 3.5¢ per \$10 of monthly benefit for each year of coverage.

There is no cost for this benefit for any ATU, Clerical, or Non-Contract Participant whose monthly benefit commences after November 27, 1990. There is no cost for this benefit for any IBEW Participant whose monthly benefit commences after December 3, 1996.

In order for the spouse to be eligible for this benefit, the participant must be married to the spouse for one year prior to death, unless death occurs from accidental causes.

PEPRA: The Act is silent on eligibility requirements for benefits other than retirement. For now, we will assume that the Plan's rules will continue to apply to New Members.

### ***Benefit Amount***

For a Participant who is eligible to retire at death, the pre-retirement death benefit is 50% of the benefit that would have been payable had the Participant retired immediately prior to his or her death and elected to receive a 50% Joint and Survivor annuity.

For a Participant who dies before being eligible to retire, the pre-retirement death benefit is 50% of the benefit that would have been payable had the Participant survived to his or her earliest retirement date, retired, elected to receive a 50% Joint and Survivor annuity, and died immediately.

PEPRA: Note that the Pre-Retirement Death Benefit for New Members is based on the new definition of Compensation, which is subject to a maximum and excludes overtime.

### ***Form of Benefit***

For a Participant who is eligible to retire at death, the death benefit begins when the Participant dies and continues for the life of the surviving spouse.



For a Participant who dies before being eligible to retire, the death benefit begins when the Participant would have reached his or her earliest retirement date and continues for the life of the surviving spouse.

Because Members will be making member contributions, the Member's beneficiaries may be eligible to receive a refund of accumulated contributions that exceed the benefits paid out to the Member or spouse (if any) upon death.

## Termination Benefit

### *Eligibility*

A Participant is eligible for a termination benefit after earning five years of service.

PEPRA: The Act is silent on eligibility requirements for benefits other than retirement. For now, we will assume that New Members will vest in their accrued benefit at five years of service.

### *Benefit Amount*

The termination benefit is computed in the same manner as the Normal Retirement Benefit, but it is based on Credited Years of Service and Average Monthly Final Earnings on the date of termination.

Effective July 1, 2000, Non-Contract participants who terminate prior to eligibility for early service retirement will have their benefits actuarially reduced if they begin receiving benefits before normal retirement age.

PEPRA: For New Members, the benefit multiplier will be 1% at age 52, increasing by 0.1% for each year of age to 2.5% at 67. In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age. Note also that the Termination Benefit for New Members is based on the new definition of Compensation, which is subject to a maximum and excludes overtime.

We assume a refund of Member contributions, with no interest, if termination occurs before five years of service.

### *Form of Benefit*

The Participant will be eligible to commence benefits at the later of termination and earliest retirement eligibility age.

The normal form of benefit is an annuity payable for the life of the Participant, with no continuation of benefits to a beneficiary after death. The retirement benefit will be paid as a 50% Joint and Survivor benefit actuarially equivalent to the normal form for participants who have been married for at least one year. Otherwise, the normal form will be paid.

Because Members will be making member contributions, the Member's beneficiaries may be eligible to receive a refund of accumulated contributions that exceed the benefits paid out to the Member (if any) upon death.

The ATU and IBEW benefits have been amended from time to time to remove the actuarial reduction in benefits for previously retired Participants whose spouses have died before them.

However, these adjustments are retroactive only, and they do not apply to benefits paid to currently active Participants.

## **Cost of Living Adjustments**

### ***Eligibility***

An annual Cost of Living Adjustment (COLA) has been added for Non-Contract Participants who were actively employed on or after June 30, 1999. One time only (ad hoc) COLAs were granted to ATU and IBEW Participants in 1991 and 1992.

### ***Benefit Amount***

For Non-Contract Participants, the cumulative COLA is the increase in the Consumer Price Index (CPI) since the Participant began receiving benefits.

The COLA is subject to the following limits for Non-Contract Participants:

- The cumulative COLA cannot exceed 2% compounded annually for all years since the **Participant's benefits began**;
- The annual COLA is zero if the CPI increase in that year is less than 1%;
- The annual COLA is limited 6% of the initial benefit amount in any year; and
- **A Participant's benefit cannot be reduced below the benefit level when payments commenced.**

## **Voluntary Early Retirement Program**

The Plan provided enhanced benefits to ATU participants who voluntarily elected early retirement during the window period from January 1, 1998 through February 20, 1998.

The Plan provided enhanced benefits to certain IBEW participants who voluntarily elected early retirement during the window period from July 1, 2004 through December 31, 2004.

## **DROP Program**

The Plan provided DROP benefits to a number of ATU participants who elected retirement from July 1, 2002 through December 31, 2002.

## **Funding**

**IBEW members will contribute 2% of Compensation to the Plan. The IBEW member contribution will increase to 3% of Compensation in April, 2013.**

**ATU and clerical members will contribute 2% of Compensation to the Plan. The ATU and clerical member contribution will increase to 3% of Compensation in July, 2013 and to 5% in July, 2014.**

**Non-contract members hired before January 1, 2013 will contribute 2% of Compensation to the Plan, as reviewed and adjusted annually by the MTS Board.**

**PEPRA: New Members must contribute half of the normal cost of the Plan, rounded to the nearest 0.25%. The Employer pays the remaining cost of the Plan.**

**PEPRA: New Members must contribute half of the normal cost of the Plan, rounded to the nearest 0.25%.**

The Corporation pays the actuarial cost of the Plan as reduced by Member contributions.

### **Changes in Plan Provisions**

Member contribution rates have changed since the prior review, as noted above.



## 1.2: Summary of Participant Data as of July 1, 2013

Data on active and inactive Members and their beneficiaries as of the measurement date was supplied by the Plan Administrator on electronic media. Member data was neither verified nor audited. More detailed demographic information is presented in Appendix I.

Active Participants	Drivers	Mechanics	Clerical	Admin	Chula Vista	Total
Number	456	163	28	75	0	722
Average Age	50.25	47.71	47.60	52.54	N/A	49.81
Average Service	11.51	16.50	10.88	15.86	N/A	13.06
Average Pay	\$46,847	\$48,234	\$39,969	\$64,349	N/A	\$48,712

Inactive Participants	Drivers	Mechanics	Clerical	Admin	Chula Vista	Total
<b>Service Retired</b>						
Number	397	71	21	100	5	594
Average Age	68.83	70.04	73.21	65.81	64.72	68.59
Average Benefit	\$19,488	\$18,369	\$12,836	\$35,231	\$4,295	\$21,642
<b>Beneficiaries</b>						
Number	86	18	4	26	0	134
Average Age	72.99	70.93	70.79	68.90	0.00	71.85
Average Benefit	\$6,748	\$6,750	\$3,801	\$15,749	\$0	\$8,407
<b>Disabled</b>						
Number	83	11	3	2	0	99
Average Age	67.20	62.83	74.85	63.71	0.00	66.88
Average Benefit	\$8,913	\$13,145	\$6,101	\$8,473	\$0	\$9,289
<b>Terminated Vested</b>						
Number	135	52	18	26	8	239
Average Age	52.50	52.73	55.29	51.66	56.62	52.81
Average Benefit	\$7,673	\$5,583	\$6,131	\$19,925	\$2,732	\$8,270

### Changes in Plan Membership

	Actives	Vested Terminated	Disabled	Retired	DROP	Beneficiaries	Total Participants
July 1, 2012	763	244	102	573	0	130	1,812
New Entrants	41	-	-	-	-	-	41
Rehires	-	-	-	-	-	-	0
Disabilities	-	-	-	-	-	-	0
Retirements/DRO	(27)	(18)	-	45	-	2	2
Vested Terminations	(13)	13	-	-	-	-	0
Died, With Beneficiaries' Benefit Payable	-	-	(1)	(8)	-	9	0
Transfers	-	-	-	-	-	-	0
Died, Without Beneficiary, and Other Terminations	(42)	-	(2)	(16)	-	-	(60)
Beneficiary Deaths	-	-	-	-	-	(7)	(7)
Data Corrections	-	-	-	-	-	-	0
July 1, 2013	722	239	99	594	0	134	1,788

### 1.3: Actuarial Methods and Assumptions

#### Actuarial Method

Annual contributions to the Retirement Plans of San Diego Transit Corporation (the Plan) are computed under the Individual Entry Age Actuarial Cost Method to Final Decrement.

**Under this Cost Method, the Normal Cost is calculated as the amount necessary to fund Members' benefits as a level percentage of total payroll over their projected working lives. At each valuation date, the Actuarial Liability is equal to the difference between the liability for the Members' total projected benefit and the present value of future Normal Cost contributions.**

As of July 1, 2012, a change to this method was made. Previously, the Normal Cost and Actuarial Liability was determined separately for each individual decrement, at each potential decrement age. This variation is known as the Entry-Age-to-Decrement method. As of July 1, 2012, the Normal Cost (and resulting Actuarial Liability) is determined as a single result: with the Normal Cost percentage equal to the total Projected Value of Benefits at Entry Age, divided by the Present Value of Future Salary at Entry Age. This variation is known as the Entry-Age-to-Final-Decrement.

The excess of the Actuarial Liability over the smoothed value of Plan assets is the Unfunded Actuarial Liability; this liability as of July 1, 2012 is amortized in level dollar payments over a 25 year period ending June 30, 2037.

Amounts may be added to or subtracted from the Unfunded Actuarial Liability due to Plan amendments, changes in actuarial assumptions, and actuarial gains and losses. Each such addition or subtraction will be amortized over a separate period, of length from five to 30 years depending on the source. The actuarial loss for the 2012-2013 Plan year has been amortized over 15 years. Though the Retirement Board may make exceptions, in general the intent is to follow the guidelines published by the California Actuarial Advisory Panel and the Government Finance Officers' Association.

The Normal Cost is determined for each member individually, based on the ratable value of each benefit expected to be accrued during the coming year. The total Normal Cost is calculated as the sum of the individual Normal Costs for all active members.

The total Plan cost is the sum of the Normal Cost and the amortization of the Unfunded Actuarial Liability. The employer is responsible for contributing the difference between the total cost and member contributions.

### Actuarial Assumptions

Demographic rates were reviewed and updated based on the Actuarial Experience Study for 2006-2010.

Measurement Date	All assets and liabilities are computed as of July 1, 2013.
Rate of Return	The annual rate of return on all Plan assets is assumed to be 7.50% net of expenses.
Cost of Living	The cost of living as measured by the Consumer Price Index (CPI) is assumed to increase at the rate of 3.00% per year.
Pay for Benefits	In most cases, <b>pay for benefits is based on each member's pay</b> during the year preceding the measurement date. Special procedures are used in some cases, as noted below for full-time Participants.

<u>Unit</u>	<u>Pay for Continuing Participants</u>	<u>Pay for New Participants</u>
Drivers	The larger of gross pay or 1,800 hours times the member's hourly rate	
Mechanics	2,150 hours times the member's hourly rate	
Clerical	Gross pay	The larger of gross pay or 2,100 hours times the member's hourly rate
Non-Contract	Gross pay	The larger of gross pay or 2,080 hours times the member's hourly rate

Part-time Participants are assumed to work 1,040 hours in the calculations shown above.

**Increases in Pay**

Assumed pay increases for active Participants consist of increases due to inflation (cost of living adjustments) and those due to longevity and promotion. Based on an analysis of pay levels and service, we developed the following assumptions:

For Drivers, we assume that pay increases due to longevity and promotion will be 7.5% per year for the first nine years of service and 0.5% per year thereafter.

For Mechanics, we assume that pay increases due to longevity and promotion will be 7.5% per year for the first ten years of service and 0.5% per year thereafter.

For Clerical Participants, we assume that pay increases due to longevity and promotion will be 11.0% per year for the first three years of service and 0.5% per year thereafter.

For Non-Contract Participants, we assume that pay increases due to longevity and promotion will be 9.0% per year for the first eight years of service and 0.25% thereafter.

In addition, annual adjustments in pay due to inflation will equal the CPI, for an additional annual increase of 3.0%.

**Active and Retired Participant Mortality**

Current rates of mortality for active and retired Drivers and Mechanics are given by the RP2000 Combined Healthy Tables set forward one year for females.

Rates of mortality for active and retired Clerical and Non-Contract Participants are given by the 1994 Group Annuity Mortality (GAM) Table, weighting male rates by 50% and female rates by 50%.

These rates also apply to surviving beneficiaries.

**Disabled Participant Mortality**

Current rates of mortality for active Drivers and Mechanics are given by the RP2000 Combined Healthy Tables set forward seven years for disabled males.

Rates of mortality for disabled Clerical and Non-Contract Participants are given by the PBGC Mortality Table for Female Members Receiving Social Security Benefits.

**Mortality Improvement**

No *explicit* provision for mortality improvement is included in this Study.

The mortality tables assumed for Plan funding were compared with actual experience over the years 2001 through 2010. We found that the actual number of deaths was 30% higher than the expected number for the total Plan. This means that there is a conservative *implicit* margin for future mortality improvement. Similar margins were also found when the retired population only was examined.

**Disability**

Among Drivers and Mechanics, 0.70% of Participants eligible for a disability benefit are assumed to become disabled each year. Disabled Participants are assumed not to return to active service.

**Service Retirement**

Retirement among Participants eligible to retire is assumed to occur at the ages shown in the following table:

Age	Clerical/Non		
	ATU	IBEW	Contract
53-54	0%	0%	15%
55-58	10%	5%	15%
59	10%	10%	15%
60	15%	10%	15%
61	15%	10%	15%
62-64	30%	30%	60%
65	40%	55%	60%
66-69	30%	30%	60%
70+	100%	100%	100%

**Plan Expenses**

No explicit allowance for Plan administrative expenses has been included in the annual cost calculated.

**Family Composition**

All Participants are assumed to be married. Male spouses are assumed to be four years older than their wives.

**Employment Status**

No future transfers among member groups are assumed.



## Termination

Rates of termination for all Participants from causes other than death, disability, and service retirement are shown in the tables below. In each age group, the rate is shown at the central age. The rates are not applied to Participants eligible to retire.

The table below shows the assumed termination rates for ATU and IBEW members.

Age	0-1 Years	2-3 Years	4-9 Years	10+ Years
20-24	25.0%	14.0%	8.0%	1.3%
25-29	25.0%	14.0%	8.0%	1.3%
30-34	25.0%	14.0%	8.0%	1.3%
35-39	25.0%	14.0%	8.0%	1.3%
40-44	25.0%	14.0%	8.0%	1.3%
45-49	25.0%	14.0%	8.0%	1.3%
50-54	25.0%	14.0%	8.0%	1.3%
55+	25.0%	14.0%	8.0%	0.0%

The table below shows the assumed termination rates for Non-Contract members, based on years of service.

Age	0-3 Years	4-9 Years	10+ Years
20-24	20.0%	10.0%	3.0%
25-29	20.0%	10.0%	3.0%
30-34	20.0%	10.0%	3.0%
35-39	20.0%	10.0%	3.0%
40-44	20.0%	10.0%	3.0%
45-49	20.0%	10.0%	3.0%
50-54	20.0%	10.0%	3.0%
55-59	20.0%	10.0%	3.0%
60+	0.0%	0.0%	0.0%

**Termination (Continued)**

The table below shows the assumed termination rates for Clerical members.

Age	Rate
20-24	25.00%
25-29	11.00%
30-34	13.00%
35-39	17.00%
40-44	12.00%
45-49	8.00%
50-52	5.00%
53-54	5.00%
55+	0.00%

**Actuarial Value of Plan Assets**

The Actuarial Value of Assets (AVA) is determined using an adjusted Market Value. Under this method, a preliminary AVA is determined as the Market Value of Assets on the valuation date less a decreasing fraction (4/5, 3/5, 2/5, 1/5) of the gain or loss in each of the preceding four years. The gain or loss for a given year is the difference between the actual investment return (on a market-to-market basis) and the assumed investment return based on the Market Value of Assets at the beginning of the year and actual cash flow. The AVA is adjusted, if necessary, to remain between 80% and 120% of the Market Value.

**Changes in Actuarial Assumptions**

There have been no changes in actuarial assumptions since the prior review.

## **Section 2:**

### **Asset Information**

## 2.1: Income Statement: July 1, 2012 through June 30, 2013

	Actual Market Value	Expected Market Value
Balance July 1, 2012	\$139,871,816	\$139,871,816
Employer Contributions	10,957,255	10,957,255
Employee Contributions	401,274	401,274
Investment Income	12,739,686	10,765,036
Net Benefit Payments	(14,638,924)	(14,638,924)
Other Expenses	(754,131)	(754,131)
Balance June 30, 2013	\$148,576,976	\$146,602,326
Approximate Return	9.24%	7.50%

## 2.2: Computation of Actuarial Value of Assets

Plan Year	Assumed Earnings (a)	Actual Earnings (b)	Unexpected Earnings (c = b-a)	Phase-In Factor (d)	Phase-In Adjustment (c x d)
2009-10	9,529,082	16,170,202	6,641,120	0.2	1,328,224
2010-11	9,689,332	27,361,358	17,672,026	0.4	7,068,810
2011-12	11,416,386	(5,002,447)	(16,418,833)	0.6	(9,851,300)
2012-13	10,765,036	12,739,686	1,974,650	0.8	1,579,719
Total Adjustment					125,454
Market Value as of June 30, 2013					148,576,976
<b>Actuarial Value as of June 30, 2013</b> <b>(Market Value less Total Adjustment, within 80%/120% Corridor of Market Value)</b>					<b>148,451,522</b>
Ratio to Market Value					99.92%

### **Section 3:**

### **Actuarial Computations**



### 3.1: Computation of Total Annual Contribution

	July 1, 2012	July 1, 2013
(1) <u>Active Actuarial Liability</u>		
ATU	45,417,787	47,092,829
IBEW	20,235,511	20,395,244
Clerical	2,147,438	2,295,436
Non-Contract	<u>17,743,837</u>	<u>18,795,421</u>
Total	85,544,573	88,578,930
(2) <u>Active Present Value of Future Benefits</u>		
ATU	64,180,128	64,046,707
IBEW	26,238,680	25,876,081
Clerical	2,665,715	2,739,075
Non-Contract	<u>20,870,351</u>	<u>21,977,598</u>
Total	113,954,874	114,639,461
(3) <u>Inactive Actuarial Liability</u>		
ATU	84,712,058	85,370,630
IBEW	13,229,433	15,042,417
Clerical	3,543,243	3,173,329
Non-Contract	<u>48,371,250</u>	<u>49,166,164</u>
Total	149,855,984	152,752,540
(4) Total Actuarial Liability, (1) + (3)	235,400,557	241,331,470
(5) Plan Assets (Actuarial Value)	147,787,312	148,451,522
(6) Unfunded Actuarial Liability (UAL), (4) – (5)	87,613,245	92,879,948
(7) 25 Year Amortization of UAL	7,311,482	7,311,482
(8) 15-Year Amortization of (Gains)/Losses	0	690,847
(9) Total Amortization	7,311,482	8,002,329
(10) Total Normal Cost	3,904,281	3,908,376
(11) Projected Plan Member Payroll	33,392,891	32,707,265
(12) Normal Cost (% of Member Payroll) (10) / (11)	11.692%	11.950%
(13) Total Cost, (9) + (10)	11,215,763	11,910,705
(14) Total Cost (Interest Adjusted) (13) x 1.075	12,056,945	12,804,008
(15) <b>Total Cost (% Member Payroll), (14) / (11)</b>	<b>36.106%</b>	<b>39.147%</b>

The employer cost is the total cost, less contributions paid into the Fund by members during the year

#### **Section 4:**

#### **Disclosure Information**

## 4.1: Schedules of Funding Status and Employer Contributions Required Under GASB Statement No. 25

The Governmental Accounting Standards Board (GASB) Statements No. 25 and 27 relate to the disclosure of pension liabilities on a public employer's financial statements. For accounting periods beginning after June 15, 1996, information required under these statements must be prepared for a public employer who seeks compliance with generally accepted accounting principles (GAAP) on behalf of its public employee retirement system.

GASB Statement No. 25 requires preparation of schedules of funding status and employer contributions, as well as the disclosure of plan provisions, actuarial assumptions, and other information.

The required schedules are shown below. In each case, we have relied upon information from our files and contained in the reports of prior actuaries employed by the employer in completing the schedules. While we have no reason to believe the information in our files or in prior actuaries' reports is inaccurate, we strongly recommend that employer personnel verify the schedules below before they are included in Plan or employer financial statements.

Schedule of Funding Status

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AL)	Unfunded Actuarial Liability (UAL)	Funded Ratio (AVA/AL)	Covered Payroll	UAL as a Percent of Payroll
1/1/03	56,330,528	125,584,398	69,253,870	45%	34,944,956	198%
1/1/04	78,667,471	132,307,053	53,639,582	59%	36,236,639	148%
1/1/05	152,877,022	162,878,929	10,001,907	94%	34,858,941	29%
1/1/06	153,083,086	168,877,304	15,794,218	91%	34,958,968	45%
7/1/07	160,696,946	186,611,461	25,914,515	86%	33,026,594	78%
7/1/08	164,759,680	195,624,156	30,864,476	84%	33,251,305	93%
7/1/09	144,196,322	202,089,428	57,893,106	71%	33,893,666	171%
7/1/10	152,895,717	226,820,827	73,925,110	67%	31,888,597	232%
7/1/11	151,113,025	236,874,642	85,761,617	64%	32,573,125	263%
7/1/12	147,787,312	235,400,557	87,613,245	63%	33,392,891	262%
7/1/13	148,451,522	241,331,470	92,879,948	62%	32,707,265	284%

In the valuation as of January 1, 2004, the Actuarial Value of Assets was changed from the market value to a five-year smoothing method. In 2004, a Pension Obligation Bond was issued, and subsequently \$76 million was contributed to the Plan, which is reflected in the January 1, 2005 asset value.

In the valuation as of July 1, 2010, the Plan's assumptions were modified to incorporate the results of an actuarial experience study for the years 2006-2010. As a result of these assumption changes, Plan liabilities and costs increased.

### Schedule of Employer Contributions

Year Ending	Annual Required Contribution	Actual Contribution	Percentage Contributed
12/31/02	6,436,083	6,436,083 (Est)	100%
12/31/03	5,880,631	4,691,246	80%
12/31/04 <sup>1</sup>	7,135,333	76,282,335	1,069%
12/31/05 <sup>2</sup>	3,884,661	1,800,066	46%
6/30/07 <sup>3</sup>	4,575,781	4,575,781	100%
6/30/08 <sup>4</sup>	4,655,668	4,655,668	100%
6/30/09	5,275,088	5,275,088	100%
6/30/10	5,674,021	5,674,021	100%
6/30/11	7,753,347	7,753,347	100%
6/30/12	10,024,769	10,024,769	100%
6/30/13	10,957,255	10,957,255	100%

The table below summarizes certain information about this actuarial report.

Measurement date	July 1, 2013
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	25 Years closed for the unfunded actuarial liability as of July 1, 2012; separate 15-year closed periods for annual actuarial gains and losses thereafter
Asset smoothing method	Market value less unrecognized investment gains or losses during the prior four years, phased in at 20% per year, but required to be within 20% of market value
Actuarial assumptions:	
Investment rate of return*	7.50%
Projected salary increases*	3.50 – 10.50% for drivers and mechanics 3.25 - 12.00% for administrative members 3.50 - 14.00% for clerical members
*Includes inflation at	3.00%
Cost of living adjustments	Up to 2% annually for certain Non-Contract members only

<sup>1</sup> Based on 1/1/04 contribution percentage multiplied by 2005 projected payroll

<sup>2</sup> Based on 1/1/05 contribution percentage multiplied by 2006 projected payroll

<sup>3</sup> Based on 1/1/06 contribution percentage multiplied by 2007 projected payroll

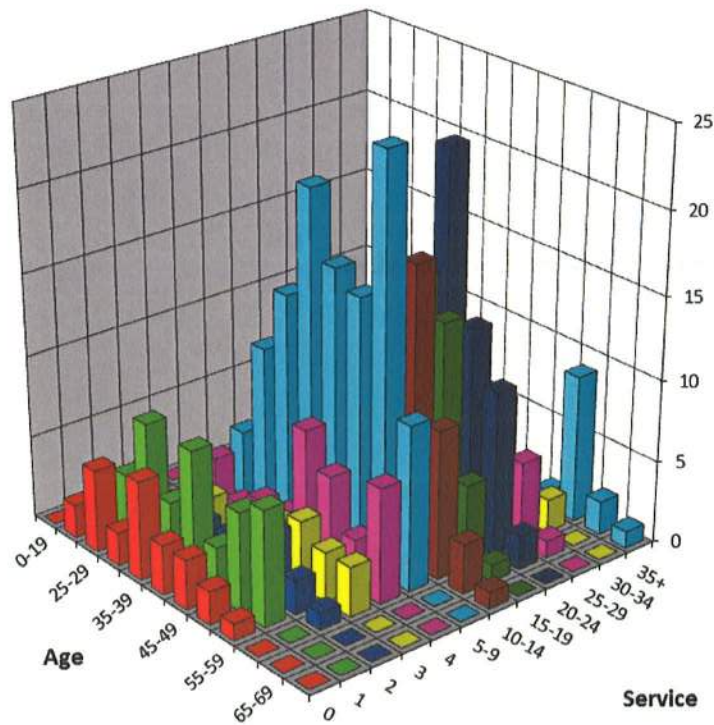
<sup>4</sup> Based on 1/1/06 contribution percentage multiplied by 2007-08 projected payroll

## **Appendix I:**

### **Detailed Demographic Information**



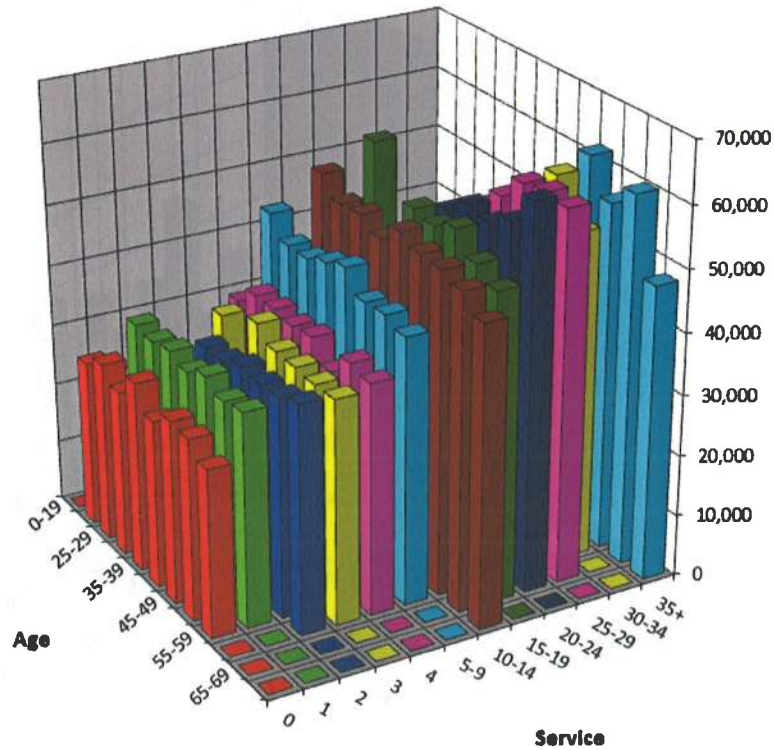
**Active Drivers  
 by Age and Service  
 as of July 1, 2013**



Service / Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	2	0	0	0	0	0	0	0	0	0	0	0	2
25-29	5	4	0	0	3	4	0	0	0	0	0	0	16
30-34	2	8	0	2	1	10	1	0	0	0	0	0	24
35-39	6	4	2	0	2	14	4	1	0	0	0	0	33
40-44	3	8	2	1	2	21	13	3	0	0	0	0	53
45-49	3	3	1	3	8	17	13	6	6	3	0	0	63
50-54	2	6	4	4	6	16	15	16	23	5	0	0	97
55-59	1	7	2	3	3	25	18	14	13	8	1	1	96
60-64	0	0	1	3	7	10	9	5	10	5	2	9	61
65-69	0	0	0	0	0	0	3	1	2	1	0	2	9
70+	0	0	0	0	0	0	1	0	0	0	0	1	2
<b>Total</b>	<b>24</b>	<b>40</b>	<b>12</b>	<b>16</b>	<b>32</b>	<b>117</b>	<b>77</b>	<b>46</b>	<b>54</b>	<b>22</b>	<b>3</b>	<b>13</b>	<b>456</b>

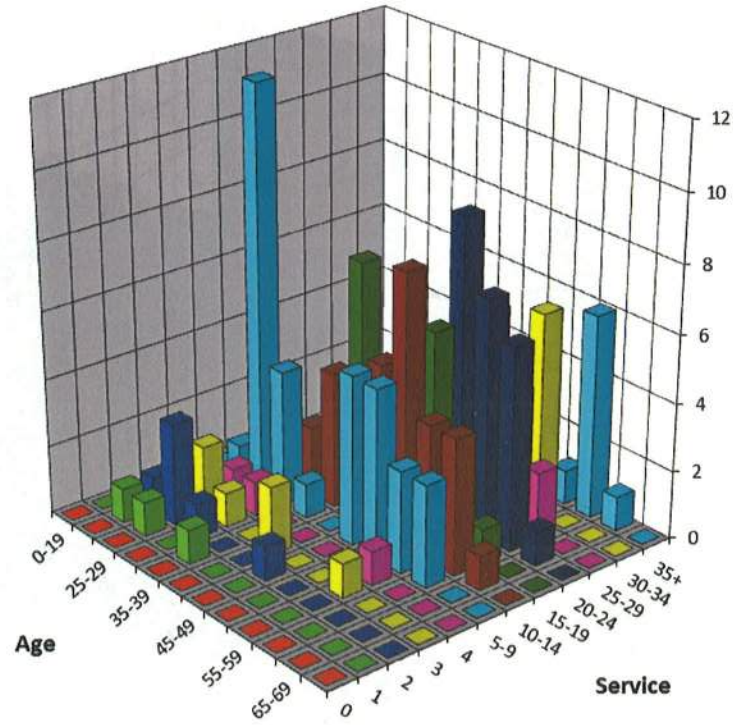


**Active Drivers  
Payroll by Age and Service  
as of July 1, 2013**



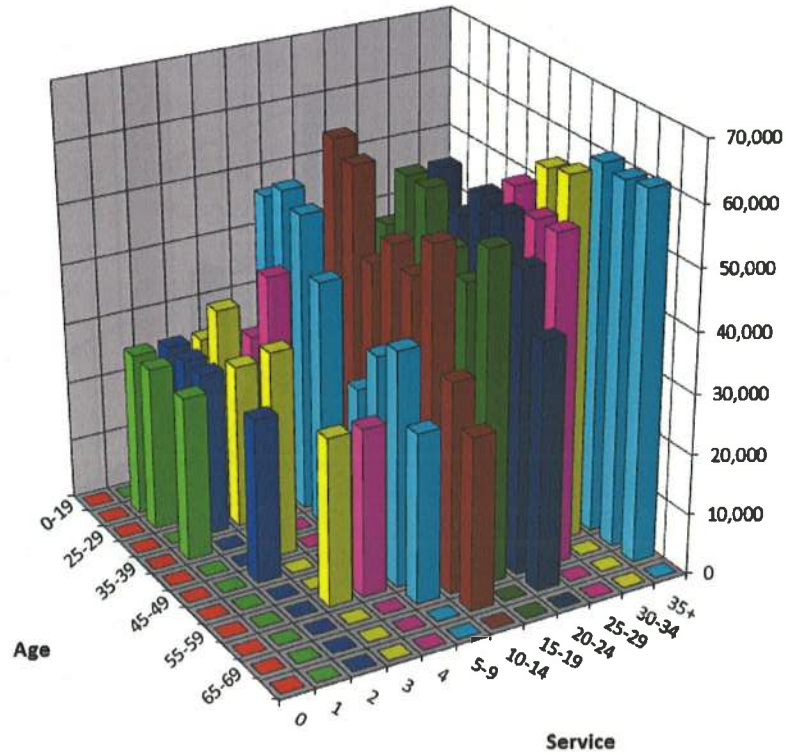
Service / Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	27,270	0	0	0	0	0	0	0	0	0	0	0	27,270
25-29	29,548	34,690	0	0	34,748	48,136	0	0	0	0	0	0	36,456
30-34	27,270	34,297	0	35,928	37,916	44,877	55,395	0	0	0	0	0	39,286
35-39	31,255	35,127	34,292	0	37,877	44,856	52,455	61,329	0	0	0	0	41,561
40-44	27,423	34,084	34,437	39,172	37,414	46,350	52,881	45,897	0	0	0	0	44,081
45-49	30,044	35,824	35,941	37,014	37,987	47,779	51,098	54,613	53,205	52,649	0	0	46,506
50-54	29,745	34,240	35,454	36,862	34,737	44,432	54,294	53,932	55,971	56,229	0	0	48,653
55-59	27,465	35,008	35,794	36,504	38,497	44,714	52,872	55,586	55,254	60,221	60,387	62,259	49,371
60-64	0	0	37,247	36,619	37,723	43,554	52,588	52,256	57,479	60,846	53,373	56,703	50,449
65-69	0	0	0	0	0	0	51,529	50,186	62,671	60,410	0	60,172	56,763
70+	0	0	0	0	0	0	48,858	0	0	0	0	47,985	48,422
Total	29,321	34,607	35,338	36,805	37,019	45,463	52,724	53,897	56,018	58,432	55,711	56,993	46,847

**Active Mechanics  
by Age and Service  
as of July 1, 2013**



Service / Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	1	1	1	0	1	0	0	0	0	0	0	14
25-29	0	1	3	2	1	12	0	0	0	0	0	0	17
30-34	0	0	1	1	1	4	2	0	0	0	0	0	11
35-39	0	1	0	0	0	1	4	7	0	0	0	0	10
40-44	0	0	0	2	0	0	2	2	4	0	0	0	16
45-49	0	0	1	0	0	5	5	2	3	0	0	0	28
50-54	0	0	0	0	0	5	8	6	9	6	4	0	33
55-59	0	0	0	1	1	3	4	2	7	4	6	1	28
60-64	0	0	0	0	0	3	4	1	6	2	0	6	18
65-69	0	0	0	0	0	0	1	0	1	0	0	1	4
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	3	6	7	3	34	30	20	30	12	10	8	163

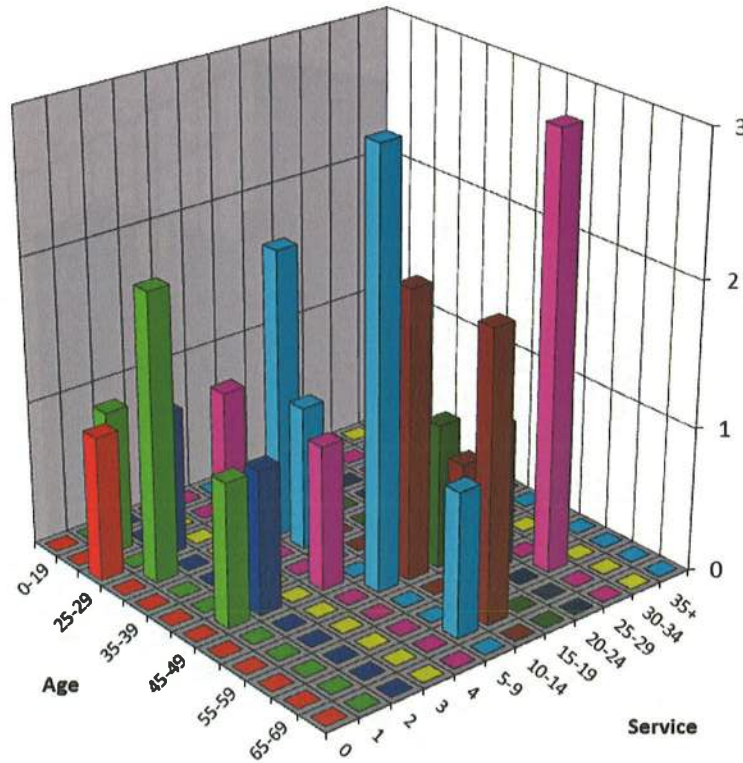
**Active Mechanics  
Payroll by Age and Service  
as of July 1, 2013**



Service / Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	27,198	27,198	27,198	0	48,784	0	0	0	0	0	0	32,595
25-29	0	27,198	27,198	34,325	28,552	51,790	0	0	0	0	0	0	43,551
30-34	0	0	27,198	27,198	40,850	49,821	60,974	0	0	0	0	0	46,275
35-39	0	27,198	0	0	0	40,850	58,598	47,782	0	0	0	0	48,993
40-44	0	0	0	34,325	0	0	44,763	57,749	57,749	0	0	0	50,467
45-49	0	0	27,198	0	0	27,860	50,095	57,749	52,173	0	0	0	43,062
50-54	0	0	0	0	0	35,694	47,203	50,095	57,391	57,749	59,362	0	51,503
55-59	0	0	0	27,800	27,800	38,908	54,374	47,053	56,450	54,524	60,304	60,974	52,413
60-64	0	0	0	0	0	28,101	34,852	54,524	50,081	54,524	0	60,304	47,709
65-69	0	0	0	0	0	0	28,552	0	41,022	0	0	60,974	43,516
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	27,198	27,198	31,357	32,401	42,035	48,647	50,734	54,690	56,137	59,927	60,472	48,234

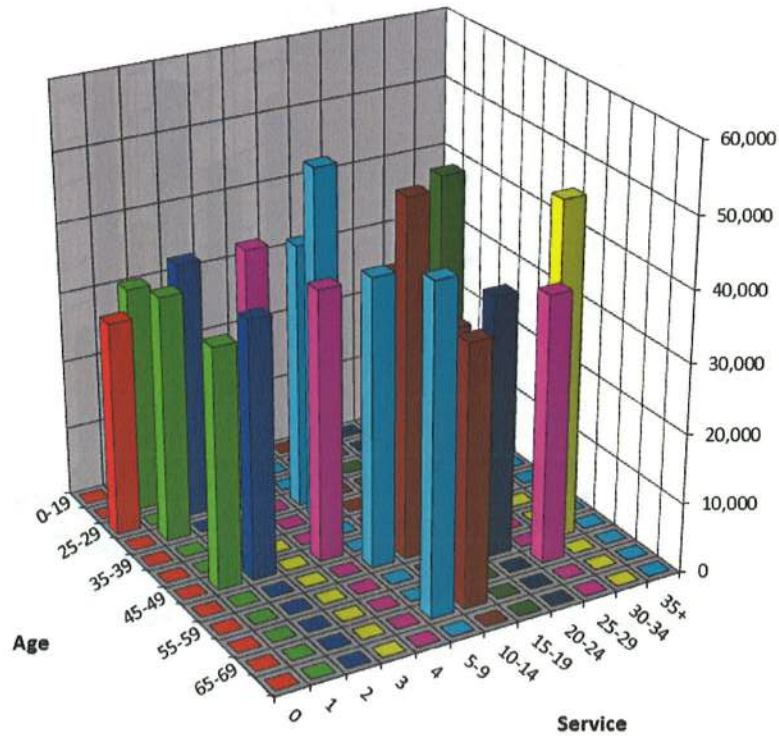


**Active Clerical Members  
Age and Service  
as of July 1, 2013**



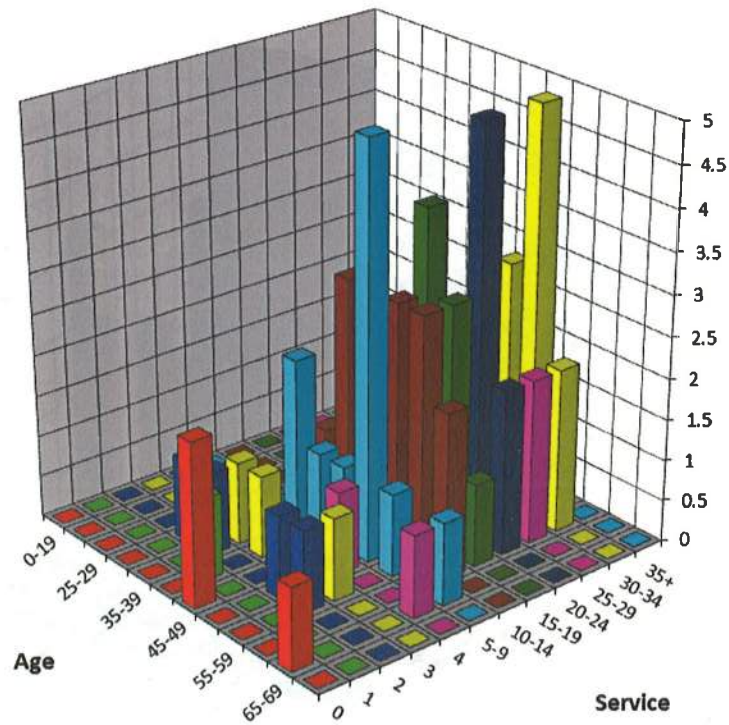
Service / Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	1	0	0	0	0	0	0	0	0	0	0	1
25-29	1	0	1	0	1	0	0	0	0	0	0	0	3
30-34	0	2	0	0	0	2	0	0	0	0	0	0	4
35-39	0	0	0	0	0	1	0	0	0	0	0	0	1
40-44	0	0	0	0	0	0	0	0	0	0	0	0	0
45-49	0	1	1	0	1	0	1	0	0	0	0	0	4
50-54	0	0	0	0	0	3	2	1	0	0	0	0	6
55-59	0	0	0	0	0	0	0	0	1	0	1	0	2
60-64	0	0	0	0	0	0	1	0	0	3	0	0	4
65-69	0	0	0	0	0	1	2	0	0	0	0	0	3
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	4	2	0	2	7	6	1	1	3	1	0	28

**Active Clerical Members  
Payroll by Age and Service  
as of July 1, 2013**




Service / Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	32,508	0	0	0	0	0	0	0	0	0	0	32,508
25-29	30,702	0	36,834	0	36,834	0	0	0	0	0	0	0	34,790
30-34	0	35,225	0	0	0	38,193	0	0	0	0	0	0	36,709
35-39	0	0	0	0	0	50,816	0	0	0	0	0	0	50,816
40-44	0	0	0	0	0	0	0	0	0	0	0	0	0
45-49	0	34,314	36,834	0	38,708	0	38,608	0	0	0	0	0	37,116
50-54	0	0	0	0	0	41,196	50,989	52,793	0	0	0	0	46,393
55-59	0	0	0	0	0	0	0	0	37,175	0	48,380	0	42,778
60-64	0	0	0	0	0	0	36,834	0	0	38,203	0	0	37,861
65-69	0	0	0	0	0	46,453	37,159	0	0	0	0	0	40,257
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>30,702</b>	<b>34,318</b>	<b>36,834</b>	<b>0</b>	<b>37,771</b>	<b>42,463</b>	<b>41,956</b>	<b>52,793</b>	<b>37,175</b>	<b>38,203</b>	<b>48,380</b>	<b>0</b>	<b>39,969</b>

**Active Administrative Members  
by Age and Service  
as of July 1, 2013**




Service / Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	1	0	0	0	0	0	0	0	0	0	1
35-39	0	0	1	1	0	2	1	0	0	0	0	0	5
40-44	0	1	0	1	0	1	3	2	0	0	0	0	6
45-49	2	0	0	0	0	1	1	2	1	2	0	0	10
50-54	0	0	1	0	1	5	3	4	2	1	3	0	23
55-59	0	0	1	1	0	1	3	3	5	1	5	0	17
60-64	0	0	0	0	0	0	2	1	2	2	2	0	7
65-69	1	0	0	0	1	1	0	0	0	0	0	0	1
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	3	1	4	3	2	11	13	12	10	6	10	0	75




 **CHEIRON**

CLASSIC VALUES. INNOVATIVE ADVICE

 **EFI Actuaries**  
addressing public pension issues of today  
AND TOMORROW


# Retirement Plans of San Diego Transit Corporation

## Actuarial Valuation as of July 1, 2013



December 5, 2013


Anne D. Harper, ASA, MAAA  
Robert T. McCrory, FSA, CERA, EA



## Plan for Today


- **Plan History**
  - Current Plan cost
  - Cost by benefit
  - Cost by source
  - Cost and funding history
  - History of active membership
- **Plan Future**
  - Future costs
  - Future funding

**1**


 **CHEIRON**

## Plan History


- Current status
- Cost by benefit, source
- History of Plan cost
- History of Plan funded ratios
- History of Plan membership



2




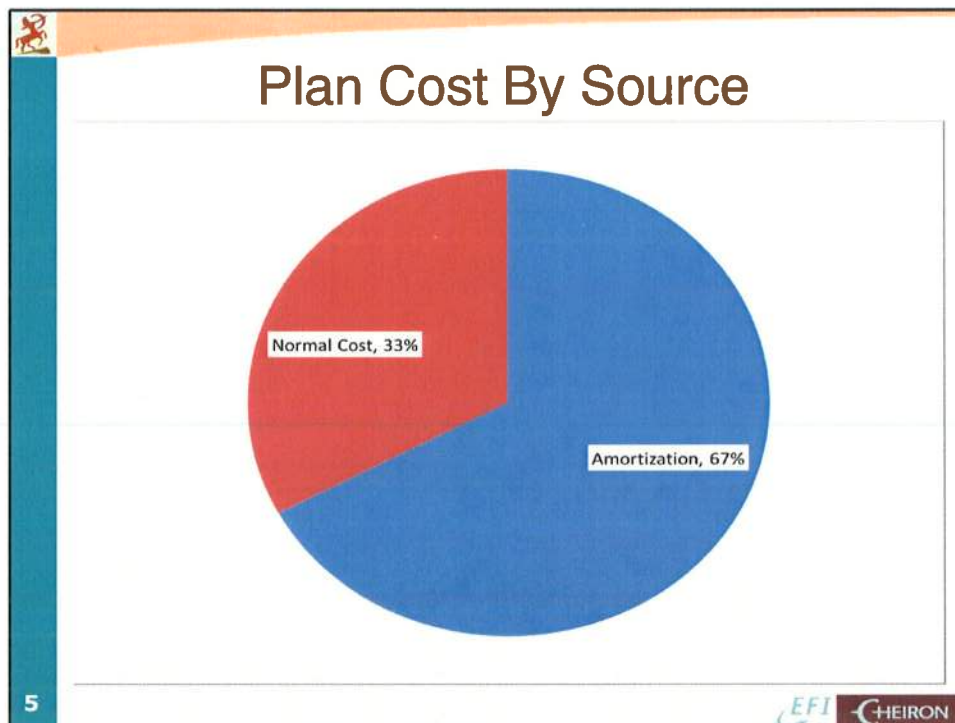
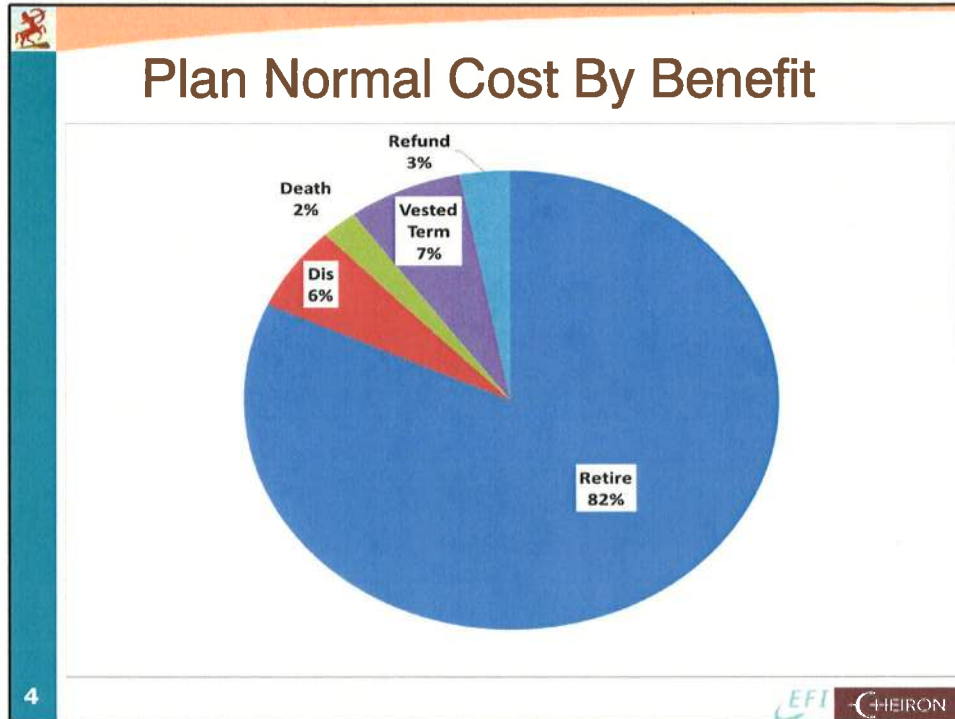
## Current Status: Plan Cost

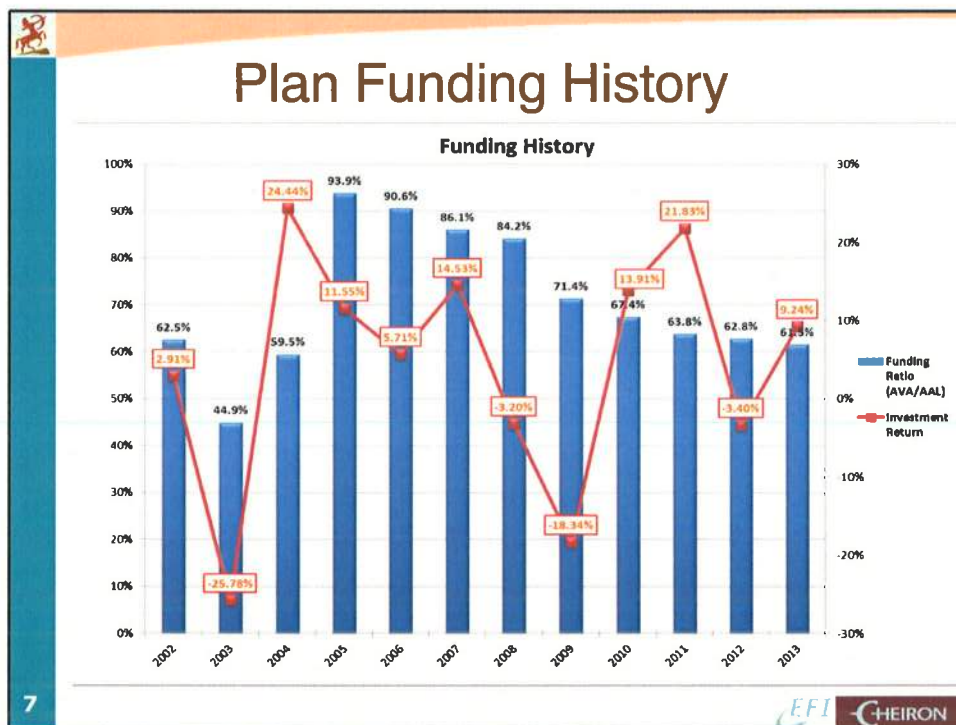
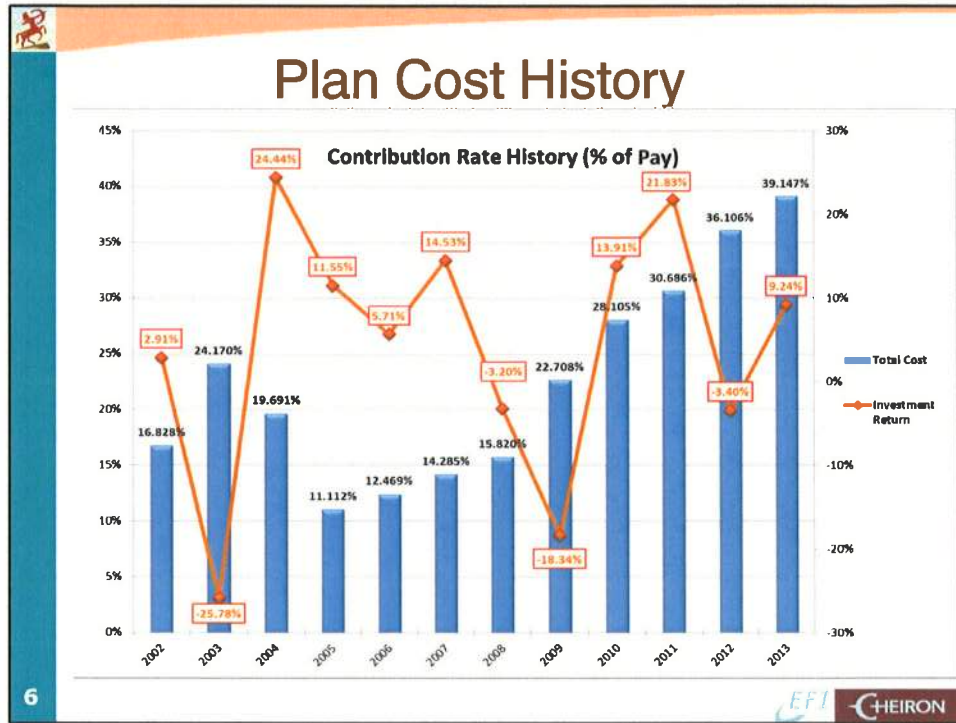


	Cost in Dollars	Cost as % of Payroll
July 1, 2012 (Section 3.1, Column 1)	\$ 12,056,945	36.106%
Change in cost due to demographic and salary experience	78,443	0.664%
Expected change in cost based on prior valuation and deferred investment gains/losses	781,843	2.369%
Change in cost due to investment experience from July 1, 2012 through June 30, 2013	(44,741)	(0.136%)
Change in cost due to changes in actuarial software with merger of EFI and Cheiron	(68,483)	0.144%
July 1, 2013 (Total employee + employer) (Section 3.1, Column 2)	12,804,007	39.147%

3









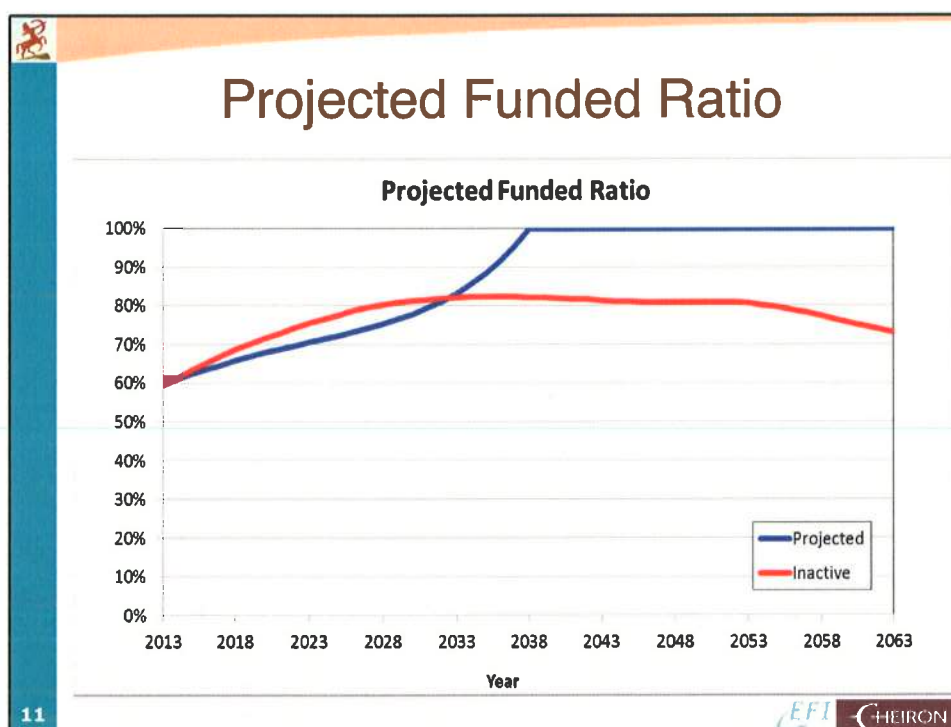
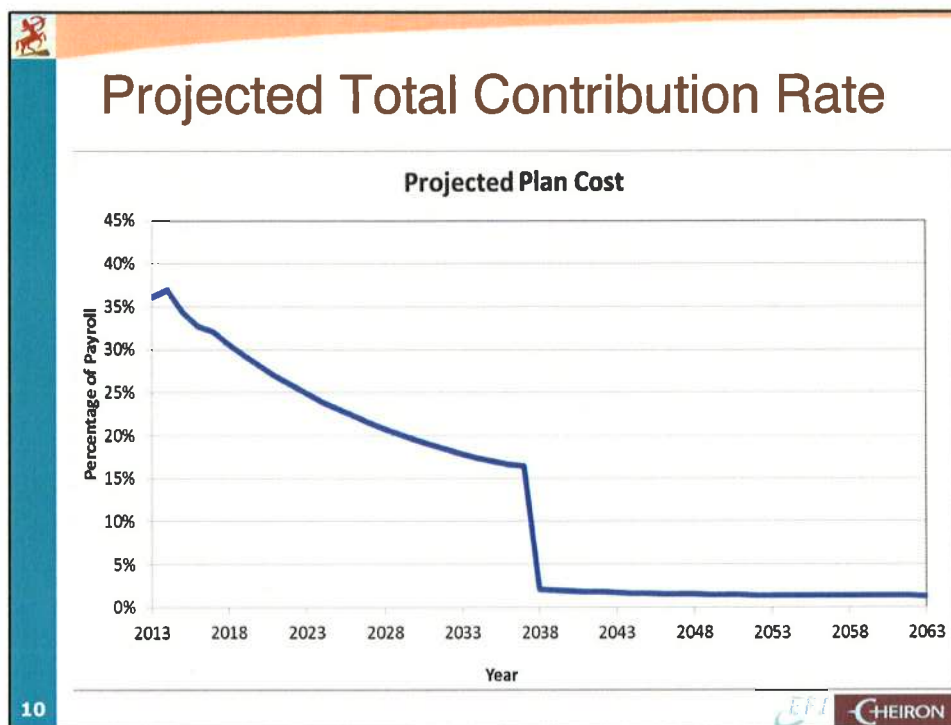
## Plan Future

- Future costs
- Future funded ratios


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EFI CHEIRON








A photograph of a red and black Volkswagen Beetle and a matching van parked on grass. The Beetle has a black roof and a license plate that reads "GPV 1BIC". The van is also red with a black roof. They are parked on a green lawn with trees in the background.

# Appendix

- Actuarial funding

12

EFI CHEIRON

A photograph of a red and black Volkswagen Beetle and a matching van parked on grass. The Beetle has a black roof and a license plate that reads "GPV 1BIC". The van is also red with a black roof. They are parked on a green lawn with trees in the background.

# Actuarial Funding

- Estimate assets required at retirement to provide the promised retirement benefit
  - ✓ Requires economic assumptions (e.g., rate of return on assets) and demographic assumptions (e.g., life expectancy)
- Design a plan to accumulate those assets as the employee works
  - ✓ The Actuarial Funding Method (e.g., Entry Age Normal)
- Set a series of asset targets to achieve as the employee works
  - ✓ These asset targets are called the Actuarial Liability
- Set an annual contribution that will hit these asset targets if all the assumptions hold true
  - ✓ This is the Normal Cost
- Monitor funding progress every year
  - ✓ Compare actual assets against the asset targets in the annual actuarial valuation
- Adjust annual contribution for assets above or below the asset target
  - ✓ This is the amortization of the unfunded liability (if assets below target)

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EFI CHEIRON

## SDTC Funding Policies


- Return assumption: 7.5% for July 1, 2013 valuation
- Wage and price inflation: 3.0% per year
- Cost method: Entry Age Normal to Final Decrement
  - Classified as "LCAM-consistent" or Model by CAAP
- Amortization
  - Closed 25-year amortization of Unfunded Actuarial Liability (UAL) on July 1, 2012; 24 years remaining as of July 1, 2013
  - Closed 15 year amortization of actuarial gains and losses emerging in each year's valuation
  - Currently "Acceptable". As amortization period of UAL declines, will transition to "LCAM-consistent" or Model by CAAP
- Asset smoothing method: 5-year smoothing using fixed periods, 80%/120% corridor
  - Classified as "LCAM-consistent" or Model by CAAP

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## CAAP Classification as Applied to SDTC

Category	Funding Method	Asset Smoothing	Amortization
<b>Model</b>	<b>Entry Age Normal (Individual, to Final Decrement)</b>	<b>Five Years, 20% Corridor</b>	<b>Layered Amortization of Each Source of UAL Over 5 to 25 Years</b>
<b>Acceptable</b>			Rolling Amortization of Gain/Loss, Layered Amortization of All Other Sources
<b>Acceptable with Conditions</b>			Rolling Amortization of Entire UAL Except for Plan Amendments
<b>Not Recommended</b>			Rolling Amortization of Entire UAL Over >= 20 Years
<b>Unacceptable</b>			


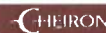
EFI CHEIRON




## Plan for Today

- **Plan History**
  - Current Plan cost
  - Cost by benefit
  - Cost by source
  - Cost and funding history
  - History of active membership
- **Plan Future**
  - Future costs
  - Future funding


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## Required Disclosures


- The purpose of this presentation is to discuss the current status and outlook for the Retirement Plans of San Diego Transit Corporation. This presentation is for the use of the Retirement Board in its education and outreach efforts.
- In preparing this presentation, we relied without audit, on information (some oral and some written) supplied by Staff at San Diego Transit and San Diego Metropolitan Transit System. This information includes, but is not limited to, the plan provisions, employee data, and financial information.
- To the best of our knowledge, this presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.
- This presentation was prepared solely for the Board of the Retirement Plans of San Diego Transit Corporation for the purposes described herein. This presentation is not intended to benefit any third party and Cheiron-EFI assumes no duty or liability to any such party.



Robert McCrory, FSA, FCA



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## Contacts

- Bob McCrory
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- Anne Harper
  - [aharper@cheiron.us](mailto:aharper@cheiron.us), (703) 893-1456 x1107
- David Holland
  - [dholland@cheiron.us](mailto:dholland@cheiron.us), (703) 893-1456 x1108





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(619) 231-1466 • FAX (619) 234-3407

## Agenda Item No. C4

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

December 5, 2013

#### SUBJECT:

SECURITY SERVICES AGREEMENT – EXERCISE OPTIONS YEARS (BILL BURKE)

#### RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to exercise Option Years 1 and 2 under MTS Doc. No. G1299.0-10 (in substantially the same form as Attachment A) with Universal Protection Service (UPS) for the provision of security services for fiscal years 2015 and 2016.

#### Budget Impact

Expenses for FY 2015 are estimated at \$7,022,400.00 and FY 16 at \$7,324,800.00 for a total of \$14,347,200.00. These amounts will be incorporated into each fiscal year's operating budgets (420-53510 Security Services).

#### DISCUSSION:

On May 15, 2013, the Board approved an amendment to MTS's security services contract with UPS to update the authorized spending amounts to reflect increased security services requirements on the MTS system. The base term for the contract expires on June 30, 2014. Under the agreement and original Board approval on June 24, 2010, the CEO has the authority to exercise two 1-year options, which offers MTS the ability to extend the contract through June 30, 2016, if it is to MTS's advantage. The contract terms and rates would remain the same during the option years.

The North County Transit District (NCTD) recently completed a competitively negotiated procurement for security services. Because of existing market conditions, NCTD's costs are significantly higher than MTS's under the existing agreement between the MTS and UPS. Anticipating that a competitive procurement would yield similar results for MTS, staff believes that exercising Option Years 1 and 2 would be to MTS's economic advantage.



Therefore, staff recommends that Board of Directors authorize the CEO to exercise Option Years 1 and 2 under MTS Contract No. G1299.0-10 with UPS for the provision of security services for fiscal years 2015 and 2016.



---

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachment: A. MTS Doc. No. G1299.4-10



# DRAFT

December 12, 2013

MTS Doc. No. G1299.4-10  
970.11

Mr. Steve Claton, President  
Universal Protection Service  
1551 N. Tustin Avenue, Suite 650  
Santa Ana, CA 92705

Subject: AMENDMENT NO. 4 TO MTS DOC. NO. G1299.0-10; SECURITY SERVICES

Dear Mr. Claton:

This Contract Amendment No. 4 shall serve as formal notice of MTS's decision to exercise both period of performance Option Years, One and Two, of this Contract. By exercising both option years, the period of performance will extend through June 30, 2016.

On June 13, 2011, Universal Protection Service (UPS) acknowledged an assignment of services (Exhibit A) in the amount of \$20,000.00 from MTS to the San Diego Association of Governments (SANDAG). This assignment of services will be applied to the four-year base period of the Contract ending on June 30, 2014. Inclusive of the additional authorized funds in Amendment 3, the total not to exceed base period value will be reduced from \$25,356,233.00 to \$25,336,233.00.

The total not to exceed value of both Option Years one and two, inclusive of additional funds of \$2,446,066.00 approved in Amendment 3 will be \$14,347,200.00.

As a result of this Amendment, the total Contract Value, inclusive of the base and option years will not exceed \$39,683,433.00. This amount shall not be exceeded without prior written approval from MTS in the form of a Contract Amendment.

Please sign and return the copy marked "Original" to the Contracts Specialist at MTS. All other terms and conditions shall remain the same and in effect. Retain the other copy for your records.

Sincerely,

Agreed:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Steve Claton  
Universal Protection Service

LMARQUIS-CL  
CL-G1299.4-10.UPS.SREED.121213

Date: \_\_\_\_\_

cc: B. Burke, E. DeGuzman, S. Reed, Procurement File


Attachment: Exhibit A – Partial Assignment

THE EFFECTIVE DATE OF THIS ASSIGNMENT IS on or after April 28, 2011.

IN WITNESS WHEREOF, Assignor, Assignee, and Contractor have caused this Assignment to be executed and delivered as of the date of the Contractors signature.

Assignee:

San Diego Association of Governments

  
\_\_\_\_\_  
Laura Cote  
Director of Administration

6/14/11

Date

Assignor:


Metropolitan Transit System

  
\_\_\_\_\_  
PAUL JABLONSKI  
Chief Executive Officer

5/5/11

Date

Approved as to form:

  
\_\_\_\_\_  
Office of the General Counsel

6/15/11

Date

Approved as to form:

  
\_\_\_\_\_  
Office of the General Counsel

5/4/11

Date

Contractor hereby consents to the assignment from MTS to SANDAG and releases MTS from any and all liability associated with performing any work for SANDAG as a result of this Assignment. Consent granted on this 13<sup>th</sup> of June 2011.

Heritage Security Services

Print Name/Title and Date/Sign

Date

## **Executive Committee**

**December 5, 2013**

### ***Item No. C4*** **Security Service Contract - Exercise Option Years**



1



## **Security Services Contract**

- MTS Doc. No. G1299.0-10
- Awarded to Heritage Security Services after competitive procurement (RFP)
- Contract Approved by Board 6/24/2010
- Universal Protection Services purchased Heritage; assignment approved May 2012.



2



## CONTRACT TERM

- 4-year base period with two 1-year options.
  - Base: July 1, 2010 to June 30, 2014
  - Option Yr 1: July 1, 2014 to June 30, 2015
  - Option Yr 2: July 1, 2015 to June 30, 2016
- Authorize CEO to Exercise Option Years 1 and 2.



3



## May 2013 - Additional Funds for Extra Security Patrols

	Actual Spending
FY 11	\$5,942,643.11
FY 12	\$ 6,049,364.15
	\$ 6,567,426.28 *5/13 estimate
FY 13	\$6,666,385.38 **actual
FY 14 - Estimate	\$ 6,796,800.00
Option Year FY 15 - Estimate	\$ 7,022,400.00
Option Year FY 16 - Estimate	\$ 7,324,800.00

- FY 13 estimated spending for MTS security services based on 6 months of FY 13 invoices
- Ratify additional FY 13 spending of \$98,959.10 (within CEO's \$100K authority).



4



## Recommendation

- That the Executive Committee forward a recommendation to the Board of Directors to:
  - authorize the CEO to exercise Option Years 1 and 2 under MTS Doc. No. G1299.0-10 with Universal Protection Service for the provision of security services for fiscal years 2015 and 2016.
  - ratify and amend contract to authorize additional spending of \$98,959.10 in FY 13.





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## Agenda Item No. C5

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

December 5, 2013

#### SUBJECT:

REGIONAL TRANSPORTATION MANAGEMENT SYSTEM (RTMS) BACK OFFICE  
UPGRADE AND CONTRACT BUS FLEET EXPANSION (BILL SPRAUL AND  
STEVAN WHITE)

#### RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1544.0-13 (in substantially the same form as Attachment A) with ACS Transport Solutions, Inc. (ACS) to purchase, install, test and verify, and warranty Regional Transportation Management System (RTMS) equipment, hardware, software, and back-office equipment for the MTS Bus, MTS contracted bus, and NCTD fleets.

#### Budget Impact

This purchase is budgeted under MTS Capital Improvement Program (CIP) 11290. The budget for this project comes from MTS CIP funding and the TransNet funding for the South Bay Bus Rapid Transit (BRT) and Mid-City Rapid Projects. In addition, certain costs are shared between MTS and North County Transit District (NCTD) based on an existing Memorandum of Understanding (MOU). The expected shared cost paid for by NCTD is \$1.28 million.

The purchase and installation of equipment, software, licenses, and warranty will be implemented on 298 vehicles and shall not exceed \$11,314,385.18. The cost is approximately \$10,831,016.60 plus tax of \$ 483,368.58 for a total amount of \$11,314,385.18.

#### DISCUSSION:

The RTMS is a Computer-Aided Dispatching (CAD) system by ACS that allows MTS and NCTD supervisors to monitor vehicle locations, monitor bus route on-time performance,

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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.





higher level of safety and security for passengers with real-time GPS tracking of buses, covert alarms, and monitoring of incidents on the bus.

Work to install the system began in 2003 and was operational in 2005 for San Diego Transit Corporation (SDTC) routes, which constitute approximately half of MTS bus services. NCTD's routes and vehicles are also covered by the system, and costs are shared between the two agencies through an MOU. Funding has been identified to expand the system to the entire MTS fixed-route bus fleet.

The upgrade and expansion project will encompass the following tasks:

1. Upgrade the backend databases and applications to the most recent version with new and improved capabilities for the entire system (MTS and NCTD).
2. Install a new radio tower in San Ysidro to improve system coverage (MTS).
3. Install mobile radios and data units in 298 revenue and nonrevenue vehicles operated by contractors. The new data units will include automated next-stop passenger announcements (MTS).
4. Convert a voice communication channel to a data channel so that the increased number of vehicles will have the bandwidth to communicate with the operations control center (MTS).
5. Install a new radio voice recording system for the entire system (MTS and NCTD).
6. Install 3 additional voice radio and CAD supervisor consoles in the radio operations control center at the Imperial Avenue Division (MTS).

With the addition of these 298 vehicles, MTS will have real-time tracking of all fixed-route buses, which is a major improvement for the safety and comfort of MTS passengers. In addition, the entire MTS system will now have real-time capability to provide passengers actual arrival times through MTS's texting service (GOMTS), Google Maps, and 511.

ACS is the original equipment manufacturer (OEM) of the RTMS equipment on the current MTS fleet of buses, which have RTMS. ACS will provide the services necessary to upgrade the backend applications and databases, provide the equipment and installation services for the contracted fleet, and provide warranty support. ACS RTMS equipment is proprietary to ACS, and no other equipment can be sourced to communicate with its equipment or system.

In accordance with third-party contracting guidelines, Federal Transit Administration (FTA) Circular 4220.1F, Chapter VI, Section 3i(1)(b)1b, a sole-source award may be recommended in cases where the recipient (MTS) requires supplies or services available from only one responsible source, and no other supplies or services will satisfy its requirements.

Based on the above information, MTS staff has concluded that awarding a contract to ACS represents the best value to MTS. Pricing and other factors considered, staff finds ACS's pricing to be fair and reasonable and recommends awarding a contract to ACS in the amount not to exceed \$11,314,385.18 (inclusive of sales tax) for RTMS equipment, hardware, software, and warranty support.



Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachment: A. MTS Doc. No. G1544.0-13 (w/o exhibits)

# DRAFT

Att. A, AI C5, 12/5/13

## STANDARD PROCUREMENT AGREEMENT

G1544.0-13  
CONTRACT NUMBER  
CIP11290  
FILE NUMBER(S)

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2013, 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: ACS Transport Solutions, Inc. Address: 7160 Riverwood Drive

Form of Business: Corporation Columbia, MD 21046  
(Corporation, partnership, sole proprietor, etc.)

Telephone: 443-413-1762

Authorized person to sign contracts: \_\_\_\_\_

Name

Title

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

Hardware, software, installation, implementation, and warranty products and services as specified in the Scope of Work (attached as Exhibit A), Contractor's price proposal (attached as Exhibit B), the MTS Standard Conditions Procurement (attached as Exhibit C), the Federal Requirements (attached as Exhibit D), MTS Safety Department's SOP (SAF 016-03) (attached as Exhibit E), and Travel Expense Policy Guidelines applicable to this contract (attached as Exhibit F).

The total cost for the project shall not exceed \$11,314,385.18 without the express written approval by MTS.

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
\$11,314,385.18	11290	FY 14

By: \_\_\_\_\_  
Chief Financial Officer

(\_\_\_ total pages, each bearing contract number)

## RTMS Communications System G1544.0-13



MTS Executive Committee Meeting  
Agenda Item No. C5  
December 5, 2013



1



## Background Information

There are currently three different bus communications systems utilized within the MTS Bus Operation

1. San Diego Transit Corporation uses the Regional Transit Management System (RTMS)
  - a) Computer Aided Dispatch (CAD)
  - b) Automatic Vehicle Location (AVL)
  - c) Dedicated Radio System
  - d) Emergency Response System

This system is ten years old (still the original version of the system)



2



## Background Information

2. East County uses the San Diego/Imperial County Regional Communications System(RCS) radio system
  - Radio only system with no additional features or functionality
  - The RCS system is facing a major upgrade, which would require significant MTS investment to remain on this system
3. South Bay uses a Nextel radio system and Chula Vista use a city-provided local radio system
  - Even less functionality than East County

Neither has computer aided dispatch (CAD), automatic vehicle location (AVL), or emergency response functionality



3



## Challenges of Existing System

Without RTMS at East County, South Bay, and Chula Vista, we lack the ability to monitor, track, and respond to an emergency situation for about 50% of our service

There is no consistency and continuity of:

- Operations and system management
- Communications management and protocols
- Incident management
- Reporting
- Public information and access to real-time arrival data



4



## Challenges of Existing System

The lack of visibility and consistency among the current systems creates vulnerability for the security of:

- Our passengers
- Our employees
- Our system



5



## Goal of Project

Procure and install a comprehensive radio, computer aided dispatching, emergency alarm, and automatic vehicle location system on the remainder of fleet to achieve 100% implementation on the fixed route bus system

- Increase level of safety and security
  - Improve on-time performance
  - Improve customer service
  - Improve cost efficiency
- Improve public information



6





## Process Overview

- a) Secure funding in the CIP
  - Multi-year process
  - Partial funding from SANDAG
  - Partial funding from NCTD (approximately \$1.27 million)
- b) Create the RFP
- c) Evaluate the options
- d) Negotiations
- e) Recommendation



7



## Overview of Recommended System

- Maintain current RTMS backbone, and expand to Contract Services
- Conduct a full system upgrade (software, firmware, features, hardware) of SDTC and Contracted Services
- Expand current radio system using a new location at the City of San Diego's San Ysidro radio site
- Installation of RTMS on East County, South Bay, and Chula Vista buses



8



## Estimated Project Schedule

- a) Award, NTP January 2014
- b) Development & Testing
- c) Back Office System Upgrade
- d) East County, South Bay, Chula Vista Installation
- e) Project Completion, August 2015



9



## Recommendation

Staff recommends that the Executive Committee recommend to the Board of Directors that the Board approve authority to the Chief Executive Officer (CEO) to execute MTS Doc. No. G1544.0-13 to authorize the purchase and installation of the RTMS system from ACS Transport Solutions, a Xerox Company, for the total contract, not to exceed \$11,314,385. The project is funded through the CIP (No. 11290).



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## Agenda Item No. C6

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

December 5, 2013

#### SUBJECT:

TAXICAB ADMINISTRATION CONTRACT EXTENSION (SHARON COONEY)

#### RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to negotiate with the City of San Diego a "Ninth Amendment to Agreement for Administration of Taxicab and Other For-Hire Vehicle Regulations Between San Diego Metropolitan Transit System and City of San Diego" (MTS Doc. No. G0225.9-95 - in substantially the form in Attachment A).

#### Budget Impact

None with this action.

#### DISCUSSION:

At its February 2013 meeting, the Board of Directors approved amended contract language to extend the agreement to provide Taxicab Administration services in the City of San Diego for another five years with specific language to clarify MTS's responsibilities. The CEO was authorized to negotiate the amended agreement. Subsequent to the Board's approval, the CEO received a letter from the City signaling its intent to transfer all administrative and regulatory responsibilities of the taxicab and for-hire vehicles from MTS to the City. The City of San Diego then requested a one-year extension to help prepare for the transition. At its March meeting, the Board of Directors approved the one-year extension, which expires on June 30, 2014.



In November, the CEO received a letter from Interim Mayor Todd Gloria indicating interest in a five-year contract with MTS (Attachment B). Staff has begun working with the City to draft language in keeping with the Executive Committee and Board's direction earlier this year. Attachment A provides draft language that reflects the discussions held at the January and February meetings.

  
Paul C. Jablonski

Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachments: A. Draft MTS Doc. No. G0225.9-95  
B. Letter from Interim Mayor Todd Gloria Dated 11/6/13

**~~EIGHTH~~ NINTH AMENDMENT TO AGREEMENT FOR  
ADMINISTRATION OF TAXICAB AND OTHER FOR-HIRE VEHICLE REGULATIONS  
BETWEEN  
SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
AND  
CITY OF SAN DIEGO**

---

THIS AGREEMENT is entered into by and between the City of San Diego, a municipal corporation, 202 C Street, San Diego, CA (herein called "CITY"), and the San Diego Metropolitan Transit System, a public agency, 1255 Imperial Avenue, Suite 1000, San Diego, CA (herein called "MTS"), in view of the following recitals, which are a substantive part of this Agreement:

**RECITALS**

- A. MTS is authorized under Section 120266, Chapter 2, Division 11 of the California Public Utilities Code (PUC), to enter into contracts to regulate transportation services within a city in its area of jurisdiction;
- B. CITY is within MTS's jurisdiction created January 1, 1976, under Section 120050, et seq., Chapter 2, Division 11 of the PUC;
- C. Pursuant to a series of agreements beginning on July ~~1~~<sup>1</sup>, 1988, City has contracted with MTS to regulate taxicabs and other for-hire vehicles and services such as charter vehicles, sight-seeing vehicles, nonemergency medical vehicles, low speed vehicles (LSV), and jitney vehicles pursuant to PUC Section 120266 and in accordance with MTS Ordinance No. 11, "An Ordinance Providing for the Licensing and Regulating of Transportation Services Within the City" ("Ordinance No. 11");
- D. MTS-Ordinance No. 11 is based on San Diego Municipal Code, Chapter 7, Article 5, Divisions 1 through 6, "Paratransit Code", which provided for CITY regulation prior to 1988, and was repealed in 1989;
- E. Under this agreement, CITY continues to set the fundamental public policy pursuant to regulation of taxicabs and other for-hire vehicles and services through Council Policy 500-02, which, upon approval of the MTS Board, shall be incorporated into Ordinance No. 11;
- F. MTS does not desire to expand its regulatory role to include oversight of the taxicab permit holder and subcontractor (e.g., lease drivers) relationships;
- G. The current agreement between CITY and MTS for MTS regulation of taxicabs and other for-hire vehicles and services expires on June 30, 2013~~2014~~;
- ~~E. CITY has indicated a desire to take back taxicab regulation from MTS;~~
- ~~F. CITY and MTS agree that transitioning taxicab regulation back to the CITY will require additional time to plan for and agree on a transition plan; and~~

~~G.H.~~ CITY and MTS desire to extend the agreement (MTS Doc. No. G0225.0-95 to G0225.78-95) through June 30, 2014 2019 ~~to allow the parties time to negotiate and plan for a transition of services to the CITY.~~

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, CITY and MTS agree as follows:

1. MTS will administer and enforce its taxicab and other for-hire vehicles Ordinance policies, and regulations as in effect on July 1, 2013 2014, and as thereafter from time to time amended by MTS, and thereby regulate such taxicab and other for-hire vehicles and transportation services rendered wholly within the CITY's corporate limits during the period of July 1, 2013 2014 through June 30, 2014 2019, pursuant to PUC Section 120266.
- ~~1.2.~~ MTS will collect and administer all such regulatory fees, fines, and forfeitures as now or hereafter provided by the ~~MTS Taxicab and Other For Hire Vehicles Ordinance No. 11~~ policies, and regulations.
3. ~~3.~~ MTS will not alter a fundamental policy or regulation in accordance with the ~~Taxicab and Other For Hire Vehicles Ordinance No. 11~~ without prior approval of the CITY. The parties agree that MTS will not alter the scope of its regulatory activities during this transitional period. No fundamental policy or regulation will be altered during this transitional period unless both CITY and MTS agree that the alteration is required as an emergency regulation to protect public safety. Any CITY-proposed change to Ordinance No. 11 shall similarly require the approval of the MTS Board.
4. MTS shall not be required to be a party to contracts between holders of taxicab permits in the CITY and their subcontractors/lease drivers; nor shall MTS be required to regulate the business relationship between taxicab permit holders and their subcontractors/lease drivers. MTS shall not be required to engage in the following activities: investigating and resolving contract disputes between permit holders and their subcontractors/lease drivers; setting contract terms for agreements between permit holders and their subcontractors/lease drivers; investigating and/or adjudicating allegations of retaliation between permit holders and their subcontractors/lease drivers; regulating working hours and/or earnings for permit holders and their subcontractors/lease drivers.
5. ~~4.~~ The CITY Mayor and MTS Chief Executive Officer may supplement this agreement by executing a Memorandum of Understanding relative to administrative and operating procedures of taxicab and other for-hire vehicles regulation, and to provide for reimbursable staff and legal support services.
- ~~4.~~ In the event CITY and MTS are ready to transition taxicab regulation to the CITY before June 30, 2014, CITY and MTS may mutually agree to an earlier termination date.



IN WITNESS THEREOF, this ~~eight~~<sup>ninth</sup> amendment to the agreement is executed by the CITY acting by and through its City Mayor pursuant to Council Ordinance No. \_\_\_\_\_, and by MTS acting through its Chief Executive Officer.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

THE CITY OF SAN DIEGO

SAN DIEGO METROPOLITAN TRANSIT  
SYSTEM

\_\_\_\_\_  
Todd Gloria  
Interim Mayor

\_\_\_\_\_  
Paul C. Jablonski  
Chief Executive Officer

WE HEREBY APPROVE the form of the foregoing Agreement.

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
Office of the General Counsel

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**THE CITY OF SAN DIEGO  
INTERIM MAYOR  
TODD GLORIA**

November 6, 2013

Mr. Paul Jablonski  
Chief Executive Officer  
Metropolitan Transit System  
1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101

**Subject: Taxi and For-Hire Vehicle Administration Contract Renewal**

Dear Mr. Jablonski:

The City of San Diego is interested in renewing a long-term contract with the Metropolitan Transit System (MTS) for the administration of the taxi and for-hire vehicle program.

As you know, the City recently requested a one year extension for the contract which was granted by MTS and approved by City Council on June 27, 2013 (City Council Resolution #308296 is attached). That extension was established to allow the City to explore options for transferring all administrative and regulatory responsibilities of the taxicab and for-hire vehicles from MTS to the City of San Diego.

That exploration has concluded, and City staff now believes that a five-year contract with MTS will provide the best option for administration of these services. The City is interested in working with MTS to draft a contract renewal that will help address the findings made during our exploration of management options for taxis and for-hire vehicles. We also hope to work with MTS to examine other administrative options for other vehicle types including pedi-cabs.

The City's Transportation & Storm Water Department will contact MTS colleagues to begin discussions about our preferred contract renewal. We believe that there are options for initiating a new contract that can be in force prior to the end of the existing extension. Again, we are looking for a longer term agreement that will help ensure stability for taxi and for-hire services, and their customers, through the region now covered by MTS.

If you have any questions, please do not hesitate to call Kip Sturdevan, Director of the Transportation & Storm Water Department at (619) 236-6595.

Sincerely,



TODD GLORIA

Interim Mayor

cc: Assistant Chief Operating Officer, Scott Lewis  
Garth K. Sturdevan, Director, Transportation & Storm Water Department  
Linda Marabian, Deputy Director, Transportation Engineering Operations  
Division

**Attachments:**

1. Signed City Council Resolution
2. Signed Extension Agreement
3. 2/21/2013 Letter from Filner to Jablonski

RESOLUTION NUMBER R- 308296

DATE OF FINAL PASSAGE JUN 27 2013

A RESOLUTION OF THE COUNCIL OF THE CITY OF  
SAN DIEGO AUTHORIZING THE EXECUTION OF A  
ONE-YEAR EXTENSION OF THE AGREEMENT WITH  
SAN DIEGO METROPOLITAN TRANSIT SYSTEM FOR  
ADMINISTRATION OF TAXICAB AND OTHER FOR-HIRE  
VEHICLE REGULATIONS.

WHEREAS, the Metropolitan Transit System (MTS) has administered and regulated  
taxicabs and other for-hire vehicles on behalf of the City since 1988; and


WHEREAS, the current taxicab administration agreement between the City and MTS  
will expire on June 30, 2013; and

WHEREAS, the City now desires to consider whether to return the administration and  
regulation of taxicabs and other for-hire vehicles back to the City; and

WHEREAS, this one-year extension of the City and MTS taxicab agreement will allow  
the City time to evaluate its options with regard to the administration and regulation of taxicab  
and other for-hire vehicles, and if necessary transition these functions back to the City; NOW,  
THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the Mayor, or his  
designee, is authorized and directed to execute, for and on behalf of said City, a one-year  
extension from July 1, 2013 to June 30, 2014 of the agreement with the San Diego Metropolitan  
Transit System for the purpose of continuing to administer and regulate taxicabs and other  
for-hire vehicles on behalf of the City under the terms and conditions set forth in the Agreement  
on file in the Office of the City Clerk as Document No. RR- 308296

APPROVED: JAN I. GOLDSMITH, City Attorney

By   
Ryan P. Kohut  
Deputy City Attorney

RPK:cfq  
6/12/2013  
Or.Dept: Transportation  
Doc. No. 579690

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 24 2013.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 6/27/13  
(date)

  
BOB FILNER, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
BOB FILNER, Mayor

Passed by the Council of The City of San Diego on JUN 24 2013, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUN 27 2013.

AUTHENTICATED BY:

(Seal)

BOB FILNER

Mayor of The City of San Diego, California.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By



, Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- **308296**





Metropolitan Transit System

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

June 3, 2013

MTS Doc. No. G0225.8-95  
ADM 121, TAXI 590.10 (SAN DIEGO)

Karen Dennison  
City of San Diego  
202 C Street, 8th Floor, MS-8A  
San Diego, CA 92101

Dear Karen:

**Subject: RENEWAL OF AGREEMENT WITH MTS TO REGULATE TAXICABS AND OTHER  
FOR-HIRE VEHICLES WITHIN THE CITY OF SAN DIEGO**

As you are aware, the MTDB/MTS has regulated San Diego taxicab permits for the past 25 years. We are proposing to continue the regulation of San Diego's taxicab, charter, jitney, nonemergency medical, sightseeing and low speed vehicles. Accordingly, we have enclosed our proposed Eighth Amendment that would extend the current agreement for one year, from July 1, 2013, through June 30, 2014. For your reference, a copy of our current agreement is enclosed.

On July 1, 1988, the City of San Diego and MTDB first entered into an agreement authorizing MTDB to regulate taxicabs and other for-hire vehicles within the City of San Diego. The current agreement will expire on June 30, 2013.

I have designated Sharon Cooney, MTS Chief of Staff, as our contact person. Please telephone her at 619.557.4513, if you have any questions or need assistance concerning extending this agreement.

Upon city approval and execution of the amendment, please return the copy stamped "Original" to the Contract Specialist at MTS.

Sincerely,

Paul C. Jablonski  
Chief Executive Officer

LMARQUIS-CL  
CL-CITYOFSANDIEGO.TAXIAGMT.LMARQUIS.080313

**Enclosures: Proposed Eighth Amendment to Agreement  
Current Amendment to Agreement**

cc: Lori Zapf, Councilmember, City of San Diego-MTS Board  
David Alvarez, Councilmember, City of San Diego-MTS Board  
Todd Gloria, Councilmember, City of San Diego-MTS Board  
Marti Emerald, Councilmember, City of San Diego-MTS Board  
Sharon Cooney, MTS Chief of Staff  
Karen Landers, MTS General Counsel  
MTS Contract Specialist  
Steve Celniker, MTS City of San Diego Liaison  
Bill Kellerman, MTS Taxicab Administration Manager

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

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



**EIGHTH AMENDMENT TO AGREEMENT FOR  
ADMINISTRATION OF TAXICAB AND OTHER FOR-HIRE VEHICLE REGULATIONS  
BETWEEN  
SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
AND  
CITY OF SAN DIEGO**

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THIS AGREEMENT is entered into by and between the City of San Diego, a municipal corporation, 202 C Street, San Diego, CA (herein called "CITY"), and the San Diego Metropolitan Transit System, a public agency, 1255 Imperial Avenue, Suite 1000, San Diego, CA (herein called "MTS"), in view of the following recitals, which are a substantive part of this Agreement:

**RECITALS**

- A. MTS is authorized under Section 120266, Chapter 2, Division 11 of the California Public Utilities Code (PUC), to enter into contracts to regulate transportation services within a city in its area of jurisdiction;
- B. CITY is within MTS's jurisdiction created January 1, 1976, under Section 120050, et seq., Chapter 2, Division 11 of the PUC;
- C. Pursuant to a series of agreements beginning on July 1, 1988, City has contracted with MTS to regulate taxicabs and other for-hire vehicles and services such as charter vehicles, sight-seeing vehicles, nonemergency medical vehicles, low speed vehicles (LSV), and jitney vehicles pursuant to PUC Section 120266 and in accordance with MTS Ordinance No. 11, "An Ordinance Providing for the Licensing and Regulating of Transportation Services Within the City";
- D. MTS Ordinance No. 11 is based on San Diego Municipal Code, Chapter 7, Article 5, Divisions 1 through 6, "Paratransit Code", which provided for CITY regulation prior to 1988, and was repealed in 1989;
- E. Under this agreement, CITY continues to set the fundamental public policy pursuant to regulation of taxicabs and other for-hire vehicles and services through Council Policy 500-02
- F. The current agreement between CITY and MTS for MTS regulation of taxicabs and other for-hire vehicles and services expires on June 30, 2013;
- G. CITY has indicated a desire to take back taxicab regulation from MTS;
- H. CITY and MTS agree that transitioning taxicab regulation back to the CITY will require additional time to plan for and agree on a transition plan; and
- I. CITY and MTS desire to extend the agreement (MTS Doc. No. G0225.0-95 through G0225.7-95) until June 30, 2014 to allow the parties time to negotiate and plan for a transition of services to the CITY.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, CITY and MTS agree as follows:

1. MTS will administer and enforce its taxicab and other for-hire vehicles Ordinance policies, and regulations as in effect on July 1, 2013, and as thereafter from time to time amended by MTS, and thereby regulate such taxicab and other for-hire vehicles and transportation services rendered wholly within the CITY's corporate limits during the period of July 1, 2013 through June 30, 2014, pursuant to PUC Section 120266.

2. MTS will collect and administer all such regulatory fees, fines, and forfeitures as now or hereafter provided by the MTS Taxicab and Other For-Hire Vehicles Ordinance No. 11 policies, and regulations.

3. MTS will not alter a fundamental policy or regulation in accordance with the Taxicab and Other For-Hire Vehicles Ordinance No. 11 without prior approval of the CITY. The parties agree that MTS will not alter the scope of its regulatory activities during this transitional period. No fundamental policy or regulation will be altered during this transitional period unless both CITY and MTS agree that the alteration is required as an emergency regulation to protect public safety.

4. The CITY Mayor and MTS Chief Executive Officer may supplement this agreement by executing a Memorandum of Understanding relative to administrative and operating procedures of taxicab and other for-hire vehicles regulation, and to provide for reimbursable staff and legal support services.

IN WITNESS THEREOF, this eighth amendment to the agreement is executed by the CITY acting by and through its City Mayor pursuant to Council Ordinance No. \_\_\_\_\_, and by MTS acting through its Chief Executive Officer.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

THE CITY OF SAN DIEGO

SAN DIEGO METROPOLITAN TRANSIT SYSTEM



Paul C. Jablonski  
Chief Executive Officer

WE HEREBY APPROVE the form of the foregoing Agreement.

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
Office of the General Counsel

Date: \_\_\_\_\_

Date: \_\_\_\_\_



Metropolitan Transit System

590.10  
570.1  
585.9

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

COPY

MTS Doc. No. G0225.7-95  
TAXI 590.10 (PC 50761)

**SEVENTH AMENDMENT TO AGREEMENT FOR  
ADMINISTRATION OF TAXICAB AND OTHER FOR-HIRE VEHICLE REGULATIONS  
BETWEEN  
SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
AND  
CITY OF SAN DIEGO**

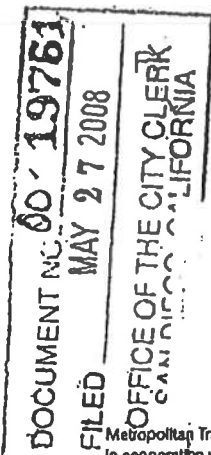
THIS AGREEMENT is entered into by and between the City of San Diego, a municipal corporation, 202 C Street, San Diego, CA (herein called "CITY"), and the San Diego Metropolitan Transit System, a public agency, 1255 Imperial Avenue, Suite 1000, San Diego, CA (herein called "MTS"), in view of the following recitals, which are a substantive part of this Agreement:

**RECITALS**

- A. MTS is authorized under Section 120266, Chapter 2, Division 11 of the California Public Utilities Code (PUC), to enter into contracts to regulate transportation services within a city in its area of jurisdiction;
- B. CITY is within MTS's jurisdiction created January 1, 1976, under Section 120050, et seq., Chapter 2, Division 11 of the PUC;
- C. CITY desires that MTS regulate taxicabs and other for-hire vehicles and services such as charter vehicles, sight-seeing vehicles, nonemergency medical vehicles, low speed vehicles (LSV), and jitney vehicles pursuant to PUC Section 120266 and in accordance with MTS Ordinance No. 11, "An Ordinance Providing for the Licensing and Regulating of Transportation Services Within the City";
- D. MTS Ordinance No. 11 is based on San Diego Municipal Code, Chapter 7, Article 5, Divisions 1 through 6, "Paratransit Code", which provided for CITY regulation prior to 1988, and was repealed in 1989;
- E. CITY continues to set the fundamental public policy pursuant to regulation of taxicabs and other for-hire vehicles and services through Council Policy 500-02;

CITY and MTS entered into an agreement, Document No. RR-271306, for the period of July 1, 1988 through December 31, 1988; a first amendment to that agreement, Document No. RR-272517, for the period of January 1, 1989 through December 31, 1993; a second amendment to that agreement, Document No. RR-283074, for the period of January 1, 1994 through June 30, 1994; a third amendment to that agreement, Document No. RR-284038 for the period of July 1, 1994 through June 30, 1995; a fourth amendment to that agreement, Document No. RR-285794 for the period of July 1, 1995 through June 30, 1998; a fifth amendment to that agreement, Document No. OO-18526 for the period of July 1, 1998 through June 30, 2003; a sixth amendment to that agreement, Document No. OO-19195 for the period of July 1, 2003 through June 30, 2008;

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



- G. CITY and MTS now desire to enter into an agreement to extend the period from July 1, 2008 through June 30, 2013; and

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, CITY and MTS agree as follows:

1. MTS will administer and enforce its taxicab and other for-hire vehicles Ordinance policies, and regulations as in effect on July 1, 2008, and as thereafter from time to time amended by MTS, and thereby regulate such taxicab and other for-hire vehicles and transportation services rendered wholly within the CITY's corporate limits during the period of July 1, 2008 through June 30, 2013, pursuant to PUC Section 120266.

2. MTS will collect and administer all such regulatory fees, fines, and forfeitures as now or hereafter provided by the MTS Taxicab and Other For-Hire Vehicles Ordinance No. 11 policies, and regulations.

3. MTS will not alter a fundamental policy or regulation in accordance with the Taxicab and Other For-Hire Vehicles Ordinance No. 11 without prior approval of the CITY.

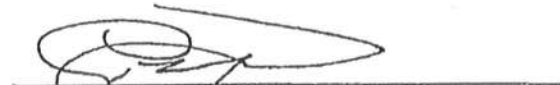
4. The CITY Mayor and MTS Chief Executive Officer may supplement this agreement by executing a Memorandum of Understanding relative to administrative and operating procedures of taxicab and other for-hire vehicles regulation, and to provide for reimbursable staff and legal support services.

IN WITNESS THEREOF, this seventh amendment to the agreement is executed by the CITY acting by and through its City Mayor pursuant to Council Ordinance No. O-19761 and by MTS acting through its Chief Executive Officer.

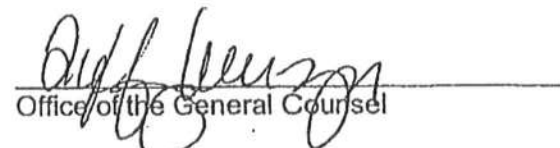
Dated this 9<sup>th</sup> day of JUNE, 2008.

THE CITY OF SAN DIEGO

SAN DIEGO METROPOLITAN TRANSIT  
SYSTEM

  
Paul C. Jablonski  
Chief Executive Officer

WE HEREBY APPROVE the form of the foregoing Agreement.

  
City Attorney  
Office of the General Counsel

Date: 7/8/08

Date: 2/15/08

ORDINANCE NUMBER O- 19761 (NEW SERIES)

DATE OF FINAL PASSAGE MAY 30 2008

AN ORDINANCE AUTHORIZING A SEVENTH  
AMENDMENT TO AGREEMENT WITH METROPOLITAN  
TRANSIT SYSTEM TO CONTINUE THE ADMINISTRATION  
OF TAXICABS AND OTHER PRIVATE FOR-HIRE VEHICLES  
EXTENDING ITS TERM.

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That the Mayor or his authorized designee is hereby authorized and empowered to execute a Seventh Amendment to Agreement with Metropolitan Transit System [MTS], to continue the administration of taxicabs and other private for-hire vehicles regulations, for a five-year period beginning July 1, 2008, under the terms and conditions set forth in the Seventh Amendment to Agreement [Agreement], on file in the office of the City Clerk as Document No. OO- 19761.

Section 2. That MTS is hereby authorized to continue to provide for the regulation of taxicabs and other private for-hire vehicles for services rendered wholly within the City's corporate limits as provided in the Agreement.


Section 3. That this activity is exempt from California Environmental Quality Act [CEQA] Guidelines, Section 15060(c)(3).

Section 4. That a full reading of this ordinance is dispensed with prior to its final passage; a written or printed copy having been available to the City Council and the public a day prior to its final passage.



Section 5. That this ordinance shall take effect and be in force on the thirtieth day from  
and after its final passage.

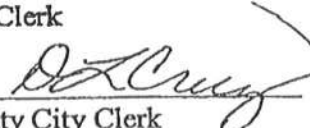
APPROVED: MICHAEL J. AGUIRRE, City Attorney

By   
Michael P. Calabrese  
Chief Deputy City Attorney

MPC:sc  
04/22/08  
05/12/08 Cor. Copy  
Aud.Cert.: N/A  
Or.Dept:E&CP  
O-2008-144

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San  
Diego, at this meeting of MAY 27 2008.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 5-30-08  
(date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor



**BOB FILNER**  
MAYOR

February 21, 2013

Mr. Paul Jablonski  
Chief Executive Officer  
Metropolitan Transit System  
1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101

Subject: Request to Pull Future Agenda Items Related to Taxicab  
Administration Contract Renewal

Dear Mr. Jablonski:

I am requesting that the Metropolitan Transit System (MTS) pull future agenda items related to the "Taxicab Administration Contract Renewal" from the MTS Board of Directors meeting. It is my intent to transfer all administrative and regulatory responsibilities of the taxicab and for-hire vehicles from MTS to the City of San Diego. While we do not plan to renew the proposed MOU, in order to allow the City to take the necessary steps to ensure a smooth transition of responsibilities, we may request an extension of the existing contract until the transition is complete.

If you have any questions please do not hesitate to call Nelson Hernandez, Assistant Chief Operating Officer, at (619) 236-5929.

Sincerely,

A handwritten signature in black ink, appearing to be "Bob Filner", written over a circular stamp.

**BOB FILNER**  
Mayor

BF/nh

Mr. Paul Jablonski  
February 21, 2013  
Page Two

cc: Jay Goldstone, Chief Operating Officer  
Nelson Hernandez, Assistant Chief Operating Officer  
Garth K. Sturdevan, Director, Transportation & Storm Water Department  
Linda Marabian, Deputy Director, Transportation Engineering Operations  
Division

# TAXICAB ADMINISTRATION CONTRACT RENEWAL

Executive Committee Meeting  
December 5, 2013



1



## Recent Contract History

- February 21, 2013: Board took action to approve language for a contract amendment for a 5 year renewal with the City of San Diego
- February 21: Letter from Mayor stating City's intent not to renew permanently
- March 21: Board approval of one year extension
- April 18: Board approval of one year extension for other 6 cities
- Taxicab Administration contracts with all 7 cities expire June 30, 2014



## City of San Diego Activities

- City establishment of ad hoc stakeholders working group to seek input on City Administration of Taxicabs
  - Several facilitated meetings
  - Focus on a consultant study specification
  - Work completed
- November 6: City request to extend the contract with MTS for 5 years
  - MTS and City staffs met to discuss preliminary contract language
  - Current draft being circulated at City



## Draft Contract Renewal

- A. MTS to continue to carry out its current activities, for a period of 5 years
- B. Amendments to the existing contract for clarification of MTS's role as Administrator
  - Fundamental policy changes to Ordinance 11 require MTS Board approval (current policy clarification)
  - MTS shall not expand its regulatory role to include oversight of the relationship between permit holders and their subcontractors (lease drivers)
    - As such, MTS will not:
      - be a party to contracts
      - investigate or resolve contract disputes
      - Set contract terms
      - Investigate or adjudicate allegations of retaliation
      - Regulate working hours or earnings



## Staff Recommendation

Forward a recommendation to the Board to approve the draft Ninth Amendment language and authorize the CEO to negotiate the final contract.



## TAXICAB ADMINISTRATION CONTRACT RENEWAL

Executive Committee Meeting  
December 5, 2013







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

DRAFT

## Agenda

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

December 12, 2013

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 two working days prior to the meeting to ensure availability. Assistive Listening Devices (ALDs) are available from the Clerk of the Board/Assistant Clerk of the Board prior to the meeting and are to be returned at the end of the meeting.

#### ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes - November 14, 2013 Approve
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.
4. Appointment of MTS Chairperson (Sharon Cooney) Approve  
Action would receive a recommendation from the Executive Committee regarding the appointment of the MTS Chairperson.

Please SILENCE electronics  
during the meeting

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

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



## CONSENT ITEMS

- |     |   |                    |
|-----|---|--------------------|
| 6.  | <u>Bus Operator Uniforms - Contract Award</u><br>Action would authorize the Chief Executive Officer (CEO) to: (1) execute MTS Doc. No. B0600.0-13 with Kingsbury Uniforms, Inc. for the provision of bus operator uniforms for a three-year base period with 2 one-year optional terms (for a total of 5 years); and (2) exercise each option year at the CEO's discretion.   | Approve            |
| 7.  | <u>Investment Report - October 2013</u>   | Informational      |
| 8.  | <u>Building C Backup Electrical Power Generator - Contract Award</u><br>Action would authorize the CEO to execute MTS Doc. No. PWL150.0-14 with Global Power Group, Inc. to procure and install a 400 kW, 500 KVA backup electrical power generator at MTS's Building C LRV Maintenance Facility.   | Approve            |
| 9.  | <u>General Engineering and Real Estate Services for MTS Right of Entry and Right-of-Way Issues</u><br>Action would ratify previous actions and authorize the CEO to execute Work Order No. 13.01.02 to MTS Doc. No. G1496.0-13 with RailPros, Inc.  | Ratify/<br>Approve |
| 10. | <u>Drug and Alcohol Collection, Testing, and Administration Services - Contract Award</u><br>Action would authorize the CEO to: (1) execute MTS Doc. No. G1550.0-13 with Drug Testing Network, Inc. for the provision of drug and alcohol collection, testing, and administration services for a two-year base period and 3 one-year optional terms, exercisable at MTS's sole determination, for a total of five years; and (2) exercise each option year at the CEO's discretion. | Approve            |
| 11. | <u>Independent Auditing Services - Contract Award</u><br>Action would authorize the CEO to: (1) execute MTS Doc. No. G1513.0-13 with Pun and McGeady, LLP for the provision of independent auditing services for a five-year base period with 3 one-year option terms (for a total of 8 years); and (2) exercise each option year at the CEO's discretion.  | Approve            |
| 12. | <u>Actuarial Services for the San Diego Transit Corporation (SDTC) Pension Plan - Contract Award</u><br>Action would authorize the CEO to: (1) execute MTS Doc. No. G1650.0-14 with Cheiron for the provision of actuarial services for the SDTC pension plan for a five-year base period and 5 one-year option terms exercisable at MTS's sole determination; and (2) exercise each option year at the CEO's discretion.   | Approve            |
| 13. | <u>Railroad Bridge Inspection Services - Contract Award</u><br>Action would authorize the CEO to execute MTS Doc. No. PWL147.0-13 with J.L. Patterson for the provision of railroad bridge inspection services for five years (beginning on February 1, 2014, and ending on January 31, 2019).  | Approve            |
| 14. | <u>RTMS Radio Tower at Mt. Soledad Station, Naval Base Point Loma - Site Lease Amendment</u><br>Action would authorize the CEO to execute MTS Doc. No. B0513.2-09 with the Department of the Navy to continue the lease of MTS's Mt. Soledad Signal Station site for five years.  | Approve            |

## CLOSED SESSION

24. None.

## NOTICED PUBLIC HEARINGS

25. None.

## DISCUSSION ITEMS

30. RTMS Back-Office Upgrade and Contract Bus Fleet Expansion (Bill Spraul and Stevan White) Approve  
Action would authorize the CEO to execute MTS Doc. No. G1544.0-13 with ACS Transport Solutions, Inc. (ACS) to purchase, install, test and verify, and warranty Regional Transportation Management System (RTMS) equipment, hardware, software, and back-office equipment for the MTS Bus, MTS contracted bus, and NCTD fleets.
31. Security Services Agreement - Exercise Option Years (Bill Burke) Approve  
Action would authorize the CEO to exercise Option Years 1 and 2 under MTS Doc. No. G1299.0-10 with Universal Protection Services (Universal) for the provision of security services for fiscal years 2015 and 2016.
32. Taxicab Contract Renewal (Sharon Cooney) Approve  
Action would authorize the CEO to negotiate with the City of San Diego a "Ninth Amendment to Agreement for Administration of Taxicab and Other For-Hire Vehicle Regulations Between San Diego Metropolitan Transit System and City of San Diego" (MTS Doc. No. G0225.9-95).
33. San Diego Transit Corporation Employee Retirement Plan's Actuarial Valuations as of July 1, 2013 (Robert McCrory of Cheiron, Inc. and Larry Marinesi) Adopt  
Action would receive the San Diego Transit Corporation (SDTC) Employee Retirement Plan's actuarial valuation as of July 1, 2013, and adopt the pension contribution rate of 39.147 percent for SDTC's pension plans in fiscal year 2015.

## REPORT ITEMS

45. Senior/Disabled/Medicare (SDM) Reduced-Fare Program (Sharon Cooney) Informational
46. Fiscal Year 2013 Final Budget Comparison (Mike Thompson) Informational
47. Operations Budget Status Report for October 2013 (Mike Thompson) Informational

- |     |   |               |
|-----|---|---------------|
| 60. | <u>Chairman's Report</u>  | Informational |
| 61. | <u>Audit Oversight Committee Chairman's Report</u>  | Informational |
| 62. | <u>Chief Executive Officer's Report</u>   | Informational |
| 63. | <u>Board Member Communications</u>  |               |
| 64. | <u>Additional Public Comments Not on the Agenda</u><br>If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments. |               |
| 65. | Next Meeting Date: January 16, 2014   |               |
| 66. | <u>Adjournment</u>  |               |



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## Agenda Item No. 6

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

December 12, 2013

**Draft for  
Executive Committee  
Review Date: 12/5/13**

#### SUBJECT:

BUS OPERATOR UNIFORMS - CONTRACT AWARD

#### RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to

1. execute MTS Doc. No. B0600.0-13 (in substantially the same format as Attachment A) with Kingsbury Uniforms, Inc. for the provision of bus operator uniforms for a three-year base period with 2 one-year optional terms (for a total of 5 years); and
2. exercise each option year at the CEO's discretion.

#### Budget Impact

The total cost of this agreement would not exceed \$1,092,083.85 and is broken down as follows:

➤	Year 1 (1/1/14 to 12/31/14)	\$ 207,558.45
➤	Year 2 (1/1/15 to 12/31/15)	\$ 212,987.61
➤	Year 3 (1/1/16 to 12/31/16)	\$ 218,416.77
	<u>Subtotal (Base Years)</u>	<u>\$ 638,962.83</u>
➤	Year 4 - Option Yr. 1 (1/1/17 to 12/31/17)	\$ 223,845.93
➤	Year 5 - Option Yr. 2 (1/1/18 to 12/31/18)	\$ 229,275.09
	<u>Subtotal (Option Years)</u>	<u>\$ 453,121.02</u>
	<b>Total (Base + Options)</b>	<b>\$1,092,083.85</b>



The annual costs are based on estimated quantities of bus operator uniforms that may be needed for each year and would be funded under MTS Bus Operations Account No. 213-52610 using local funds.

#### DISCUSSION:

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

On August 2, 2013, MTS issued an Invitation for Bids (IFB). Annual uniform-replacement allowances are stipulated in the Collective Bargaining Agreement with the Amalgamated Transit Union Local 1309 and are also provided by MTS for the initial provisioning of uniforms for new hires. MTS anticipates providing uniforms for approximately 500 bus operators every year.

Four bids were received on the due date of October 9, 2013 (see Bid Summary – Attachment B). All were deemed responsive and responsible. Kingsbury Uniforms, Inc. was deemed the lowest responsive, responsible bidder for the five-year period at \$1,092,083.85.

Therefore, staff is requesting that the MTS Board of Directors authorize the CEO to:

1. execute MTS Doc. No. B0600.0-13 (in substantially the same format as Attachment A) with Kingsbury Uniforms, Inc. for the provision of bus operator uniforms for a three-year base period with two one-year optional terms (for a total of 5 years); and
2. exercise each option year at the CEO's discretion.

  
Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachments: A. Draft MTS Doc. B0600.0-13 (w/o exhibits)  
B. Bid Summary



**DRAFT**

## STANDARD PROCUREMENT AGREEMENT

B0600.0-13  
 CONTRACT NUMBER  
 OPS 960.2  
 FILE NUMBER(S)

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2014, 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: Kingsbury Uniforms, Inc. Address: 19041 S. Vermont Ave., Ste 1-104

Form of Business: Corporation Torrance, CA 90502  
 (Corporation, partnership, sole proprietor, etc.)

Telephone: 310.217.0745

Authorized person to sign contracts: Catherine Brown President  
 Name Title

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

Provide Bus Operator Uniforms as set forth in the MTS Scope of Work/specifications (attached as Exhibit A), Kingsbury Uniforms, Inc.'s Bid dated October 7, 2013 (attached as Exhibit B), in accordance with the Standard Procurement Agreement, including Standard Conditions Procurement (attached as Exhibit C).

The contract term is for up to five years (3-year base with two 1-year options exercisable at MTS's sole discretion). Base period shall be effective from January 1, 2014, through December 31, 2016, and Option Years I and II shall be effective from January 1, 2017, through December 31, 2018. Payment terms shall be net 30 days from invoice date.

The total contract cost shall be \$638,962.83 for the base period and \$453,121.02 for the option years for a total of \$1,092,083.85.

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
\$638,962.83 – Base Period		
\$453,121.02 – Option Years I & II		
\$1,092,083.85 – Total	213-52610	FYs 14-19

By: \_\_\_\_\_  
Chief Financial Officer Date

(\_\_\_\_ total pages, each bearing contract number)



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**BUS OPERATOR UNIFORMS IFB  
 MTS DOC. NO. B0600.0-13**

**BID SUMMARY**

BIDDER	COST
KINGSBURY UNIFORMS, INC. *	\$1,092,083.85
ACE UNIFORMS	\$1,201,960.47
MISSION LINEN SUPPLY	\$1,220,429.98
EMBROIDME	\$1,307,274.12

\*Lowest responsive, responsible Bidder



**REQUEST TO SPEAK FORM**

ORDER REQUEST RECEIVED

☐

**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	12/5/13		
Name	ABEBE ANTALLO		
Address	4265 Fairmount Ave. Suite 180, SD CA 92105		
Telephone	(619) 200-6285		
Organization Represented	United Taxi Workers of SD		
Subject of Your Remarks	6		
Regarding Agenda Item No.			
Your Comments Present a Position of:	<input type="checkbox"/>	<b>SUPPORT</b>	<input checked="" type="checkbox"/> <b>OPPOSITION</b>

**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.**



AGENDA ITEM NO.

6

## REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT)  
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(PLEASE PRINT)

DATE	12/04/2013		
Name	Mikail Hussien		
Address	4265 Fairmount Ave #180 San Diego 92105		
Telephone	619 -		
Organization Represented	UTWSD		
Subject of Your Remarks	Porter County Taxicab Contract		
Regarding Agenda Item No.	6		
Your Comments Present a Position of:	<input type="checkbox"/>	SUPPORT	<input checked="" type="checkbox"/> OPPOSITION

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AGENDA ITEM NO.

6

## REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

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(PLEASE PRINT)

DATE	12/5/13		
Name	CHRIS MORSE		
Address	4265 Fairmount Ave.		
Telephone	(661) 645-7241		
Organization Represented	UNITED TAXI WORKERS OF SAN DIEGO		
Subject of Your Remarks	MTS contract extension		
Regarding Agenda Item No.	6		
Your Comments Present a Position of:	<input type="checkbox"/>	SUPPORT	<input checked="" type="checkbox"/> OPPOSITION

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AGENDA ITEM NO.

60

## REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

☐

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(PLEASE PRINT)

DATE	12/5/13		
Name	Sarah Seem		
Address	4265 Fairmount Ave.		
Telephone	(724) 392 0377		
Organization Represented	United Taxi Workers		
Subject of Your Remarks	MTS / City Contract		
Regarding Agenda Item No.	60		
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.

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AGENDA ITEM NO.

6

## REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

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TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM

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(PLEASE PRINT)

DATE	December 5 2013		
Name	MICHEL ANDERSON		
Address	2531 STATE STREET SUITE G		
Telephone	SD 92101 (619) 232-0045		
Organization Represented	SAN DIEGO TRANSPORTATION ASSN.		
Subject of Your Remarks	SUPPORT		
Regarding Agenda Item No.			
Your Comments Present a Position of:	<input checked="" 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.

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AGENDA ITEM NO.

6

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ORDER REQUEST RECEIVED

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TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM

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(PLEASE PRINT)

LEFT — DID NOT SPEAK

DATE	Dec 5 2013		
Name	Peter Zschiesche		
Address	3121 Hawthorn St SD 92104		
Telephone	619-239-8842		
Organization Represented	Employee Rights Center		
Subject of Your Remarks	TAXI CONTRACT EXTENSION		
Regarding Agenda Item No.	6		
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

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## Agenda Item No. 7

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

December 12, 2013

**Draft for  
Executive Committee  
Review Date: 12/5/13**

#### SUBJECT:

INVESTMENT REPORT – OCTOBER 2013

#### RECOMMENDATION:

That the Board of Directors receive a report for information.

#### Budget Impact

None.

#### DISCUSSION:

Attachment A comprises a report of MTS investments as of October 31, 2013. The combined total of all investments has increased from \$221.7 million to \$222.6 million in the current month. This \$.9 million increase is attributable to a \$2.8 million Prop 1B cash receipt as well as normal timing differences in other payments and receipts.

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

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



Paul G. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachment: A. Investment Report for October 2013

San Diego Metropolitan Transit System  
Investment Report  
October 31, 2013

	Restricted	Unrestricted	Total	Average rate of return
<b>Cash and Cash Equivalents</b>				
JP Morgan Chase - concentration account	18,155,040	14,328,432	32,483,472	0.00%
<b>Total Cash and Cash Equivalents</b>	<u>18,155,040</u>	<u>14,328,432</u>	<u>32,483,472</u>	
<b>Cash - Restricted for Capital Support</b>				
US Bank - retention trust account	8,224,707		8,224,707	N/A *
San Diego County Investment Pool Proposition 1B TSGP grant funds	6,347,757	406,963	6,754,720	
<b>Total Cash - Restricted for Capital Support</b>	<u>14,572,464</u>	<u>406,963</u>	<u>14,979,427</u>	
<b>Investments - Working Capital</b>				
Local Agency Investment Fund (LAIF)	-	57,151,697	57,151,697	0.266%
<b>Total Investments - Working Capital</b>	<u>-</u>	<u>57,151,697</u>	<u>57,151,697</u>	
<b>Investments - Restricted for Debt Service</b>				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	39,304,141	-	39,304,141	
Rabobank - Payment Undertaking Agreement	78,692,891	-	78,692,891	7.69%
<b>Total Investments Restricted for Debt Service</b>	<u>117,997,032</u>	<u>-</u>	<u>117,997,032</u>	
<b>Total cash and investments</b>	<u>\$ 150,724,536</u>	<u>\$ 71,887,092</u>	<u>\$ 222,611,628</u>	

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



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## Agenda Item No. 8

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

December 12, 2013

**Draft for  
Executive Committee  
Review Date: 12/5/13**

#### SUBJECT:

BUILDING C BACKUP ELECTRICAL POWER GENERATOR - CONTRACT AWARD

#### RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL150.0-14 (in substantially the same format as Attachment A) with Global Power Group Inc. to procure and install a 400 kW, 500 kVA backup electrical power generator at MTS's Building C LRV Maintenance Facility.

#### Budget Impact

The total cost of this Agreement would not exceed \$349,612.48 (as follows).

Backup Generator & Electrical Material	\$259,081.00
Installation, Mobilization, General Administration	\$63,356.00
Performance Bond	\$6,449.00
Sale Tax 8%	\$20,726.48
Grand Total Base of Award	\$349,612.48

The expenditure would be funded by CIP 11342-1000 for FY 2014.



Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB is owner of the San Diego and Arizona Eastern Railway Company. MTDB Member Agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.



## DISCUSSION:

MTS Policy 52 governing the procurement of goods and services requires a formal competitive procurement process for purchases exceeding \$100,000.

San Diego Trolley's maintenance facility is currently not equipped with a standby emergency power generator. In a power outage, all maintenance work requiring the use of electrical power is halted. This is detrimental to the MTS's ability to sustain day-to-day maintenance operations. By adding a 400 kW, 500 kVA backup electrical power generator, the LRV Maintenance Department would be able to continue with critical LRV maintenance work through power outages.

On October 22, 2013, MTS issued an Invitation for Bids (IFB). Five bids were received on the due date of November 20, 2013. All were deemed responsive and responsible (see Bid Summary – Attachment B). Global Power Group Inc. submitted the lowest responsive and responsible bid.

Based on the comparison of the independent cost estimate of \$669,000 and Global Power Group Inc.'s bid of \$349,612.48, there would be a cost savings to MTS of \$348,943.48 or 47%. Thus, considering the number of bids received and the total price of the bids, Global Power Group Inc. is deemed to have presented a bid that is both fair and reasonable.

Therefore, staff recommends that the Board of Directors authorize the CEO to execute MTS Doc. No. PWL150.0-14 (in substantially the same format as Attachment A) with Global Power Group Inc. to procure and install a 400 kW, 500 kVA backup electrical power generator at MTS's Building C LRV Maintenance Facility.



---

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachments: A. MTS Doc. No's. PWL150.0-14 (w/o exhibits)  
B. Pricing Summary



# DRAFT

Att. A, AI 8, 12/12/13

## STANDARD CONSTRUCTION AGREEMENT

PWL150.0-14  
CONTRACT NUMBER  
OPS 970.4  
FILE NUMBER(S)

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2013, 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: Global Power Group, Inc.Address: 12060 Woodside AvenueForm of Business: Corporation  
(Corporation, partnership, sole proprietor, etc.)Lakeside, CA 92040Telephone: 619-579-1221Authorized person to sign contracts: Salvatore Martorana  
NamePresident  
Title

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

Provide the necessary labor, equipment, materials, and supplies for the acquisition and installation of a 400 kW, 500kVA Back-Up Electrical Power Generator for Metropolitan Transit System's Building C location, as specified in the scope of work; (as attached Exhibit A), Global Power Group Inc. Bid dated 11/18/13. (attached as Exhibit B), and in accordance with the Standard Conditions Construction, including Federal Requirements (as attached Exhibit C),

**Total contract amount shall not exceed \$ 349,612.48**

## SAN DIEGO METROPOLITAN TRANSIT SYSTEM

## CONTRACTOR AUTHORIZATION

By: \_\_\_\_\_  
Chief Executive Officer

Firm: \_\_\_\_\_

Approved as to form:

By: \_\_\_\_\_  
SignatureBy: \_\_\_\_\_  
Office of General Counsel

Title: \_\_\_\_\_

## AMOUNT ENCUMBERED

\$349,612.48

## BUDGET ITEM

11342-1000

## FISCAL YEAR

FY 14

By: \_\_\_\_\_  
Chief Financial Officer

Date

(\_\_\_\_ total pages, each bearing contract number)



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**BUILDING C BACK-UP GENERATOR IFB  
MTS DOC. NO. PWL150.0-14**

**COST SUMMARY**

FIRM	COST
<b>**GLOBAL POWER GROUP</b>	<b>\$349,612.48</b>
SATURN ELECTRIC	\$359,477.00
NEAL ELECTRIC	\$462,808.92
STEINY & COMPANY	\$506,760.00
CALIFORNIA BUILDING EVALUATION	\$526,480.00

**\*\* Lowest Responsive Responsible Bidder**





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## Agenda Item No. 9

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

December 12, 2013

**Draft for  
Executive Committee  
Review Date: 12/5/13**

#### SUBJECT:

GENERAL ENGINEERING AND REAL ESTATE SERVICES FOR MTS  
RIGHT OF ENTRY PERMITS AND RIGHT-OF-WAY ISSUES

#### RECOMMENDATION:

That the Board of Directors ratify previous actions and authorize the Chief Executive Officer (CEO) to execute Work Order No. 13.01.02 to MTS Doc. No. G1496.0-13 (in substantially the same format as Attachment A) with RailPros, Inc.

#### Budget Impact

A total of \$100,000 would be expended from the Land Management Department Professional Services Account Code (791-53114).

#### DISCUSSION:

MTS requires professional engineering and real estate services for various land management issues, including permit reviews, surveying, real estate analysis and documentation, engineering studies, and other miscellaneous requests on an as-needed basis.

MTS executed Work Order No. 13.01 and Amendment No. 13.01.01 to MTS Doc. No. G1496.0-13 with RailPros, Inc. totaling \$100,000 to provide general engineering and real estate services. MTS Policy No. 52 (Procurement of Goods and Services) gives the CEO the authority to enter into contracts up to \$100,000 on behalf of MTS. This work order amendment would add an additional work order capacity of \$100,000 as outlined in the attached amendment (Attachment A).

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](mailto:Sharon.Cooney@sdmts.com)

Attachment: A. Draft Work Order No. 13.01.02 to MTS Doc. No. G1496.0-13 (w/o attachments)

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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.

# DRAFT

Att. A, AI 9, 12/12/13

MTS Doc No. G1496.0-13  
WO 13.01.02

December 12, 2013

Mr. Jeff Funk  
Contract Project Manager  
RailPros, Inc.  
401 B Street, Suite 302  
San Diego, CA 92101

Dear Mr. Funk:

Subject: AMENDMENT NO. 2 TO MTS DOC. NO. G1496.0-13, WORK ORDER 13.01,  
GENERAL ENGINEERING AND REAL ESTATE SERVICES FOR MTS  
RIGHT-OF-ENTRY PERMITS AND RIGHT-OF-WAY ISSUES

This letter shall serve as our agreement for professional services under the General Engineering Consultant Agreement, as further described below.

## SCOPE OF SERVICES

Provide general engineering and real estate services for the technical review and permit compliance coordination of right-of-entry permits and for related right-of-way issues in accordance with the attached Scope of Services (Attachments A and B).

## SCHEDULE

Amendment No. 2 will not change the original schedule. The Scope of Services, as described above, shall remain through May 30, 2019, if all of the options to the master contract are exercised.

## PAYMENT

Payment shall be based on actual costs. The original Work Order amount was \$25,000 and the value of Amendment 1 was \$75,000 for a combined value of \$100,000. Amendment 2 shall increase the Work Order amount by \$100,000 for a new Work Order total not to exceed \$200,000 without prior authorization.

Sincerely,

Accepted:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Jeff Funk  
RailPros, Inc.

Date: \_\_\_\_\_



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## Agenda Item No. 10

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

December 12, 2013

**Draft for  
Executive Committee  
Review Date: 12/5/13**

#### SUBJECT:

DRUG AND ALCOHOL COLLECTION, TESTING, AND ADMINISTRATION SERVICES  
– CONTRACT AWARD

#### RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to:

1. execute MTS Doc. No. G1550.0-13 (in substantially the same format as Attachment A) with Drug Testing Network, Inc., for the provision of drug and alcohol collection, testing, and administration services for a two-year base period with 3 one-year optional terms, exercisable at MTS's sole determination, for a total of five years; and
2. exercise each option year at the CEO's discretion.

#### Budget Impact

The total cost of this agreement would not exceed \$487,336.75 (as follows):

Base Year 1	\$ 97,467.35
Base Year 2	\$ 97,467.35
Option Year 1	\$ 97,467.35
Option Year 2	\$ 97,467.35
Option Year 3	\$ 97,467.35
Total	\$487,336.75

Funding would be covered under budget account numbers 711-53410 and 711-53420.



## DISCUSSION:

MTS Policy No. 52 governing the acquisition of goods and services requires a formal competitive process for procurements exceeding \$100,000. On August 27, 2013, MTS released a Request for Proposals (RFP). Public announcements were made through four newspapers of general circulation and sent directly to potential proposers.

A single proposal was received from the incumbent, Drug Testing Network, Inc. on the proposal due date of October 11, 2013. To ascertain that the solicitation was properly published and to ensure that its contents were not restrictive, firms that were invited but did not propose were canvassed. The results indicated that neither the RFP nor MTS's procurement processes played a role in their decision to not respond.

Using available procurement history and pricing data from other agencies, a price analysis was held to ensure the prices tendered were fair and reasonable. Of the agencies sampled, MTS's proposed price was within the range charged to other agencies and was deemed fair and reasonable.

An evaluation committee was convened and scored the proposal on the following:

Proposer's Qualifications, Related Experience and References	35%
Staffing, Organization, and Management Plan	15%
Work Plan	25%
Cost	25%
Total	100%

Based on this initial scoring, the evaluation committee entered into negotiations with the proposer. Upon conclusion of the negotiations, the evaluation committee requested a Best and Final Offer (BAFO).

On October 30, 2013, a BAFO was received that further reduced the total amount by \$27,475 for the life of the agreement from the original \$514,811.75 to a revised \$487,336.75 or 5%.

Based on the evaluation committee's analysis of the technical proposal, its negotiations with the proposer, and evaluation of the BAFO, it was determined that Drug Testing Network, Inc.'s offer is reasonably priced and offers terms advantageous to the MTS.

Therefore, authorize the Chief Executive Officer (CEO) to:

1. execute MTS Doc. No. G1550.0-13 (in substantially the same format as Attachment A) with Drug Testing Network, Inc., for the provision of drug and alcohol collection, testing, and administration services for a two-year base period with 3 one-year optional terms, exercisable at MTS's sole determination, for a total of five years; and
2. exercise each option year at the CEO's discretion.

  
\_\_\_\_\_  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachment: A. Draft MTS Doc. No. G1550.0-13 (w/o exhibits)



**DRAFT****STANDARD SERVICES AGREEMENT**

**G1550.0-13**  
**CONTRACT NUMBER**  
**71153410;71153420**  
**FILE NUMBER(S)**

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2013, 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: Drug Testing Network, Inc Address: 958 Postal Way, Suite 6-B

Form of Business: Corporation Vista, CA 92083-6935  
 (Corporation, partnership, sole proprietor, etc.)

Telephone: (760) 940-2015

Authorized person to sign contracts: Rene De La Cova Chief Executive Officer  
 Name Title

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

Provide Drug & Alcohol Collection, Testing and Administration Services as set forth in the Scope of Work (attached as Exhibit A), Drug Testing Network, Inc.'s cost proposal (attached as Exhibit B) and in accordance with the Standard Services Agreement, including Standard Conditions Services (attached as Exhibit C) and Federal Requirements (attached as Exhibit D).

This contract term is for up to a five (5) year period (2-year base and three (3) one-year options exercisable at MTS's sole discretion. Base period shall be effective January 1, 2014 through December 31, 2015 and option years shall be effective January 1, 2016 through December 31, 2018. Payment terms shall be net 30 days from invoice date. The total cost of this contract shall not exceed \$194,934.70 for the base years and \$292,402.05 for the option years, for a total not to exceed \$487,336.75 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
Base years (1 and 2) \$194,934.70		
Option years (3, 4 and 5) \$292,402.05		
Total \$487,336.75	71153410; 71153420	FY 14 – FY 19

\$ \_\_\_\_\_

By: \_\_\_\_\_ Date  
 Chief Financial Officer

( \_\_\_\_ total pages, each bearing contract number)



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## Agenda Item No. 11

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

December 12, 2013

**Draft for  
Executive Committee  
Review Date: 12/5/13**

SUBJECT:

INDEPENDENT AUDITING SERVICES - CONTRACT AWARD

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to

1. execute MTS Doc. No. G1513.0-13 (in substantially the same format as Attachment A) with Pun and McGeady, LLP for the provision of independent auditing services for a five-year base period with 3 one-year option terms (for a total of 8 years); and
2. exercise each option year at the CEO's discretion.

#### Budget Impact

The total cost of this agreement would not exceed \$1,752,684 (as follows):

➤	Year 1 (4/1/14 to 3/31/15)	\$ 215,000
➤	Year 2 (4/1/15 to 3/31/16)	\$ 215,000
➤	Year 3 (4/1/16 to 3/31/17)	\$ 215,000
➤	Year 4 (4/1/17 to 3/31/18)	\$ 217,151
➤	Year 5 (4/1/18 to 3/31/19)	\$ 219,322
	<u>Subtotal (Base Years)</u>	<u>\$1,081,473</u>
➤	Year 6 - Option Yr. 1 (4/1/19 to 3/31/20)	\$ 221,515
➤	Year 7 - Option Yr. 2 (4/1/20 to 3/31/21)	\$ 223,729
➤	Year 8 - Option Yr. 3 (4/1/21 to 3/31/22)	\$ 225,967
	<u>Subtotal (Option Years)</u>	<u>\$ 671,211</u>
	<b>Total (Base + Options)</b>	<b>\$1,752,684</b>

Annual costs would be funded under MTS's operating budget under Administrative Expenses account number 902-53112.



## DISCUSSION:

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

MTS is required to have its annual financial statements audited by an independent auditor and also to issue a number of Agreed-Upon Procedures Reports. Federal, state, and local funding (e.g. TransNet) is contingent upon this requirement. There are a total of 11 financial statements and Agreed-Upon Procedures Reports for MTS, San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI).

The current contract will expire on March 31, 2014. In order to continue to receive these services, a Request for Proposals (RFP) was issued to potential proposers on February 22, 2013.

On May 22, 2013, five proposals were received from the following in response to the RFP.

1. Crowe Horwath, San Diego, CA 92102
2. Mayer Hoffman McCann..., San Diego, CA 92111
3. Macias, Gini & O'Connell (MGO), San Diego, CA 92101
4. Moss Adams, San Diego, CA 92101
5. Pun & McGeady, LLP, San Diego, CA 92101

A selection committee consisting of representatives from MTS Finance and MTS Internal Auditor met and rated the proposals. The ratings were based on the following criteria:

1.	Qualifications and Project Experience of Firm or Staff	30%
2.	Contractor Responsiveness and Communication	25%
3.	Proposed Methodology and Approach to Work	25%
4.	Cost/Price	<u>20%</u>
Total		100%

Based on the evaluation panel's analysis of the technical proposal, discussions, negotiations, and evaluation of price, MTS staff has determined that Pun & McGeady, LLP's proposal is fair and reasonable and represents the best overall value for MTS.

During Best and Final Offer (BAFO), Pun & McGeady also further reduced its price proposal by \$60,909 from the original price of \$1,813,593 to a revised price of \$1,752,684, or roughly 3%. Thus, the proposed total price for this agreement would be approximately \$643,188, or 27% below MTS's current contract cost.

In Pun & McGeady's Peer Review conducted in March 2013, it was issued a "Pass" rating. The purpose of the peer review is to assure that quality control standards are being applied in conformity with the American Institute of Certified Public Accountants (AICPA) Quality Control Standards.

On October 17, 2013, the Audit Oversight Committee (AOC) voted to recommend that the Board authorize the MTS CEO to execute the contract.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to:

1. execute MTS Doc. No. G1513.0-13 (in substantially the same format as Attachment A) with Pun and McGeady, LLP for the provision of independent auditing services for a five-year base period with 3 one-year option terms (for a total of 8 years); and
2. exercise each option year at the CEO's discretion.

  
\_\_\_\_\_  
Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachments: A. Draft MTS Doc. G1513.0-13  
B. Cost Summary

**DRAFT**

## STANDARD SERVICES AGREEMENT

G1513.0-13  
 CONTRACT NUMBER  
 902-53112  
 FILE NUMBER(S)

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2014, 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: Pun & McGeady, LLP

Address: 6265 Greenwich Drive, Suite 220

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

San Diego, CA 92122

Telephone: 858.242.5100

Authorized person to sign contracts: Kenneth H. Pun Managing Partner  
 Name Title

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

Provide independent auditing services as set forth in the MTS Scope of Work (attached as Exhibit A), Pun & McGeady, LLP's Proposal dated August 15, 2013 (attached as Exhibit B), in accordance with the Standard Services Agreement, including Standard Conditions Services (attached as Exhibit C).

The contract term is for up to an 8-year period (5-year base with three 1-year options exercisable at MTS's sole discretion). Base period shall be effective April 1, 2014, through March 31, 2019, and Option Years I, II and III shall be effective April 1, 2019, through March 31, 2022. Payment terms shall be net 30 days from invoice date.

The total contract cost shall be \$1,081,473 for the base period and \$671,211 for the option years for a total of \$1,752,684.

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
\$1,081,473 – Base Period		
\$ 671,211 – Option Years I, II & III		
\$1,752,684 – Total	902-53112	FYs 14-22

By: \_\_\_\_\_  
 Chief Financial Officer Date

(\_\_\_\_ total pages, each bearing contract number)



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**INDEPENDENT AUDITING SERVICES RFP  
 MTS DOC. NO. G1513.0-13**

**COST SUMMARY**

<b>FIRM/PROPOSER</b>	<b>COST</b>
<b>PUN &amp; MCGEADY, LLP</b>	<b>\$1,752,684</b>
MAYER HOFFMAN MCCANN	\$2,092,837
MGO CERTIFIED PUBLIC ACCOUNTANTS	\$2,128,000
MOSS ADAMS, LLP	\$2,251,321
CROWE HORWATH, LLP	\$2,440,000





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## Agenda Item No. 12

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

December 12, 2013

**Draft for  
Executive Committee  
Review Date: 12/5/13**

#### SUBJECT:

ACTUARIAL SERVICES FOR THE SAN DIEGO TRANSIT CORPORATION (SDTC)  
PENSION PLAN – CONTRACT AWARD

#### RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to:

1. execute MTS Doc. No. G1650.0-14 (in substantially the same format as Attachment A) with Cheiron for the provision of actuarial services for the SDTC pension plan for a five-year base period and 5 one-year optional terms exercisable at MTS's sole determination; and
2. exercise each option year at the CEO's discretion.

#### Budget Impact

The total cost of this agreement would not exceed \$546,800 (as follows):

Base Year 1	\$42,500	Option Year 1*	\$74,300
Base Year 2*	\$68,200	Option Year 2	\$47,700
Base Year 3	\$44,500	Option Year 3	\$48,900
Base Year 4	\$44,800	Option Year 4	\$50,300
Base Year 5	\$46,100	Option Year 5*	\$79,500
Sub-Total (Base years)	\$246,100	Sub-Total (Option Years)	\$300,700

Total (Base + Option Years) \$546,800

*\*Denotes years that include Actuarial Experience Studies costs*

Funding would be covered annually under account number 902-53910.



## DISCUSSION:

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

On September 17, 2013, MTS released a Request for Proposals (RFP). On October 22, 2013 four proposals were received from the proposers listed below. All were deemed responsive and responsible:

- a) Bartel Associates LLC
- b) Cheiron
- c) Milliman, Inc.
- d) Segal Consulting

An evaluation committee scored the proposals on the following:

Qualifications of the Firm or Individual	10%
Staffing, Organization, and Management Plan	30%
Work Plan	30%
Cost	30%
Total	100%

(Attachment B contains the summary of proposed costs from all proposers.)

Based on the evaluation committee's analysis of the technical proposals, discussions, negotiations, and evaluation of proposed price, including the Best and Final Offer (BAFO), Cheiron represented the best value to MTS.

On October 31, 2013, Cheiron further reduced its total proposed price by an additional \$123,700.00 for the life of the agreement from the original \$670,500.00 to \$546,800.00, or 18.5%.

Therefore, staff recommends that the Board of Directors authorize the Chief Executive Officer (CEO) to

1. execute MTS Doc. No. G1650.0-14 (in substantially the same format as Attachment A) with Cheiron for the provision of actuarial services for the SDTC pension plan for a five-year base period and 5 one-year optional terms exercisable at MTS's sole determination; and
2. exercise each option year at the CEO's discretion.

  
\_\_\_\_\_  
Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachments: A. Draft MTS Doc. No. G1650.0-14 (w/o exhibits)  
B. Cost Comparisons

## DRAFT

## STANDARD SERVICES AGREEMENT

G1650.0-14  
 CONTRACT NUMBER  
 902-53910  
 FILE NUMBER(S)

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2013, 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: Cheiron Address: 1532 East McGraw Street

Form of Business: Corporation Seattle, WA 98112

(Corporation, partnership, sole proprietor, etc.)

Telephone: 877-243-4766, ext. 1138

Authorized person to sign contracts: Robert McCrory Principal Consulting Actuary  
 Name Title

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

Provide Actuarial Services for the SDTC Pension Plan as set forth in the Scope of Work (attached as Exhibit A), Cheiron's cost proposal (attached as Exhibit B) and in accordance with the Standard Services Agreement, including Standard Conditions Services (attached as Exhibit C) and Federal Requirements (attached as Exhibit D).

This contract term is for up to a five (5)-year base period and five (5) 1-year option terms, exercisable at MTS's sole discretion, for a total of ten years. Base period shall be effective January 1, 2014 through December 31, 2018 and option years shall be effective January 1, 2019 through December 31, 2023.

Payment terms shall be net 30 days from invoice date. The total cost of this contract shall not exceed \$246,100 for the base years and \$300,700 for the option years, for a total not to exceed \$546,800 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
Base years (1 through 5)	\$246,100		
Option years (6 through 10)	\$300,700		
Total	\$546,800	902-53910	FY 14 - FY 23

\$ \_\_\_\_\_

By: \_\_\_\_\_ Date  
 Chief Financial Officer

( \_\_\_\_ total pages, each bearing contract number)

A-1

# COST COMPARISON

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

## INITIAL PROPOSAL

## BEST & FINAL OFFER (BAFO)

Firm	Bartel Associates	Cheiron	Segal	Milliman	Cheiron
Base Years	\$ 215,802.00	\$ 292,700.00	\$ 363,300.00	\$ 438,000.00	\$246,100.00
Option years	\$ 269,200.00	\$ 377,800.00	\$ 468,600.00	\$ 442,500.00	\$300,700.00
<b>Total</b>	<b>\$ 485,002.00</b>	<b>\$ 670,500.00</b>	<b>\$ 831,900.00</b>	<b>\$ 880,500.00</b>	<b>\$546,800.00</b>



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## Agenda Item No. 13

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

December 12, 2013

**Draft for  
Executive Committee  
Review Date: 12/5/13**

#### SUBJECT:

RAILROAD BRIDGE INSPECTION SERVICES - CONTRACT AWARD

#### RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL147.0-13 (in substantially the same format as Attachment A) with J.L. Patterson for the provision of railroad bridge inspection services for five years (beginning on February 1, 2014, and ending on January 31, 2019).

#### Budget Impact

The total cost of this engagement would not exceed \$665,462.00 (as follows):

➤	Year 1 (February 1, 2014 - January 31, 2015)	\$ 122,862.00
➤	Year 2 (February 1, 2015 - January 31, 2016)	\$ 127,777.00
➤	Year 3 (February 1, 2016 - January 31, 2017)	\$ 132,888.00
➤	Year 4 (February 1, 2017 - January 31, 2018)	\$ 138,203.00
➤	Year 5 (February 1, 2018 - January 31, 2019)	\$ 143,742.00
	<b>Total</b>	<b>\$ 665,462.00</b>

This procurement would be funded annually under MTS Rail Operations Account No. 371-53710.



## DISCUSSION:

MTS Policy No. 52 governing procurement of services requires a formal competitive process for procurements exceeding \$100,000. In accordance with FTA Circular 4220.1F, a cost analysis is required when only a single responsive proposal is received for any type of formal procurements.

In March 2010, the Federal Railroad Administration (FRA) mandated in 49 CFR Part 237 that all rail operators to conduct bridge inspections. In response, MTS now performs in-depth bridge inspections and evaluations every 12 months. MTS conducts bridge inspections on a total of 53 significant bridge structures each year on its Blue, Orange, and Green Lines.

On July 29, 2013, staff released a Request for Proposals (RFP) for bridge inspections. On September 23, 2013, one proposal was received from J.L. Patterson. Staff performed a review and the proposal was determined responsive and responsible. An evaluation committee of staff from various MTS/Trolley departments met and rated the proposal. The ratings were based on the following criteria:

1.	Company Background and Technical Experience	25%
2.	Proposed Staffing, Firm Organization & Management Plan	25%
3.	Work Plan and Equipment	25%
4.	Cost/Price	<u>25%</u>
		Total 100%

The proposed contract will require inspection of the bridges to be done during normal operating and nonoperating hours between 12:00 a.m. and 5:00 a.m. The inspections will also require the contractor to work around active freight operations during these hours.

The evaluation team analyzed the technical proposal, held discussions and negotiations, and evaluated price proposals and concluded that J.L. Patterson's proposal presents the best value to MTS.

Therefore, staff recommends that the Board authorize the CEO to execute MTS Doc. No. PWL147.0-13 (in substantially the same format as Attachment A) with J.L. Patterson for the provision of railroad bridge inspection services for five-years (beginning on February 1, 2014, and ending on January 31, 2019).

  
\_\_\_\_\_  
Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachments: A. Draft MTS Doc. PWL147.0-13 (w/o exhibits)  
B. Cost Summary



## DRAFT

STANDARD SERVICES AGREEMENT  
FOR  
RAIL ROAD BRIDGE INSPECTION SERVICES

PWL147.0-13  
CONTRACT NUMBER

OPS 970.2  
FILE/PO NUMBER(S)

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2014, 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: Rail Road Bridge Inspection Services

Address: 725 Town & Country Road Ste. 300

Form of Business: Corporation  
(Corporation, Partnership, Sole Proprietor, etc.)

Orange, California 92868

Telephone: 714 835-6355

Authorized person to sign contracts: Jacqueline L. Patterson President  
Name Title

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

Railroad Bridge Inspection Services, as specified in the Technical Specifications (attached as Exhibit A), the Cost Proposal (attached as Exhibit B), and the Standard Conditions Services (attached as Exhibit C), and the Federal Requirements (attached as Exhibit D). Prevailing Wage Requirements (attached as Exhibit E).

The contract term is for five (5) year period and shall be effective February 2, 2014, through January 31, 2019. Payment terms shall be net 30 days from invoice date.

The total amount of this contract shall not exceed \$665,462.00 including all applicable sales taxes and mobilization and transportation costs.

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

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$ 665,462.00	371-53710	FY14- FY 19

By: \_\_\_\_\_  
Chief Financial Officer

(\_\_\_\_\_ total pages, each bearing contract number)

Purchasing Department  
1255 Imperial Ave., Suite 1000  
San Diego, CA 92101  
619.231.1466 FAX 619.696.7084

## **COST SUMMARY**

### **RAILROAD BRIDGE INSPECTION SERVICES MTS DOC. NO. PWL147.0-13**

<b>BRIDGE INSPECTION SERVICES</b>	<b>J.L. PATTERSON</b>	<b>MTS</b>
<i>COST PROPOSAL</i>	<b>\$ 665,462.00</b>	<b>N/A</b>
<i>IN-HOUSE ENGINEERS ESTIMATE</i>	<b>N/A</b>	<b>\$ 887,852.35</b>

The difference between J.L. Patterson Cost Proposal and MTS's engineer's estimate is 25% percent lower by comparison.





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

## Agenda Item No. 14

### MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

December 12, 2013

**Draft for  
Executive Committee  
Review Date: 12/5/13**

#### SUBJECT:

RTMS RADIO TOWER AT MT. SOLEDAD SIGNAL STATION, NAVAL BASE POINT  
LOMA – SITE LEASE AMENDMENT

#### RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0513.2-09 (in substantially the same format as Attachment A) with the Department of the Navy to continue the lease of MTS's Mt. Soledad Signal Station site for five years.

#### Budget Impact

The total cost of this amendment would not exceed \$225,270.79 (as follows).

Administrative Cost	\$3,700.00
Year 1	\$41,733.87
Year 2	\$42,985.89
Year 3	\$44,275.46
Year 4	\$45,603.73
Year 5	\$46,971.84
Total	\$225,270.79

Funding would be covered in the Bus Operations' annual budget under Account Number 202-59610.

DISCUSSION:

MTS uses the Regional Transit Management System (RTMS) to track and communicate with its buses, maintenance vehicles, relief cars, and supervisor vehicles. As part of the RTMS system, MTS has a radio system which consists of five towers throughout San Diego County. The agency leases space on existing towers in order to house the radio transmitting and receiving equipment that provides effective radio coverage throughout its service area.

One of the towers is at Mt. Soledad Signal Station, which is under the control of the Department of the Navy, Naval Base Point Loma. MTS entered into agreement MTS Doc. No. B0513.0-09 on January 15, 2009, to lease space on the Mt. Soledad tower for five years through January 14, 2014. In order to continue operations with full radio coverage, this amendment extends the lease for an additional five years effective January 15, 2014. Based on prior procurement history, the price proposed for this extension is deemed fair and reasonable.

Therefore, staff recommends that the Executive Committee forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. B0513.2-09 (in substantially the same format as Attachment A) with the Department of the Navy to continue the lease of MTS's Mt. Soledad Signal Station site for five years.



Paul G. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachments: A. Department of the Navy (MTS Doc. No. B0513.2-09)  
B. Memo to Procurement File dated 11/25/13

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		1. CONTRACT ID CODE N6247309RP00005	PAGE OF PAGES 1   1
2. AMENDMENT/MODIFICATION NO. TWO (2)	3. EFFECTIVE DATE 14 JANUARY 2014	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (if applicable)
6. ISSUED BY NAVAL FACILITIES ENGINEERING CMD SW ASSET MANAGEMENT ATTN: REAL ESTATE DEPT 1220 PACIFIC HIGHWAY SAN DIEGO, CA 92132-5190		7. ADMINISTERED BY (If other than Item 6) CODE	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county State and ZIP Code)  METROPOLITAN TRANSIT SYSTEM 1255 IMPERIAL AVENUE, SUITE 1000 SAN DIEGO, CA 92101-7490  EXP: 14 JANUARY 2019		9A. AMENDMENT OF SOLICITATION NO.	
		9B. DATED (SEE ITEM 11)	
		10A. MODIFICATION OF CONTRACT/ORDER NO. N6247309RP00005	
CODE NBPL FACILITY CODE N63406		10B. DATED (SEE ITEM 13)	
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			
<input type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference of the solicitation and amendment numbers. <b>FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER.</b> If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.			
12. ACCOUNTING AND APPROPRIATION DATA (If required)			
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIED THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.			
A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.			
B. THE ABOVE NUMBERED CONTRACT/ORDERED IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).			
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:			
<input checked="" type="checkbox"/> D. OTHER (Specify type of modification and authority) BY MUTUAL AGREEMENT OF BOTH PARTIES			
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return <u>3</u> copies to the issuing office.			
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible)			
THIS MODIFICATION MAKES THE FOLLOWING CHANGES:			
1. UNDER THE PROVISIONS OF THE LEASE, MTS IS EXERCISING THE OPTION TO EXTEND THE LEASE FOR AN ADDITIONAL FIVE (5)-YEAR PERIOD, BEGINNING 15 JANUARY 2014.			
2. ARTICLE 3, OF THE LEASE, "CONSIDERATION" IS HEREBY AMENDED BY REPLACING THE "RENT SCHEDULE" WITH THE FOLLOWING:  Year 1, 2014: \$41,733.87    Year 2, 2015: \$42,985.89    Year 3, 2016: \$44,275.46    Year 4, 2017: \$45,603.73    Year 5, 2018: \$46,971.84			
3. REPLACE "RENT CHECK SHALL BE MADE PAYABLE TO 'The Treasurer of the United States'" WITH "RENT CHECK SHALL BE MADE PAYABLE TO 'DISBURSING OFFICER, DFAS-CL'".			
4. ALL OTHER TERMS AND CONDITIONS OF THE LEASE REMAIN UNCHANGED.			
<small>Except as provided herein, all terms and conditions of the document referenced in Item 19A or 10A, as heretofore changed, remains unchanged and in full force and effect</small>			
15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
		GREG MAGNUSON, Real Estate Contracting Officer	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
BY _____ (Signature of Person Authorized to Sign)		BY _____ (Signature of Contracting Officer)	

1255 Imperial Ave., Suite 1000  
San Diego, CA 92101  
619.231.1466 FAX 619.696.7084

To: Procurement File  
From: Devin Braun, Project Manager; Diana Singleton, Contract Officer  
Date: November 25, 2013  
Subject: Lease Agreement for Radio Tower at Mt. Soledad Signal Station, Naval Base Point  
Loma for the Regional Transit Management System (RTMS) Project  
MTS Doc. No. B0513.2-09 (Amendment 2)

## **BACKGROUND:**

MTS uses RTMS to track and communicate with its buses, maintenance vehicles, relief cars, and supervisor vehicles. As part of RTMS, MTS has a radio system which consists of five towers throughout San Diego County. MTS leases space on existing towers to house the radio transmitting and receiving equipment that provides effective radio coverage throughout its service area.

One of the towers is at Mt. Soledad Signal Station, which is under the control of the Department of the Navy, Naval Base Point Loma. MTS entered into contract MTS Doc. No. B0513.0-09 on January 15, 2009 to lease the space for five years through January 15, 2014.

In order to continue operations with full radio coverage, the renewal of the lease is necessary. Under MTS Doc. No. B0513.0-09, Article 2 – Term, under the discretion of the Department of the Navy, the lease may be extended for three (3) additional terms of five (5) years each. This Amendment 2 will be the first extension. (Amendment 1 issued in October 1, 2009 was a no-cost amendment to reflect language change in the supplier of utilities and maintenance from Space and Naval Warfare Systems Center, San Diego to the lease being governed by Naval Base Point Loma.)

## **COST JUSTIFICATION:**

Under MTS Doc. No. B0513.0-09, Article 3 – Consideration, the rent increase shall increase each year thereafter by 3% starting with \$36,000 for year 1 (2009). Therefore the renewal also has the same cost structure of 3% annual escalation increases.

In addition, separate non-negotiable administrative fees of \$3,700 payable to the Department of the Navy for processing of the amendment are as shown below.

1. \$1,500 (Real Estate Contracting Officer administrative charges)
2. \$1,000 (NEPA actions and updated memo to file for the Environmental Condition of Property)
3. \$1,200 (Appraisal fees)

A \$3,700 check will be made payable to DFAS-CL, US Treasury for the administrative costs to exercise the 5 year renewal option.

B-1





**CURRENT LEASE (WITH 3 % ESCALATION EACH YEAR):**

Year 1	Year 2	Year 3	Year 4	Year 5
2009	2010	2011	2012	2013
\$36,000.00	\$37,080.00	\$38,192.40	\$39,338.17	\$40,518.32

**RENEWAL TERM (WITH 3 % ESCALATION EACH YEAR):**

Year 6	Year 7	Year 8	Year 9	Year 10
2014	2015	2016	2017	2018
\$41,733.87	\$42,985.89	\$44,275.46	\$45,603.73	\$46,971.84

The total cost of this amendment is a not-to-exceed \$225,270.79 for appraisal administrative costs of \$3,700 and \$221,570.79 for years 6 through 10.

**CONCLUSION**

Due to the critical nature of the Mt. Soledad Signal Station for regular MTS operations, staff recommends that the lease of the space on the radio tower be renewed for an additional five years.



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

## Agenda Item No. 15

### REVISED

#### MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

December 12, 2013

**Draft for  
Executive Committee  
Review Date: 12/5/13**

#### SUBJECT:

SECURITY SERVICES AGREEMENT – EXERCISE OPTIONS YEARS AND  
CONTINGENCY SPENDING AUTHORITY (KAREN LANDERS)

#### RECOMMENDATION:

That the Board of Directors:

1. Authorize the Chief Executive Officer (CEO) to exercise Option Years 1 and 2 under MTS Doc. No. G1299.0-10 (in substantially the same form as Attachment A) with Universal Protection Service (UPS) for the provision of security services for fiscal years 2015 and 2016.
2. Ratify and amend contract to authorize additional spending of \$98,959.10 in FY 13.

#### Budget Impact

Expenses for FY 2015 are estimated at \$7,022,400.00 and FY 16 at \$7,324,800.00 for a total of \$14,347,200.00. These amounts will be incorporated into each fiscal year's operating budgets (420-53510 Security Services). The \$98,959.10 in additional spending in FY 13 was covered by available funds in the operating budget. The total value of this contract, beginning July 1, 2010 through June 30, 2016, is 39,802,392.10.

#### DISCUSSION:

On May 15, 2013, the Board approved an amendment to MTS's security services contract with UPS to update the authorized spending amounts to reflect increased security services requirements on the MTS system. The base term for the contract expires on June 30, 2014. Under the agreement and original Board approval on June 24, 2010, MTS has the authority to exercise two 1-year options, which offers MTS the



ability to extend the contract through June 30, 2016, if it is to MTS's advantage. The contract terms and rates remain the same during the option years.

The North County Transit District (NCTD) recently completed a competitively negotiated procurement for security services. Because of existing market conditions, NCTD's costs are significantly higher than MTS's under the existing agreement between the MTS and UPS. Anticipating that a competitive procurement would yield similar results for MTS, staff believes that exercising Option Years 1 and 2 would be to MTS's economic advantage.

Therefore, staff recommends that the Board of Directors authorize the CEO to exercise Option Years 1 and 2 under MTS Contract No. G1299.0-10 with UPS for the provision of security services for fiscal years 2015 and 2016.

The action requested by the Board today would also ratify an additional \$98,959.10 in FY 13 spending that exceeded the estimates provided when the contract totals were updated in May 2013. The May 2013 estimates were based on six months of invoices received and processed for FY 13 security services. The invoices for actual security services incurred for the remaining six months of the fiscal year exceeded the estimate of \$6,567,426.28 by \$98,959.10, for a total FY 13 spending of \$6,666,385.38. This additional spending was within the CEO's \$100,000 authority to pay. Today's action would ratify this authorization and formally amend the contract to recognize the FY 13 authorized spending total.

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Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachment: A. MTS Doc. No. G1299.4-10

DRAFT

December 12, 2013

MTS Doc. No. G1299.4-10  
970.11

Mr. Steve Jones  
Co-CEO/COO  
Universal Protection Service  
P.O. Box 10134  
Pasadena, CA 91189-1034

Dear Mr. Jones:

Subject: AMENDMENT NO. 4 TO MTS DOC. NO. G1299.0-10; SECURITY SERVICES

This shall serve as Amendment No. 4 to our agreement for security services as further described below.

#### SCOPE

Continue to provide security services in accordance with the terms and conditions of the original agreement MTS Doc. No. G1299.0-10.

#### SCHEDULE

MTS hereby exercises Option Years 1 and 2 of the contract, extending the termination date for this agreement to June 30, 2016.

#### PAYMENT

This contract amendment shall authorize additional costs for the contract base period (FY 13) not to exceed \$98,959.10. The total value of this contract, including this amendment and the option years, shall be in the amount of \$39,802,392.10. This amount shall not be exceeded without written approval from MTS.

Please sign and return the copy marked "original" to the Contracts Specialist at MTS. All other terms and conditions shall remain the same and in effect. Retain the other copy for your records.

Sincerely,

Agreed:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Steve Jones  
Universal Protection Service

Date: \_\_\_\_\_

cc: B. Burke  
E. DeGuzman  
R. Atkinson  
Procurement File