

MEETING OF THE BOARD OF DIRECTORS FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS)
AND
FINANCE WORKSHOP

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

July 18, 2013

MINUTES

BOARD MEETING

1. Roll Call

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

ADDITIONAL AGENDA ITEM

Mr. Mathis advised there was a matter of urgency to bring to the Board's attention and it is the addition of a Closed Session item. Action must be taken to include it on the agenda as it was not on the previously noted agenda.

Karen Landers, General Counsel explained that pursuant to Government Code section 54954.2(b)(2) MTS staff requests that the Board add the following agenda item to today's agenda which is: Conference with Legal Counsel - anticipated litigation and initiation of litigation pursuant to Government Code section 54956.9(g)(4) - one potential case. In order for this item to be added to today's agenda, the Board must make two findings; 1) there is a need to take immediate action; and 2) the need for action came to the attention of MTS subsequent to the posting of today's agenda. This potential Closed Session item relates to litigation that may need to be initiated before the next Board meeting scheduled for August 15, 2013 and there were recent developments in the matter this case relates to that were not known to Ms. Landers and others until after the agenda for today's meeting was posted. To add this Closed Session item to the agenda the Board has to make the findings by a two thirds vote which is 10 of the 15 Board members. If there are less than 10 members present it has to be approved by a unanimous vote of those Board members in attendance.

Action Taken

Mr. Minto moved to receive a report for information. Mr. Ovrom seconded the motion, and the vote was 9 to 0 in favor with Meses Emerald, Salas and Messrs. Alvarez, Gastil, Gloria and Roberts absent.

2. Approval of Minutes

Mr. Minto moved to approve the minutes of the June 20, 2013, MTS Board of Directors meeting. Ms. Bragg seconded the motion, and the vote was 9 to 0 in favor with Meses Emerald, Salas and Messrs. Alvarez, Gastil, Gloria and Roberts absent.

3. Public Comments

None.

CONSENT ITEMS

6. Unallocated Transportation Development Act Funds for Transit-Related Projects

Action would approve the use of unallocated Transportation Development Act (TDA) funds currently held by the County of San Diego (County). These TDA funds would pay for the installation of communications equipment that would show trolley-arrival information on the City of Santee's Clock Tower display panels at the Santee Station.

7. ARC of San Diego Interior Bus Cleaning - Sole-Source Contract Award

Action would authorize the Chief Executive Officer (CEO) to: (1) execute MTS Doc. No. B0602.0-13 with the ARC of San Diego (ARC) for deep cleaning the interiors of San Diego Transit Corporation (SDTC) buses for a three-year base period with 2 one-year options for a total of five years; and (2) exercise each option year at the CEO's discretion.

8. Audit Report - Business Process Review of Token Management Operations

Action would receive an internal audit report on token management operations governed by San Diego Trolley, Inc. (SDTI) Revenue Management staff.

9. Audit Report - Special Event Revenue Operations

Action would receive an internal audit report on special event revenue operations governed by San Diego Trolley, Inc. (SDTI) Revenue Management staff.

10. Upgrade of Existing Heating, Ventilation, and Air-Conditioning System in Building A - Work Order

Action would authorize the CEO to execute Work Order No. MTSJOC1431-06 with ABC Construction, Inc. (under MTS Doc. No. PWL135.0-12) for the installation of a new heating, ventilation, and air-conditioning system (HVAC) in Building A.

11. Fiscal Year 2014 Internal Audit Plan

Action would approve the MTS Internal Auditor's Audit Plan for fiscal year 2014.

12. Increased Authorization for Legal Service Contracts to Pay Projected Expenses in FY 14

Action would: (1) approve increasing the dollar amount of 12 legal services contracts to cover FY 14 expenses; and (2) ratify 2 legal services contract amendments with approved firms.

13. Traction Power Substations for the San Diego Trolley, Inc. System - Contract Amendments

Action would: (1) ratify Amendment Nos. 1-6 to MTS Document No. L1032.0-12 with Siemens Industry, Inc., which were previously approved under the CEO's approval authority; and (2) authorize the CEO to execute MTS Doc. No. L1032.7-12 with Siemens Industry, Inc. to increase the total contract spending authority to cover previously unknown site-access constraints and San Diego Gas and Electric's (SDG&E's) stricter passage requirements during installation.

14. Monument Signs at Orange Line Stations - Approve Work Order

Action would authorize the CEO to execute Work Order No. MTSJOC1431-05 with ABC Construction, Inc. (under MTS Doc. No. PWL135.0-12) for the installation of new monument signs at the 47th Street, Encanto/62nd Street, Euclid Avenue, Massachusetts Avenue, and Spring Street Stations on the Orange Line.

15. Taxicab Advisory Committee Election

Action would approve the Taxicab Advisory Committee's (TAC's) recommendation to: (1) defer a decision about if and when to hold an election of TAC members until such time that either (a) the City of San Diego assumes administration of taxicab regulation in San Diego or (b) the City of San Diego requests an additional extension to the existing contract with MTS for taxicab administration; and (2) retain the current membership of the TAC into calendar year 2014 (assuming the current members are willing) pending a decision by the TAC on when to hold the next election.

BOARD MEMBER COMMENTS

Ms. Zapf commented in regard to Consent Item 7 that she thinks it is a terrific idea and is thrilled to see that ARC was awarded the contract as they give jobs to the disabled. Any business should take a look if they can use their various services as it is a great way to help our community. Mr. Mathis added that they have been with MTS for quite a while and provide excellent service.

Action on Consent Item 6 through 15

Mr. Ewin moved to approve Consent Items 6 through 15. Mr. Gastil seconded the motion, and the vote was 11 to 0 in favor with Meses Emerald, Salas and Messrs. Alvarez and Roberts absent.

The Board convened to Closed Session at 9:05 a.m.

CLOSED SESSION

24. a. **CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
Pursuant to California Government Code Section 54956.8;
Property: 9805 and 9808 Prospect Avenue, Santee, CA 92071 (APNs 384-161-26-00 and 384-190-74-00);
Agency Negotiators: Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets;
Negotiating Parties: City of Santee;
Under Negotiation: Price and Terms of Payment
- b. **CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION**
Pursuant to California Government Code Section 54956.9(a):
L. C. Douglas v. SDTC (WCAB Case Number SDO 0287607)
- c. **CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL ANTICIPATED LITIGATION** Pursuant to California Government Code Section 54956.9(b):
(One Potential Case)

The Board reconvened to Open Session at 10:01 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- a. The Board received a report and gave directions to negotiators.
- b. The Board received a report and authorized a settlement with a vote of 12 to 0 in favor with Meses Emerald, Salas and Mr. Alvarez, absent.
- c. The Board received a report and gave direction to legal counsel.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. None.

REPORT ITEMS

45. Customer Satisfaction Survey (2011 and 2013) (Rob Schupp)

Rob Schupp, Director of Marketing discussed the Customer Satisfaction Survey and the RFP process. The first survey was completed in 2011 and the second in 2013 for which results have been received. The final survey will likely be conducted in 2015. He introduced Dr. Becky Wu and Shannon Knott of Luth Research, a San Diego based firm. Ms. Wu discussed the research project and gave background on Luth's expertise. Ms. Knott provided the key findings and highlighted improvements and changes over the years. She explained the objectives and methodology of the survey and the interviewing process. She provided a map with regard to the sample, a respondent profile chart, the consumer's overall satisfaction with MTS's service, the consumer's feedback, respondent comments and suggestions and bus service and trolley service feedback. She discussed the satisfaction with customers and the implemented projects and initiatives. Lastly she provided the reasons consumers take public transit and a slide on the implications.

Mr. Schupp advised the report gives MTS the means to hone in on the areas it needs to improve upon and next steps are to thoroughly analyze the data and meet with department heads and match what is found in the survey to MTS's 2014 performance goals.

Paul Jablonski, Chief Executive Officer stated that MTS is going to use this information to identify the areas the public focuses on and to improve them.

Mr. Mathis stated the survey was contained extremely useful information to use as guidelines to move forward.

Action Taken

Mr. Minto moved to receive a report for information. Mr. Ovrom seconded the motion, and the vote was 12 to 0 in favor with Meses Rios, Emerald and Mr. Alvarez absent.

46. Student Pass Pilot Program (Sharon Cooney)

Sharon Cooney, Chief of Staff gave a report on activities which MTS has been engaged in relative to a school pass program that is being funded by the City and the San Diego Unified School District. She introduced Janelle Carey, Associate Transportation Planner who will be helping Ms. Cooney with a research project related to the program. Ms. Cooney discussed the discounted fares that would be offered to the students, the benefits that would affect a number of initiatives going on in schools and cities, the City's and school's budgets, targeted cities and truancy rates. She explained the particulars of the card relating to identification and tracking. She stated the schools would be responsible for administration of the card to the eligible students. She said this program could eventually be a program all school districts would be interested in as they are compensated based on daily student attendance.

Mr. Gloria said it was represented to the City Council that when the City funded the program for \$200K that the differential between the school district and the City would be made up through grant funding that the school district was going to go after, roughly \$50K and asked if there had been any additional discussion. Ms. Cooney responded it was not raised by the school district but Mid-City CAN advised they would try to obtain grants, to expand the program, not offset the costs.

Mr. Gloria asked if there was some value in the program not being free, but with diminished cost. Ms. Cooney answered that Cindy Martin the new Superintendent, said there was no possible way for the schools at the local level to collect cash from the students and stated that for this pilot she does not want the students to be charged. Mr. Gloria responded that pilots often become permanent programs and his main interest is sustainability. The idea is to prove it in San Diego and implement in the surrounding schools. The School District takes this on as an obligation, but this could be assisted with minor contributions from the students which would also cut down on fraud and use by those who do not need them.

Mr. Gloria questioned if the program was on track to launch in the fall. Ms. Cooney answered that they would like to have the program launch at the beginning of the school year. He asked if this was a doable timeline. Ms. Cooney responded it would be easy for MTS to do it, but it depends on the school districts themselves whether they can administer on time and MTS would meet with them weekly to make sure the program is still on track.

Mr. Gloria stated that when it was brought to the City Council they pushed back that the proponents of the project also are the evaluators of the project and they want to see an independent evaluation and if this was happening. Ms. Cooney advised MTS would evaluate based on absentee information received from the schools that are in favor. Mid-City CAN has decided they want an independent study and they want to look at crimes, greenhouse gases, etc. They have partnered with a professor at SDSU to do this, but because these are public funds MTS wants to make sure it is done in a scientific way. Mr. Jablonski stated that MTS wants to do the analysis on the attendance and the effectiveness of the program as it is a great program if it can be funded by the schools and it returns revenue to the schools that is self-sufficient, but it is not MTS's job to do and it should be proven. If it is proven that it is not effective, then the program should not continue. Mr. Gloria stated the main motive of the program is reduction in truancy then this is what we want to know in order to decide if this is a successful program the City would want to invest in.

Mr. Gloria asked who the representatives are MTS is interfacing with regarding the program on

the school district side and the City of San Diego side.

Mr. Mullin asked if the program includes existing routes and if there would be increased costs. Mr. Jablonski stated the only cost would be underwriting for the \$10K differential in the cost of the passes and the revenue, and staff time to analyze the data and write the report, and the cost of the cards.

Mr. Minto advised he has concerns over this collection of data as he has been involved in truancy issues for many years and factors for why kids were being truant and trying to determine which programs got them back in school. It is pretty impossible to do a blind survey or report. He asked how MTS is obtaining the names of the students to give the passes to. Ms. Cooney stated the schools will choose based on need and will look at students who are already in the free lunch program and those who currently have absentee problems and there will be a form signed by the students and their parents that will hold them accountable. Mr. Minto stated that this is a concern as it puts the student on notice that they have to go to school if you get the bus pass and how would you determine whether it makes a real difference. Ms. Cooney advised MTS will take that into account as they structure the research study to see if MTS can control for that. Mr. Roberts responded the program either works or it does not and if it works it means the school district gets their average daily attendance up and will have the money to pay for it and if it does not work the program will not continue. It is a modest expense. If it is shown the program works after the study is completed it ends up becoming the school district's responsibility.

Ms. Zapf stated it was a truancy issue. Ms. Zapf said that there was a misunderstanding about the reasons to have a free pass, but if the program's primary purpose is to cut down on truancy this is where the focus has to be. The City is the largest contributor of this program and it comes from other services in dire need of being restored. If the program is successful it needs to be the school's responsibility.

Mr. Jablonski said Mid-City CAN's objectives are broader than just the school district's, and is something to keep in mind as the process goes on. The best case scenario is for the school districts to improve truancy and to pay for the program and it becomes the school's responsibility.

Mr. Mathis said that with regards to attendance the teachers know who is truant and if that could create an avenue to contact the parents who are in favor of the program who feel that their child needs it in order for their child to get to school and so you would hopefully receive assistance from the families of these truant students. Ms. Cooney said MTS would express this to the schools. Mr. Mathis said there must be some follow up as just giving them a pass is not a guarantee on attendance.

Action Taken

Mr. Roberts moved to receive an update on the proposed pilot program to supply free or reduced fare transit passes to students in the San Diego Unified School District. Mr. Gloria seconded the motion, and the vote was 11 to 1 in favor with Mr. Minto opposed and Meses Emerald, Rios and Mr. Alvarez absent.

60. Chairman's Report

None.

61. Audit Oversight Committee (AOC) Chairman's Report

Mr. Ewin advised in terms of the Audit Oversight report everything is moving forward with regard to the outside auditors work and the staff's responsibilities in preparation of the annual report. They will provide an interim report in September.

Mr. Ewin advised he attended LOSSAN meeting the prior day. There were many pending actions and the amended JPA was approved by the agency. They will be selecting an overall managing agency. With the approval of the JPA, the managing proposal screening committee will meet on July 22nd and will forward a recommendation for the LOSSAN August meeting and at that time action will be taken. MTS, Orange County and LA Metro are bidding for Managing Agency. Part of motion to accept and approve each of these agencies proposals will be provided to the other agencies prior to the vote. Mr. Ewin advised the MTS proposal is exceptional and commended MTS and is in hopes MTS will be selected. Mr. Mathis discussed the other proposals.

63. Board Member Communications (TAKEN OUT OF ORDER)

Mr. Gloria advised the City Council adopted a bike sharing program for the City and explained the particulars of the program. There would be bike sharing stations throughout uptown, downtown, beach and bay communities. The City is working with affected communities to select stations and is in hope service will be live approximately 6 months from now. It will be complimentary to mass transit and they are focusing on putting stations near transit stations. The program is at no cost to tax payers and will generate revenue over the contract term.

Ms. Salas advised the Board of a complaint received from a constituent in Chula Vista that there is a horrible flow of buses on 1100 block of Melrose Avenue in Chula Vista and he seems to feel the buses there are running more frequently and they are very nosy and speed through neighborhood. He has invited Ms. Salas to his neighborhood to observe and asked for information regarding service along that corridor. Mr. Mathis advised staff would be happy to provide Ms. Salas with the requested information.

Ms. Zapf advised that in addition to the bike sharing program, the City Council was working to make the city more bike-friendly and one of the things they hear consistently is that the trolleys are not bike friendly. The City is trying to push the bike sharing program and improve bike infrastructure near colleges, beaches and bay and are hoping the trolleys would be made more bike-friendly in the future.

Mr. Ewin advised for those traveling on Amtrak they only accommodate seven bikes per train, but are working to enable more bikes and make sure to reserve for your bike as well as yourself when traveling on Amtrak.

62. Chief Executive Officer's Report (TAKEN OUT OF ORDER)

Mr. Jablonski reported of his recent trip to Washington, DC as he serves on the Transit Cooperative Research Program ("TCRP") Board TOPS committee that decides on transit research throughout the US for the upcoming year. He attended the recent sessions for a couple days with expenses being paid for by TCRP.

64. Additional Public Comments on Items Not on the Agenda

Dorothy Lazenby – Ms. Lazenby discussed several issues with regard to the trolley. She said MTS needs additional restrooms at their stations particularly at Fashion Valley as passengers

are urinating in the elevator due to the lack of facilities. She discussed issues with bicycles and strollers explaining that passengers park their bicycles and strollers where wheelchairs get on and off making it difficult for the disabled passengers to board and exit the trolley. She said passengers should not leave their babies in their strollers and they should take the children out and fold up the stroller when riding the trolley. She complained these problems are due to lack of enforcement by security and that security needs to advise passengers of these rules. She suggested that MTS staff and Board members should take a bus to Escondido to see how the trip is for those passengers and to experience the impact due to the lack of restrooms.

Lorraine Leighton – Ms. Leighton discussed an incident on a bus on Route 833. She stated the driver let a male passenger take the cover off the wheel chair ramp and got hostile with her and stated that it was not his job. The driver then got violent and threw Ms. Leighton into a seat. She stated the buses need cameras; it is bad First Transit runs these buses and they do not have the proper paperwork to make a report. The supervisor that came out due to the incident was not helpful. She feels MTS discriminates against disabled passengers. She said the passengers were promised cameras and she would take all of these issues to the District Attorney.

65. Next Meeting Date

The next regularly scheduled Board meeting is August 15, 2013.

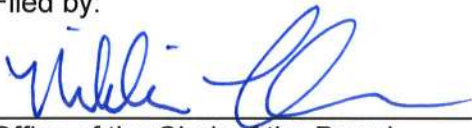
66. Adjournment

Chairman Mathis adjourned the meeting at 11:09 a.m.



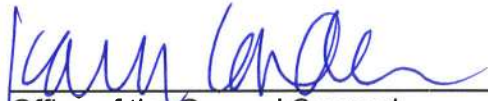
Chairperson
San Diego Metropolitan Transit System

Filed by:



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

Approved as to form:



Office of the General Counsel
San Diego Metropolitan Transit System

- Attachments:
1. Roll Call Sheet
 2. Request to Add Agenda Items to July 18, 2013 Board Meeting Agenda
 3. MTS | LOSSAN Managing Agency Proposal

METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
ROLL CALL

MEETING OF (DATE): July 18, 2013

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

RECESS: N/A

RECONVENE: N/A

CLOSED SESSION: 9:05 a.m.

RECONVENE: 10:01 a.m.

PUBLIC HEARING: N/A

RECONVENE: N/A

ORDINANCES ADOPTED: N/A

ADJOURN: 11:09 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ALVAREZ	<input type="checkbox"/> (Faulconer) <input type="checkbox"/>		
BRAGG	<input checked="" type="checkbox"/> (Bilbray) <input type="checkbox"/>	9:00 a.m.	11:09 a.m.
CUNNINGHAM	<input type="checkbox"/> (Mullin) <input checked="" type="checkbox"/>	9:00 a.m.	11:01 a.m.
EMERALD	<input type="checkbox"/> (Faulconer) <input type="checkbox"/>		
EWIN	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>	9:00 a.m.	11:09 a.m.
GASTIL	<input checked="" type="checkbox"/> (Jones) <input type="checkbox"/>	9:03 a.m.	11:09 a.m.
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:04 a.m.	11:09 a.m..
MATHIS	<input checked="" type="checkbox"/>	9:00 a.m.	11:09 a.m.
MCCLELLAN	<input type="checkbox"/> (Ambrose) <input checked="" type="checkbox"/>	9:00 a.m.	11:09 a.m.
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>	9:00 a.m.	11:09 a.m.
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>	9:00 a.m.	11:09 a.m.
RIOS	<input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/>	9:00 a.m.	10:02 a.m.
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:05 a.m.	11:09 a.m.
SALAS	<input checked="" type="checkbox"/> (Ramirez) <input type="checkbox"/>	9:10 a.m.	11:09 a.m.
ZAPF	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:00 a.m.	11:09 a.m.

SIGNED BY THE CLERK OF THE BOARD: 

CONFIRMED BY THE GENERAL COUNSEL: 

**REQUEST TO ADD AGENDA ITEMS
TO JULY 18, 2013 BOARD MEETING AGENDA**

Pursuant to Government Code section 54954.2(b)(2), MTS staff requests that the Board of Directors add the following agenda items to its July 18, 2013 meeting agenda:

Closed Session Item 24c: CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – INITIATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(4) (1 Potential Case)

Proposed Action: Provide Instructions to MTS Legal Counsel

The basis for adding these items to the Board of Director's July 18, 2013 agenda is:

- a. There is a need to take immediate action. This relates to litigation that may need to be initiated before the Board's next scheduled meeting on August 15, 2013.
- b. The need for action came to the attention of MTS subsequent to the agenda being posted. Recent developments in the matter this case relates to were not known to legal counsel until after the July 18, 2013 agenda was posted.

The Board of Directors must make the findings listed in A and B above by a two-thirds vote. Therefore, 10 of the 15 Board members must approve adding Item 24c to the agenda.

PROPOSAL



**Managing Agency to Oversee State-Supported
Intercity Passenger Rail Service in the
Los Angeles – San Diego – San Luis Obispo
(LOSSAN) Rail Corridor**



Name: San Diego Metropolitan Transit System
Address: 1255 Imperial Avenue
San Diego, CA 92101
Contact Person: Sharon Cooney
Chief of Staff
(619) 557-4513
sharon.cooney@sdmts.com

June 14, 2013



Metropolitan Transit System

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

June 14, 2013

The Honorable Fred Strong
Chair of the LOSSAN Joint Powers Authority Board of Directors
401 B Street, Suite 800
San Diego, CA 92101

Dear Chair Strong:

The San Diego Metropolitan Transit System (MTS) is pleased to submit our application to become the Managing Agency for the LOSSAN corridor.

As you will see in our proposal, MTS brings all of the necessary qualities to successfully manage the corridor. We are free from conflicts. We have the experience in managing rail services and coordinating with multiple agencies for rail operations and capital improvements. We have potential storage capacity at the southern terminus of the corridor. MTS is highly regarded nationally for its cost-efficient service. Most importantly, we have a highly motivated staff, the organizational structure and the facilities to immediately begin work as the Managing Agency.

Thank you in advance for taking the time to review our proposal and we look forward to presenting the strengths of MTS to the LOSSAN Board of Directors on Wednesday, June 19.

Sincerely,

Paul Jablonski
Chief Executive Officer

LMARQUIS-L
L-HONFSTRONG.LOSSAN.JPABD.BBOYD.061313





INTRODUCTION

The San Diego Metropolitan Transit System (MTS) is pleased to submit its application to become the managing agency for the LOSSAN corridor and Amtrak's Pacific Surfliner service.

With 2.7 million passengers annually riding the Pacific Surfliner, and another 4.5 million passengers riding its commuter lines, the LOSSAN rail corridor is an extremely important transportation link for all of Southern California. With track owned by seven different entities and connecting service provided by an array of different transit operators, it is essential that the planning and administration of this valuable corridor be managed expertly.

MTS is committed to improving, expanding, and fostering the growth of intercity rail service in Southern California in a manner that is equally beneficial to all corridor member agencies. MTS possesses the following advantages for being selected as the managing agency:

- Proven effective and efficient operation and management of a functioning railroad.
- Long history of right-of-way ownership and maintenance.
- Recognized commitment to provide high quality services and increase ridership.
- Healthy long-standing relationships with corridor agencies, including the California Public Utilities Commission (CPUC), Federal Railroad Administration (FRA), and passenger and freight railroad companies.
- The lead negotiator of the Interagency Transfer Agreement (ITA) will be MTS's CEO, who has experience with negotiations on a wide variety of transportation issues and who will be supported by a very experienced team of transit and rail experts.
- Lack of a conflict of interest: MTS does not operate or fund heavy passenger rail. Consequently, MTS will maintain a fair and balanced perspective of the corridor.

This introduction will describe the following: 1) summary of MTS services, 2) MTS's proven efficiency of service operation, 3) MTS's rail operation and management experience, 4) MTS's relationships with other corridor agencies, and 5) MTS's understanding regarding the role of the managing agency. The conclusion is that MTS is best positioned to help achieve the operational goals of the LOSSAN corridor.

Summary of MTS Services

MTS is the public transportation provider for the southern and central portions of San Diego County and is situated at the southern terminus of the LOSSAN corridor. MTS serves 10 cities and a population in excess of two million, and is governed by a 15-member board of elected officials. MTS currently manages an operating budget of \$249 million and carried over 88 million passengers in FY12. Its transportation network includes the following:

- **Light Rail (Trolley):** Operates three lines on 102 miles of track; over 30 million passengers per year.
- **Bus:** Operates 93 bus routes; over 55 million passengers per year.
- **Freight Rail:** Owns 108 miles of freight track and contracts with San Diego & Imperial Valley (SD&IV) Railroad and Pacific Imperial Railroad, Inc. (PIR) to provide service on portions of the line.
- **Paratransit:** Provides door-to-door access service for passengers within 3/4-mile of a bus route or Trolley station.
- **Taxi:** Licenses and regulates taxicabs, jitneys, and other private for-hire passenger transportation services for seven cities in the region (including San Diego).

MTS is well-known throughout the industry for its efficient service management and was named the American Public Transportation Association's (APTA) Outstanding Public Transit System in 2009 for its high ridership, low costs, customer satisfaction, and exceptional safety record.

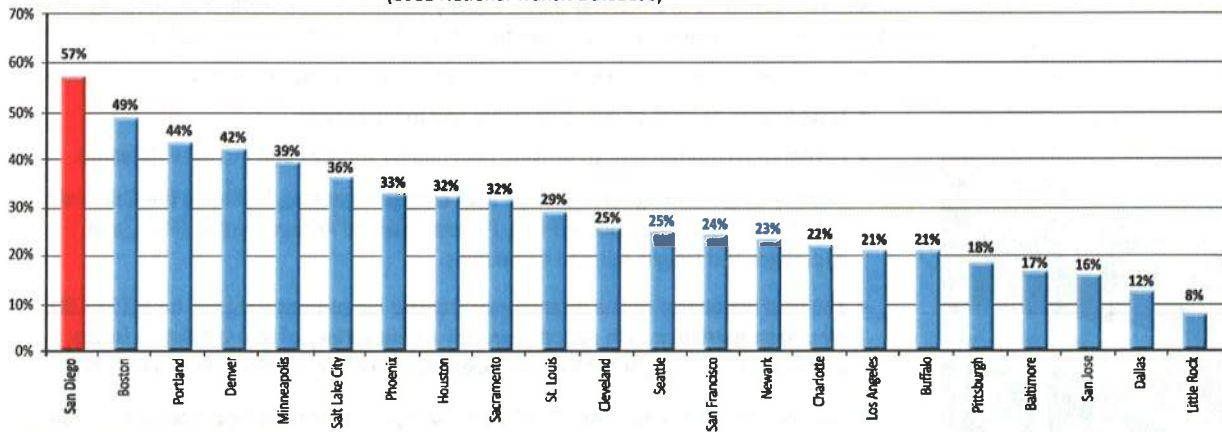


MTS's Proven Efficiency of Service Operation

MTS is one of the most efficient transit operators in the nation. According to the 2011 release of the National Transit Database (NTD), MTS's farebox recovery rate was 42%, compared to the national average of 33% and a 36% average for the 50 largest agencies nationwide. No agencies in California with both bus and rail operations had higher farebox recovery rates. In terms of light rail transit (LRT) operation, MTS had the highest farebox recovery rate in the country, at 57%, and was the only LRT operation in the nation to recover more than half of its operating costs with fare revenues (see Figure 1).

Figure 1

Farebox Recovery Rate of LRT systems (2011 National Transit Database)



MTS's high farebox recovery rate is due to its ability to efficiently manage its services and keep costs to a minimum. MTS operated its three lines with an average operating cost of \$142.85 per revenue hour and \$8.03 per revenue mile, compared to figures nationally of \$248 per hour and \$16 per mile. Accordingly, its \$1.91 cost per passenger and \$0.81 subsidy per passenger figures are substantially lower than the nationwide figures and all other California agencies that operate LRT (see Figures 2-4).

Figure 2

Cost per Revenue Hour of LRT Systems (2011 National Transit Database)



Figure 3

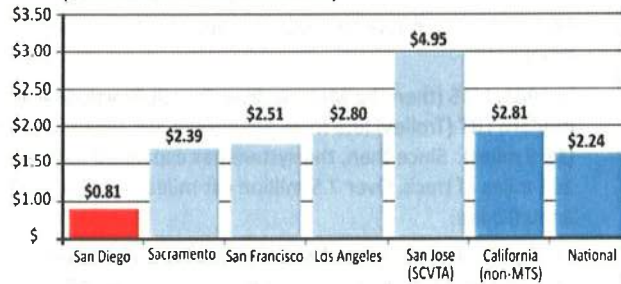
Cost per Passenger of LRT systems (2011 National Transit Database)





Figure 4

Subsidy per Passenger of LRT systems
(2011 National Transit Database)



Consistent with the above analysis, a year earlier (2010), San Diego Association of Governments' (SANDAG) TransNet Independent Taxpayers Oversight Committee (ITOC) found MTS to be the most efficiently operated transit agency among nine peer systems in the nation. The comparisons, which included farebox recovery rate, operating cost per boarding, subsidy per boarding, and operating cost per revenue mile, were made for both LRT and fixed-route bus operations. The ITOC found that MTS's system-wide performance surpassed the peer average in all categories. Table 1 summarizes its findings.

Table 1

Trolley and Bus Operating Performance

(TransNet Independent Taxpayers Oversight Committee Findings 2010)

	Farebox Recovery Rate		Operating Cost per Boarding		Subsidy per Boarding		Operating Cost per Revenue Mile	
	Rail	Bus	Rail	Bus	Rail	Bus	Rail	Bus
MTS	\$4.3%	\$38.1%	\$2.00	\$2.66	\$0.91	\$1.65	\$7.87	\$7.62
Los Angeles	18.3%	26.5%	\$3.62	\$2.58	\$2.96	\$1.90	\$17.41	\$10.86
Dallas	12.6%	11.5%	\$6.29	\$6.52	\$5.50	\$5.77	\$22.66	\$9.00
Denver	31.1%	26.6%	\$3.56	\$3.71	\$2.45	\$7.43	\$8.96	\$7.43
Minneapolis	40.3%	31.0%	\$2.46	\$3.59	\$1.47	\$2.48	\$12.78	\$10.53
Phoenix	28.1%	16.9%	\$2.72	\$5.35	\$1.96	\$4.45	\$12.43	\$6.35
Portland	34.7%	22.8%	\$2.51	\$3.95	\$1.64	\$3.05	\$13.06	\$11.28
Sacramento	30.2%	21.9%	\$3.12	\$4.27	\$2.18	\$3.34	\$11.75	\$10.68
Salt Lake	37.2%	17.2%	\$2.09	\$4.89	\$1.31	\$4.02	\$8.62	\$6.42
San Jose	15.2%	13.9%	\$5.81	\$6.29	\$4.93	\$5.41	\$18.77	\$13.22
Peer Average	27.5%	21.3%	\$3.58	\$4.48	\$2.71	\$3.59	\$14.05	\$9.52

In 2012, for the second consecutive Triennial Audit, the Federal Transit Administration (FTA) found no deficiencies in MTS's compliance with federal requirements. In this review, the FTA examined 24 areas of grant management practices and program implementation. Areas audited included legal, financial, technical, maintenance, procurement, project planning and programming, Title VI, and safety and security.

A contributing factor in MTS's efficiency has been its ability to negotiate and manage service contracts. More than half of MTS's bus service is contracted to private operators at a considerable savings to the agency. The contractors operate and maintain MTS vehicles from four MTS-owned maintenance facilities. In addition, MTS contracts with private operators for freight rail service as well as system security. MTS's commitment to contract management has been critical to ensure a seamless service delivery under optimum safety standards.

MTS expects that it can absorb the responsibilities and staff dedicated to LOSSAN with little difficulty and strongly believes that it can achieve levels of operational efficiency as the LOSSAN managing agency on par with its current successes.



MTS's Rail Operations and Management Experience

MTS and its staff have a lengthy history of rail operations, both in passenger rail and heavy freight rail.

In 1981, MTS (then the Metropolitan Transit Development Board) started the nation's first modern LRT (Trolley) line from downtown San Diego to the US-Mexico International Border (15.9 miles). Since then, the system has expanded to three lines, serving 53 stations on 102 miles of track. Over 7.5 million car miles and 400,000 train hours are operated on an annual basis.

The service has proven to be of high quality and attractive to passengers. For the most recent year, the Trolley's on-time performance was 90% and, with the exception of the economic decline in 2009-2010, the Trolley has continually increased ridership. Its ridership has increased seven percent in only two years and 28% in the last decade, to its 2012 total of 32.5 million passengers. Additionally, to date in FY13 the Trolley has only received 4.33 complaints for every 100,000 passengers, confirmation of customer satisfaction.

While many of the same fundamental principles apply to LRT and intercity rail, MTS is acutely aware of the differences, both in terms of target markets and actual operation. Where LRT passengers mainly expect quality service, on-time performance, and reasonable fares, intercity rail passengers are more discretionary and are willing to pay higher fares. In turn, however, intercity travelers expect additional amenities such as reserved seats, refreshment options, and upgraded accommodations. While MTS does not currently offer services with such amenities, it does operate premium express bus routes in over-the-road coaches that cater to the discretionary commuter market. These routes are similar to Amtrak Thruway bus services. MTS's experience in rail operations and premium services will allow it to not only maintain, but surpass, the high standards to which Amtrak and Pacific Surfliner patrons are accustomed.

MTS staff has significant heavy rail experience in the areas of risk management and legal support for Class I railroads, and operational management of freight rail, commuter rail, and intercity rail through partnerships, operating agreements, and staff's previous employment. MTS is an owner of a freight railroad and has negotiated contracts with SD&IV and PIR for use of track segment. MTS's most recent negotiation resulted in an investment agreement for the upgrade of MTS-owned tracks through eastern San Diego County in exchange for the right to operate along the improved alignment. Operation of freight service over MTS track has been successful on many fronts, the most recent of which required coordination of heavy construction efforts nightly during a temporal separation operating window. In March 2000, the FRA negotiated with MTS and approved the temporal separation waiver (the first of its kind nationally) for the day-to-day operation of the SD&IV freight line on MTS LRT segments, dispatched from the MTS Operations Control Center (OCC). SD&IV has been in operation and controlled in this manner for over 32 years. To date, several agencies throughout the country have followed MTS's lead and have FRA-approved temporal separation agreements for their shared-use rail transit and freight operating corridors.

MTS is also committed to a state of good repair with its rail infrastructure. It is currently halfway through work on the Trolley Renewal Project. This \$600 million project is meant to modernize and improve MTS's existing rail infrastructure. As part of the project, 33 station platforms will be raised to eight inches to accept low-floor LRT vehicles and each station will receive new shelters, benches, and next-train information signs. Additionally, MTS will essentially rebuild the entire 15-mile Blue Line. Blue Line service was implemented more than 30 years ago and some of the existing track was over 100 years old. The Blue Line rehabilitation project will result in the replacement of all overhead catenary and components, all 90-pound rail (to be replaced with 115-pound rail), grade crossing surfaces at 22 locations, and deteriorated track structure. New crossovers and signaling will also be installed throughout the line and transit centers will be reconfigured to better meet the needs of transferring passengers. Throughout this project a great deal of effort has been



put into making certain that MTS maintained operations and met the needs of the traveling public. The result has been a high level of customer satisfaction with the upgrades to the system and few complaints about the inconvenience.

Finally, MTS has also proven that it can successfully negotiate for the purchase of rolling stock. Within the past decade, MTS has negotiated for and purchased 76 LRT vehicles at a total cost of \$312.2 million.

MTS's experience in the Trolley Renewal Project, and the procurement of the vehicles, exemplifies the agency's skill in using creative approaches to finance large-scale capital projects. MTS was able to put together a complete financial package at a time when resources were significantly reduced. As managing agency, MTS can assist the LOSSAN management team in identifying ways to finance new rolling stock and leverage resources to accomplish corridor improvements.

MTS's Relationships with Other Corridor Agencies

MTS has significant familiarity, experience, and established relationships with the FRA, CPUC, and Caltrans Division of Rail (DOR), as well as Amtrak and other agencies along the LOSSAN corridor. MTS also has contracts with Genesee & Wyoming, Inc./RailAmerica, Inc. to provide service on MTS-owned track and a shared-use agreement with the North County Transit District (NCTD), who controls the dispatching rights on the corridor over which the BNSF freight, Pacific Surfliner and NCTD Coaster commuter trains operate.

The MTS/NCTD shared-use agreement provides for storage of Coaster commuter rail trains at the MTS facility, Coaster operation over MTS-owned track south of Del Mar, and maintenance of the corridor by NCTD. Coaster commuter trains stop at three MTS transit facilities (Santa Fe Depot, Old Town, and Sorrento Valley) and the agencies coordinate to provide a positive customer experience and to ensure appropriate safety protocols are in place.

MTS has a long-established relationship with the FRA, as the FRA regulates the hours of service for signal maintainers and OCC personnel, as well as track, signaling and grade crossing requirements on segments of track on which SD&IV trains operate. In June 2000, MTS traveled with representatives from the FRA and the FTA to observe European "mixed discipline" shared track operating systems to learn about mitigation measures adopted to ensure that signal system safeguards effectively protect crossings. The Trolley has 83 grade crossings and MTS continues to work closely with the FRA and CPUC to ensure that each crossing meets all applicable state and federal safety requirements. Most recently, MTS obtained a waiver for 6-inch cant deficiency from the FRA on track over which the FRA has joint jurisdiction with the CPUC.

The strong, 32-year relationship that MTS and the CPUC have developed has involved operating and administrative aspects from audits and inspections to collaborating on General Orders (GOs). For example, MTS played a critical role in the revision of GO 143-B, which involves design standards, reporting, maximum hours of service, regulatory oversight, and procedures related to LRT operation in California. Additionally, the agencies worked together to develop, and subsequently modify, GOs involving LRT power and wayside functions. MTS has also proudly provided input on GO 164-D, the safety certification process for rail transit in California.

While MTS and Amtrak do not have a shared-use agreement with one another, Amtrak operations are included within the MTS/NCTD shared-use agreement. MTS and Amtrak also have a shared-operating arrangement at downtown San Diego's Santa Fe Depot and at Old Town and the two agencies work with one another to ensure positive customer experience and proper safety protocols. Over the last year, MTS has undertaken a facelift of the Santa Fe Depot as part of the Trolley Renewal Project. Throughout the process, MTS took into consideration the effects of construction and dynamics of passenger flow

on all modes that serve the station. MTS worked closely with NCTD and Amtrak during the construction efforts to ensure that the planned Green Line extension, which effectively turned the Santa Fe Depot/America Plaza complex into a regional transit hub, yielded the optimum benefit for all involved parties.

As a long-time member of the LOSSAN Board of Directors and Technical Advisory Committee (TAC), MTS also has familiarity with Caltrans DOR staff. Most recently, the two agencies worked together to implement a signage plan at Old Town Transit Center and MTS has collaborated with Caltrans Highway and Planning staff on freeway and rapid transit projects throughout San Diego County. Additionally, MTS believes that the managing agency should seek assistance from an outside consultant that has worked for Caltrans DOR and/or Amtrak to help lead its ITA efforts (see Task 3).

Furthermore, MTS has taken a lead in regional coordination in San Diego. MTS currently houses the countywide telephone information center (trip-planning assistance), the Regional Transit Management System (real-time tracking of transit vehicle location), and HASTUS scheduling software. MTS also produces the Regional Transit Map, routinely assists on region-wide transit information requests from SANDAG, and will soon house Compass Card staff (the regional fare system).

In terms of other LOSSAN member agencies, MTS and SANDAG have continuous interaction in a number of areas including financial programming, capital work, and planning. MTS has also been a member of the LOSSAN Board of Directors and TAC since its inception and has worked with other LOSSAN member agencies to amend the LOSSAN Joint Powers Authority (JPA) agreement and bring intercity rail operation under local control. MTS CEO Paul Jablonski was instrumental in working with NCTD to gain its approval of the amended JPA. MTS has worked with LOSSAN agencies on an individual basis as well, including peer reviews and collaboration on initiatives such as fare collection system implementation.

With seven different track owners and transit connections at the vast majority of the 41 stations along the corridor, it is imperative that coordination be a top priority of the managing agency, and MTS's history shows that it can work well with other entities. MTS will strive to increase cooperation among member agencies through the development of schedules, an emphasis on regional connectivity, and unified fare media.

MTS's Understanding Regarding the Role of the Managing Agency

The role of the managing agency will change after the ITA is negotiated. Initially, if chosen, MTS will be involved extensively in day-to-day administrative support of the negotiations with the state and with the day-to-day functions of the JPA. During this period MTS will be responsible to the LOSSAN Board of Directors in all of the activities it engages in as the managing agency. However, once the ITA is established, MTS's role will primarily be to house the Intercity Rail Management Team (IRMT) and provide administrative support to the team and to LOSSAN under the direction of the Managing Director and the LOSSAN Board of Directors.

MTS understands that the Pacific Surfliner will not be an MTS service; rather it will be a service of the JPA. While MTS has vast rail and transit operating experience and will be ready and willing to provide any guidance and support, it recognizes that it will not be the decision maker for the service. Employees that are dedicated to the IRMT will report directly to the Managing Director, who will report directly to the LOSSAN Board of Directors. MTS CEO Paul Jablonski was a member of the LOSSAN CEO team that determined the degree of separation that should be maintained to ensure LOSSAN's autonomy in operating the Pacific Surfliner service.

MTS is in a unique position in that it does not operate or help fund any competing heavy passenger rail systems, freeing it of any conflicts of interest. Consequently, while MTS is knowledgeable regarding the corridor and has a stake in its success as an owner, it will be able to maintain an impartial perspective and make fair decisions that will benefit the entire corridor.





Location

Positioned at the southern terminus of the corridor, MTS is ideally situated to become the managing agency. MTS's rail yard is located just over one mile by rail from the Santa Fe Depot terminal, which positions it to potentially provide Amtrak services extra storage space and another location to store trains overnight. As managing agency, MTS could facilitate these types of discussions.



Conclusion

MTS is excited about the possibility of being selected as the LOSSAN managing agency and having an opportunity to assist in the improvement of the Pacific Surfliner service. With its location, experience of its existing staff, an organizational structure that promotes operational efficiencies, a history of healthy relationships with other corridor agencies, and no conflict of interest, MTS believes that it is the perfect agency to help start the era of locally-managed intercity rail in Southern California.

As such, in the following sections MTS will explain its proposed approach to accomplish various tasks in the establishment of a successful managing agency. In Task 1, MTS details its planned use of upper management staff to negotiate the Administrative Services Agreement (ASA). The LOSSAN staff transition and interim work plan will be accomplished with the use of current MTS staff, as described in Task 2. In Task 3, MTS explains its proposal of using upper management staff, with support of consultant staff, and the advice of both the LOSSAN Board of Directors and a Strategic Advisory Committee comprised of member agency CEOs, to negotiate the ITA. Next a proposed staffing plan is presented (Task 4) that is a combination of the proposed staffing plan in the Strategic Implementation Plan and one that is currently in place at the Capitol Corridor JPA (CCJPA). The approach to the establishment of the annual agency budget is presented in Task 5 and MTS's strategies to increase ridership along the corridor are presented in Task 6.



Task 1: ADMINISTRATIVE SERVICES AGREEMENT (ASA)

The ASA between LOSSAN and MTS will be negotiated by a small team of current MTS leadership, using the existing ASA between Bay Area Rapid Transit (BART) and the CCJPA as a guide.

Among other items to be negotiated, the ASA will include all managing agency responsibilities and powers identified in Sections 8.0 through 10.0 of the LOSSAN amended JPA, will identify certain positions to serve as dual roles for the JPA, will specify that the budget for LOSSAN business shall be the budget allocated by the state, will specify parameters for invoices and audits, will set the duration of the agreement (three years from the beginning of intercity rail service), and will set up terms for arbitration.

Since the CCJPA's ASA already provides a template and a solid basis for negotiations MTS does not expect negotiations with the LOSSAN Board of Directors to be prolonged. Upon being awarded the managing agency at the August 23 LOSSAN Board Meeting, MTS will be prepared to bring draft agreements to the LOSSAN Board of Directors on September 25 and to the MTS Board on October 10 for initial feedback. Finalized agreements will be presented to the LOSSAN Board of Directors on October 16 and the MTS Board on October 24, well ahead of the proposed November 20 timeline in the Request for Proposals. If a third round of meetings is required, the agreement could be approved by the MTS Board on November 14, in advance of the LOSSAN Board of Directors meeting on November 20.





The lead negotiator for MTS will be **Karen Landers**, General Counsel. Since joining MTS in 2011, Landers has negotiated several multi-agency and private agreements to coordinate public projects and allocate risk and financial responsibility. Examples of previous projects include a long-term operating agreement to rehabilitate MTS's 70-mile Desert Line freight railroad and an amended and restated shared-use agreement for track usage between MTS, NCTD and BNSF. Before being named as MTS General Counsel, Landers worked as a Senior Deputy County Counsel for the County of San Diego, where she negotiated agreements between the county and various public agencies and private entities for public works projects, real estate transactions and development projects. She also represented the county in negotiations with the State of California to finance projects and advised county departments on procurement and contracting issues. Landers will be supported by Paul Jablonski, Chief Executive Officer (CEO), and Sharon Cooney, Chief of Staff. Jablonski and Cooney's experience is detailed in *Task 3*.



Task 2: STAFF TRANSITION PLAN AND INTERIM WORK PLAN

While the ASA is being negotiated, MTS staff will work with SANDAG and Caltrans DOR staff to develop a detailed transition plan and interim work plan for the administrative responsibilities that are currently performed by both SANDAG and Caltrans DOR to ensure a seamless transition and to provide a solid foundation upon which the IRMT staff will be built.

SANDAG provided an outline of functions that are primarily support functions for the LOSSAN Board of Directors and TAC, but also includes web page development and maintenance, annual reporting, and regular joint advocacy activities with other intercity rail corridors. Within 30 days of the effective date of the ASA, MTS will submit a complete interim workplan to the LOSSAN Board of Directors which will include recommendations for work during the start-up period, any additional start-up funding needs, and sources of funding. An abbreviated plan is presented here.

CEO **Paul Jablonski** will assume the role of Interim executive director. He will lead the ITA negotiation team and will have executive oversight over LOSSAN business during the interim period. Jablonski's qualifications are further detailed in *Task 3*.

It is anticipated that MTS staff will handle the additional duties that are currently carried out by two SANDAG staff members, with an estimated 50% of their time dedicated to LOSSAN.

In consultation with SANDAG, **Brent Boyd** and **Rebecca Zelt** will staff the duties related to the Board and TAC, including setting meeting schedules, preparing agendas, conducting meetings, processing minutes, and coordinating the submission of Conflict of Interest forms (Form 700).

Boyd is a Senior Transportation Planner and Rail Operations Analyst with 12 years of transit experience. He is currently MTS's LOSSAN TAC representative and has been involved in briefing the MTS Board of Directors and staff leadership on all LOSSAN issues, including the development of the amended JPA. Boyd has extensive experience and technical expertise in service planning, scheduling, and performance monitoring for both bus and rail. He has experience planning and implementing transit service during capital projects in existing right-of-way and transit facilities. Most recently he was responsible for design and coordination of bus bridge service during the Trolley Renewal Project, which included over 40 weekend closures on the 15-mile Blue Line.

Zelt is the Executive Assistant to the Chief Operating Officer of MTS Rail and has been working on LRT projects for MTS since 1998. She has certifications in FTA Procurement Practices, Transit and Paratransit Management, and Project Management.

Boyd and Zelt will serve under the direction of **Sharon Cooney**, Chief of Staff. Cooney's experience is detailed in *Task 3*. Cooney will also oversee the joint advocacy functions and legislative issues.





Rob Schupp, Director of Marketing and Communications, will lead the bi-monthly joint marketing staff conference calls. Schupp has more than 30 years of marketing experience, which is detailed in *Task 4*.

LOSSAN will have its own dedicated web page (linked from the main MTS page) that will include meeting agendas and minutes, published reports, and general information about the corridor. The MTS Marketing department will handle web page development, while the MTS Information Technology department will handle web page maintenance. Nara Lee, MTS's Digital Design and Content Specialist, will be the designer of the website. Lee is currently in the process of leading a re-design of MTS's website.

The MTS Finance Department will develop the LOSSAN budgets in the interim years and handle all accounting and invoicing issues. The MTS Finance Department's capabilities are detailed in *Task 4*.

In all cases, LOSSAN work will be led by CEO Paul Jablonski. While Jablonski will not be involved in all day-to-day functions, he will have oversight and responsibility for any work performed for LOSSAN business.

During the transition period it is anticipated that meetings, particularly Board of Directors and TAC meetings, will continue to be held in Los Angeles. Alternate meeting locations may be determined by the LOSSAN Board of Directors, and MTS staff will travel for the convenience of other member agencies. As appropriate, meetings may be conducted as conference calls or may be rotated among other member agencies. If it is desired that meetings to take place in San Diego, MTS will make conference rooms available (including the MTS Board Room).

The most important aspect of the interim/start-up period, however, is the negotiation of the ITA with the state. MTS envisions that the ITA negotiation team will be comprised of key upper management personnel, with the assistance of contracted legal, facilitation, and technical staff. MTS also envisions forming a Strategic Advisory Committee of other LOSSAN CEOs to use as a sounding board and for assistance with negotiations. The specifics of the ITA negotiations are discussed in *Task 3*.

Toward the end of the interim/start-up period, as the ITA is nearing finalization, MTS will begin the process of hiring the Managing Director, with consultation and approval from the LOSSAN Board of Directors. The desire would be to hire the Managing Director a few months prior to the beginning of operations, allowing the Managing Director to become familiar with critical issues and to assemble the IRMT staff prior to the start-up date. The process of hiring a Managing Director is detailed in *Task 4*.

It is expected that MTS will rely heavily on SANDAG's guidance during the transition. MTS understands that SANDAG staff has extensive experience with LOSSAN issues and positive working relationships with other member agencies that MTS hopes to use to its advantage. MTS's offices are conveniently located in downtown San Diego, only one mile from SANDAG's offices. MTS staff members regularly attend to business in SANDAG's offices and the staffs work extremely well with one another. With such close proximity and good working relationships, it is expected that the transition will be smooth.

To be conservative, MTS is planning for a 19-month interim/start-up period (from December 2013 through June 2015). However, once the ASA is signed, MTS will immediately begin work on the ITA. If those negotiations proceed quickly, MTS is willing to start the service at an earlier date.



Task 3: INTERAGENCY TRANSFER AGREEMENT (ITA)

The ITA will be the most important part of the interim/start-up period for the managing agency. Section 5 of Senate Bill 1225 states that the ITA should accomplish the following:

1. Specify the date and conditions for the transfer of responsibilities and identify the annual level of funding for the initial three years following the transfer.
2. Identify the funds to be transferred to the Board of Directors.
3. Specify the level of service to be provided, the respective responsibilities of the Board of Directors and the department, the methods that the department will use to assure the coordination of services, the annual review of the business plan and annual proposals on funding and appropriations.
4. Describe the terms of use of rolling stock and other equipment and property required for the intercity service.
5. Describe auditing responsibilities and process requirements, reimbursement and billing procedures, the responsibility for funding shortfalls, an operating contract oversight review process, performance standards and reporting procedures, the level of rail infrastructure maintenance, and other relevant monitoring procedures.

MTS also reviewed the existing ITA between CCJPA and the State of California to determine the proper expertise required to negotiate the ITA on behalf of LOSSAN.

An issue that will need to be resolved in the LOSSAN ITA, that was not required in the CCJPA agreement, is how to ensure that non state-owned rolling stock will remain on the LOSSAN corridor. All of the CCJPA's rolling stock are owned and controlled by the state, while the vast majority of the rolling stock on the LOSSAN corridor is controlled by Amtrak. Consequently, an agreement will need to be reached among LOSSAN, Caltrans, and Amtrak regarding the deployment of rolling stock on the corridor.

MTS is prepared to negotiate the ITA with a combination of current staff, contracted help, and the expertise of fellow LOSSAN members. The negotiations will be led by CEO Paul Jablonski with support from MTS staff and contracted technical, legal, and facilitation assistance. The negotiations, as a whole, will be guided by a proposed Strategic Advisory Committee (comprised of the CEOs of other LOSSAN member agencies) and the LOSSAN Board of Directors. Moreover, the San Joaquin Joint Powers Authority (SJJPA) is expected to negotiate an ITA with the state simultaneously with LOSSAN. MTS anticipates that a collaborative effort with SJJPA would be beneficial and aid in more productive negotiations.

Lead Negotiation Team

The negotiation team will be led by CEO **Paul Jablonski**. Jablonski has been the CEO of MTS since 2004, has 42 years of transit experience, and currently oversees a budget of nearly \$250 million and 2,500 MTS employees and contracted personnel. Jablonski is highly respected in the public transit industry. He currently chairs the Executive Committee of the California Transit Association (CTA), the APTA Rail CEO Committee, and the APTA Rail Transit Committee. Additionally, he is co-chair of the weekly LOSSAN CEO conference calls and is intimately familiar with the advantages and challenges of both amending the JPA and assuming the role of the managing agency.

In Jablonski's time at MTS he has reorganized the agency and, with his foresight, has helped MTS avoid the drastic service cuts that many transit agencies experienced in the last five years despite the elimination of \$30 million of annual state funding. He has helped turn MTS into one of the most efficient transit operators in the country (as detailed in the introduction); has led the restructure of nearly all bus services through a comprehensive operational analysis; opened a 6-mile, \$500 million Trolley extension; and is currently implementing the



rehabilitation of the 15-mile Blue Line, expanding freight capacity, and introducing low-floor cars system-wide as part of the overall \$600 million Trolley Renewal Project.

Jablonski has experience with contracted service models, including a five-year, \$55 million annual private-sector service contract, which saved \$19.2 million in the procurement process, held expense growth to three percent annually, and obtained 26 new over-the-road coaches for express bus service. He has experience working with both the FRA and CPUC, has experience operating a freight railroad line through the SD&IV, and is experienced in railroad construction and fare collection.

Jablonski is well-versed in negotiations and has negotiated with public entities, universities, cities, counties, state governments, and transit authorities. He has negotiated many labor contracts, service agreements, management contracts, the procurement of rolling stock (most recently a 65-car, \$265 million contract), right-of-way purchases with both Conrail and Norfolk Southern, and has overseen the negotiations of a lease to a short-line railroad on MTS-owned track.

Technical Assistance of Intercity Rail Expert

While Jablonski has a strong background in transit operations and negotiations, he has not worked extensively with intercity rail, and it is important to have someone with intercity rail expertise to assist with the negotiations.

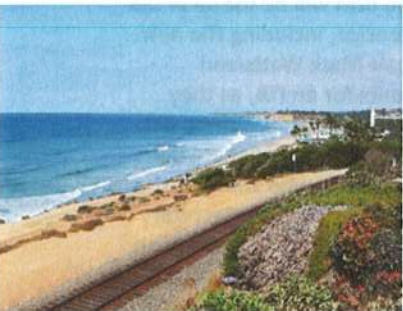
For the ITA negotiations, MTS will retain a part-time intercity rail expert experienced with freight and passenger railroad operations. The intercity rail expert's background will ideally include experience at Amtrak and/or Caltrans DOR, experience with both increasing revenue and ridership on intercity routes, and reducing costs through staffing efficiencies and other methods. Additionally, the intercity rail expert will ideally have experience with contract negotiations, capital rail program management, federal grants, transportation program management, multi-agency coordination, capital project development, and strategic planning.

Negotiation Support Team

In addition to Jablonski and the intercity rail expert, MTS has assembled a strong negotiation support team filled by MTS and contracted experts in legal, transportation, procurement, right-of-way and financial issues and will reinforce that team with its on-call legal and facilitation consultants. The MTS support team will include the following personnel:

Contracted Legislative Representative (Smith, Watts, & Martinez) – LOSSAN and the MTS negotiating team will be assisted in its efforts by MTS's Sacramento legislative representative. MTS has had a long-standing contractual relationship with Smith, Watts & Martinez. It is anticipated that from time to time the firm will be useful in the development of strategy and coordination with key state agencies, including the new transportation agency, Caltrans DOR, and the CPUC. Principals Mark Watts and D.J. Smith have a long history with the underlying requirements for an ITA, as they were each instrumental in the creation of the original transfer legislation, Senate Bill 457. Watts also participated in the advocacy surrounding the passage of Senate Bill 1225. Both men have strong working relationships with individuals who will lead the negotiation of the ITA on behalf of the state, including Brian Annis (Deputy Secretary for Transportation Policy), William Bronte (Division Chief for Caltrans DOR), Kome Ajise (Deputy Director for Planning and Modal Programs), and Brian Kelly (Acting Secretary, Business, Transportation and Housing Agency).

Sharon Cooney, Chief of Staff – Cooney will be providing general assistance with the negotiations. Cooney has provided strategic and governmental support to the MTS CEO and Board of Directors since 2005. Cooney manages the government affairs, planning, scheduling, and performance monitoring functions for the entire agency. She is also responsible



for Taxicab Administration, a department that coordinates taxicab regulation for seven cities, including San Diego. She has extensive experience working with external agencies and Boards of Directors, and has been involved in a variety of inter-agency negotiations. Transportation financing is also an area of expertise.

Karen Landers, General Counsel – Landers will lend support on all legal issues in regard to the negotiations. Landers will be the lead negotiator of the ASA and more information on her background is presented in *Task 1*.

On-call legal consultants will assist Landers as-needed. Currently, MTS has four legal firms on call that have rail experience. Those firms are:

- **Best Best & Krieger** (Multiple offices, including San Diego and Sacramento)
- **Hanson Bridgett** (Multiple offices in Northern California, including Sacramento)
- **Nossaman LLP** (Multiple offices throughout California, including Sacramento)
- **Baker & Miller** (Federal Railroad Counsel; Offices in Washington, DC)

Wayne Terry, Chief Operating Officer, MTS Rail – Terry is responsible for all rail operations for MTS and will be assisting in all facets of the negotiation regarding issues directly related to rail transportation. He has held leadership positions at MTS Rail for over 30 years and became the COO in 2008. Terry has spent his 41-year career in transportation working all facets of light and heavy rail operations and brings a broad range of industry knowledge to the negotiations. He worked at the Atchison Topeka & Santa Fe Railroad (AT&SF) until joining MTS.

At MTS, he has played a leading role in the design and implementation of nine LRT service expansions and has assisted in the development of the Trolley Renewal Project that is replacing/upgrading the aging infrastructure, including catenary, grade crossings, stations, track, and signaling. He also coordinated the development of a regional multimodal railway terminal, maximizing connectivity and scheduling efficiencies. During his time at AT&SF, Terry supervised train crews, locomotive power, freight tonnage, and general train operations.

Terry is well-known in the transportation industry and has served on numerous committees, including the California Transit Association's (CTA) Rail Operations and Regulatory Committee (developed in partnership with the CPUC), APTA's Operating Standards and Practices Committee and the Rail Transit CEOs Committee. His expertise has been sought out on projects such as San Francisco Municipal Railway Company's (MUNI) Maintenance Facility Expansion, Minneapolis Metro Transit's Hiawatha Corridor Alignment Review, Sound Transit's Tunnel Cost Overruns, Hudson-Bergen's LRT Start-Up and the Bayonne Flyer Express Service.

Fred Byle, Superintendent of Wayside Maintenance, MTS Rail – Byle will be assisting in all facets of the negotiation related to transportation and maintenance. He has nearly thirty years of light and heavy rail experience and has extensive signaling, traction power, track, right-of-way, and facilities expertise. Byle is credited with the creation of the MTS Rail Standard Operating Procedures for signals and the development and implementation of the Roadway Worker Safety training program. He was instrumental in the design review and start-up of an extension of the Trolley's Green Line and in the development of upgrade strategies and replacement needs for the Trolley Renewal Project.

Prior to his career at MTS, he was responsible for safety, operations, marketing and financial performance of two short-line railroads (SD&IV and Salt Lake City Southern). His tasks during that time included management of daily railroad operations, development of service strategies, federal and state regulatory compliance, instruction in train handling, air brake, and operating rules, and coordination of daily train crew assignments. Byle also has expertise in freight car inspection and repair, track structure design, track maintenance and inspection, locomotive maintenance and inspection, and the general code of operating rules.

Ernesto DeGuzman, Manager of Procurement – DeGuzman will be aiding the negotiations regarding issues dealing with procurement. DeGuzman has been Manager of Procurement for two years at MTS and has experience with Class I railroads. His experience is detailed in *Task 4*.



Larry Marinesi, Director of Financial Planning and Analysis – Marinesi will be aiding the negotiations with regard to financial issues. Marinesi is responsible for the development and financial reporting of the MTS operating and capital budgets valued at nearly \$250 million and \$60 million, respectively. He is the financial lead in the negotiation of large organizational agreements and also participates in the financial aspects of negotiations with the four labor unions whose members are employed at MTS.

Tim Allison, Manager of Real Estate Assets – Allison will be aiding the negotiations with regard to real estate issues. Allison is responsible for over 150 miles of railroad right-of-way, office and maintenance facilities, and approximately \$1.6 million in real estate revenue. He manages the real estate asset management and development, third party engineering permits and approvals, capital property acquisitions, third party agreements affecting real estate, and the Transit Oriented Development Program.

Other than time required by the CEO, General Counsel, and Chief of Staff, support staff will be provided at no cost.



Strategic Advisory Committee

MTS proposes the establishment of a Strategic Advisory Committee. The Strategic Advisory Committee would be comprised of the CEO or designate for each LOSSAN member agency. Meetings would be held bi-weekly (or as frequently as agreed upon) throughout the negotiation of the ITA for the purpose of updating member agencies on the negotiations as well as receiving feedback. Agencies would be encouraged to bring technical staff to provide further input. Furthermore, MTS recommends that **David Kutrosky**, the executive director of the highly-successful Capitol Corridor be asked to join the committee. Kutrosky has over a decade of experience in intercity rail operations at the CCJPA under an ITA negotiated with Caltrans DOR.

It is anticipated that these meetings would be held via conference call, but would occasionally be held in person in either San Diego or Los Angeles (or elsewhere), depending on the preference of the committee.



LOSSAN Board of Directors

MTS recognizes that the LOSSAN Board of Directors will have the final approval of the ITA, so it is important to keep the Board of Directors involved and informed at all stages of the negotiation. Each month, MTS will provide an update on the negotiations to the Board of Directors. MTS will detail the status of the negotiations and the discussions that have taken place during the Strategic Advisory Committee meetings, and will request feedback from the Board of Directors.

MTS will also provide updates to the TAC on a monthly basis.

Timeline

MTS has conservatively planned to use the entire 19-month window provided for the interim/start-up period. However, MTS will make every effort to expedite the negotiations. While it is important not to rush the negotiation, MTS agrees with LOSSAN that it is important to implement local control of the Pacific Surfliner service as soon as possible, and every effort will be made to ensure that time is not wasted. The regular meetings with the Strategic Advisory Committee, LOSSAN Board of Directors, and TAC will ensure that progress is occurring at a reasonable rate.



Task 4: MANAGING AGENCY FACILITIES AND STAFFING

MTS proposes a two-pronged staffing plan. There will be a main ITA negotiation team, as detailed in *Task 3*. This team's primary focus will be to negotiate the agreement with the state. As the negotiating team works, the hiring process for the IRMT staff will begin.

The transition to the initial period will be seamless since much of MTS's upper management will be involved in the negotiations. The staffing plan will be detailed as follows:

1. Staff Team for Negotiation of ITA and Managing Agency Set-up
2. Managing Director
3. Intercity Rail Management Team Structure and Hiring Process
4. MTS Staff Supporting Roles (Shared Positions)
5. Facilities



Staff Team for Negotiation of ITA and Managing Agency Set-up

As described in *Task 3*, the ITA negotiating team will be led by MTS CEO Paul Jablonski and a contracted intercity rail expert and will be supported by MTS staff and on-call consultants. Combined, this team will have expertise in rail operations and maintenance, legal, financial, procurement, and right-of-way issues. The negotiation team of the ITA will be assisted by other LOSSAN member agencies with the establishment of a Strategic Advisory Committee and will provide regular updates to the LOSSAN Board of Directors and TAC.

As the negotiations near conclusion, the foundation of the Managing Agency's rail staff will begin to take form. Until that time, the existing MTS staff will absorb the LOSSAN responsibilities currently borne by SANDAG, including meeting support, maintenance of the LOSSAN website, annual reporting, and joint advocacy functions.

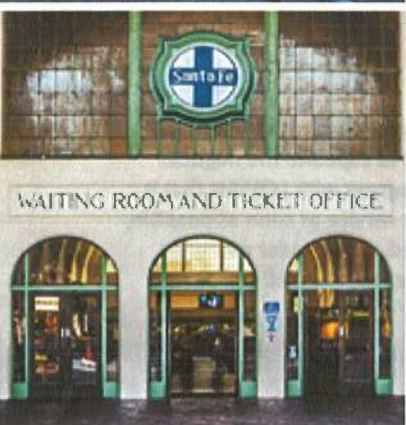


Managing Director

As negotiation of the ITA proceeds, MTS will begin the hiring process for the Managing Director. The Managing Director will oversee all LOSSAN day-to-day operations and will report directly to the LOSSAN Board of Directors for all policy and service-related issues.

The Managing Director will oversee and direct rail and Thruway bus service delivery for the LOSSAN corridor; develop and implement budgets, goals, and business plans; direct and support all rail operations functions to ensure LOSSAN objectives and state performance standards are met; coordinate rail operations activities to ensure peak performance and productivity, as well as conform with external regulations and policies; develop and implement strategic business plans focusing on rail transportation needs in cooperation and coordination with all LOSSAN corridor member agencies; develop and implement programs to improve service quality, reduce costs, and increase revenue and ridership; monitor operating performance, facilitate problem resolution, and direct efforts to achieve continual improvement in service quality; obtain support resources from the managing agency; work cooperatively with member agencies to maintain the integrity of regional transportation; represent LOSSAN before public agencies, the business community, and the public; meet with officials on programs, proposals, and related issues; and adhere to budget, goals, and schedules.

MTS recommends that the Managing Director will have a bachelor's degree in business administration, public administration or a closely-related field from an accredited college or university and a minimum of 10 years of director-level public or private transportation experience. Related work experience may be substituted for the educational requirement.





Since the Managing Director will report to the LOSSAN Board of Directors, the Board of Directors will be involved throughout the entire process, and will ultimately make the final decision. Before the selection process begins, MTS will encourage the Board of Directors to form a selection committee. This selection committee would set criteria and desired attributes for the Managing Director position.

Using the criteria set forth by the selection committee, MTS's Human Resources department will undertake a nationwide search, using social/professional media websites, nationwide and niche job boards, and other recruiter networks and contacts. If the internal search effort is not successful, an executive search firm will be retained.

Ideally, the initial field of applications would be narrowed down to 3-5 finalists through the assistance of the selection committee, and would then be interviewed by the selection committee. The LOSSAN Board of Directors would make the final decision from those 3-5 candidates.

MTS envisions the Managing Director to be hired four months prior to the beginning of intercity rail service. This will give the Managing Director time to hire the remainder of the IRMT staff and allow that staff to begin work roughly 1-2 months before locally-controlled service commences.

Intercity Rail Management Team Structure and Hiring Process

After consulting the LOSSAN Strategic Implementation Plan and interviewing CCJPA staff, MTS is proposing a 12-person team dedicated to the operation of the Pacific Surfliner and other LOSSAN business. The team will be supported by many MTS departments. The 12-member IRMT compares to an 11-member team proposed in the LOSSAN Strategic Implementation Plan and a slightly larger team than employed by the CCJPA. While the 12-member team is larger than that identified in the LOSSAN Strategic Implementation Plan, MTS's overall budget is on par with that specified in the plan due to its lower estimated overhead and shared staff expenses.

The IRMT staff will become part of the MTS organizational structure as MTS Rail employees. The IRMT staff will report to the Managing Director, who will report directly to the LOSSAN Board of Directors, while administrative support functions would be handled in consultation with the MTS CEO. MTS has experience with this type of arrangement, as its General Counsel and Internal Auditor have a direct relationship with the MTS Board of Directors.

HIRING PROCESS

The MTS hiring process is a detailed and fair process. Complying with all laws and agency policies, the Human Resources department is responsible for the recruiting, processing and hiring for management, non-management and union positions.

It is recommended that the Managing Director be hired four months before the start of service, with the Executive Assistant/Clerk of the Board hired soon thereafter, the direct reports to the Managing Director hired two months prior to the service start-up date and the remaining staff hired approximately one month before the start of service. The hiring process for the Managing Director is discussed above. The hiring process for the remaining IRMT positions will be a collaborative effort between the MTS Human Resources department and the Managing Director.

The typical MTS hiring process begins with advertising on relevant online job boards and sourcing qualified candidates through social media sites, including LinkedIn. The recruitment team reviews resumes and conducts job-specific testing and selects the most qualified applicants to send to the hiring manager. The hiring manager then selects a smaller group for the recruiter to interview by phone. From there, in-person interviews are typically conducted by a panel comprised of the hiring manager, the recruiter, and any other invested parties. After the panel decides on a top candidate, the recruiter initiates a background screening that includes a criminal, civil and reference check.



Most positions also require a pre-employment physical and drug screen. The recruiter ends the process by negotiating a salary, coordinating a start date and conducting a new hire orientation on the hire date.

The IRMT staff will receive a competitive compensation package, including health insurance, annual leave, retirement investment opportunities, and other benefits.¹ The positions will be based in the San Diego office (see Facilities section), with the transportation and mechanical positions based in both San Diego and at the Amtrak facilities in Los Angeles.

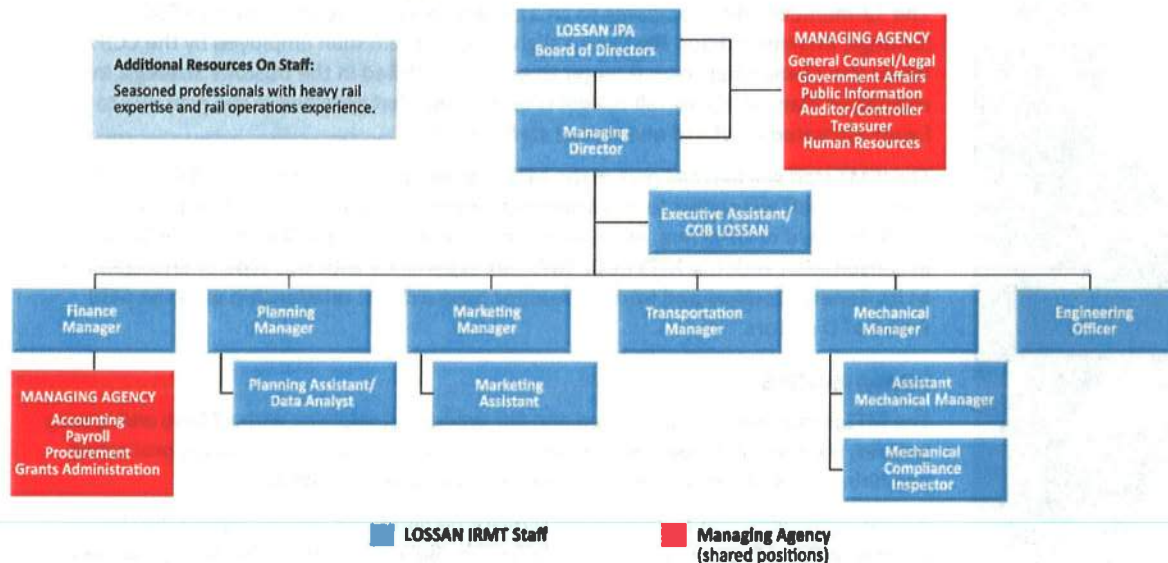
IRMT PERSONNEL STRUCTURE AND RESPONSIBILITIES

The Managing Director will have the following direct reports: Planning Manager, Marketing Manager, Finance Manager, Transportation Manager, Mechanical Manager, Engineering Officer, and Executive Assistant/Clerk of the Board. Other IRMT staff positions will include the Planning Assistant/Data Analyst, Marketing Assistant, Assistant Mechanical Manager, and Mechanical Compliance Inspector. Current MTS staff will provide support for the following activities/positions: General Counsel/Legal, Government Affairs, Public Information Officer (PIO), Auditor, Treasurer, Accounting, Human Resources, Procurement, Grants Administration, and other miscellaneous activities. MTS Rail operations staff will be available for support, but will not have official LOSSAN responsibilities. The proposed organization chart is presented below.

While the organization chart is MTS's recommendation, MTS is flexible and is willing to alter the organization chart based on future discussions with other LOSSAN member agencies and at the direction of the Managing Director.

Figure 5

Proposed LOSSAN Personnel Structure



The main differences between MTS's proposed staffing plan and the staffing plan presented in the LOSSAN Strategic Implementation Plan are:

1. **Change Deputy Director/Director of Finance to Finance Manager and have both the Planning Manager and Marketing Manager report directly to the Managing Director** – It was important to MTS to reduce as many layers in the organization chart as possible to create more open lines of communication and additional efficiencies.

¹ Benefits will include CalPERS pension at 2% at 62 (with employees contributing 6.25% each pay period); nine paid holidays; four floating holidays; 144 hours of annual leave (184 hours after three years and 224 hours after 10 years); medical coverage through HMO or PPO through Anthem Blue Cross or Kaiser; dental coverage through a self-insured PPO dental plan administered by Employee Benefits Association (EBA); vision reimbursement through EBA; short-term disability, long-term disability, and basic life insurance; basic accidental death and dismemberment through Prudential Insurance; free transit pass for employee and dependents; computer reimbursement (up to 25%); tuition reimbursement (up to \$1,000); deferred compensation plans (ICMA 457, ICMA 457(b) Roth, ICMA 401(a), and ICMA Roth IRA), flexible benefit plans (health expenses up to \$2,500 and dependent care expenses up to \$5,000); and voluntary life insurance offered through Prudential. MTS Rail employees do not contribute to Social Security.

2. **Addition of Planning Assistant/Data Analyst** – The Planning Assistant/Data Analyst will assist with data collection and analysis for all facets of the organization. While not necessarily restricted to a planning position, it will report to the Planning Manager.
3. **Combine Administrative Assistant with Board Secretary** – MTS believes the tasks required of those two positions can be completed by one employee.

The CCJPA staff is larger than the proposed staff in the LOSSAN Strategic Implementation Plan. However, CCJPA started off with a smaller staff and expanded over time. It is MTS's expectation that a similar pattern will occur in Southern California. The staff will start relatively small, and expand as necessary through negotiations with the state, though MTS is anticipating that this will not be required in the initial three-year term. CCJPA also oversees rolling stock maintenance on the San Joaquin line, so fewer staff will be required of the LOSSAN rail management team.

The general duties and qualifications for each position are detailed below. Additional duties and responsibilities will be added during the recruitment process at the direction of the Managing Director and through further discussion with the LOSSAN Board of Directors and other LOSSAN member agencies.

EXECUTIVE ASSISTANT / CLERK OF THE LOSSAN BOARD OF DIRECTORS

The Executive Assistant/Clerk of the Board will be responsible for a variety of complex executive support work requiring specialized knowledge and experience and will coordinate/manage meetings; act as Clerk of the LOSSAN Board of Directors, prepare board reports, attend all meetings, and transmit meeting minutes; provide executive support for the Managing Director and administrative support for other agency staff; publish and post all meeting notices within prescribed legal requirements to ensure that the agency meets Brown Act requirements; and maintain all Board-related information.

Qualifications: Associate's degree in a business-related field from an accredited college or university; minimum of 10 years of increasingly responsible experience providing administrative support to executive or management staff. Related work experience may be substituted for the educational requirement.

FINANCE MANAGER

The Finance Manager will be responsible for all facets of financial oversight for LOSSAN and will coordinate with MTS staff to seek, obtain, and administer grants; prepare and submit internal and external financial reports, the annual business plan, fare analyses, and capital and operating budgets; track all fund sources; manage all accounting and financial functions; develop, implement and manage the internal control environment for all financial functions; coordinate financial closing processes and reporting; and coordinate audits.

Qualifications: A bachelor's degree in business administration, with a concentration in accounting, finance or a closely related field from an accredited college or university; CPA certification strongly preferred; minimum of six years of professional public or private transportation and three years of management responsibility. Related work experience may be substituted for the educational requirement.

PLANNING MANAGER

The Planning Manager will be responsible for a variety of issues related to the short- and long-range planning of the corridor and will develop and implement goals, objectives, policies and priorities for planning and capital programs; monitor and evaluate existing service and staffing levels and recommend necessary changes; recommend schedule adjustments; prepare corridor strategic plans; prepare ridership projections; manage planning aspects of expansions, extensions, and/or service development; assess future demographic trends, right-of-way issues, and funding alternatives; coordinate services among all corridor transportation providers; study long-term capital needs of the corridor; prepare operational studies and service/extension planning problem analyses; and present to various stakeholders.





Qualifications: A bachelor's degree in transportation planning, or a related field, from an accredited college or university; with a minimum of eight years of professional experience in transit or rail planning, with increasing responsibilities. Related work experience may be substituted for the educational requirement.

PLANNING ASSISTANT / DATA ANALYST

This position will report to the Planning Manager, but will have responsibilities for data collection and analysis for all IRMT functions, including analyses of ridership trends, on-time performance, food car service, and maintenance issues.

Qualifications: A bachelor's degree in business, planning, or a related field from an accredited college or university; with a minimum of three years of professional experience in public transit. Related work experience may be substituted for the educational requirement.

MARKETING MANAGER

The Marketing Manager will be responsible for providing both customers and the community-at-large with relevant and appropriate communications; coordinate efforts with member agencies; oversee the design and development of public and customer information, marketing materials, and promotions; coordinate outreach and advertising efforts; administer website; promote the benefits of intercity rail travel to corridor communities; develop annual and quarterly regional marketing plans, goals, objectives, and strategies; foster partnerships to expand market and create new revenue streams; produce and distribute media releases and agency information materials; serve as agency media liaison; and manage telephone information center.²

Qualifications: A bachelor's degree in journalism, communications, marketing, or a closely related field from an accredited college or university; with a minimum four years of professional experience in the areas described above. Related work experience may be substituted for the educational requirement.

MARKETING ASSISTANT

The Marketing Assistant will report to the Marketing Manager and will be responsible for planning, coordinating, implementing and supervising a variety of marketing activities; coordinate marketing campaigns with LOSSAN member agencies; coordinate and implement community outreach; serve as key contact and provide direction and assistance to ticketing offices and kiosks; update brochures, fact sheets, timetables and other printed materials; ensure that printed material is fully stocked at places of distribution; plan and implement programs and projects to increase awareness and ridership; and coordinate of group travel.

Qualifications: A bachelor's degree in marketing, communications, public relations, journalism or equivalent from an accredited college or university; with a minimum two years of experience in the areas described above. Related work experience may be substituted for the educational requirement.

TRANSPORTATION MANAGER

The Transportation Manager will be responsible for operational planning and supervision of contracts for train and bus operations, on-board services, and station operations; manage transportation budget; prepare annual near and long range forecasts; monitor and evaluate the efficiency and effectiveness of service delivery methods and procedures; estimate equipment needs; and recommend appropriate staffing levels. This position will be based primarily in Los Angeles and other operational facilities.

Qualifications: A bachelor's degree in transportation management, engineering or a related field from an accredited college or university; with progressively responsible experience in railroad operations; experience as a high level supervisor/manager of a substantive rail operational function current knowledge and understanding of state-of-the-art rail activities. Related work experience may be substituted for the educational requirement.

² MTS proposes the use of its existing customer telephone information center to address customer concerns regarding Pacific Surfliner service. This is addressed on Page 23.



ENGINEERING OFFICER

The Engineering Officer will manage elements associated with the administration and maintenance of right-of-way, including track, stations, and maintenance facilities; manage and plan capital program; review preliminary engineering and final design; oversee corridor-related construction activities; maintain project control; and develop budgets.

Qualifications: A bachelor's degree in engineering or related field from an accredited college or university with extensive, progressively responsible experience in rapid transit or railroad in all aspects of wayside maintenance management. Related work experience may be substituted for the educational requirement.

MECHANICAL MANAGER

The Mechanical Manager will oversee contracted maintenance and repair of rail cars and locomotives and ensure contractual compliance; develop and administer programs and implement goals, objectives, policies and priorities; monitor and evaluate appropriate maintenance procedures, plans, and schedules for rail cars and locomotives; evaluate work products; and manage division's annual budget, including forecasting funds needed for staffing, equipment, materials and supplies. This position will be based primarily in Los Angeles and will be required to travel to other maintenance and layover locations (Goleta, San Luis Obispo, and San Diego).

Qualifications: A bachelor's degree in business administration, engineering, public administration or a related field from an accredited college or university; with a minimum of five years progressively responsible experience in rail vehicle maintenance management. The candidate must possess a strong technical background, with demonstrated ability and a thorough understanding of applicable regulatory standards. Related work experience may be substituted for the educational requirement.

ASSISTANT MECHANICAL MANAGER

The Assistant Mechanical Manager will report to the Mechanical Manager and will assist in the oversight of contracted maintenance and repair of rail cars and locomotives; assist in the monitoring and evaluation of appropriate maintenance procedures, plans, and schedules for rail cars and locomotives; and evaluate work products. This position will be based primarily in Los Angeles and will be required to travel to other maintenance and layover locations (Goleta, San Luis Obispo, and San Diego).

Qualifications: A bachelor's degree in business administration, engineering, public administration or a related field from an accredited college or university; with a minimum of three years progressively responsible experience in rail vehicle maintenance management. The candidate must possess a strong technical background, with demonstrated ability and a thorough understanding of applicable regulatory standards. Related work experience may be substituted for the educational requirement.

MECHANICAL COMPLIANCE INSPECTOR

The Mechanical Compliance Inspector will ensure that revenue rail cars, locomotives, and contract buses used in LOSSAN corridor service operations meet all federal and state regulatory standards. This position will be based primarily in Los Angeles and other operational facilities.

Qualifications: A high school diploma or high school equivalency certificate and supplemental training in rail vehicle maintenance regulatory compliance; with progressively advanced positions/experience in rail vehicle maintenance. Must know how to operate the special test equipment and instruments utilized, possess a strong technical background with demonstrated ability, and have a thorough understanding of applicable regulatory standards.



MTS Staff Supporting Roles (Shared Positions)

MTS is dedicated to providing the IRMT with financial and administrative support functions, allowing the IRMT to focus their efforts as required by LOSSAN. MTS sets the bar very high with its extremely efficient administrative functions and operating staff, and it is confident that its existing infrastructure can absorb the additional duties that will be required by LOSSAN with minimal costs. The following is a summary of positions/responsibilities that MTS will provide on behalf of LOSSAN.

GENERAL COUNSEL / LEGAL

Legal assistance to LOSSAN will be provided by Karen Landers, General Counsel. Landers will report directly to the LOSSAN Board of Directors in cooperation with the Managing Director. Landers' background is described in *Task 1*. Additionally, MTS has four on-call legal firms that specialize in railroad operations that will be available for assistance. These firms are Best Best & Krieger, Hanson Bridgett, Nossaman LLP, and Baker and Miller. Right-of-way issues will also be handled by the Legal department, and specifically by Tim Allison, Manager of Real Estate Assets. Allison's experience is described in *Task 3*.

RISK MANAGEMENT

MTS's Risk Management department is staffed by four full-time employees, including a seasoned Risk Manager (Susan Lockwood) with more than 28 years of public entity risk management experience (12 of these years involved working with heavy rail exposures). The department reports to the General Counsel, boosting cohesiveness between legal and risk management issues with skilled claims handling and litigation management. The department will provide thorough analysis of risk-related issues and expert advice. Examples of tasks previously and/or currently coordinated by MTS's Risk Manager include:

- Served as project manager on owner-controlled insurance program contract during the building and close-out of NCTD's Sprinter rail construction project, which involved meeting and conferring on operating issues of freight railroad that shared the track. Also, served as Safety Committee chairperson and on-site claims review chairperson during the five-year process.
- Reviewed shared-use agreements between MTS, NCTD and BNSF from an insurance and indemnification standpoint.
- Reviewed draft positive train control and dispatching control center contracts for insurance and indemnification language while with NCTD.
- Handled all liability claims from start to finish against public transit agencies and commuter and LRT contractors.

A clear understanding of the manner in which LOSSAN corridor agencies have structured risk management and insurance programs will be essential in the establishment of the JPA's program. Given the varied risk profiles of the membership, it is the recommendation of MTS that each corridor agency secure coverage for its own operations (as is currently the practice), indemnifying the JPA for corridor agencies' activities relative to LOSSAN. The Board of Directors will maintain Public Entity liability coverage for its general, automobile, errors and omissions and directors' and officers' exposures. A thorough analysis of risk management opportunities and available insurance program designs will be undertaken.

GOVERNMENT AFFAIRS

One of the advantages of assuming local control over the corridor is the ability to advocate on behalf of the corridor in front of state and federal officials. MTS will assist in this endeavor. Government affairs assistance will be provided by Sharon Cooney, Chief of Staff. Cooney has provided strategic and governmental support to the MTS CEO and Board of Directors since 2005, and her experience is detailed in *Task 3*. Additionally, MTS will use its Sacramento-based legislative representative Smith, Watts, and Martinez in efforts to advocate on behalf of LOSSAN. The experience and abilities of Smith, Watts, and Martinez is also presented in *Task 3*.



AUDITOR

MTS will provide the services of Daniel Madzelan, Internal Auditor, to the LOSSAN Board of Directors. Madzelan is a Certified Public Accountant and a Certified Internal Auditor with roughly 12 years of professional audit experience. Madzelan restructured the MTS audit function by implementing a risk-based audit approach and has made significant improvements to contract management and administration operations.

FINANCIAL

The IRMT Finance Manager will coordinate efforts, such as the annual budget and business plan, with MTS finance functions. The MTS Director of Financial Planning and Analysis, supported by the Finance department, will serve as a resource for LOSSAN financial transactions and reporting.

The MTS Finance department is comprised of an experienced and dedicated staff that is responsible for all accounting, financial planning, budgeting, investments, and grant management functions, including federal capital grant administration. That staff currently manages volumes in excess of 30,000 invoices, 10,000 vendor payments, and 40,000 employee paychecks annually. Finance department staff will also incorporate monthly financial reporting for LOSSAN, perform cash management functions, and conduct financial and compliance audits. The MTS Finance department will also provide a Treasurer who will report to the LOSSAN Board of Directors.

Payroll

The MTS Payroll department is responsible for the accurate and timely overall payroll processing for all employees at MTS. The payroll efforts associated with the IRMT will be easily absorbed by the MTS Payroll department, as the IRMT staff additions are equivalent to less than one percent MTS's employees. The department processes bi-weekly payroll for over 1,500 management and union employees in three different payroll groups (MTS Management, MTS Rail, and MTS Bus).

Procurement

The MTS Procurement department is comprised of eleven employees and processes approximately \$80 million in contracts/projects annually. The department will provide a designated procurement specialist to assist IRMT staff, with oversight by Ernesto DeGuzman, the Manager of Procurement. DeGuzman brings significant heavy rail experience, as he previously served as Manager of Contracts Cost Administration for Caltrain. In that role, he exercised procurement control and administration over a \$170-million annual multi-year commuter rail operations, capital maintenance, and construction support contract. Additionally, he directed procurement activities and enforced the terms of the Caltrain contract.

Federal Capital Grant Administration

MTS has familiarity with a variety of federal, state, and local funding sources and will provide the JPA assistance with finding, applying for, and managing grants. At the federal level, MTS receives funding from the FTA, including the following surface transportation programs.

- **Section 5307** - Urban Area Formula Grants for capital improvements and preventative maintenance
- **Section 5311** - Formula Grants for Rural Areas for capital improvements and to supplement operating costs
- **Section 5337** - State of Good Repair Funding for capital improvements and preventative maintenance
- **Section 5339** - Bus and Bus Facilities Funding for capital improvements

The 2012 FTA Triennial Review found no deficiencies in MTS management of the service operations or the administration of the related federal funds.



MTS also receives funding from state and local sources. State sources include State Transit Assistance (STA), Transit Security Grant Program (TSGP) and Proposition 1B funding, while local sources mainly consist of revenues from TransNet (a sales tax passed by San Diego County voters to fund transportation projects).

MTS aggressively pursues competitive funding opportunities and has been awarded discretionary grant funding from the FTA, California Energy Commission and the California Emergency Management Agency (CalEMA). MTS currently manages twenty-one (21) open grants: four administered by the Caltrans, two from the Federal Emergency Management Administration (FEMA), nine by the FTA, five from CalEMA, and one from the Transportation Security Administration.

CAPITAL PROJECT MANAGEMENT

While many of the capital projects in the region are managed by SANDAG, MTS manages a number of capital projects (and, specifically, rail projects) in house. The Trolley Renewal Project is a collaborative effort between MTS and SANDAG with total funding of \$600 million. MTS also managed the acquisition of over \$300 million in rolling stock over the last decade and annually manages rail replacement, grade crossing, substation, and signal projects. The capital project budget varies from year to year, ranging from \$20 million to \$147 million in the last five years. The following table shows the total funding of MTS's Capital Improvement Program per fiscal year (FY10-14), and funding for rail-specific projects, respectively.

Table 2

MTS Rail-Specific CIP Funding
(Fiscal Years 2010-14)

	FY10	FY11	FY12	FY13	FY14	FY15
Total CIP	\$87,144,960	\$20,497,250	\$36,502,440	\$147,199,220	\$42,948,450	\$334,292,320
Rail Specific	\$56,012,070	\$9,872,000	\$5,715,610	\$108,825,440	\$6,645,450	\$187,071,570

MARKETING/PUBLIC INFORMATION OFFICER (PIO)

While the IRMT will have dedicated marketing staff, the MTS marketing team will be available as needed. The MTS marketing team consists of eight professionals with a wide range of expertise, including creative development, advertising production, advertising planning and buying, customer information brochures and signage, cartography, fare media design and production, timetable design and production, media relations, private-public partnerships, and development and implementation of community relations programs.

The MTS Marketing and Communications department recently launched new rail and bus services, introduced new rail and bus vehicles to the marketplace, produced a series of animated television commercials with original songs, developed and implemented a new station timetable and way-finding system, and initiated ridership partnerships with Amtrak, San Diego Chargers, San Diego Padres, Balboa Park, the San Diego Zoo, and the San Diego Symphony, among others. The department has a history of participating in LOSSAN corridor coordination with SANDAG and the Caltrans DOR and it is well-positioned to support the IRMT marketing efforts to increase ridership through the corridor.

PIO duties will be carried out by Rob Schupp, MTS Director of Marketing and Communications, who also serves as the PIO for MTS. Schupp has more than 30 years of marketing experience, including seven at MTS. His PIO experience includes on-camera interviews, emergency planning, media training, message point development, media relations and more. During his tenure at MTS he has responded to most of the events typical of rail operations, including accidents with pedestrians and vehicles, security and safety, employee relations and service interruptions.



HUMAN RESOURCES

The Human Resources department will assist in the hiring of IRMT staff, will provide an orientation, and will be their contact for benefits and other human resources related issues. The MTS Human Resources department is comprised of 12 professionals and currently handles hiring, labor relations, discipline, compensation and benefits for approximately 1,400 employees.

INFORMATION TECHNOLOGY

The Information Technology department will assist in the set-up and maintenance of IRMT staff computers and network administration. MTS's 17-person IT department includes computer support specialists who provide support for nearly 500 users, systems administrators who support nearly 200 servers and enterprise storage, and a network administrator.

RAIL OPERATIONS

MTS has considerable rail operations experience, as it has been operating LRT service for over 30 years. While MTS does not operate intercity rail, the agency works with intercity rail and commuter rail agencies, and owns freight rail tracks. MTS staff (particularly Wayne Terry and Fred Byle – see Task 3) have decades of experience in the operation of heavy rail.

While specific duties will not be assigned to the current MTS Rail operations staff, the full MTS Rail team will be ready to assist the IRMT at any time. In addition to Terry and Byle's experience, MTS rail staff has expertise in track maintenance, station maintenance, vehicle maintenance, transportation, supervision, training, and safety.

CALL CENTER

As an option, MTS is prepared for its existing telephone information center to handle calls in to LOSSAN. BART's telephone information center currently receives calls regarding CCJPA service – mostly related to schedule information and service delays – and MTS is prepared to provide the same service for LOSSAN, if selected as the managing agency.

The telephone system is getting upgraded, giving MTS a more efficient, effective, and customer-responsive system. Consequently, only a minimal staff increase would be required to handle the additional LOSSAN calls. After discussions with BART/CCJPA staff, MTS estimates that it can meet the demands of the corridor with a three-person extension to the current 17-person staff. Consequently, while LOSSAN call volumes may comprise approximately one third of the calls, MTS is prepared to charge only about \$250,000 per year. MTS will also explore, in the future, other options for efficient delivery of this service, including contracting it out.

Facilities

Headquartered in downtown San Diego, MTS has ample dedicated office space within the MTS corporate complex to accommodate IRMT staff. Offices will be provided for at least five IRMT staff (Managing Director, Finance Manager, Planning Manager, Marketing Manager, and Engineering Officer), while cubicles or offices will be assigned to the Executive Assistant/Clerk of the Board, Marketing Assistant, Planning Assistant/Data Analyst and the four positions that will be located mainly off-site: Transportation Manager, Mechanical Manager, Assistant Mechanical Manager, and Mechanical Compliance Officer. Each office will include standard office equipment such as a phone, computer, desk, chair, and bookcases. Additionally, all MTS conference rooms will be available for LOSSAN use. It is estimated that the monthly usage fees for this office space will be \$4,000 per month. The staff will be located in proximity to MTS staff including the CEO, accounting, procurement, marketing, risk management, auditing, planning, and rail operations.

The complex is served with ample parking and is conveniently located for transit users, as it is located at the intersection of all three LRT lines and a number of bus routes, and is a

short Trolley ride away from Santa Fe Depot, the terminus for the Coaster commuter rail service and Pacific Surfliner.

Similar to the interim period, space for all meetings will be made available at MTS. However, at the preference of the Board of Directors, meetings may be held in Los Angeles or other locations. If meetings are hosted at MTS, technology is available to live-stream all Board meetings online.



Task 5: Agency Budget

The annual budget will be the responsibility of the Finance Manager, with the assistance of MTS Finance department staff. During the interim period, the MTS Finance department will determine the budget with the assistance of MTS upper management staff. The budget will be presented for approval to the LOSSAN Board of Directors annually, and staff anticipates no difficulties with meeting an April 1 due date for subsequent budget years.

While the ultimate annual budget development process will be determined by the IRMT's Managing Director and Finance Manager as directed by the LOSSAN Board of Directors, MTS typically develops its budget in the six-month period prior to the next fiscal year. The operating budgets are developed in a bottom-up fashion, as a series of templates are sent to each manager that is responsible for departmental budgets. The templates provide the detail of personnel and non-personnel budget requests for the coming budget year and include historical results, previous budget projections and areas to include additional requests.

Meetings are held with managers, directors, general managers and finance staff at the agency or department level for review and revision. Within these meetings, the budgets are reviewed at the line-item level, as well as at the departmental and divisional level. The CEO reviews the agency and departmental budgets with the finance staff and directs changes as needed. Upon completion, the operating budget is presented to the Board.

At the MTS Board of Directors meetings, three or four finance workshops and/or discussion items are presented informing the Board of progress on the budget as discussed with the Budget Development Committee. One to two months before the beginning of the fiscal year, the final budget is offered at a public hearing for adoption.

During the interim/start-up period, MTS Finance staff will develop the LOSSAN budget, following current MTS budget procedures, with feedback and direction from the LOSSAN Board of Directors. An April 1 timeframe would be met.

Task 6: Key LOSSAN Initiatives

It is recognized by MTS that the desire of the member agencies is to increase ridership and revenue on the corridor, decrease operating costs, improve on-time performance of the Pacific Surfliner, improve service coordination among the corridor agencies, and continue with the capital improvement plan.

MTS strongly supports all of these initiatives and believes that each of these goals goes hand-in-hand with the others. It's difficult to increase revenue if ridership does not increase, and it's difficult to increase ridership if service coordination is lacking, trains are running late, or it takes too long to get from one destination to another. Recognizing that MTS will not be the operator and will not make service-related decisions, it is ready to assist LOSSAN in achieving those goals.

The future managing agency is fortunate in that analyses and assessments of the corridor's strengths and opportunities for improvement have been already explored in a variety of studies over the last few years, including the 2012 LOSSAN Strategic Implementation Plan, the 2010 Strategic Assessment Study, and the 2008 Quick Improvements Study. Those studies reveal the consensus of the member agencies and MTS looks forward



to working with those member agencies to implement the recommendations. The Strategic Implementation Plan identified the following elements that were shared goals of multiple member agencies:

- Desire to utilize the LOSSAN corridor to its full potential, including better coordination of intercity and commuter rail services, transit connectivity, and provide new travel options for under or un-served markets.
- Develop a rail system that minimizes travel times for each service, yet also provides convenient connection points.
- Synchronize arrivals and departures to provide the maximum benefit to passengers.
- Improve on-time statistics for Pacific Surfliner trains.
- Solidify the Rail-2-Rail Program, or a similar program, that offers travel flexibility to passengers.
- Implement electronic fare collection along the corridor which is integrated with all three existing passenger rail providers.
- Coordinate with member agencies and associated transit systems to provide convenient and common ticketing and transfers between modes of transportation.
- Establish a forum of stakeholders for the development of a cohesive business plan that utilizes all modes of transportation.
- Plan and obtain funding and permits for additional double tracking and multiple tracking project to improve operations.

The overarching goals of the Strategic Implementation Plan included the following:

- Collectively provide the infrastructure to allow more peak period trains, faster through-express trains and additional service improvements that meet current and future conventional and high-speed intercity, commuter, and freight demands both north and south of Los Angeles Union Station.
- Integrate regional fare policy and develop common fare media that are based in part on early implementation lessons in the corridor as appropriate (electronic revenue collection).
- Integrate and/or coordinate operations and develop more efficient operating schedules and dispatching for corridor services.
- Implement a strategy for seamless rail travel in the corridor.
- Collaborate to identify and establish new services for un-served and underserved markets.
- Integrate and improve traveler information, standardized to the extent possible.
- Coordinate with long-distance passenger rail and connecting motor coach services.

Again, MTS is fully in support of these goals and looks forward to working with other member agencies on implementing these improvements in its role as host to the IRMT.

In terms of specific recommendations above and beyond what has already been recommended by various studies and endorsed by the LOSSAN Board of Directors, based on its operating experience, the all-encompassing recommendation is to look at the corridor comprehensively.

The LOSSAN Corridor goes through one of the most populated and destination-rich areas of the nation. Business centers, major universities, major league sports venues, world-renowned theme parks, places of historic interest, beach resorts and residential neighborhoods of every demographic are found along the corridor. Connecting to it are modern public transit systems that make much of Southern California accessible to and from the Pacific Surfliner and other corridor services.

Viewing the corridor comprehensively and developing cooperative strategies among all Southern California stakeholders is the key to increasing ridership on the corridor.



This comprehensive approach will be utilized in a number of ways:

- Coordinate connecting services with all Southern California transportation providers to ensure seamless transfers between modes to the greatest extent possible.
- Integrate fare purchasing with all Southern California transportation providers.
- Develop a coordinated marketing effort among all corridor public transit agencies, as well as others in Southern California with connecting services.
- Develop cross-agency mobile ticketing applications for multi-agency/multi-mode access with a single ticket either purchased online or on smart phones.
- Develop strong business-to-business marketing tools to increase Pacific Surfliner's market share of regular, repeat business travelers.
- Develop marketing partnerships with Southern California destinations to add value and encourage train travel to popular venues.
- Develop a website that allows trip planning across all Southern California modes of travel.
- Establish an integrated telephone customer service center (see Task 4).
- Develop methods to enhance on-time performance.
- Upon renewal of the service contract, MTS would encourage on-time performance, customer satisfaction, and service performance measures to be further analyzed and strengthened.

MTS is well suited to assist in the implementation of these strategies:

- It has built its system around timed connections and will endeavor to lend its expertise to the LOSSAN corridor.
- It has instituted many strategies to increase on-time performance, including looking at on-time performance on a station-by-station basis to provide a picture of the true passenger experience. MTS installed AVL devices to track progress in real time and analyzes the schedules by segment, rather than by the entire route, to determine if time needs to be added or subtracted from the schedule.
- In 2006, MTS completed a comprehensive operational analysis of its entire system and developed a market-based strategy to allocate its resources where needed most. A similar effort of analyzing trip origins and destinations could be utilized on the corridor to thoroughly understand the market and to target strategies to improve service, to better serve existing passengers, and provide the best opportunity to attract new riders.
- MTS is about to pilot a smart-phone ticketing system that may be deployed throughout Southern California to enable single fare/multi-mode ticketing.
- MTS manages a call center that handles both MTS and NCTD service territories. MTS will assume its fare collection system's (Compass Card) call center in FY14 and fully integrate the two. It is also exploring ways to enhance its call center efficiency in the private sector. MTS is proposing incorporating LOSSAN into the regional call center if selected as the managing agency.
- The MTS marketing department has initiated many successful co-marketing programs with San Diego area destinations. It participates regularly in APTA and CTA marketing events. It is confident that this expertise will lead to meaningful partnerships with significant Southern California institutions and to the coordination of marketing efforts with all Southern California transit agencies.
- MTS has conducted marketing programs with local businesses to increase the number of choice riders in its system. The EcoPass program presells tens of thousands of tickets to area business. Additionally, its marketing outreach



efforts to businesses to support commuter express bus service have been highly successful. Programs such as these, in combination with the expertise of other transit agencies, will increase the number of repeat business class riders.

- MTS has contracted out nearly half of its bus services and has included liquidated damages clauses for poor performance and customer complaints.

MTS is committed to working with fellow LOSSAN member agencies to accomplish all of these objectives, resulting in enhanced reliability, increased ridership, and greater revenue. Additionally, these strategies will help achieve the following short-term goals already established by the Strategic Implementation Plan:

- New commuter trains between San Diego and Los Angeles, making all stops.
- A new Pacific Surfliner round trip between Ventura and Santa Barbara.
- Additional limited stop Pacific Surfliner trains.
- Additional mid-day Coaster and Metrolink trips with timed connection at Oceanside.
- Better connectivity with San Joaquin corridor and consistent 7-day intercity schedule.

MTS also believes these strategies set a strong foundation to achieve sufficient ridership increases to support the long-term goal of nearly doubling the train trips on the corridor by 2030 (from 151 to 274) and to integrate the corridor with high speed rail.

ADDITIONAL INFORMATION

Conflicts of Interest

There should be no issues with conflicts of interests in the proper use and allocation of state-supported intercity rail funds. The Conflict of Interest Code of MTS requires all Board Members, officials and designated positions within the agency to file statements of economic interests with the MTS General Counsel on an annual basis in compliance with the Political Reform Act (Government Code Sections 81000, et seq.). This Code will be expanded to include Board Members, officials, and designated positions within the managing agency and LOSSAN JPA.

Per MTS Policy 13.1, a consultant is eligible for award of service contracts as long as the contract in question does not create an actual, potential, or apparent conflict of interest. A prohibited conflict of interest exists when a firm is, or may be, unable to render impartial, objective assistance or advice to MTS or where a firm would receive an unfair competitive advantage.

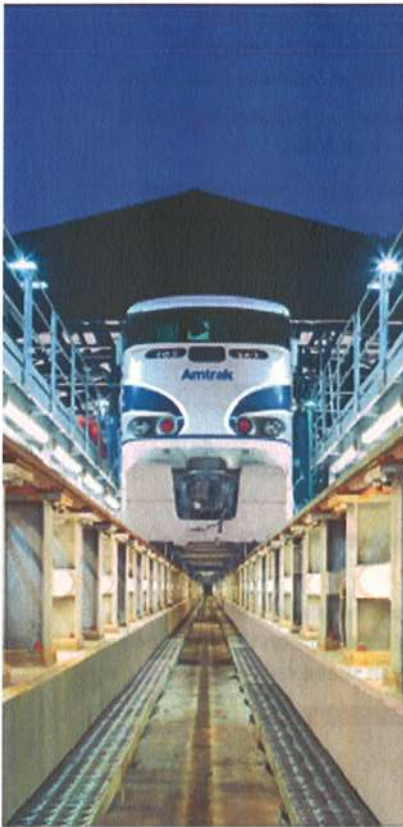
Additionally, as mentioned previously, since MTS does not operate or fund competing operations, MTS will be able to provide a fair and balanced perspective of the corridor. While MTS is knowledgeable and has a stake in the success of the entire corridor, it does not have any competing financial interests.

Exceptions

MTS takes no exceptions to the RFP.

Budget

The total budget for the interim/start-up period is \$1.18 million, based on the assumption that locally-managed intercity rail service would begin on July 1, 2015. Those costs include the negotiation of the ITA, the interim staffing plan, and the hiring and employment of



IRMT staff in preparation for the beginning of service. The Managing Director is anticipated to be hired four months prior to the service start date, with the remainder of the staff hired between one and three months in advance of the beginning of service. Costs include a three percent annual escalation on all wage rates and other direct costs (based on FY13 figures).

The budget for the initial three-year period is \$8.3 million, which includes full-time IRMT staff, shared MTS staff, consultants, and other direct costs. A three-percent escalation rate has been applied to all costs after FY13. The budgets do not include the extra costs associated with the telephone information services, which would be approximately \$250,000 annually (see *Task 4*). It is understood that the budget for the initial period will be subject to negotiations of the ITA with the state.

All salaries were calculated using median personnel costs of similar MTS positions and analysis of comparable CCJPA positions. If a specific MTS employee is named as part of the ITA negotiating team, the interim/start-up team, or as shared staff in support of the IRMT, their current salary was used in place of the mid-point. The salaries for MTS shared staff positions include a 40% benefits/fringe factor plus a 22% overhead rate. The salaries for the full-time IRMT include a 35% benefits/fringe factor (see *Task 4* for benefit details). The reduced benefits/fringe factor is the result of a lower pension level (due to the Public Employees' Pension Reform Act of 2013) and no overhead is applied to IRMT staff because the direct costs should capture all of their overhead.

Assumptions for travel during the initial period are based on the LOSSAN Board of Directors' expressed interest in a stronger advocacy effort and include monthly trips to Sacramento, three trips annually to Washington, DC, and regular travel for meetings within the LOSSAN Corridor. During the interim/start-up period, four monthly trips to Sacramento are planned as well as regular travel to meetings within the LOSSAN Corridor.

The budget also includes the lease of two pool cars dedicated for IRMT staff and agency officials working on LOSSAN business.

The details of the budgets are presented in the attached Program Cost Worksheets.

Glossary of Abbreviations

APTA	American Public Transportation Association	ITOC	SANDAG's Independent Taxpayers Oversight Committee
ASA	Administrative Services Agreement	JPA	Joint Powers Authority
ATSF	Atchafalaya, Topeka and Santa Fe Railway	LOSSAN	Los Angeles-San Diego-San Luis Obispo Rail Corridor
AVL	Automatic Vehicle Location	LRT	Light Rail Transit
BART	Bay Area Rapid Transit	MOU	Memorandum of Understanding
CalEMA	California Emergency Management Agency	MTS	San Diego Metropolitan Transit System
CCJPA	Capitol Corridor Joint Powers Authority	NCTD	North County Transit District
CIP	Capital Improvement Program	NTD	National Transit Database
CPUC	California Public Utilities Commission	OCC	Operations Control Center
CTA	California Transit Association	PIO	Public Information Officer
DOR	Division of Rail (Caltrans)	PIR	Pacific Imperial Railroad, Inc.
FEMA	Federal Emergency Management Agency	SANDAG	San Diego Association of Governments
FRA	Federal Railroad Administration	SD&IV	San Diego & Imperial Valley Railroad
FTA	Federal Transit Administration	SJPA	San Joaquin Joint Powers Authority
GO	General Order (CPUC)	STA	State Transit Assistance (funding)
IRMT	Intercity Rail Management Team	TAC	Technical Advisory Committee (LOSSAN)
ITA	Interagency Transfer Agreement	TSQP	Transit Security Grant Program

Worksheet 1
LOSSAN Managing Agency RFP
Cost Proposal for Start-up Period
 Estimated Timeframe of December 2, 2013 - June 30, 2015

RFP	LOSSAN Managing Agency
Proposing Agency	San Diego Metropolitan Transit System

Combined Overhead for Dedicated LOSSAN Staff (%) =	35.00%
Combined Overhead for Shared Positions (%) =	70.80%
Annual Escalation on Base Hourly Rates =	1.00%

Dedicated LOSSAN Staff													
Name	Classification/Title	Year	Actual Hours**	% Share	Base Rate/Hr			Loaded Rate/Hr***			Labor Amount		
					Min	Mid	Max	Min	Mid	Max	Min	Mid	Max
Staff #1	Managing Director	FY 14		0%	\$ 80.07	\$ 103.99	\$ 127.91	\$108.10	\$140.39	\$172.68	\$0	\$0	\$0
		FY 15	693	33%	\$82.48	\$107.11	\$131.75	\$111.34	\$144.60	\$177.06	\$77,198	\$100,258	\$123,317
			693								\$77,198	\$100,258	\$123,317
Staff #2	Executive Assistant/Clerk of the Board	FY 14		0%	\$ 26.42	\$ 34.30	\$ 42.18	\$35.67	\$46.30	\$56.94	\$0	\$0	\$0
		FY 15	520	25%	\$27.21	\$35.33	\$43.44	\$36.74	\$47.69	\$58.65	\$19,103	\$24,800	\$30,498
			520								\$19,103	\$24,800	\$30,498
Staff #3	Finance Manager	FY 14		0%	\$ 34.64	\$ 44.97	\$ 55.30	\$46.76	\$60.71	\$74.66	\$0	\$0	\$0
		FY 15	347	17%	\$35.68	\$46.32	\$56.96	\$46.17	\$62.53	\$76.90	\$16,697	\$21,677	\$26,657
			347								\$16,697	\$21,677	\$26,657
Staff #4	Manager of Marketing	FY 14		0%	\$ 34.64	\$ 44.97	\$ 55.30	\$46.76	\$60.71	\$72.48	\$0	\$0	\$0
		FY 15	347	17%	\$35.68	\$46.32	\$55.30	\$46.17	\$62.53	\$74.66	\$16,697	\$21,677	\$25,881
			347								\$16,697	\$21,677	\$25,881
Staff #5	Marketing Assistant	FY 14		0%	\$ 17.81	\$ 22.67	\$ 27.52	\$24.04	\$30.60	\$37.15	\$0	\$0	\$0
		FY 15	173	8%	\$18.34	\$23.35	\$28.35	\$24.78	\$31.52	\$38.27	\$4,292	\$5,464	\$6,633
			173								\$4,292	\$5,464	\$6,633
Staff #6	Manager of Planning	FY 14		0%	\$ 34.64	\$ 44.97	\$ 55.30	\$46.76	\$60.71	\$74.66	\$0	\$0	\$0
		FY 15	347	17%	\$35.68	\$46.32	\$56.96	\$46.17	\$62.53	\$76.90	\$16,697	\$21,677	\$26,657
			347								\$16,697	\$21,677	\$26,657
Staff #7	Planning Assistant/Data Analyst	FY 14		0%	\$ 20.56	\$ 26.16	\$ 31.75	\$27.75	\$35.32	\$42.87	\$0	\$0	\$0
		FY 15	173	8%	\$21.18	\$26.85	\$32.71	\$28.59	\$36.38	\$44.16	\$4,955	\$6,306	\$7,654
			173								\$4,955	\$6,306	\$7,654
Staff #8	Transportation Manager	FY 14		0%	\$ 45.41	\$ 58.96	\$ 72.50	\$61.31	\$79.59	\$97.88	\$0	\$0	\$0
		FY 15	347	17%	\$46.78	\$60.73	\$74.66	\$63.15	\$81.98	\$100.81	\$21,891	\$28,420	\$34,949
			347								\$21,891	\$28,420	\$34,949
Staff #9	Mechanical Manager	FY 14		0%	\$ 34.64	\$ 44.97	\$ 55.30	\$46.76	\$60.71	\$74.66	\$0	\$0	\$0
		FY 15	347	17%	\$35.68	\$46.32	\$56.96	\$46.17	\$62.53	\$76.90	\$16,697	\$21,677	\$26,657
			347								\$16,697	\$21,677	\$26,657
Staff #10	Mechanical Assistant Manager	FY 14		0%	\$ 30.25	\$ 39.27	\$ 48.30	\$40.84	\$53.02	\$65.20	\$0	\$0	\$0
		FY 15	173	8%	\$31.16	\$40.45	\$48.75	\$42.06	\$54.61	\$67.16	\$7,291	\$9,466	\$11,640
			173								\$7,291	\$9,466	\$11,640
Staff #11	Mechanical Compliance Officer	FY 14		0%	\$ 30.25	\$ 39.27	\$ 48.30	\$40.84	\$53.02	\$65.20	\$0	\$0	\$0
		FY 15	173	8%	\$31.16	\$40.45	\$49.75	\$42.06	\$54.61	\$67.16	\$7,291	\$9,466	\$11,640
			173								\$7,291	\$9,466	\$11,640
Staff #12	Engineering Officer	FY 14		0%	\$ 45.41	\$ 58.96	\$ 72.50	\$61.31	\$79.59	\$97.88	\$0	\$0	\$0
		FY 15	347	17%	\$46.78	\$60.73	\$74.66	\$63.15	\$81.98	\$100.81	\$21,891	\$28,420	\$34,949
			347								\$21,891	\$28,420	\$34,949
Subtotal, Dedicated Staff			3,987								\$230,702	\$299,308	\$367,132

Shared Staff													
Name	Classification/Title	Year	Actual Hours**	% Share	Base Rate/Hr			Loaded Rate/Hr***			Labor Amount		
					Min	Mid (see note)	Max	Min	Mid (see note)	Max	Min	Mid (see note)	Max
Paul Jablonski	Interim Executive Director (CEO)	FY 14	207	15%	\$ 103.00	\$ 160.24	\$ 268.53	\$175.92	\$273.68	\$453.00	\$36,390	\$56,612	\$93,704
		FY 15	312	15%	\$106.09	\$165.04	\$273.16	\$181.20	\$281.90	\$468.59	\$56,535	\$87,951	\$145,577
			519									\$92,925	\$144,563
Karen Landers	Legal / General Counsel	FY 14	138	10%	\$61.71	\$87.18	\$101.69	\$105.40	\$148.87	\$173.89	\$14,534	\$20,529	\$23,952
		FY 15	206	10%	\$63.56	\$89.77	\$104.74	\$108.56	\$153.33	\$178.90	\$22,580	\$31,893	\$37,211
			344									\$37,114	\$52,422
Sharon Cooney	Government Affairs / Chief of Staff	FY 14	138	10%	\$56.09	\$73.07	\$82.45	\$86.31	\$124.80	\$157.91	\$13,212	\$17,410	\$21,776
		FY 15	206	10%	\$57.78	\$75.26	\$85.23	\$89.68	\$128.54	\$162.65	\$20,526	\$26,737	\$33,831
			344									\$33,738	\$43,947
Brent Boyd	Interim Staff / Senior Transportation Planner and Rail Operations Analyst	FY 14	517	38%	\$30.26	\$43.06	\$48.30	\$51.67	\$73.59	\$82.49	\$26,719	\$36,055	\$42,556
		FY 15	780	38%	\$31.16	\$44.39	\$49.75	\$53.22	\$75.80	\$84.97	\$41,511	\$56,121	\$66,273
			1,297									\$68,230	\$97,178
Rebecca Zell	Interim Staff / Executive Assistant of MTS Rail	FY 14	517	38%	\$20.56	\$28.91	\$31.79	\$35.11	\$51.09	\$54.24	\$10,559	\$14,419	\$16,947
		FY 15	780	38%	\$21.18	\$30.81	\$32.71	\$36.17	\$52.62	\$55.88	\$28,211	\$41,044	\$46,574
			1,297									\$48,369	\$67,463
Nara Lee	Web Site Development / Digital Design & Content Specialist	FY 14	69	5%	\$23.54	\$29.72	\$38.37	\$40.20	\$50.75	\$62.12	\$2,772	\$3,499	\$4,283
		FY 15	104	5%	\$24.24	\$30.61	\$37.48	\$41.40	\$52.26	\$63.98	\$4,306	\$5,437	\$6,654
			173									\$7,078	\$8,936
Rob Schupp	Marketing / Director of Marketing and Communications	FY 14	89	5%	\$51.00	\$72.34	\$84.05	\$87.10	\$123.55	\$143.55	\$6,006	\$8,519	\$9,896
		FY 15	104	5%	\$52.53	\$74.51	\$86.57	\$89.71	\$127.28	\$147.86	\$6,330	\$10,235	\$15,278
			173									\$15,336	\$21,754
MTS Staff	Finance / Finance Manager	FY 14	104	5%	\$34.64	\$44.97	\$56.30	\$59.18	\$76.81	\$94.45	\$6,153	\$7,966	\$9,823
		FY 15	104	5%	\$36.68	\$46.32	\$58.06	\$60.94	\$79.11	\$97.29	\$6,338	\$8,228	\$10,118
			208									\$12,491	\$16,216
MTS Staff	IT Support / Computer Support Specialist	FY 14		0%	\$17.81	\$22.67	\$27.52	\$30.42	\$38.72	\$47.01	\$0	\$0	\$0
		FY 15	98	5%	\$18.34	\$23.35	\$28.35	\$31.33	\$39.88	\$48.42	\$3,008	\$3,829	\$4,648
			98									\$3,008	\$3,829
Jeff Stumbo	HR / Director of HR and Labor Relations	FY 14		0%	\$56.09	\$85.47	\$92.48	\$95.81	\$145.96	\$157.91	\$0	\$0	\$0
		FY 15	104	5%	\$57.78	\$88.03	\$95.23	\$98.68	\$150.35	\$162.65	\$10,263	\$15,638	\$16,915
			104									\$10,263	\$15,638
Kelly Morris	HR / Human Resources Supervisor	FY 14		0%	\$26.42	\$34.96	\$42.18	\$45.12	\$59.71	\$72.04	\$0	\$0	\$0
		FY 15	129	6%	\$27.21	\$36.01	\$43.44	\$46.48	\$61.50	\$74.20	\$5,949	\$7,972	\$9,498
			129									\$5,949	\$7,972
MTS Staff	HR / Human Resources Representative II	FY 14		0%	\$23.54	\$29.95	\$38.37	\$40.20	\$51.16	\$62.12	\$0	\$0	\$0
		FY 15	238	11%	\$24.24	\$30.85	\$37.48	\$41.40	\$52.69	\$63.98	\$9,854	\$12,541	\$15,228
			238									\$9,854	\$12,541
Subtotal, Shared Staff			4,925								\$ 342,355	\$ 492,357	\$ 639,046

*NOTE: "Mid" was replaced by salary figures of current positions.

Other Direct Costs			
Type	Year	Amount	Notes
Office Space	FY 14	\$0	
	FY 15	\$52,480	Four months of office space (\$4,000/month), plus \$3,000/person for furniture and fixtures.
		\$52,480	
Travel (mileage, train, other travel)	FY 14	\$21,120	Assumed six train trips to Los Angeles, four round trip flights to Sacramento, four hotel room nights, and eight days of per diem per month, escalated 3% annually.
	FY 15	\$23,630	
		\$53,750	
Consultant Services (specify)	FY 14	\$86,167	Negotiator @ \$200/hr * 10 hrs per week, eight months FY14, 20 hrs per week, 8 months in FY15
	FY 15	\$167,118	Legal @ \$25,000/year
		\$262,284	Legislative Representative @ \$250/hr * 10 hrs annually General consultant (Rail Operations, etc.) fees of \$10,000/year if needed All escalated 3% annually
Other Direct Costs (specify)	FY 14	\$3,333	Telephones/Conference calls, escalated 3% annually, plus \$10,650 in hiring costs (background checks, drug tests, recruitment advertising - for FY15 only).
	FY 15	\$15,800	
		\$19,133	
Subtotal, Other Direct Costs		\$387,646	

Total Start-up Costs	Min	Mid	Max
Total Start-up FY 14	\$243,564	\$298,451	\$353,761
Total Start-up FY 15	\$717,140	\$880,862	\$1,040,065
Total, Start-up Period	\$960,704	\$1,179,312	\$1,393,826

* Includes Labor Overhead, Fringe Benefit and General Administrative Expenses (% of Total Direct Labor Cost)

** For calculating purposes, 2080 hours per year equals a full time staff position. In FY14, the Start-up Period will begin on 11/1 therefore the maximum annual hours in FY 14 will be 1379

*** Loaded Hourly Rate Calculation: \$ Actual Hourly Rate X (1 + Combined of Overhead&Fringe%) x escalation rate (1 + escalation %)

Paul Jablonski / Chief Executive Officer

Name/Title of Authorized Representative

Signature

Date

Worksheet 2
LOSSAN Managing Agency RFP
Cost Proposal for Initial Period under ITA
 Estimated Timeframe of July 1, 2015 - June 30, 2018

RFP	LOSSAN Managing Agency	
Proposing Agency	San Diego Metropolitan Transit System	
Combined Overhead for Dedicated LOSSAN Staff (%) =		35.00%
Combined Overhead for Shared Positions (%) =		70.80%
Annual Escalation of Rate/Hr (%) =		3.00%

Dedicated LOSSAN Staff													
Name	Classification/Title	Year	Actual Hours**	Share	Base Rate/Hr			Loaded Rate/Hr***			Labor Amount		
					Min	Mid	Max	Min	Mid	Max	Min	Mid	Max
Staff #1	Managing Director	FY 16	2,080	100%	\$84.95	\$110.33	\$135.70	\$114.68	\$148.94	\$183.20	\$238,543	\$309,797	\$381,050
		FY 17	2,080	100%	\$87.50	\$113.64	\$139.77	\$118.12	\$153.41	\$188.69	\$245,700	\$319,090	\$392,481
		FY 18	2,080	100%	\$90.12	\$117.05	\$143.97	\$121.87	\$158.01	\$194.35	\$253,071	\$328,683	\$404,256
			6,240								\$737,314	\$957,550	\$1,177,787
Staff #2	Executive Assistant/Clerk of Board	FY 16	2,080	100%	\$28.03	\$38.39	\$44.75	\$37.84	\$49.12	\$60.41	\$78,704	\$102,177	\$125,850
		FY 17	2,080	100%	\$28.87	\$37.48	\$46.09	\$38.97	\$50.60	\$62.22	\$81,065	\$105,242	\$129,420
		FY 18	2,080	100%	\$29.74	\$38.80	\$47.47	\$40.14	\$52.12	\$64.09	\$83,497	\$108,400	\$133,302
			6,240								\$243,266	\$315,819	\$388,372
Staff #3	Finance Manager	FY 16	2,080	100%	\$36.75	\$47.71	\$58.67	\$49.61	\$64.41	\$79.20	\$103,190	\$133,965	\$164,741
		FY 17	2,080	100%	\$37.85	\$49.14	\$60.43	\$51.10	\$66.34	\$81.58	\$106,285	\$137,984	\$169,683
		FY 18	2,080	100%	\$38.99	\$50.81	\$62.24	\$52.63	\$68.33	\$84.03	\$109,474	\$142,124	\$174,774
			6,240								\$318,949	\$414,074	\$509,199
Staff #4	Manager of Marketing	FY 16	2,080	100%	\$36.75	\$47.71	\$58.67	\$49.61	\$64.41	\$79.20	\$103,190	\$133,965	\$164,741
		FY 17	2,080	100%	\$37.85	\$49.14	\$60.43	\$51.10	\$66.34	\$81.58	\$106,285	\$137,984	\$169,683
		FY 18	2,080	100%	\$38.99	\$50.81	\$62.24	\$52.63	\$68.33	\$81.58	\$109,474	\$142,124	\$169,683
			6,240								\$318,949	\$414,074	\$494,367
Staff #5	Marketing Assistant	FY 16	2,080	100%	\$18.89	\$24.05	\$29.20	\$25.51	\$32.47	\$39.42	\$53,052	\$67,535	\$81,987
		FY 17	2,080	100%	\$19.48	\$24.77	\$30.07	\$26.27	\$33.44	\$40.80	\$54,644	\$69,561	\$84,447
		FY 18	2,080	100%	\$20.04	\$25.52	\$30.98	\$27.05	\$34.45	\$41.82	\$56,283	\$71,468	\$86,980
			6,240								\$163,979	\$208,744	\$253,414
Staff #6	Manager of Planning	FY 16	2,080	100%	\$36.75	\$47.71	\$58.67	\$49.61	\$64.41	\$79.20	\$103,190	\$133,965	\$164,741
		FY 17	2,080	100%	\$37.85	\$49.14	\$60.43	\$51.10	\$66.34	\$81.58	\$106,285	\$137,984	\$169,683
		FY 18	2,080	100%	\$38.99	\$50.81	\$62.24	\$52.63	\$68.33	\$84.03	\$109,474	\$142,124	\$174,774
			6,240								\$318,949	\$414,074	\$509,199
Staff #7	Planning Assistant/Data Analyst	FY 16	2,080	100%	\$21.81	\$27.78	\$33.66	\$29.44	\$37.47	\$45.48	\$61,245	\$77,937	\$94,598
		FY 17	2,080	100%	\$22.47	\$28.59	\$34.70	\$30.33	\$38.59	\$46.84	\$63,082	\$80,275	\$97,438
		FY 18	2,080	100%	\$23.14	\$29.45	\$35.74	\$31.24	\$39.75	\$48.25	\$64,975	\$82,683	\$100,359
			6,240								\$189,302	\$240,895	\$292,393
Staff #8	Transportation Manager	FY 16	2,080	100%	\$48.18	\$62.55	\$78.92	\$65.04	\$84.44	\$103.84	\$135,285	\$175,634	\$215,983
		FY 17	2,080	100%	\$49.82	\$64.42	\$79.22	\$66.99	\$88.97	\$108.95	\$139,343	\$180,903	\$222,463
		FY 18	2,080	100%	\$51.11	\$66.38	\$81.60	\$68.00	\$88.58	\$110.16	\$143,524	\$186,330	\$229,136
			6,240								\$418,152	\$542,867	\$667,582
Staff #9	Mechanical Manager	FY 16	2,080	100%	\$36.75	\$47.71	\$58.67	\$49.61	\$64.41	\$79.20	\$103,190	\$133,965	\$164,741
		FY 17	2,080	100%	\$37.85	\$49.14	\$60.43	\$51.10	\$66.34	\$81.58	\$106,285	\$137,984	\$169,683
		FY 18	2,080	100%	\$38.99	\$50.81	\$62.24	\$52.63	\$68.33	\$84.03	\$109,474	\$142,124	\$174,774
			6,240								\$318,949	\$414,074	\$509,199
Staff #10	Mechanical Assistant Manager	FY 16	2,080	100%	\$32.09	\$41.67	\$51.24	\$43.33	\$56.25	\$69.17	\$90,118	\$116,997	\$143,878
		FY 17	2,080	100%	\$33.06	\$42.92	\$52.78	\$44.63	\$57.94	\$71.25	\$92,822	\$120,507	\$148,193
		FY 18	2,080	100%	\$34.05	\$44.20	\$54.36	\$45.96	\$59.87	\$73.38	\$95,606	\$124,122	\$152,638
			6,240								\$278,546	\$361,627	\$444,707
Staff #11	Mechanical Compliance Officer	FY 16	2,080	100%	\$32.09	\$41.67	\$51.24	\$43.33	\$56.25	\$69.17	\$90,118	\$116,997	\$143,878
		FY 17	2,080	100%	\$33.06	\$42.92	\$52.78	\$44.63	\$57.94	\$71.25	\$92,822	\$120,507	\$148,193
		FY 18	2,080	100%	\$34.05	\$44.20	\$54.36	\$45.96	\$59.87	\$73.38	\$95,606	\$124,122	\$152,638
			6,240								\$278,546	\$361,627	\$444,707
Staff #12	Engineering Officer	FY 16	2,080	100%	\$48.18	\$62.55	\$78.92	\$65.04	\$84.44	\$103.84	\$135,285	\$173,834	\$215,983
		FY 17	2,080	100%	\$49.82	\$64.42	\$79.22	\$66.99	\$88.97	\$108.95	\$139,343	\$180,903	\$222,463
		FY 18	2,080	100%	\$51.11	\$66.38	\$81.60	\$69.00	\$89.58	\$110.16	\$143,524	\$186,330	\$229,136
			6,240								\$418,152	\$542,867	\$667,582
Subtotal, Dedicated Staff			74,880								\$4,003,051	\$5,188,289	\$6,358,507

Shared Staff													
Name	Classification/Title	Year	Actual Hours**	%	Base Rate/Hr			Loaded Rate/Hr***			Labor Amount		
					Min	Mid	Max	Min	Mid	Max	Min	Mid	Max
Paul Jablonick	Chief Executive Officer	FY 16	104	5%	\$109.27	\$170.00	\$261.38	\$186.64	\$290.35	\$480.59	\$19,410	\$30,197	\$49,982
		FY 17	104	5%	\$112.55	\$175.10	\$269.82	\$192.24	\$299.06	\$495.01	\$19,993	\$31,103	\$51,481
		FY 18	104	5%	\$115.93	\$180.35	\$286.51	\$198.00	\$308.03	\$509.86	\$20,592	\$32,036	\$53,025
			312								\$59,995	\$93,335	\$154,488
Karen Landers	Legal / General Counsel	FY 16	208	10%	\$85.47	\$92.47	\$107.88	\$111.81	\$157.93	\$184.27	\$23,257	\$32,850	\$38,328
		FY 17	208	10%	\$87.43	\$95.24	\$111.12	\$115.17	\$162.87	\$190.80	\$23,955	\$33,836	\$39,477
		FY 18	208	10%	\$89.45	\$98.10	\$114.46	\$118.62	\$167.55	\$195.49	\$24,674	\$34,851	\$40,662
			624								\$71,886	\$101,536	\$118,467
Sharon Cooney	Government Affairs / Chief of Staff	FY 16	208	10%	\$59.51	\$77.52	\$98.08	\$101.64	\$132.40	\$167.53	\$21,142	\$27,539	\$34,845
		FY 17	208	10%	\$61.30	\$79.84	\$101.03	\$104.69	\$136.37	\$172.56	\$21,776	\$28,386	\$35,801
		FY 18	208	10%	\$63.13	\$82.24	\$104.06	\$107.63	\$140.48	\$177.73	\$22,429	\$29,217	\$36,968
			624								\$65,347	\$85,121	\$107,704
Susan Lockwood	Risk Management / Manager of Risk & Claims	FY 16	416	20%	\$35.68	\$48.11	\$58.86	\$60.94	\$82.17	\$97.29	\$25,350	\$34,185	\$40,471
		FY 17	416	20%	\$36.75	\$49.58	\$59.67	\$62.77	\$84.84	\$100.21	\$26,111	\$35,210	\$41,886
		FY 18	416	20%	\$37.85	\$51.04	\$60.43	\$64.85	\$87.18	\$103.21	\$26,894	\$36,267	\$42,936
			1,248								\$78,355	\$105,662	\$125,993
Daniel Madzalan	Auditor	FY 16	208	10%	\$35.68	\$50.93	\$58.98	\$60.94	\$80.99	\$97.29	\$12,675	\$18,095	\$20,236
		FY 17	208	10%	\$36.75	\$52.48	\$59.67	\$62.77	\$86.60	\$100.21	\$13,055	\$18,638	\$20,843
		FY 18	208	10%	\$37.85	\$54.04	\$60.43	\$64.85	\$92.29	\$103.21	\$13,447	\$19,197	\$21,468
			624								\$39,178	\$55,930	\$62,547
Tom Lynch	Treasurer / Controller	FY 16	208	10%	\$46.78	\$61.98	\$74.68	\$79.80	\$105.86	\$127.55	\$16,618	\$22,018	\$26,530
		FY 17	208	10%	\$48.18	\$63.84	\$78.92	\$82.29	\$109.03	\$131.37	\$17,116	\$22,679	\$27,326
		FY 18	208	10%	\$49.82	\$65.75	\$79.22	\$84.76	\$112.30	\$135.32	\$17,630	\$23,359	\$28,146
			624								\$51,363	\$68,057	\$82,001

Shared Staff													
Name	Classification/Title	Year	Actual Hours**	%	Base Rate/Hr			Loaded Rate/Hr***			Labor Amount		
					Min	Mid	Max	Min	Mid	Max	Min	Mid	Max
Larry Matheis	Finance / Director of Financial Planning & Analysis	FY 16	208	10%	\$46.78	\$53.61	\$74.68	\$79.89	\$91.56	\$127.55	\$16,618	\$19,045	\$26,530
		FY 17	208	10%	\$46.18	\$55.22	\$76.82	\$82.29	\$94.31	\$131.37	\$17,116	\$19,616	\$27,328
		FY 18	208	10%	\$46.82	\$56.87	\$79.22	\$84.78	\$97.14	\$135.32	\$17,630	\$20,205	\$28,146
			624								\$51,363	\$58,865	\$82,001
Ernesto DeOuzman	Procurement / Procurement Manager	FY 16	208	10%	\$46.78	\$61.21	\$74.68	\$79.89	\$104.55	\$127.55	\$16,618	\$21,747	\$26,530
		FY 17	208	10%	\$46.18	\$63.05	\$76.92	\$82.29	\$107.69	\$131.37	\$17,116	\$22,400	\$27,328
		FY 18	208	10%	\$46.82	\$64.94	\$79.22	\$84.76	\$110.92	\$135.32	\$17,630	\$23,072	\$28,146
			624								\$51,363	\$67,218	\$82,001
MTS Staff	Procurement / Procurement Specialist	FY 16	1,560	75%	\$27.21	\$36.33	\$43.44	\$46.48	\$60.34	\$74.20	\$72,506	\$94,131	\$115,755
		FY 17	1,560	75%	\$26.03	\$36.39	\$44.75	\$47.87	\$62.15	\$76.43	\$74,681	\$96,955	\$119,228
		FY 18	1,560	75%	\$26.87	\$37.46	\$48.09	\$49.31	\$64.01	\$78.72	\$76,922	\$99,863	\$122,805
			4,680								\$224,109	\$290,946	\$357,788
Nancy Dall	Grants / Grants Administrator	FY 16	624	30%	\$27.21	\$36.87	\$43.44	\$46.48	\$66.39	\$74.20	\$29,002	\$41,429	\$48,302
		FY 17	624	30%	\$26.03	\$40.04	\$44.75	\$47.87	\$68.38	\$76.43	\$29,672	\$42,672	\$47,691
		FY 18	624	30%	\$26.87	\$41.24	\$46.09	\$49.31	\$70.44	\$78.72	\$30,769	\$43,952	\$49,122
			1,872								\$89,544	\$128,052	\$145,115
MTS Staff	Payroll / Payroll Coordinator	FY 16	208	10%	\$18.34	\$23.35	\$28.35	\$31.33	\$39.88	\$48.42	\$8,517	\$8,298	\$10,071
		FY 17	208	10%	\$18.89	\$24.05	\$29.20	\$32.27	\$41.08	\$49.87	\$8,712	\$8,544	\$10,373
		FY 18	208	10%	\$19.46	\$24.77	\$30.07	\$33.24	\$42.31	\$51.37	\$8,913	\$8,801	\$10,684
			624								\$26,142	\$25,641	\$31,128
MTS Staff	Accounting / Accounting Assistant	FY 16	1,560	75%	\$16.96	\$20.31	\$24.64	\$27.25	\$34.68	\$42.09	\$42,514	\$54,104	\$66,665
		FY 17	1,560	75%	\$16.43	\$20.91	\$25.38	\$28.07	\$35.72	\$43.36	\$43,790	\$56,727	\$69,835
		FY 18	1,560	75%	\$16.93	\$21.54	\$26.15	\$28.91	\$36.79	\$44.66	\$45,103	\$57,399	\$69,664
			4,680								\$131,407	\$167,230	\$202,965
Rob Schupp	Public Information Officer	FY 16	208	10%	\$54.10	\$76.74	\$98.17	\$92.40	\$131.08	\$152.30	\$19,220	\$27,264	\$31,678
		FY 17	208	10%	\$55.72	\$79.04	\$91.84	\$95.18	\$135.01	\$156.87	\$19,797	\$28,082	\$32,626
		FY 18	208	10%	\$57.40	\$81.42	\$94.60	\$98.03	\$139.08	\$161.57	\$20,391	\$28,924	\$33,607
			624								\$59,407	\$84,270	\$97,912
Nara Lee	Website Development / Digital Design & Content Specialist	FY 16	104	5%	\$24.97	\$31.53	\$38.58	\$42.65	\$53.84	\$65.90	\$4,435	\$5,600	\$6,854
		FY 17	104	5%	\$25.72	\$32.47	\$39.74	\$43.93	\$55.46	\$67.88	\$4,568	\$5,768	\$7,059
		FY 18	104	5%	\$26.49	\$33.45	\$40.93	\$45.24	\$57.12	\$69.92	\$4,705	\$5,941	\$7,271
			312								\$13,709	\$17,309	\$21,184
MTS Staff	Graphics / Communications Designer II	FY 16	624	30%	\$24.24	\$30.85	\$37.46	\$41.40	\$52.69	\$63.98	\$25,836	\$32,681	\$39,925
		FY 17	624	30%	\$24.87	\$31.78	\$38.58	\$42.65	\$54.27	\$65.90	\$26,612	\$33,667	\$41,123
		FY 18	624	30%	\$25.72	\$32.73	\$39.74	\$43.93	\$55.90	\$67.88	\$27,410	\$34,693	\$42,355
			1,872								\$79,858	\$101,631	\$123,404
MTS Staff	IT Support / Computer Support Specialist	FY 16	208	10%	\$18.89	\$24.05	\$29.20	\$32.27	\$41.08	\$49.87	\$8,712	\$8,544	\$10,373
		FY 17	208	10%	\$19.46	\$24.77	\$30.07	\$33.24	\$42.31	\$51.37	\$8,913	\$8,801	\$10,684
		FY 18	208	10%	\$20.04	\$25.52	\$30.98	\$34.23	\$43.58	\$52.91	\$9,121	\$9,055	\$11,005
			624								\$26,746	\$26,410	\$32,062
MTS Staff	HR / HR Representative II	FY 16	208	10%	\$24.97	\$31.78	\$38.58	\$42.65	\$54.27	\$65.90	\$8,871	\$11,289	\$13,708
		FY 17	208	10%	\$25.72	\$32.73	\$39.74	\$43.93	\$55.90	\$67.88	\$9,137	\$11,628	\$14,119
		FY 18	208	10%	\$26.49	\$33.71	\$40.93	\$45.24	\$57.58	\$69.92	\$9,411	\$11,977	\$14,542
			624								\$27,418	\$34,893	\$42,369
MTS Staff	Administrative / Office Clerk II	FY 16	624	30%	\$13.86	\$17.65	\$21.43	\$23.70	\$30.15	\$36.60	\$14,790	\$18,815	\$22,840
		FY 17	624	30%	\$14.29	\$18.18	\$22.07	\$24.41	\$31.06	\$37.70	\$15,233	\$19,379	\$23,525
		FY 18	624	30%	\$14.72	\$18.73	\$22.74	\$25.14	\$31.99	\$38.63	\$15,690	\$19,961	\$24,231
			1,872								\$45,713	\$58,155	\$70,597
Subtotal, Shared Staff			23,088								\$1,181,004	\$1,570,263	\$1,936,827

Other Direct Costs			
Type	Year	Amount	Notes
Office Space	FY 16	\$50,923	\$4,000/month rent (in FY14 value), escalated 3% annually.
	FY 17	\$52,451	
	FY 18	\$54,024	
		\$157,399	
Travel (mileage, train, other travel)	FY 16	\$84,361	Assumed four train trips to LA/month, one flight to Sacramento per month, three flights to DC annually, 8 hotel room nights per month, 16 days of per diem per month, and 1,000 miles of driving per month, escalated 3% annually.
	FY 17	\$85,991	
	FY 18	\$87,621	
		\$168,023	
Consultant Services (specify)	FY 16	\$363,677	16 hours per week of legal assistance (\$400/hr), with 3% annual escalation rate. \$10,000 per year in legislative advocacy, escalated 3% annually.
	FY 17	\$374,587	
	FY 18	\$385,524	
		\$1,124,088	
Other Direct Costs (specify)	FY 16	\$20,369	Two vehicles at \$7,100/each annually for leasing, maintenance, and insurance; conference calls (\$5,000/yr); escalated 3% annually.
	FY 17	\$20,980	
	FY 18	\$21,610	
		\$62,959	
Subtotal, Other Direct Costs		\$1,512,469	

Total Initial Period Costs	Min	Mid	Max
Total FY 16	\$2,166,529	\$2,675,926	\$3,173,122
Total FY 17	\$2,231,525	\$2,756,204	\$3,268,315
Total FY 18	\$2,298,470	\$2,838,890	\$3,366,365
Total, Initial Period	\$6,696,523	\$8,271,020	\$9,807,802

OPTIONAL: Telephone Information Staff at an additional \$248,664 for first year (FY16), with 3% escalation rate.

* Includes Labor Overhead, Fringe Benefit and General Administrative Expenses (% of Total Direct Labor Cost)

** For calculating purposes, 2080 hours per year equals a full time staff position.

*** Loaded Hourly Rate Calculation: \$ Actual Hourly Rate X (1 + Combined of Overhead & Fringe %) x escalation rate (1 + escalation %)

Paul Jablonski / Chief Executive Officer

Name/Title of Authorized Representative

Signature

Date

Worksheet 3
LOSSAN Managing Agency RFP
Cost Proposal Summary

RFP	LOSSAN Managing Agency
Proposing Agency	San Diego Metropolitan Transit System

Cost Proposal for Start-up Period		Min	Mid	Max
Estimated Timeframe of November 1, 2013 - June 30, 2015	Managing Agency Dedicated Staff	\$230,702	\$299,308	\$367,132
	Managing Agency Shared Staff	\$342,355	\$492,357	\$639,046
	Managing Agency Other Direct Cost	\$387,648	\$387,648	\$387,648
	Managing Agency Start-up Cost	\$960,704	\$1,179,312	\$1,393,826
Managing Agency Initial Period under ITA July 1, 2015 - June 30, 2018	Managing Agency Dedicated Staff	\$4,003,051	\$5,188,289	\$6,358,507
	Managing Agency Shared Staff	\$1,181,004	\$1,570,263	\$1,936,827
	Managing Agency Other Direct Cost	\$1,512,469	\$1,512,469	\$1,512,469
	Managing Agency Initial Period Cost	\$6,696,523	\$8,271,020	\$9,807,802
MANAGING AGENCY TOTAL COST		\$7,657,228	\$9,450,333	\$11,201,628

Annual Costs	Year	Min	Mid	Max
Managing Agency Start-up Cost	FY 14	\$243,564	\$298,451	\$353,761
	FY 15	\$717,140	\$880,862	\$1,040,065
Managing Agency Initial Period under ITA	FY 16	\$2,166,529	\$2,675,926	\$3,173,122
	FY 17	\$2,231,525	\$2,756,204	\$3,268,315
	FY 18	\$2,298,470	\$2,838,890	\$3,366,365
Total		\$7,657,228	\$9,450,333	\$11,201,628

Paul Jablonski / Chief Executive Officer

Name/Title of Authorized Representative

Signature

Date