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Agenda

MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

February 13, 2014

Executive Conference Room
9:00 a.m.

ACTION RECOMMENDED

- | | | |
|----|--|--------------------|
| A. | ROLL CALL | |
| B. | APPROVAL OF MINUTES - January 9, 2014 | Approve |
| C. | COMMITTEE DISCUSSION ITEMS | |
| 1. | <u>Trolley Renewal Project Update (Bruce Schmith of SANDAG)</u> | Informational |
| 2. | <u>Student Pass Pilot Program (Sharon Cooney, Janelle Carey and Marcus Smith)</u> | Informational |
| 3. | <u>Senior/Disabled/Medicare (SDM) Reduced-Fare Program (Sharon Cooney)</u> | Informational |
| 4. | <u>Energy Credit Update (Mike Thompson)</u> | Informational |
| 5. | <u>Chula Vista Transit (Bill Spraul)</u> | Informational |
| 6. | CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION/ CONFERENCE WITH LABOR NEGOTIATORS CHIEF EXECUTIVE OFFICER Pursuant to California Government Code Sections 54957 and 54957.6; <u>Agency-Designated Representative:</u> Harry Mathis <u>Employee:</u> Paul C. Jablonski | Possible Action |
| D. | REVIEW OF DRAFT FEBRUARY 20, 2014, BOARD AGENDA | |
| E. | <u>REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA</u> Review of SANDAG Transportation Committee Agenda and discussion regarding any items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc. Relevant excerpts will be provided during the meeting. | Possible Action |



- F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS
- G. PUBLIC COMMENTS
- H. NEXT MEETING DATE: March 13, 2014
- I. ADJOURNMENT

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

January 9, 2014

DRAFT MINUTES

A. ROLL CALL

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

B. APPROVAL OF MINUTES

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

C. COMMITTEE DISCUSSION ITEMS

Appointment of San Diego Association of Governments (SANDAG) Transportation Committee Representative and Alternate

Sharon Cooney, Chief of Staff explained the nomination and selection process. She discussed the particulars regarding members and alternates.

The Committee nominated Harry Mathis as the primary representative and Al Ovrom as the alternate representative.

Action Taken

Mr. Roberts moved to nominate Harry Mathis, Chairman of the MTS Board of Directors to serve on the SANDAG Transportation Committee for the 2014 calendar year as the primary member. Mr. Cunningham seconded the motion, and the vote was 4 to 0 with Mr. Mathis abstaining.

Mr. Roberts moved to nominate Al Ovrom from the MTS Board to serve on the SANDAG Transportation Committee for the 2014 calendar year as the alternate member. Mr. Cunningham seconded the motion, and the vote was 4 to 0 with Mr. Ovrom abstaining.

2. Trolley Renewal Project Update

Bruce Schmith of SANDAG provided a presentation on the Blue and Orange Line Improvement corridor. He discussed the Blue Line stations and rail construction including the Barrio Logan station, Harborside station, Pacific Fleet station and 8th and 24th Street stations. He discussed other Blue Line projects, traction power substation installation and site acquisition and provided a light rail procurement status. He reviewed timelines and completion dates for the various projects.

Mr. Jablonski discussed the upcoming construction on the crossings at C Street.

Mr. Roberts asked if the Navy yard had been secured and Mr. Jablonski said MTS secured the Navy yard.

Mr. Roberts asked regarding the acquisition of a traction power substation and if there were additional sites. Mr. Jablonski provided an update on the potential Lockridge site and said MTS was still reviewing whether the additional power was needed at this location as it will be a very costly substation to construct. Mr. Cunningham asked for specifics regarding the possible substation and location. Mr. Jablonski stated Parks and Recreation did not want the substation at the Mount Hope Cemetery site as they have plans for the maintenance yard.

Karen Landers, General Counsel gave an update on the potential Union Pacific substation. Wayne Terry, Chief Operating Officer of Rail provided further update on the light rail procurement status. Mr. Cunningham inquired regarding the timing of the car delivery. Mr. Terry advised that by March MTS will have received all of the additional cars satisfying the contract. Ms. Landers stated MTS has had no significant issues with delivery.

Mr. Roberts asked about the possible early acquisition of cars with regard to exercising an option to purchase additional cars at a reduced rate. Mr. Jablonski responded that MTS would not continue with early acquisition as MTS would assume all the risk as the cars would begin to depreciate as soon as delivered and for purposes of the Mid-Coast project taking a potential additional four years to complete, MTS would lose 20% of federal funding in the purchase which would offset the savings. He stated that they would keep the option and when the project nears completion MTS would advise the Federal Transit Administration (FTA) at a later date that MTS would like to proceed with the early acquisition. The FTA may or may not approve the early purchase at that time.

Action Taken

Informational item only. No action taken.

3. Energy Credit Update

The Executive Committee unanimously agreed to move this agenda item to the February 13, 2014 Executive Committee agenda.

Action Taken

No action taken.

D. REVIEW OF DRAFT JANUARY 16, 2014, BOARD AGENDA (TAKEN OUT OF ORDER)

Recommended Consent Items

6. Investment Report - November 2013

Informational item only. No action taken.

7. MTS Code Compliance eForce Records Management System (RMS) - Hardware Purchase

Action would authorize the Chief Executive Officer (CEO) to issue a Purchase Order to MSA Systems for the acquisition of MC75A Enterprise Digital Assistants (EDA's), Biometric Fingerprint Readers, Zebra RW420 Mobile and GX420 Desktop Printers, Rechargeable Batteries and Charging Stations and 3 years of Maintenance for the EDA's and Printers as described in MSA Systems Quote No. CM-121813-0057.

8. Project Engineer Position

Action would authorize the CEO to add one (1) Project Engineer to the FY14 budget, increasing the total Full Time Equivalent (FTE) position from 0 to 1.

9. Purchase and Installation of Cisco Voice-Over Internet Protocol (VoIP) Phone System

Action would authorize the CEO to issue a purchase order to AT&T for the purchase of equipment and installation of a Cisco Voice-Over Internet Protocol (VoIP) phone system for the MTS South Bay Bus Maintenance Facility (SBBMF). This project will connect this facility into the MTS agency-wide phone and data communications system. This procurement would be under the County of Merced's Contract No. 2009177.

10. SD100 Operator Seat Replacements - Contract Award

Action would authorize the CEO to execute MTS Doc. No. L1153.0-13 with Gillig, LLC, for the purchase of One Hundred Four (104) SD100 Operator Seat Replacements.

11. Construction Management On-Call Services for SD&AE Right of Entry Permits and Right-Of-Way Issues

Action would ratify previous actions (Work Order Nos. 11.02 and 11.02.01) and authorize the CEO to execute Work Order No. 11.02.02 to MTS Doc. No. G1386.0-11 with PGH Wong Engineering, Inc.

12. Semiannual Uniform Report of Disadvantaged Business Enterprise Awards or Commitments and Payments

Informational item only. No action taken.

13. Trash Disposal, Green Waste and Recycling Services - Contract Award

Action would authorize the CEO to 1) execute MTS Doc. No. G1654.0-14 with Daily Disposal Services, Inc. for the provision of trash disposal, and green waste and recycling services for a two (2)-year base period with three (3) one-year option terms, (for a total of five years); and 2) exercise each option year at the CEO's discretion.

14. CommVault Back-Up Project - Contract Award

Action would authorize the CEO to execute MTS Doc. No. G1682.0-14 (in substantially the same format as Attachment A), with Nth Generation Computing, Inc., on a sole-source basis, for the provision of software, equipment, and professional installation services for the CommVault Backup Project.

15. On Board Video Surveillance System for the San Diego Transit Corporation - Contract Amendment

Action would 1) ratify Amendment Nos. 1 through 5 to MTS Document No. B0521.0-09 with Apollo Video Technology which were previously approved under the CEO's approval authority for a total cost of \$92,528.89; and 2) authorize the CEO to execute Amendment No. 6, MTS Doc. No. B0521.6-09 with Apollo Video Technology to install additional wireless access points at the Imperial Avenue Division for increased video download volume and upgrade up to 131 transit buses from older Integrian cameras and cabling to improved Apollo Video System cameras and cabling for a total cost of \$387,435.48.

16. Rescission of the Amended and Restated Joint Exercise of Powers Agreement creating the City of San Diego/MTDB Authority and Dissolution of the City of San Diego/MTDB Authority

Action would adopt Resolution Number 14-1 rescinding the Amended and Restated Joint Exercise of Powers Agreement creating the City of San Diego/MTDB Authority and authorizing the dissolution of the City of San Diego/MTDB Authority.

17. Wireless Infrastructure Project Phase 3(a) - Sole Source Purchase Order Award

Action would authorize the CEO to issue a purchase order to AT&T DataComm, Inc., on a sole-source basis, for the provision of equipment and professional installation services for Phase 3(a) of the MTS's Wireless Infrastructure Project.

EXECUTIVE COMMITTEE MEMBER COMMENTS

Mr. Mathis referenced the Taxicab discussion item listed on the January 16, 2014 Board meeting agenda and stated that the contract negotiation was going back and forth between MTS and the City of San Diego and the contract is not ready for the January 16, 2014 Board meeting discussion. He commented there was a need for an establishment of an Ad Hoc Committee for Taxicab Contract Negotiations and asked for support for deferment to the February 20, 2014 agenda which would be vetted by the Executive Committee on the February 13, 2014 agenda. The Executive Committee members were in unanimous agreement.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

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

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no Committee member communications.

G. PUBLIC COMMENTS

There were no Public comments.

The Executive Committee convened to Closed Session at 9:35 a.m.

CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION CHIEF EXECUTIVE OFFICER Pursuant to California Government Code Section 54957

The Executive Committee reconvened to Open Session at 11:07 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

4. The Executive Committee received a report from negotiators and gave direction.

H. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for February 13, 2013.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 11:08 a.m.

Chairman

Attachment: A. Roll Call Sheet

**EXECUTIVE COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) 1/9/14

CALL TO ORDER (TIME) 9:03 a.m.

RECESS N/A

RECONVENE N/A

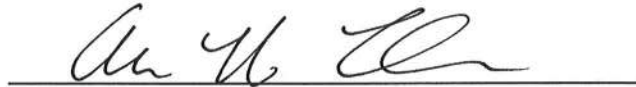
CLOSED SESSION 9:35 a.m.

RECONVENE 11:07 a.m.

ADJOURN 11:08 a.m.

| BOARD MEMBER | (Alternate) | PRESENT (TIME ARRIVED) | ABSENT (TIME LEFT) |
|--|--|---------------------------|-----------------------|
| LIGHTNER | <input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/> | 9:00 a.m. | 11:08 a.m. |
| MATHIS | <input checked="" type="checkbox"/> | 9:00 a.m. | 11:08 a.m. |
| OVRUM | <input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/> | 9:00 a.m. | 11:08 a.m. |
| ROBERTS | <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/> | 9:00 a.m. | 11:08 a.m. |
| CUNNINGHAM | <input checked="" type="checkbox"/> (McClellan) <input type="checkbox"/> | 9:00 a.m. | 11:08 a.m. |
| Transportation Committee Rep Slot (Mathis) | | | |

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY THE GENERAL COUNSEL:





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Agenda Item No. C1

MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

February 13, 2014

SUBJECT:

TROLLEY RENEWAL PROJECT UPDATE (BRUCE SCHMITH OF SANDAG)

RECOMMENDATION:

That the Executive Committee receive a report for information.

Budget Impact

None.

DISCUSSION:

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



Paul C. Jablonski
Chief Executive Officer

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





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Agenda Item No. C2

MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

February 13, 2014

SUBJECT:

STUDENT PASS PILOT PROGRAM (SHARON COONEY)

RECOMMENDATION:

That the Executive Committee receive an update on the pilot program to supply free transit passes to students in San Diego Unified School District.

Budget Impact

None.

DISCUSSION:

MTS was approached in November 2012 to participate in a program for giving free or discounted bus passes to students. Representatives from the City of San Diego and the San Diego Unified School District asked MTS to consider a pilot to determine if providing free passes to students would diminish absenteeism. Both the School District and the City included funding in the Fiscal Year 2014 budget to subsidize a pilot at four high schools: San Diego, Crawford, Hoover and Lincoln. MTS staff worked with the School District to implement the pilot in the fall. A report on progress to date will be provided.



Paul C. Jablonski
Chief Executive Officer

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





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Agenda Item No. C3

MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

February 13, 2014

SUBJECT:

SENIOR/DISABLED/MEDICARE (SDM) REDUCED-FARE PROGRAM (SHARON COONEY)

RECOMMENDATION:

That the Executive Committee receive a report for information.

Budget Impact

None.

DISCUSSION:

Senior citizens (60+), disabled individuals, and Medicare recipients (SDM) are eligible for a reduced fare on fixed route buses and trolleys. SDM riders pay a quarter of the cost of a regular pass, which is a significant savings benefit. Over the years, MTS began to see a substantial rise in the number of SDM riders and reviewed its procedures for applying for the discount. In March 2011, MTS launched its new reduced-fare program in unison with the Compass identification card. Staff will give a report on the results of this new program.


Paul C. Jablonski
Chief Executive Officer

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





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Agenda Item No. C4

MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

February 13, 2014

SUBJECT:

ENERGY CREDIT UPDATE (MIKE THOMPSON)

RECOMMENDATION:

That the Executive Committee receive a report on the energy credit program at MTS.

Budget Impact

None.

DISCUSSION:

In February 2009, the MTS Board of Directors approved the Natural Gas Hedge Program and adopted the Natural Gas Hedge Policy to administer that program (MTS Board Policy No. 59). This program enabled MTS to purchase natural gas via a competitive-bidding process and allowed MTS the opportunity to enter into financial hedges to fix the natural gas rates. In addition to the goal of creating budget certainty for this volatile commodity, MTS staff estimates that this program also saves MTS over \$100,000 annually by allowing MTS to purchase the natural gas commodity directly from the market through a gas service provider (GSP) rather than through San Diego Gas and Electric (SDG&E). Gas is still delivered from the national natural gas pipeline by SDG&E, so there is no operational impact as a result of this change. The cost of the commodity is billed through the GSP, and the gas used by MTS is backfilled into the national natural gas pipeline by the GSP.

MTS conducted a competitive-bid process in 2009 and 2010 to select its GSP, and BP was the low bidder in each case. The 2010 agreement was for one year with 2 one-year options—the last of which was set to expire on June 30, 2013. That agreement was extended to June 30, 2018 by the Board last February. This new extension also included the purchase and utilization of biogas—gas that is produced naturally from landfills and from the processing of animal waste, sewage, crop waste, and cellulosic crops. The utilization of such a renewable fuel allows MTS to generate federal and state energy

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

credits. This report will update the Executive Committee about the program and revenue produced thus far from these federal and state energy credits.



Paul C. Jablonski
Chief Executive Officer

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



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Agenda Item No. **C5**

MEETING OF THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

February 13, 2014

SUBJECT:

CHULA VISTA TRANSIT (BILL SPRAUL)

RECOMMENDATION:

That the Executive Committee receive a report on the Chula Vista Transit Bus Maintenance Facility.

Budget Impact

None.

DISCUSSION:

Chula Vista Transit (CVT) operates 41 MTS buses on 6 bus routes in the City of Chula Vista (Chula Vista). The fleet is maintained at the City-owned facility at 1800 Maxwell Road. This facility includes compressed natural gas (CNG) fueling capability.

In April of 2006, MTS completed the Comprehensive Operations Analysis (COA), which analyzed all public transportation services provided by MTS and its various operators, and concluded that enhanced bus services could be provided in Chula Vista by combining services operated by Veolia for CVT into a new contract to be bid by MTS.

Following the consolidation of the MTS bus operations contract in 2007, MTS and the City of Chula Vista entered into an agreement to consolidate the operation of services within Chula Vista under the new MTS/Veolia contract. There was some discussion with the City at that time regarding its interest in MTS leaving the City's facility, but MTS could not yet accommodate the CVT fleet at its South Bay Bus Maintenance Facility at 3650 Main Street.

MTS is planning to move its transit operations from the City-owned facility at 1800 Maxwell Road as soon as the expansion project is completed at the South Bay Bus Maintenance Facility. Construction completion is anticipated by January 1, 2015. This



move will result in significant operational cost savings and efficiencies, and will provide additional cost savings due to avoidance of certain capital improvement costs.

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

Paul C. Jablonski
Chief Executive Officer

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



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DRAFT

Agenda

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

9:00 a.m.

James R. Mills Building
Board Meeting Room, 10th Floor
1255 Imperial Avenue, San Diego

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

**ACTION
RECOMMENDED**

1. Roll Call
2. Approval of Minutes - January 16, 2014
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.

Approve

Please SILENCE electronics
during the meeting

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CONSENT ITEMS

- | | | |
|-----|--|--------------------|
| 6. | <u>San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Board of Directors at its Meeting on January 14, 2014</u> Action would: (1) receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Pacific Imperial Railroad, Inc. (PIR) quarterly reports for information; and (2) ratify actions taken by the SD&AE Board at its quarterly meeting on January 14, 2014. | Receive/ Ratify |
| 7. | <u>Addition of Three Information Technology Positions</u> Action would authorize the Chief Executive Officer (CEO) to add: 1) One (1) Lead Computer Support Specialist to the FY14 budget, increasing the total Full Time Equivalent (FTE) position from 0 to 1 at Grade #5 (\$35,972.00 - \$55,577.00); 2) One (1) System Administrator to the FY14 budget, increasing the total Full Time Equivalent (FTE) position from 4 to 5 at Grade #8 (\$53,356.00 - \$85,183.00); and 3) One (1) Fare Technology Program Manager to the FY14 budget, increasing the total Full Time Equivalent (FTE) position from 0 to 1 at Grade #10 (\$69,951.00 - \$111,676.00). | Approve |
| 8. | <u>2014 State and Federal Legislative Programs</u> Action would approve staff recommendations for 2014 federal and state legislative programs. | Approve |
| 9. | <u>Investment Report - December 2013</u> | Informational |
| 10. | <u>Excess Insurance Renewals for Liability and Workers' Compensation Program</u> Action would approve the purchase of excess liability insurance (at limits of \$75 million less a \$2 million self-insured retention) and excess workers' compensation insurance (at statutory limits less a \$1 million self-insured retention) The new policies would be in effect from March 1, 2014, through March 1, 2015. | Approve |
| 11. | <u>Type II Class B Paratransit Buses - Contract Award</u> Action would authorize the CEO to: 1) execute MTS Doc. No. B0611.0-14 with Creative Bus Sales for the purchase of up to fifty (50) Class B Cutaway buses for MTS's para-transit services; and 2) exercise the option to purchase up to ten (10) additional buses pending availability of funding in future fiscal years. | Approve |
| 12. | <u>MTS Bus Rapid Transit (BRT) Station Maintenance - Contract Award</u> Action would authorize the CEO to: 1) execute MTS Doc. No. G1658.0-14 with ISS Facility Services, Inc. for the provision of station maintenance services at designated Bus Rapid Transit (BRT) stations for a contract base period of five (5) years with two (2) one year options to be exercised exclusively at MTS discretion; and 2) exercise each option period at the CEO's discretion. | Approve |

CLOSED SESSION

- | | | |
|-----|---|--------------------|
| 24. | a. CLOSED SESSION - CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54957.6 <u>Agency-Designated Representative:</u> Jeff Stumbo <u>Employee Organization:</u> Internal Brotherhood of Electrical Workers, Local 465 | Possible Action |
| | b. CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION/ CONFERENCE WITH LABOR NEGOTIATORS CHIEF EXECUTIVE OFFICER Pursuant to California Government Code Sections 54957 and 54957.6; <u>Agency-Designated Representative:</u> Harry Mathis <u>Employee:</u> Paul C. Jablonski | Possible Action |
| | c. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - Existing Litigation Pursuant to California Government Code Section 54956.9(A): Obispo Lopez and Aracelia Lopez (SDSC Case No. 37-2013-00056270-CU-PA-CTL) | Possible Action |
| | d. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL – Existing Litigation Pursuant to California Government Code Section 54956.9(A): Janice Teeter (WCAB Case Nos. ADJ8804639 and ADJ8806510) | Possible Action |

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

- | | | |
|-----|--|---------|
| 30. | <u>2014 Major Bus Service Changes (Denis Desmond)</u> Action would approve the staff-recommended major service changes, as amended from the January 16, 2014 Public Hearing. | Approve |
|-----|--|---------|

REPORT ITEMS

- | | | |
|-----|--|---------------|
| 45. | <u>Student Pass Pilot Program (Sharon Cooney)</u> | Informational |
| 46. | <u>Senior/Disabled/Medicare (SDM) Reduced-Fare Program (Sharon Cooney)</u> | Informational |
| 47. | <u>Energy Credit Update (Mike Thompson)</u> | Informational |
| 48. | <u>Quarterly Performance Monitoring Report (Denis Desmond)</u> | Informational |
| 60. | <u>Chairman's Report</u> | Informational |
| 61. | <u>Audit Oversight Committee Chairman's Report</u> | Informational |
| 62. | <u>Chief Executive Officer's Report</u> | Informational |
| 63. | <u>Board Member Communications</u> | |
| 64. | <u>Additional Public Comments Not on the Agenda</u> | |

If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments.

- 65. Next Meeting Date: March 20, 2014 (including Finance Workshop)
- 66. Adjournment



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Agenda Item No. 6

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

**Draft for
Executive Committee
Review Date: 2/13/14**

SUBJECT:

SAN DIEGO AND ARIZONA EASTERN (SD&AE) RAILWAY COMPANY QUARTERLY REPORTS AND RATIFICATION OF ACTIONS TAKEN BY THE SD&AE BOARD OF DIRECTORS AT ITS MEETING ON JANUARY 14, 2014

RECOMMENDATION:

That the Board of Directors:

1. receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Pacific Imperial Railroad, Inc. (PIR) quarterly reports (Attachment A) for information; and
2. ratify actions taken by the SD&AE Board at its quarterly meeting on January 14, 2014.

Budget Impact

None.

DISCUSSION:

Pursuant to the Agreement for Operation of Freight Rail Services, SD&IV, Museum, and PIR have provided operations reports during the fourth quarter of 2013 (Attachment A).

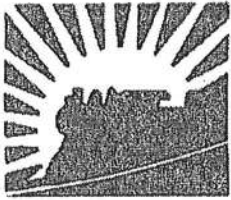


Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. SD&AE Meeting Agenda & Materials (**Board Only Due to Volume**)





**SAN DIEGO & ARIZONA
EASTERN RAILWAY
COMPANY**

A NEVADA NONPROFIT
CORPORATION

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BOARD OF DIRECTORS
BRAD OVITT, CHAIRPERSON
MATT DOMEN
PAUL JABLONSKI

OFFICERS
PAUL JABLONSKI, PRESIDENT
MATT DOMEN, SECRETARY
ERIN DUNN, TREASURER

LEGAL COUNSEL
KAREN LANDERS

AGENDA

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

January 14, 2014

9:00 a.m.

Executive Committee Room
James R. Mills Building
1255 Imperial Avenue, 10th Floor

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

**ACTION
RECOMMENDED**

- | | |
|---|---------|
| 1. <u>Approval of the Minutes of October 22, 2013</u> Action would approve the SD&AE Railway Company Minutes of October 22, 2013. | Approve |
| 2. <u>Statement of Railway Finances (Erin Dunn)</u> Action would receive a report for information. | Receive |
| 3. <u>Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Matt Domen)</u> Action would receive a report for information. | Receive |
| 4. <u>Report on Pacific Southwest Railway Museum (Diana Hyatt)</u> Action would receive a report for information. | Receive |
| 5. <u>Report on the Desert Line (Chas McHaffie)</u> Action would receive a report for information. | Receive |
| 6. <u>Real Property Matters (Tim Allison)</u> a. <u>Summary of SD&AE Documents Issued Since October 22, 2013</u> Action would receive a report for information. | Receive |
| 7. <u>Update on San Ysidro Freight Yard Improvement Projects (Pete d'Ablain of SANDAG)</u> Action would receive a report for information. | Receive |
| 8. Board Member Communications | |
| 9. Public Comments | |
| 10. Next Meeting Date: April 15, 2014 | |
| 11. Adjournment | |

MINUTES

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

October 22, 2013

A meeting of the Board of Directors of the San Diego & Arizona Eastern (SD&AE) Railway Company, a Nevada corporation, was held at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101, on October 22, 2013, at 9:00 a.m.

The following persons, constituting the Board of Directors, were present: Brad Ovitt, Matt Domen, and Paul Jablonski. Also in attendance were members from:

| | |
|---|--|
| San Diego Metropolitan Transit System: | Tim Allison, Karen Landers, Wayne Terry, Erin Dunn |
| San Diego Association of Governments: | Christina Casgar |
| Pacific Southwest Railway Museum: | Diana Hyatt |
| Pacific Imperial Railroad, Inc.: | Sheila LeMire |
| Burlington Northern Santa Fe: | John Hoegemeier |
| AMICARGA: | Jorge O. Monraz |
| San Diego Electric Railway Association: | R. Mitchell Beauchamp |

1. Approval of Minutes

Mr. Jablonski moved to approve the Minutes of the July 16, 2013, SD&AE Railway Board of Directors meeting. Mr. Domen seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Erin Dunn reviewed the financial statement for the 3rd quarter of 2013 (attached to the agenda item). She explained that income has increased due to the Desert Line lease revenue not being included in the original budget. Ms. Dunn reported that expenses were unfavorable but were offset by favorable risk management costs and the timing of expenses for outside services.

Mr. Jablonski suggested that other revenue sources be considered. Karen Landers responded that the fee for right of entry permits recently increased from \$500 to \$750. Tim Allison added that the increase in right of entry fees has only had a slight impact.

Action Taken

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

3. Report on San Diego & Imperial Valley Railroad (SD&IV) Operations

Matt Domen reviewed the report of activities for the 3rd quarter of 2013 (attached to the agenda item).

Action Taken

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

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the 3rd quarter of 2013 report (attached to the agenda item). Ms. Hyatt added that the pathway to the restroom at the Depot is finished and is now wheelchair-accessible.

Ms. Hyatt informed that Board that she is concerned that there is still a month-to-month operating contract and no interim procedures have been established with PIR. She also reported that the box cars are finally leaving.

Ms. Hyatt attended an Association of Tourist Railroads and Railway Museums (ATRRM) convention, and the Museum will be participating in some of the special events.

Mr. Ovitt asked about the Museum's return from offering Groupons. Ms. Hyatt responded that the Museum has offered Groupons over the past couple of years and the traffic from them has tapered off.

Mr. Jablonski asked for clarification in regard Ms. Hyatt's concerns regarding the impacts of the month-to-month operating agreement. Ms. Hyatt responded that her specific concern involves Federal Railroad Administration (FRA) compliance and the way the signal is set up. She explained that the Museum is doing the maintenance on the line, but it does not have control over operations if there is an outage or if the signals are down. She added that there are a lot of power failures due to weather, and it can take hours to get in contact with the Carrizo Police Department (which is the contact number listed). Ms. Hyatt would like to have the contact numbers changed on the power boxes. Sheila LeMire added that she is aware of the issue and is working with Ms. Hyatt.

Action Taken

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

5. Report on the Desert Line

Sheila LeMire reviewed the 3rd quarter of 2013 report (attached to the agenda item). She stated that PIR is compiling the inspection and track-testing reports being conducted by J. L. Patterson and Holland Company and expects to have all of the final reports by the next meeting.

Mr. Ovitt asked if there was any preliminary flaw testing conducted. Ms. LeMire responded that there was and that the results were submitted to Tim Allison. Mr. Allison stated that he did receive the reports, and the rail was in better shape than originally thought. Mr. Allison will give the reports to Fred Byle to review. He informed members that the information included was raw data and that the final reports are expected next quarter. Mr. Allison said that the reports show that about 20 of 57 bridges were inspected, and there are still some major bridges to inspect. This report coincided with Osmose's report conducted in 2007 in regard to some major bridge-repair concerns, and Mr. Allison stated that J. L. Patterson's project manager understands the significance of those concerns. He added that J. L. Patterson hasn't reviewed the tunnels yet.

Ms. Hyatt said that PIR shared these preliminary reports with the Museum, and the Museum is working on the replacing 4 rails and keeping on top of the maintenance.

Action Taken

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

6. Real Property Matters

a. Summary of SD&AE Documents Issued Since July 16, 2013

Tim Allison referenced the summary of SD&AE documents issued since the July 16, 2013, SD&AE Railway Company Board of Directors meeting.

- S200-13-575: Right of Entry Permit to RVM Construction, Inc. to construct an underground sewer pipeline at Moss Street in the City of Chula Vista.
- S200-13-576: Right of Entry Permit to Kimley-Horn Associates, Inc. for engineering investigations to support various San Diego Association of Governments (SANDAG) projects.
- S200-13-580: Right of Entry Permit to J. L. Patterson & Associates, Inc. for engineering support to reconstruct the Desert Line.
- S200-14-581: Right of Entry Permit to Watkins Environmental, Inc. for engineering support to reconstruct the Desert Line.

Action Taken

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

b. License Agreement with Cox Communications, Inc.

Tim Allison gave an overview of the area that Cox Communications, Inc. is proposing for an underground fiber-optics line on the Coronado Branch.

Action Taken

Mr. Jablonski moved to approve issuing a license to Cox Communications, Inc. for a proposed underground fiber-optics utility crossing under SD&AE tracks located at milepost 9.6 on the Coronado Branch Line in Chula Vista. Mr. Domen seconded the motion, and it was unanimously approved.

c. Underground Sewer Main Easement

Tim Allison gave an overview of the scope and area that the City of La Mesa is proposing to add an underground trunk sewer pipeline. He explained it would be far enough away from the tracks, and the railroad loading on that pipe should be minimized by the lateral distance and the depth. Mr. Allison clarified that all engineering and associated requirements would be in compliance. Mr. Allison added that there are 2

crossings presently; however, one crossing would be eliminated. He responded to a question from Mr. Jablonski confirming that the appraisal fee would be charged to the City of La Mesa.

Action Taken

Mr. Jablonski moved to approve an easement to the City of La Mesa for a proposed underground 8-inch High-Density Polyethylene Pipe (HDPE) trunk sewer pipeline. Mr. Domen seconded the motion, and it was unanimously approved.

7. Approval of the 2014 SD&AE Board of Directors Meeting Schedule

Karen Landers explained that SD&AE holds quarterly meetings in January, April, July, and October and asked members to review the proposed dates for the 2014 meeting schedule. All Board members were in agreement of the proposed dates as listed:

| | | |
|----------------------------|-----------|-------------------------------|
| Tuesday, January 14, 2014 | 9:00 a.m. | (Fourth Quarter 2013 Reports) |
| Tuesday, April 15, 2014 | 9:00 a.m. | (First Quarter 2014 Reports) |
| Tuesday, July 15, 2014 | 9:00 a.m. | (Second Quarter 2014 Reports) |
| Tuesday, October 21*, 2014 | 9:00 a.m. | (Third Quarter 2014 Reports) |

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

Materials Due to Clerk

Friday, January 3, 2014
Friday, April 4, 2014
Thursday, July 3**, 2014
Friday, October 10, 2014

Materials Mailed

Wednesday, January 8, 2014
Wednesday, April 9, 2014
Wednesday, July 9, 2014
Wednesday, October 15, 2014

Action Taken

Mr. Ovitt moved to approve the 2014 SD&AE Board of Directors meeting schedule. Mr. Domen seconded the motion, and it was unanimously approved.

8. Board Member Communications

There were no Board member communications.

9. Public Comments

- R. Mitchell Beauchamp – City Treasurer for National City and Trustee of San Diego Electric Railway Association (SDERA). Mr. Beauchamp stated that SDERA recently acquired a PCC car, which is located at the depot in National City and that his remarks refer to the Belt Line (also known as the Coronado Line). He commented that the removal of the F Street Diamond creates situation on the line that is truly insular. Mr. Beauchamp would like to have dialog to see if SDERA can use that line as part of its tourism activities—specifically Cleveland Avenue. He cited Tucson's success with its tourist trolley. Mr. Beauchamp stated that the line was used in early 2000 and was very

*To accommodate APTA Annual Conference on 10/12/14-10/15/14

** Due to July 4 holiday

well received. He added that with the closing of Chula Vista Nature Center, use of that line for weekend activities would stimulate commerce. Mr. Beauchamp stated that SDERA is interested in Cleveland Avenue and repairing the damage done by Sweetwater Authority. He said that the Salt Works Museum is also an area of interest. SDERA's preliminary plan is to use a PCC car with a motor generator (opposed to using catenary lines). Mr. Beauchamp added that there is a potential for SDERA to obtain an Edwards car. He concluded by reiterating his request for the opportunity to start a dialog.

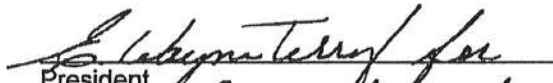
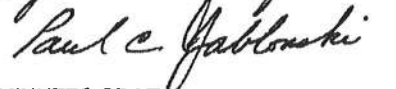
Mr. Jablonski suggested to Mr. Beauchamp that SDERA submit a business plan in writing.

10. Next Meeting Date


The next meeting of the SD&AE Railway Company Board of Directors is on January 14, 2014.

11. Adjournment

The meeting was adjourned at 9:27 a.m.


President


2013-10-22 MINUTES-SDAE


General Counsel

Agenda Item No. 2

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

January 14, 2014

SUBJECT:

STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a financial report for the quarter ended December 31, 2013.

Budget Impact

None.

DISCUSSION:

The financial results for the first two quarters of fiscal year 2014 are attached, which includes the periods ended December 31, 2013, and 2012.

The current year-to-date income is \$489,000 favorable to budget primarily due to the fact that the Desert Line lease revenue was not in the original budget. Income has increased by \$483,000 compared to the same period last year—again, primarily due to the Desert Line lease. MTS anticipates programming these revenues for capital repairs along SD&AE-owned property. Expenses are \$25,000 unfavorable to budget due to unfavorable variances in personnel costs and outside services offset by favorable risk-management costs. Expenses have increased by \$25,000 over the same period last year primarily due to the increase in personnel costs and outside services. The net income for the first two quarters of FY 14 was \$469,563 compared to net income of \$11,523 for the same period in FY 13.

Attachment: SD&AE Operating Statement 2nd Quarter FY 14

SD&AE operating statement FY2014-13

| | FY 2014 | | | | | FY 2013 | |
|---------------------------|-------------------|-------------------|-------------------|-----------------|-----------------|------------------|-----------------|
| | Q1 2014 | Q2 2014 | YTD | Budget | Variance | Q1 - Q2 | Variance |
| Revenue | | | | | | | |
| Right of entry permits | \$ 13,250 | (700) | 12,550 | \$ 15,000 | (2,450) | 43,089 | (30,539) |
| Lease income | 13,081 | 18,640 | 31,721 | 40,002 | (8,281) | 36,060 | (4,339) |
| Desert Line Lease Revenue | 250,000 | 250,000 | 500,000 | - | 500,000 | - | 500,000 |
| SD&IV 1% freight fee | 9,704 | 8,000 | 17,704 | 17,502 | 202 | - | 17,704 |
| Total revenue | 286,035 | 275,940 | 561,975 | 72,504 | 489,471 | 79,149 | 482,826 |
| Expense | | | | | | | |
| Personnel costs | 30,685 | 36,238 | 66,923 | 43,430 | (23,493) | 55,589 | (11,334) |
| Outside services | 515 | 17,529 | 18,044 | 10,084 | (7,960) | - | (18,044) |
| Energy costs | - | - | - | - | - | - | - |
| Risk management | 3,336 | 3,751 | 7,086 | 13,650 | 6,564 | 11,503 | 4,417 |
| Misc operating expenses | 284 | 75 | 359 | 252 | (107) | 534 | 175 |
| Depreciation | - | - | - | - | - | - | - |
| Total expense | 34,820 | 57,593 | 92,412 | 67,416 | (24,996) | 67,626 | (24,786) |
| Net income/(loss) | \$ 251,215 | \$ 218,347 | \$ 469,563 | \$ 5,088 | 464,475 | \$ 11,523 | 458,040 |

Reserve balance 2013 **\$ 1,505,741**

Allocated interest earnings - estimated 2,000
Operating profit/(loss) 469,563

Reserve balance 2014-estimated **\$ 1,977,304**

Agenda Item No. 3

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

January 14, 2014

SUBJECT:

REPORT ON SAN DIEGO AND IMPERIAL VALLEY (SD&IV) RAILROAD OPERATIONS

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

An oral report will be given during the meeting.

Attachment: Periodic Report for the 4th Quarter of 2013



a Genesee & Wyoming Company

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

December 30, 2013

Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company activities of interest for the 4th Quarter of 2013 are listed as follows:

1. Labor

At the end of December 31, 2013 the San Diego & Imperial Railroad had 9 employees:

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

2. Marketing

Volume in the 4th Quarter declined 8% as compared to 2012. Bridge traffic had a 9% decrease, primarily driven by a decrease in LPG traffic to ConocoPhillips and Texas Gas and Oil. Traffic terminating or originating on the SDIY was virtually flat compared to this time last year.

3. Reportable Injuries/Environmental

Days through year to date, Dec 31, 2013, there were no FRA Reportable injuries or environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: 6116

4. Summary of Freight

| | 2013 | 2012 | 2011 |
|--|-------------|-------------|-------------|
| Total rail carloads that moved by SDIY Rail Service in the quarter. | 1301 | 1421 | 1140 |
| Total railroad carloads Terminating/Ori­ginating Mexlco in the quarter. | 1119 | 1238 | 922 |
| Total railroad carloads Termlnating/Ori­ginating El Cajon, San Diego, National City, San Ysidro, California in the quarter. | 182 | 183 | 218 |
| Total customers directly served by SDIY in the quarter | 11 | 9 | 11 |
| Regional Truck trips that SDIY Railroad Service replaced in the quarter | 3903 | 4263 | 3420 |

Respectfully,

Matt Domen

General Manager

Agenda Item No. 4

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

January 14, 2014

SUBJECT:

REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Quarterly Report



Pacific Southwest Railway Museum

La Mesa Depot 4885 Nebo Drive La Mesa, CA 91941 618-485-7778

January 6, 2014

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

Re: Fourth Quarter 2013

Dear SD&AE Board:

During the fourth quarter of 2013, utilizing all volunteer crews, the Pacific Southwest Railway Museum ran 26 passenger trains carrying 6,535 passengers with no FRA reportable accidents or injuries. Total income from SD&AE property for fourth quarter, 2014 exceeded \$140,000; a more accurate accounting will be provided verbally at the quarterly meeting of the SD&AE board. By comparison, PSRM carried 6,889 passengers during the fourth quarter of 2012 and total income from SD&AE property was \$185,410.

Passenger ridership by comparison to the same quarter in previous years:

6,889 Passengers during the fourth quarter of 2012
6,109 Passengers during the fourth quarter of 2011
4,384 Passengers during the fourth quarter of 2010
3,268 Passengers during the fourth quarter of 2009
4,554 Passengers during the fourth quarter of 2008

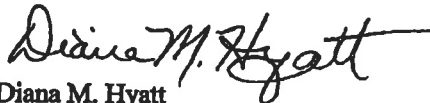
There was a slight decline in ridership of 354 passengers from fourth quarter 2012 to fourth quarter 2013 primarily due to there being only four weekends between Thanksgiving and Christmas in 2013 and there being five weekends between Thanksgiving and Christmas in 2012. The one additional weekend would normally garner another 900 passengers on the North Pole trains.

Maintenance of Way work continues along the right of way including monthly signal inspections. A MOW work party has been planned for the weekend of January 10-12. Based upon the progress from this weekend, plans will be developed to tackle necessary track work during the first half of the calendar year.

On Sunday, January 5, 2014 the Christmas Train event or Dia de los Tres Reyes Magos was held at the Tecate Stadium in Tecate. The new mayor of Tecate, Cesar Moreno and his wife presided over the festivities. Also in attendance was co-founder Margaret Coval and members of the National Latino Peace Officers Association, San Diego Metro chapter. PSRM was unable to provide the train that once carried the three kings, the Christmas Train volunteers and the gifts for the less fortunate children of Tecate for a fifth year as tunnel 3 remains impassable and no repairs have begun towards that goal.

It has been one year since PSRM's operating agreement with SD&AE expired. I respectfully request that in lieu of attempts to effect changes to said agreement, the SD&AE Board agree to continue the original operating agreement with the Pacific Southwest Railway Museum for another five years.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Diana M. Hyatt". The signature is fluid and cursive, with the first name "Diana" being the most prominent part.

Diana M. Hyatt
President

Agenda Item No. 5

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

January 14, 2014

SUBJECT:

REPORT ON THE DESERT LINE

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Quarterly Report



PERIODIC REPORT

December 31, 2013

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

Pacific Imperial Railroad

Fourth Quarter 2013

CONTENTS

- I. GOVERNMENTAL**
- II. DESERT LINE**
- III. REPORTABLE INJURIES / ACCIDENTS /
ENVIRONMENTAL INCIDENTS**
- IV. MARKETING**
- V. FREIGHT ACTIVITY**
- VI. MTS OPERATING AGREEMENT REQUIREMENTS**

I. GOVERNMENTAL

- a. No developments during this quarter.**

II. DESERT LINE STATUS

a. Reconstruction Plan

- i. Inspections** – On June 14th, 2013, PIR executed a Services Agreement with J.L. Patterson & Associates, Inc. (JLP). Phase one of JLP's work to be performed under the Services Agreement began on August 19th and continued to progress into the early weeks of December 2013. Balfour Beatty Rail, Inc. (BBR) has been subcontracted by JLP to clear sand, dirt and other debris from the tracks between Division and Campo, California. BBR is a rail infrastructure contractor specializing in construction and maintenance services for the public and private railroad markets and they will be continuing to clear the track throughout December 2013 upon which phase two of JLP's services will begin.
- ii. Track Testing**– JLP subcontracted Holland Company, LP which is an acknowledged leader in the world market for track testing and has been engineering rail solutions since 1935. Holland Company will be conducting the strength testing of the mainline between Division and Plaster City, California. Following the strength testing, an additional subcontractor to JLP, Nordco Rail Services, will be performing rail flaw detection from Division to Plaster City, CA on the mainline tracks. Nordco Rail Services is a field leader in

ultrasonic non-destructive testing equipment (NDT). During the various track clearing and testing phase, JLP will be developing the PIR Bridge Management Plan and will be performing a complete inspection of all 57 bridges and 17 tunnels along the 70 mile Desert Line.

- iii. **Construction**— PIR has executed an agreement with Watkins Environmental, Inc. wherein Watkins Environmental, Inc. shall perform the necessary repairs on the Desert Line, as determined by the J.L. Patterson inspection(s) and track testing.

b. Financing Plan

PIR is continuing its fundraising efforts through the CEO Ernie Dahlman and is considering agreements with other investment bankers.

III. REPORTABLE

INJURIES/ACCIDENTS/ENVIRONMENTAL INCIDENTS

- a. There have not been any reportable accidents.
- b. There have not been any reportable injuries.
- c. There have not been any reportable environmental incidents.

IV. MARKETING

- a. PIR finalized its Marketing Plan by utilizing information gathered in surveys generated from the numerous Maquiladora manufacturers. In May 2013, PIR implemented aspects of the marketing campaign outlined in the Marketing Plan.

V. FREIGHT ACTIVITY

- a. Currently PIR has not commenced revenue generation pending completion of the Inspections and Construction above.

VI. MTS OPERATING AGREEMENT REQUIREMENTS

- a. Pursuant to the Amended and Restated Desert Line Lease and Operating Agreement between PIR, San Diego and Arizona Eastern Railways Company and the San Diego Metropolitan Transit System, the following Performance Milestone Requirements fell within First Quarter:

- i. **Business Plan.** Submittal of Business Plan to SD&AE within 30 days from the effective date of the Agreement; and

- 1. PIR Timely submitted the Business Plan on January 19, 2013

- ii. **Reconstruction Plan.** Desert Line Reconstruction Plan submitted to MTS within 90 days of the effective date of the Agreement.

- 1. PIR Timely submitted the Reconstruction Plan on March 20, 2013.

Agenda Item No. 6a

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

January 14, 2014

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE OCTOBER 22, 2013

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

Since the October 22, 2013, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-14-587: Right of Entry Permit to LB Civil Construction, Inc. to construct the extension of H Street in the City of Chula Vista.

Agenda Item No. 7

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

January 14, 2014

SUBJECT:

UPDATE ON SAN YSIDRO FREIGHT YARD IMPROVEMENT PROJECTS

RECOMMENDATION:

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

Budget Impact

No impacts to the SD&AE budget.

DISCUSSION:

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



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

Agenda Item No. 7

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

**Draft for
Executive Committee
Review Date: 2/13/14**

SUBJECT:

ADDITION OF THREE INFORMATION TECHNOLOGY POSITIONS:

RECOMMENDATION:

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

- 1) One (1) Lead Computer Support Specialist to the FY14 budget, increasing the total Full Time Equivalent (FTE) position from 0 to 1 at Grade #5 (\$35,972.00 - \$55,577.00).
- 2) One (1) System Administrator to the FY14 budget, increasing the total Full Time Equivalent (FTE) position from 4 to 5 at Grade #8 (\$53,356.00 - \$85,183.00).
- 3) One (1) Fare Technology Program Manager to the FY14 budget, increasing the total Full Time Equivalent (FTE) position from 0 to 1 at Grade #10 (\$69,951.00 - \$111,676.00).

Budget Impact

These additional positions will be budget neutral, as MTS / NCTD are currently funding the positions at SANDAG that are transitioning to MTS.

DISCUSSION:


In 2013, SANDAG agreed to transfer responsibility of the region's smart card fare collection system, the "Compass Card Program," to MTS. The first phase occurred in July 2013, when approximately ten (10) call center and administrative staff moved from SANDAG to administer the customer service and card fulfillment component of the Compass Card Program.



As part of the second and final phase of the transition, the following functions will be transferred to MTS by July 1, 2014:

- 1) Program Management
- 2) Server & Network Management
- 3) Outlet Support & Service
- 4) Application Support – Includes fare changes, promotional programs, configuration changes and software enhancements.
- 5) System Support Contracts – Includes maintenance support for Cubic Software, Oracle, Hummingbird and 3rd party operating systems.

SANDAG will assign the appropriate third-party system support contracts to MTS, as well as transfer back office equipment to MTS as part of this transition. MTS must hire the human resources necessary to effectively transition the Compass Card Program, maintain functionality of its related technologies and implement next-generation fare collection. The three positions identified are intended to fill this need.



Paul C. Jablonski
Chief Executive Officer

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



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

Agenda Item No. 8

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

**Draft for
Executive Committee
Review Date: 2/13/14**

SUBJECT:

2014 STATE AND FEDERAL LEGISLATIVE PROGRAMS

RECOMMENDATION:

That the Board of Directors approve staff recommendations for 2014 federal and state legislative programs (see Attachments A and B).

Budget Impact

None.

DISCUSSION:

Federal Year in Review

Moving Ahead for Progress in the 21st Century (MAP-21) and Federal Reauthorization

The Administration worked throughout the year toward compliance with the regulatory changes required by MAP-21, the current iteration of the surface transportation act. Changes to the New Starts process, formulation of regulatory guidance relative to asset management systems, safety and performance measures, a requirement for a voting transit member on the metropolitan planning organization governing board, and application of the new funding alignments in MAP-21 required extensive effort by the Federal Transit Administration (FTA) and Department of Transportation (DOT) to gain compliance prior to the expiration of MAP-21 in September 2014. MTS staff participated in workshops and webinars and provided formal comment to help ensure that regulatory guidelines were in keeping with the agency's objectives. MTS will continue to advocate in this area, and will seek positive policies in the next surface transportation act reauthorization bill.

Federal Budget

The federal calendar year 2013 was marked by unprecedented budget turmoil. The "fiscal cliff" deal that Congress passed during the first days of January delayed the start of sequestration for two months. In March sequestration cuts were implemented with the threat of a government shutdown on March 27 when the six-month FY 2013 Continuing



Resolution (CR) was set to expire. Congress narrowly completed a CR to fund the remainder of FY 2013 in time to avert the shutdown. Then the CR expired September 30 and a government shutdown ensued. In October, Congress passed another CR through January 15 to return the government to work.

In December negotiators struck a deal to authorize a budget for FY 2014 and 2015, eliminate \$63 billion in sequester cuts that were coming, and lower the deficit by \$23 billion. The compromise provided discretionary spending in FY 2014 of \$1.012 trillion, \$44.8 billion more than the \$967.5 billion allowed under the 2011 Budget Control Act as it was amended earlier this year. The spending increase above the levels in the Budget Control Act are meant to be offset by levying fees, by assuming Medicare reimbursement limits will extend for an additional two years, and by changing some pension rules for federal workers.

Because the deal struck in December was a budget resolution and not an appropriations measure, it did not set spending levels for individual programs. Therefore, last month Congress worked out a compromise \$1.1 trillion omnibus spending bill that will fund government agencies through the end of federal FY 2014 (September 30, 2014). The appropriations bill funds highway and transit programs at MAP-21 authorized levels, which means an increase over FY 2013 funding. Some key details from the transportation section of the bill include:

- Federal-Aid Highway funding of \$40.2 billion. This is the MAP-21 authorized level and over \$550 million more than the FY2013 figure (\$39.6 billion).
- FTA program level set at \$ 10.7 billion, with \$2.1 billion from the general fund. The measure provides for the MAP-21 authorized level of \$8.6 billion in transit formula funding from the Mass Transit Account, an increase from the \$8.47 billion provided in FY 2013.
- New Starts funding increased to \$ 2.1 billion in FY 2014 with a combination of \$1.9 billion in FY 2014 dollars and the addition of unused funds from previous years. The conference report notes this is sufficient to fund all the Full Funding Grant Agreement (FFGA) projects at their projected levels for 2014. New Starts funding in FY 2013 was \$1.86 billion.
- National Infrastructure Investment (TIGER) program, funded at \$474 million in FY 2013, is provided with \$600 million for FY 2014.
- Like last year, high-speed rail received no funding.
- Operating grants from Amtrak funded at \$340 million, a decrease from the FY 2013 level of \$472 million. Amtrak's capital and debt service funding increased from \$909.9 million in FY 2013 to \$1.05 billion in FY 2014 plus they will have increased flexibility to cover operating losses from the capital account. Policy riders include overtime limits on Amtrak employees and a prohibition of federal funding for routes where Amtrak offers a discount of 50% or more off normal, peak fares.

- Language throughout the transportation section stresses the importance of private-sector funding for infrastructure projects.

It is important to note that the budget deal passed in December also adopts a budget for FY 2015, a situation that has implications for the Mid-Coast Trolley Project, a project which MTS and SANDAG have been advocating on behalf of for a FFGA. The existence of an adopted FY 2015 budget calls into question whether the President will submit a budget that assumes substantial new spending in key areas, such as transportation infrastructure. Having a congressional budget resolution already in place does not preclude the President from proposing spending more than allowed by the adopted budget; however it makes it more unlikely to gain approval. Without a proposed spending level above the adopted budget, there will be little room to invest in public transportation projects not already under FFGAs. This could lead the Administration to either list potential new FFGA's (like the Mid-Coast Project) with no money attached to the list or to leave all non-FFGA projects off the list entirely. Even before this budget deal was announced, Administration leaders had been saying that it would be difficult to get into the President's fiscal 2015 budget any projects for which funds had not already been proposed by the Administration in a previous budget. The President's proposed FY 2015 budget is expected to be delivered to Congress March 4.

Tax Extenders

No plan for dealing with the annual package of tax credits that expired at the end of calendar year 2013 has developed. In past years a tax credit extenders bill was agreed to as a short term fix while a longer range tax reform bill was to be negotiated. The most significant implication for MTS with the expiration of this package of credits is the expiration of the alternative fuel credit that has been used in past years to fund MTS capital improvement projects. If an agreement to extend this tax credit is approved, it is expected that it will be applied retroactively as it has been in the past. However, action is not expected until Congress undertakes comprehensive tax code reform legislation.

Changes in Administration

Charlotte Mayor Anthony Foxx was sworn in as the new Secretary of Transportation in July. FTA Administrator Peter Rogoff has been named Acting Undersecretary for Policy for the DOT. Deputy FTA Administrator Therese McMillan moved into the Acting FTA Administrator role.

State Year in Review

AB 179 -- Public transit: electronic transit fare collection systems: disclosure of personal information (Bocanegra)

AB 179 (Bocanegra) was intended to extend regulations applied to toll roads to transit agencies that employ smart card systems. The bill sought to place limitations on the distribution of any information that could be construed as personally identifiable, including photos or video. It also included a maximum retention limit for personal information and a requirement that the agency have a privacy policy related to its fare collection and management of auto load accounts. AB 179 had stipulated that transit agencies can only provide personally identifiable information to law enforcement, and then only with a search warrant. This last provision would have had significant impacts

on MTS's ability to assist in locating missing or at-risk individuals, providing law enforcement with video and other information pertinent to investigations, or to otherwise optimize the use of its extensive video surveillance system. While MTS officially opposed AB 179 and sought assistance from its partners locally and throughout the state, we were only successful in removing the limitation on sharing video or other information with law enforcement. MTS staff will take steps to implement the requirements of AB 179 in 2014 and continue to monitor further attempts to limit the agency's use of its Compass Card and surveillance equipment on behalf of its riders.

SB 556, as amended -- Agency: ostensible: nongovernmental entities (Corbett)

SB 556 (Corbett) was substantially amended late in the legislative session on June 19 to prohibit private contractors who contract with public agencies from displaying a seal or emblem on a uniform or vehicle that reasonably could be interpreted as implying that the contracted labor or services were being provided by employees of the public agency unless a disclosure statement was also conspicuously displayed on the uniform or vehicle.

This bill would have required that the sentence, "THE OPERATOR OF THIS VEHICLE IS NOT A GOVERNMENT EMPLOYEE", be placed near any symbol, name, or brand identifier on an MTS Contract Services bus or fleet vehicle, and in a font at least as large as the largest font on the vehicle. A similar disclaimer would have been required to be worn by contract employees of MTS, including transit security officers and Veolia and First Transit bus drivers.

Based on language inserted in the bill on July 1, violations of this bill would have been enforceable by the remedies provided by the California Consumers Legal Remedies Act (CLRA). This would have permitted class action suits on behalf of MTS passengers with associated specified categories of damages. This bill constituted an unfunded mandate since it would have required MTS to retrofit its uniforms and vehicles or face the threat of lawsuits under CLRA. MTS vigorously opposed SB 556 on these grounds and the bill was moved to the Assembly inactive file. Staff will continue to monitor this bill for activity in 2014.

Public Employees Pension Reform Act (PEPRA) and 13 (c)

A significant state and federal advocacy effort was required in 2013 to address a nearly year-long disagreement between the State of California and the Federal Department of Labor (DOL) which caused the suspension of federal funding to transit operators. Federal law dating back to the 1960's intended to protect collective bargaining rights of transit agency workers was interpreted by the DOL as pre-empting 2012 California state law that reformed state and local agency pensions (PEPRA). This determination had the effect of holding up nearly \$1.6 billion in pending construction and preventive maintenance grants to transit agencies throughout California in the remainder of the upcoming year.

MTS negotiated an agreement with the Amalgamated Transit Union (ATU) for the release of its operating grants to forestall an unprecedented reduction in service levels in the summer of 2013. However MTS capital grants continued to remain in jeopardy pending action by the DOL. The formal rejection of a pending Sacramento Regional Transit construction grant in September permitted Sacramento Regional Transit and the

State to challenge the DOL interpretation in court. Meanwhile AB 1222 (Bloom/Dickinson) was introduced to provide all transit agencies a 15 month “grace period” from the California pension reform law, during which the distribution of federal transit grants could resume.

If California prevails in its challenge of the DOL interpretation the temporary exemption will sunset; conversely, if the courts find for DOL then the bill permits the exemption from the pension law for transit agency workers to be extended. MTS will continue to work to resolve this dispute in 2014.

State Funding

The state fully funded its obligations under the State Transit Assistance program in 2013.

Bus Axle Weights

California state law limits single bus-axle weights to 20,500 pounds on roads other than interstate highways. California state law in regards to bus axle weight limits was set in 1975. Since the 1970s, the weight of transit buses has increased by several thousand pounds—primarily due to implementation of government regulations—which add weight to the bus, such as the extra equipment needed to meet the Americans with Disabilities Act (ADA) accessibility requirements and the use of alternative fuels like compressed natural gas (CNG). Therefore, most California transit buses exceed the state limit when carrying passengers.

In 2012 the California Transit Association (CTA) in conjunction with MTS sought a legislative remedy that would better reflect the weight of buses today. Assembly Bill 1706 provided an exemption from the state’s axle weight limit for all existing transit fleets and all bus procurements completed before the end of 2012. MTS’s two bus procurements were approved in December 2012, in time to benefit from the exemption. State transit agencies were tasked with gaining a more permanent solution which would be satisfactory for all stakeholders. In 2013 MTS continued to work with stakeholders to refine the state regulations, however no resolution was achieved and these efforts will continue in 2014.

LOSSAN (Los Angeles-San Diego-San Luis Obispo) Agency

LOSSAN is a Joint Powers Authority (JPA) comprised of rail owners, operators, and regional transportation agencies from San Diego to Los Angeles and San Luis Obispo. As a member of LOSSAN, MTS assisted in crafting legislation in 2012 to permit the agency to exert greater control over Amtrak’s Pacific Surfliner service. In 2013 MTS unsuccessfully sought to become the managing agency of the amended JPA. However, as a member agency of LOSSAN MTS will continue to assist in the negotiation of the agreement with the state for transition of operations of this interregional rail service to local control.

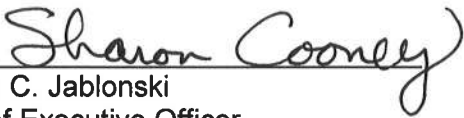
Taxicab Surveillance Cameras

In 2013 MTS included seeking changes to the Vehicle Code to permit the use of continuous video recorders inside of taxicabs in its state legislative program. In 2012

Senate Bill 1534 was a vehicle to accomplish this change and while it was extensively debated in Committee it ultimately failed to move to the floor. No legislative sponsor was identified last year. MTS will continue to advocate for legislation to permit the use of continuous video recorders inside taxicabs.

Calendar Year 2014 Legislative Program

The draft state and federal legislative programs (Attachments A and B) are attached for review. Staff is not recommending changes to the programs approved in calendar year 2013. Upon approval by the MTS Board, these programs will be used to define MTS legislative advocacy efforts in calendar year 2014. Staff will return to the Board for approval of any amendments that are required to address unforeseen events or policy initiatives.



Paul C. Jablonski
Chief Executive Officer

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

Attachments: A. Draft Federal Legislative Program
B. Draft State Legislative Program

DRAFT

San Diego Metropolitan Transit System (MTS) 2014 Federal Legislative Program

I. Transit Funding

- Oppose legislation that would reduce direct funding to transit agencies or transportation funding in general.
- Seek a permanent compressed natural gas tax credit program for transit operators.
- Support legislation that would help offset the impact on transit budgets caused by increases in fuel costs.
- Support legislation that would generate new revenue for transit projects and operating costs.
- Support legislation to bring funding to railroad corridors.
- Seek funding for railroad bridge and infrastructure rehabilitation.
- Seek funding to offset the costs associated with implementation of hybrid and alternative technologies in the transit fleet.
- In partnership with interested cities, seek funding dedicated to grade-separation projects.
- Seek programs in the defense appropriation process that would help offset the cost to provide transit services for military facilities.
- Oppose attempts to discontinue federal funding for school paratransit services or for nonemergency medical transport.
- Oppose actions by the General Services Administration that might adversely impact transit functions at the San Ysidro Border and seek funding to mitigate any changes to transit facilities currently used or owned by MTS.

II. Public Safety

1. Oppose attempts to create duplicative state rail safety regulatory agencies.
2. Seek stiffer federal criminal penalties for vandalism or theft of transit property.
3. Support legislation that increases funding for transit security projects and personnel.
4. Support legislation that provides reimbursement to transit operators for lost employee work hours due to emergency preparedness and antiterrorism training.
5. Oppose legislation or regulations that would have an adverse impact on transit agencies' ability to provide safe transportation to their customers.
6. Support legislation that assists transit operators to carry out their responsibilities as first responders to emergency situations.
7. Support efforts to enhance the transit agency's ability to coordinate with other local emergency personnel for disaster response and evacuation preparedness.

III. Regulatory Matters

1. Support legislation that would facilitate the delivery of capital projects.
2. Oppose unfunded mandates that impact transit operators.
3. Support efforts to increase competition in the fuel market.
4. Support legislation that would require manufacturers of wheelchairs and scooters to notify customers prior to purchase of any vehicles that are larger than what the Americans with Disabilities Act requires transit agencies to accommodate for boarding.
5. Oppose proposals that limit the use of eminent domain for public transportation projects.
6. Monitor and respond to legislation in the areas of finance, employment, and safety that could affect agency governance or operations, including issues related to contractors.
7. Support efforts to ensure that climate change legislation recognizes that transit investment can help achieve emission reduction goals, and seek inclusion of transit funding in any climate change legislation.

8. Oppose efforts to enlarge the universe of paratransit service eligibility to classifications of individuals that could effectively be served through fixed-route services.
9. Monitor and respond to attempts to alter access guidelines in a way that would financially burden transit operators without providing funding.
10. Oppose regulatory interpretations of Title VI that are not in keeping with the policy's intent or which cause actions by transit agencies that constitute unfunded mandates.
11. Seek a national standard for weight limit exemptions for transit buses that is consistent with the weight of buses on the market today and that takes into account the weight of equipment required to address federal mandates.

IV. Support for Legislative Programs of Other Agencies or Organizations

1. Support the legislative programs of other agencies, such as SANDAG, NCTD or other jurisdictions, where consistent with the MTS legislative program.
2. Support provisions in the legislative programs of organizations, such as the California Transit Association and American Public Transportation Association, where consistent with the MTS legislative program.

V. Capital Projects

1. Seek funding for the following capital projects:
 - Mid Coast Trolley Extension
 - MTS Bus Replacement Vehicles
 - East County Bus Maintenance
 - Blue Line Station Improvements
 - Regional Transportation Management System

DRAFT

**San Diego Metropolitan Transit System (MTS)
2014 State Legislative Program**

I. Transit Funding

1. Seek legislation to expedite the allocation of state infrastructure bond funding designated for transit operators/projects.
2. Oppose legislation that would reduce direct funding to transit agencies, or transportation funding in general; support legislation that would generate new revenue for transit projects and operating costs.
3. Oppose legislation that would expand the use of Transportation Development Act (TDA) funds to non-transit purposes not currently covered by statute.
4. Support legislation that would help offset the impact on transit budgets caused by increases in fuel costs.
5. In partnership with interested cities, seek funding dedicated to grade-separation projects.
6. Seek legislation to exempt transit agencies from state sales tax.

II. Transit-Oriented Development

1. Seek legislation to expedite the allocation of state infrastructure bond funding for transit-oriented development and support legislation that provides funding incentives for mixed-use projects and transit-oriented development.
2. Support legislation that aids transit operators' efforts to create transit-oriented development.

III. Public Safety

1. Seek actions that would expedite the allocation of the \$1 billion in Proposition 1B bond funding designated for transit security projects.
2. Oppose legislation or regulations that would have an adverse impact on transit agencies' ability to provide safe transportation to their customers.
3. Support efforts to enhance penalties for crimes against transit staff or related to transit property.
4. Seek legislation that would protect the records of transit code compliance officers to the same degree as sworn officers.
5. Seek legislation that would permit transit agencies to adjudicate code violations.
6. Seek legislation that would allow agencies to pass an ordinance to allow national criminal background checks for taxicab operators.
7. Seek legislation that would remove Vehicle Code restrictions on the placement of video and audio recorders inside taxicabs.

IV. Climate Change

1. Advocate for favorable implementation of AB 32.
2. Oppose efforts to require actions by the transit operators in support of state climate change initiatives that constitute unfunded mandates.

V. Regulatory Matters

1. Support legislation that would facilitate the delivery of transit capital projects—especially through the availability of alternative procurement practices, such as design build.
2. Oppose unfunded mandates that impact transit operators.
3. Support legislation that would require manufacturers of wheelchairs and scooters to notify customers prior to purchase of any vehicles that are larger than what the Americans with Disabilities Act requires transit agencies to accommodate for boarding.
4. Oppose legislation that adversely limits the use of eminent domain for public transportation projects.
5. Support legislation that would remedy Bonanno v. Central Contra Costa Transit Authority, which is a case that substantially broadened the liability exposure of transit agencies.
6. Seek relief from regulations which prevent MTS from providing service in the most cost efficient way possible.
7. Monitor and respond to efforts to regulate MTS operations.
8. Seek clarification of regulations governing the disposition of real property purchased with TDA funds to prevent using the property for nontransit purposes.
9. Oppose efforts to eliminate or restrict transit exemption provisions in the California Environmental Quality Act (CEQA); seek legislative clarification that service and fare adjustments are always exempt from CEQA.
10. Seek a long term exemption from weight restrictions for all transit buses.

VI. Labor Relations

1. Monitor and respond to legislation relating to personnel matters.
2. Support legislation that protects the integrity of collective bargaining agreements, and oppose efforts to mandate benefits or working conditions.
3. Monitor and respond to legislation designed to clarify provisions of the Public Employees Pension Reform Act of 2012.

VII. Support Legislative Programs of Other Agencies or Organizations

1. Support the legislative programs of other agencies, such as SANDAG and NCTD, where consistent with the MTS legislative program.
2. Support provisions in the legislative programs of organizations, such as the California Transit Association and American Public Transportation Association, where consistent with the MTS legislative program.



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Agenda Item No. 9

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

**Draft for
Executive Committee
Review Date: 2/13/14**

SUBJECT:

INVESTMENT REPORT – DECEMBER 2013

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

Attachment A comprises a report of MTS investments as of December 31, 2013. The combined total of all investments has increased from \$205.9 million to \$212.4 million in the current month. This \$6.5 million increase is attributable to \$5.4 million in FTA revenue and \$11.7 million from SANDAG for capital reimbursement, partially offset by expenditure of \$13.0 million for acquisition of capital assets, as well as normal timing differences in other payments and receipts.

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

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


Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Investment Report for December 2013



**San Diego Metropolitan Transit System
Investment Report
December 31, 2013**

| | Restricted | Unrestricted | Total | Average rate of return |
|--|-----------------------|----------------------|-----------------------|---------------------------------------|
| Cash and Cash Equivalents | | | | |
| JP Morgan Chase - concentration account | - | 22,656,817 | 22,656,817 | 0.00% |
| Total Cash and Cash Equivalents | - | 22,656,817 | 22,656,817 | |
| Cash - Restricted for Capital Support | | | | |
| US Bank - retention trust account | 8,367,427 | - | 8,367,427 | N/A * |
| San Diego County Investment Pool Proposition 1B TSGP grant funds | 6,097,909 | 123,492 | 6,221,401 | |
| Total Cash - Restricted for Capital Support | 14,465,336 | 123,492 | 14,588,828 | |
| Investments - Working Capital | | | | |
| Local Agency Investment Fund (LAIF) | 18,155,040 | 38,996,657 | 57,151,697 | 0.264% |
| Total Investments - Working Capital | 18,155,040 | 38,996,657 | 57,151,697 | |
| Investments - Restricted for Debt Service | | | | |
| US Bank - Treasury Strips - market value (Par value \$39,474,000) | 39,311,126 | - | 39,311,126 | |
| Rabobank - Payment Undertaking Agreement | 78,692,891 | - | 78,692,891 | 7.69% |
| Total Investments Restricted for Debt Service | 118,004,017 | - | 118,004,017 | |
| Total cash and investments | \$ 150,624,393 | \$ 61,776,966 | \$ 212,401,359 | |

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



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Agenda Item No. 10

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

SUBJECT:

**EXCESS INSURANCE RENEWALS FOR LIABILITY AND WORKERS'
COMPENSATION PROGRAM**

This item will be provided at the February 20, 2014 Board meeting





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Agenda Item No. 11

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

**Draft for
Executive Committee
Review Date: 2/13/14**

SUBJECT: TYPE II CLASS B PARATRANSIT BUSES - CONTRACT AWARD

RECOMMENDATION:

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

- 1) execute MTS Doc. No. B0611.0-14 (in substantially the same format as Attachment A), with Creative Bus Sales for the purchase of up to fifty (50) Class B Cutaway buses for MTS's paratransit services.
- 2) exercise the option to purchase up to ten (10) additional buses pending availability of funding in future fiscal years.

Budget Impact

This purchase is budgeted under MTS Capital Improvement Program (CIP) 11306.

Fiscal Year 2014: The purchase of up to thirty (30) Class B buses would not exceed \$2,107,510.70.

- The cost per bus for up to 25 buses, including 8% sales tax and applicable fees will be \$70,383.69
- The cost per bus for up to 5 additional buses, including 8% sales tax and applicable fees will be \$69,583.69

Pending MTS Board Approval of the 2015 CIP Budget:

Fiscal Year 2015: The purchase of up to thirty (30) Class B buses would not exceed \$2,087,510.70.



- The cost per bus for up to 25 buses, including 8% sales tax and applicable fees will be \$69,583.69
- The cost per bus for up to 5 additional buses, including 8% sales tax and applicable fees will be \$69,583.69

The grand total budget impact, including options if exercised by MTS for up to sixty Class B buses, would not exceed \$4,195,021.40.

DISCUSSION:

MTS has a contractual obligation to provide its para-transit contractor with a bus fleet capable of meeting service demands. The Federal Transit Administration (FTA) requires that MTS schedule 100% of its daily trip demand with a zero-denial rate. To fulfill this obligation, MTS must maintain a sufficient spare ratio to accommodate routine preventative maintenance and demand growth while meeting its current service requirements. The new vehicles will replace those existing vehicles in the fleet that are at the end of their service life.

The fleet replacement plan calls for a replacement of twenty-five (25) vehicles in Fiscal Year 2014 and a replacement of twenty-five (25) vehicles in Fiscal 2015. The option to purchase up to a total of ten (10) additional vehicles will allow MTS to respond to future additional demands resulting from services changes and service capacity increases.

The FTA Circular 4220.1F, Chapter V, Section 4, encourages federal grant recipients to use state and local intergovernmental agreements for procurements of property and services. Based on this, MTS staff identified an intergovernmental agreement that provides Class B buses that meet MTS specifications. The Class B buses are available through a California State government purchasing schedule administered by the California Association of Coordinated Transportation (CalACT). The CalACT Vehicle Purchasing Cooperative allows MTS to select vehicles from a pre-competed menu of choices from different vendors and manufacturers.

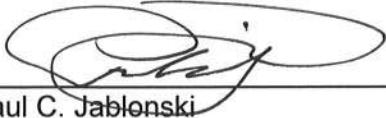
The CalACT Vehicle Purchasing Cooperative was competitively bid in accordance with FTA procurement guidelines and contains all of the federally required clauses and certifications. Pricing obtained through the latest CalACT purchasing cooperative after component adjustments represents a price that is slightly less than \$100.00 per bus than identical buses purchased in June of 2012.

By issuing one contract for both Fiscal 2014 and Fiscal 2015, the Agency will realize a savings of \$20,000.00 for the procurement cooperative fee. In addition, the Agency will realize a 1.97% contractual producer price index increase for purchase orders placed after March 23, 2014; a projected savings of \$57,935 for 25 vehicles.

The vehicles being purchased are the same make and model and are similarly equipped as the majority of the current MTS paratransit fleet which allows for additional savings in common spare parts and maintenance.

MTS staff has conducted a pre-award audit and certifies that the Class B buses are compliant with federal regulations for purchasing rolling stock with federal financial assistance.

Delivery of Class B buses would occur approximately 150 days after contract award.



Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Draft Standard Procurement Agreement; Contract B0611.0-14

DRAFT**STANDARD PROCUREMENT AGREEMENT**

B0611.0-14
CONTRACT NUMBER
CIP11306
FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____, 2014, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following, hereinafter referred to as "Contractor":

Name: Creative Bus Sales Address: 13501 Benson Avenue

Form of Business: Corporation Chino, CA 92710
 (Corporation, partnership, sole proprietor, etc.)

Telephone: 909.465.5529

Authorized person to sign contracts: Tony Matijevich President
 Name Title

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

Up to fifty (50) Type II Cutaway Class B Buses, with the option to purchase up to an additional ten (10) units pending available funding, as specified in the Creative Bus Sales Specification Quotation dated February 3, 2014 (attached as Exhibit A), the MTS Standard Conditions Procurement (attached as Exhibit B), and the Federal Requirements (attached as Exhibit C).

Delivery of up to twenty-five (25) Class B Minibuses shall be completed by June 1, 2014 unless otherwise agreed to in writing by both parties. The option to purchase up to an additional thirty-five (35) units, pending available funding, will be agreed to in writing between both parties with regards to production and delivery schedule dates.

Vehicle shall be delivered to: **Metropolitan Transit System (MTS) c/o First Transit**

7490 Copley Park Place
 San Diego, CA 92111
 Attn: Dan McCaslin – 619.235.2648

The registered owner will be: **San Diego Metropolitan Transit System (MTS)**
 1255 Imperial Avenue, Suite 1000
 San Diego, CA 92101

This is a firm-fixed-price contract not subject to escalation prior to March 23, 2014. Production releases placed after March 23, 2014 are subject to a Producer Price Index Increase of up to 1.97%. The total cost for up to twenty-five (25) Class B buses shall not exceed \$1,759,592.25, which includes sales tax, "exempt" license, California tire fee, training, and delivery. The total cost for the option of up to thirty-five (35) Class B buses, if exercised at MTS's discretion shall not exceed \$69,583.69 each, which includes sales tax, "exempt" license, California tire fee, training, and delivery for a total of up to \$2,435,429.15. The grand total not to exceed should MTS exercise all options shall not exceed \$4,195,021.40.

| SAN DIEGO METROPOLITAN TRANSIT SYSTEM | | CONTRACTOR AUTHORIZATION |
|--|------------------------|--------------------------|
| By: _____ Chief Executive Officer | Firm: _____ | |
| Approved as to form: | By: _____ Signature | |
| By: _____ Office of General Counsel | Title: _____ | |
| AMOUNT ENCUMBERED \$1,759,592.25 | BUDGET ITEM 11306 | FISCAL YEAR FY 14 |

By: _____
 Chief Financial Officer
 (____ total pages, each bearing contract number)



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Agenda Item No. 12

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

**Draft for
Executive Committee
Review Date: 2/13/14**

SUBJECT:

MTS BUS RAPID TRANSIT (BRT) STATION MAINTENANCE - CONTRACT AWARD

RECOMMENDATION:

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

- 1) execute MTS Doc. No. G1658.0-14 (in substantially the same format as Attachment A) with ISS Facility Services, Inc. for the provision of station maintenance services at designated Bus Rapid Transit (BRT) stations for a contract base period of five (5) years with two (2) one year options to be exercised exclusively at MTS discretion; and
- 2) exercise each option period at the CEO's discretion.

Budget Impact

The value of this agreement will not exceed \$3,179,394.94 for the base period and \$1,178,772.84 for the two (2) option years, for a grand total of \$4,358,167.78. Funding will be from the respective fiscal years' MTS Contract Services annual operating budget account 840-53920. Costs will be reimbursed by SANDAG through TransNet. The estimated annual expenses are as follows:

| | |
|---------------------------------|-------------------------|
| Fiscal Year 2014 | = \$118,824.44 |
| Fiscal Year 2015 | = \$418,569.75 |
| Fiscal Year 2016 | = \$586,904.62 |
| Fiscal Year 2017 | = \$675,241.53 |
| Fiscal Year 2018 | = \$685,067.67 |
| Fiscal Year 2019 | = \$694,786.93 |
| Option Year 1, FY 2020 | = \$704,686.68 |
| Option Year 2, FY 2021 | = \$474,086.16 |
| Grand Total (Rounded up) | = \$4,358,168.00 |



DISCUSSION:

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

A Request for Proposals (RFP) was issued on November 6, 2013. Three (3) responsive and responsible proposals were received on the due date of December 18, 2013. The proposers were Aztec Janitorial, ISS Facility Services, and Prizm Janitorial.

An evaluation committee consisting of members from MTS Contract Services evaluated the proposals.

The evaluations were based on the following published criteria:

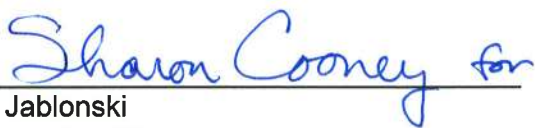
| | |
|--|-----------------------------|
| Cost and Price | = 40 Possible Points |
| Work Plan | = 40 Possible Points |
| Qualifications of the Firm or Individual | = 10 Possible Points |
| <u>Staffing, Organization, and Management Plan</u> | <u>= 10 Possible Points</u> |
| TOTAL | = 100 Points |

Of the three (3) proposers, Prizm Janitorial did not provide a best and final offer (BAFO) and subsequently withdrew its proposal. The remaining two proposers were re-evaluated with the following results:

| | | |
|-----------------------|---|-------------|
| Aztec Janitorial | = | 61.0 points |
| ISS Facility Services | = | 90.0 points |

It should be noted that ISS proposed, as a no-cost value-added element, a software that tracks tasks, allows MTS project management to access the Web-based application via office computer or smart phone, and allows ISS staff to attach pictures of site conditions as requested, or to report such things as graffiti. ISS vehicles are also equipped with GPS tracking that enables ISS to provide MTS with reports regarding route movement and time spent at each station. MTS staff believes this value-added technology will provide valuable information that will allow MTS to understand the time and effort required to maintain each location. MTS staff believes that this added element will allow MTS to better understand future maintenance needs and costs to maintain bus stops.

Staff has determined the pricing and proposal presented by ISS Facility Services Inc. to be fair and reasonable and the best value to the Agency.



Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Draft Standard Service Agreement; Contract G1658.0-14

ATTACHMENT A

DRAFT

**STANDARD SERVICE AGREEMENT
FOR
BUS RAPID TRANSIT (BRT) STATION MAINTENANCE**

**G1658.0-14
CONTRACT NUMBER**

**OPS 920.2
FILE/PO NUMBER(S)**

THIS AGREEMENT is entered into this _____ day of _____, 2014, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following, hereinafter referred to as "Contractor":

Name: ISS Facility Services, Inc. Address: 7250 Engineer Rd., Ste. D

Form of Business: Corporation San Diego, CA 92111
(Corporation, Partnership, Sole Proprietor, etc.)

Telephone: 858-565-7600

Authorized person to sign contracts: Omar Lopez General Manager
Name Title

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

Bus Rapid Transit (BRT) Station Maintenance Services as specified in the Scope of Work (attached as Exhibit A), ISS Facility Service's Pricing Proposal (attached as Exhibit B), and in accordance with the MTS Standard Services Agreement including the Standard Conditions, Services (attached as Exhibit C).

The base term of the contract shall be from March 1, 2014 through February 28, 2019. Option periods, if exercised at the sole discretion of MTS, shall be from March 1, 2019 through February 29, 2020 for Option Year 1 and from March 1, 2020 through February 28, 2021 for Option Year 2 respectively. Such optional service periods may be exercised individually, all at once, or not at all, at MTS' sole determination and dependent upon the Contractor's satisfactory performance of the requirements of this Agreement.

Total contract amount shall not exceed \$2,945,101.00 for the base period and \$700,963.00 for Option Year 1 and \$712,105.00 for Option Year 2 if exercised by MTS, for a grand total of \$4,358,169.00.

| SAN DIEGO METROPOLITAN TRANSIT SYSTEM | | CONTRACTOR AUTHORIZATION |
|---|----------------------------|--------------------------|
| By: _____ Paul C. Jablonski, Chief Executive Officer | | Firm: _____ |
| Approved as to form: | | By: _____ Signature |
| By: _____ Office of General Counsel | | Title: _____ |
| AMOUNT ENCUMBERED \$2,945,101.00 | BUDGET ITEM 50840/53920 | FISCAL YEAR FY14-19 |
| By: _____ Chief Financial Officer | | |

(_____ total pages, each bearing contract number)

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