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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

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ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes - January 16, 2014 Approve
3. a. 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.
b. SDG&E Donation to MTS Vintage Trolley

Please SILENCE electronics
during the meeting

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



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 [SIR]) and excess workers' compensation insurance (at statutory limits less a \$1 million SIR). The new policies would be in effect from March 1, 2014 through March 1, 2015. | Approve |
| 11. | <u>Class B Paratransit and Class E Medium Duty Body on Chassis 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 paratransit buses and up to six (6) Class E medium duty body on chassis buses; and 2) exercise the option to purchase up to ten (10) additional Class B paratransit 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 BRT stations for a contract base period of five (5) years with two (2) one year options to be exercised exclusively at MTS's 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
Agency-Designated Representative: Jeff Stumbo
Employee Organization: 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;
Agency-Designated Representative: Harry Mathis Possible
Employee: Paul C. Jablonski Action
- c. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL – Existing
Litigation Pursuant to California Government Code Section 54956.9(d)(1): Lopez v.
Gutierrez, et al. (San Diego Superior Court 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 v. SDTC (WCAB Case Numbers: ADJ8804639 AND ADJ8806510) Possible
Action

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. 2014 Major Bus Service Changes (Denis Desmond) Approve
Action would approve the staff-recommended major service changes, as amended
from the January 16, 2014 Public Hearing.
31. Amendment to CEO Employment Agreement (Karen Landers) Approve
Action would approve an amendment to the Executive Employment Agreement
between MTS and Paul C. Jablonski to provide additional compensation and/or
fringe benefits.

REPORT ITEMS

45. Quarterly Performance Monitoring Report (Denis Desmond) Informational
46. Chargers Football 2013 Year-End Summary (Tom Doogan) Informational
47. Energy Credit Update (Mike Thompson) Informational
48. Student Pass Pilot Program (Sharon Cooney, Janelle Carey and Marcus Smith) Informational
49. Senior/Disabled/Medicare (SDM) Reduced-Fare Program (Sharon Cooney) Informational
50. Operations Budget Status Report for December 2013 (Mike Thompson) Informational

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| 51. | <u>Chula Vista Transit (Bill Spraul)</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.

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| 65. | <u>Next Meeting Date:</u> March 20, 2014 (including Finance Workshop) |
| 66. | <u>Adjournment</u> |

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

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

January 16, 2013

DRAFT MINUTES

BOARD MEETING

1. Roll Call

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

2. Approval of Minutes

Mr. Minto moved to approve the minutes of the December 12, 2013, MTS Board of Directors meeting. Mr. McClellan seconded the motion, and the vote was 12 to 0 in favor with Messrs. Alvarez, Roberts and Ms. Lightner absent.

3. Public Comments

Melinda Jane May Janecek– Ms. Janecek stated she has not received a response regarding bicycle thefts and assault by transit security and has had her wallet stolen on several occasions. She has requested a locker and has not received. She holds MTS responsible for constitutional infractions. She does not believe MTS and SANDAG have taken ecology into consideration. Mr. Mathis responded that she should submit her concerns in writing. She stated she has also noticed disproportionate fare.

4. Elect Chair, Chair Pro Tem, and Committee Appointments

Mr. Mathis recommended the Board approve Ron Roberts as Vice Chairman and Ernest Ewin as Chair Pro Tem. Mr. Mathis asked for other nominations from the floor and none were received.

Public Comments:

Michel Anderson – Mr. Anderson stated that he is pleased that MTS is appointing an Ad Hoc Committee relating to Taxicab and is in hopes MTS will do what is best for the taxicab industry in addition to what is best for MTS. He provided the history and explained the background of many of the drivers. He encourages the Committee to consider this when making taxi administration decisions.

Mr. Mathis discussed the slate of committee appointments which had been reviewed previously by the Nominating Committee and asked if there were any other nominations and none were received.

Mr. Mathis discussed the creation of the Ad Hoc Committee for Taxicab Contract Negotiations which would be an advisory committee to establish a set of principles of that which is in MTS's best interest. He stated the nominated members of the committee would be Ron Roberts, George Gastil, John Minto, Jim Cunningham and Lorie Bragg.

Board Member Comments:

Mr. Minto commented that with regard to the Ad Hoc Taxi Committee he asks that MTS take into consideration the constituents who are clients of Taxi.

Ms. Emerald thanked MTS for meeting with Staff and does not see any major disputes and said the City and MTS are close to an agreement and both the City of San Diego and MTS are on the same page with regard to the needs of the taxi industry and the public. The Committee was created not because the City of San Diego and MTS are at odds, but rather to make sure there is focus on a piece of transportation that is very important to the community.

Action Taken

Ms. Lightner moved to elect Ron Roberts as Vice Chairman and Ernie Ewin as Chair Pro Tem for 2014. Ms. Bragg seconded the motion, and the vote was 12 to 0 in favor with Mr. Alvarez and Mr. Roberts absent and Mr. Ewin abstaining.

Ms. Lightner moved to 1) approve the nominating slate proposed by the Ad Hoc Nominating Committee for the appointment of representatives to MTS committees for 2014 and vote to appoint representatives to those committees; and 2) approve the creation of an Ad Hoc Committee for Taxicab Contract Negotiations and vote to appoint representatives to that Committee. Ms. Bragg seconded the motion, and the votes were as follows:

Accessible Services Advisory Committee (ASAC)

- Lorie Bragg, Chairman: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Ms. Bragg abstaining.

Airport Authority Advisory Committee

- Harry Mathis, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Mathis abstaining.
- Ron Roberts, Alternate: 13 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent.

Ad Hoc Public Security Committee

- Jim Cunningham, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Cunningham abstaining.
- Harry Mathis, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Mathis abstaining.
- John Minto, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Minto abstaining.

- David Alvarez, Committee Representative: 13 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent.
- Mona Rios, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Ms. Rios abstaining.

Audit Oversight Committee

- Ernie Ewin, Chairman: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Ewin abstaining.
- Harry Mathis: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Mathis abstaining.
- Ron Roberts: 13 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent.
- Sherri Lightner: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Ms. Lightner abstaining.
- Al Ovrom: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Ovrom abstaining.
- Jim Cunningham: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Cunningham abstaining.

Budget Development Committee

- Harry Mathis, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Mathis abstaining.
- Bob McClellan, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. McClellan abstaining.
- Ron Roberts, Committee Representative: 13 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Roberts abstaining.
- Myrtle Cole, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Ms. Cole abstaining.
- John Minto, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Minto abstaining.

Executive Committee

- Set by Board Policy.

Joint Committee on Regional Transit (JCRT)

- Jim Cunningham, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Cunningham abstaining.
- Harry Mathis, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Mathis abstaining.
- George Gastil, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Gastil abstaining.

Los Angeles-San Diego Rail Corridor Agency (LOSSAN)

- Ernie Ewin, Committee Representative: 13 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Ewin abstaining.
 - Mona Rios, Alternate: 13 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Ms. Rios abstaining.
- (Note: Appointment until establishment of Managing Agency)

SANDAG Board

- Harry Mathis, Advisory Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Mathis abstaining.

- Al Ovrom, Alternate: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Ovrom abstaining.

SANDAG Regional Planning Committee

- Mona Rios, Committee Representative: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Ms. Rios abstaining.
- Al Ovrom, Alternate: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Ovrom abstaining.

Taxicab Advisory Committee

- Myrtle Cole, Chair: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Ms. Cole abstaining.
- Bob McClellan, Alternate: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. McClellan abstaining.

Ad Hoc Committee for Taxicab Contract Negotiations:

- Ron Roberts: 13 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent.
- George Gastil: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Gastil abstaining.
- John Minto: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Minto abstaining.
- Jim Cunningham: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Mr. Cunningham abstaining.
- Lorie Bragg: 12 to 0 in favor, with Mr. Alvarez and Mr. Roberts absent and Ms. Bragg abstaining.

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.

Action on Consent Item 7 through 17

Ms. Lightner moved to approve consent Items 6-17, but noted she would be abstaining on 9 and 17 until she is able to consult with the City of San Diego's Ethics Commission. Ms. Rios seconded the motion as to all items 6-17. The vote for items 6, 7, 8, 10, 11, 12, 13, 14, 15 and 16 vote was 14 to 0 in favor with Mr. Alvarez absent. The vote for 9 and 17 was 13-0 in favor with Mr. Alvarez absent and Ms. Lightner abstaining.

NOTICED PUBLIC HEARINGS

25. a. Public Hearing for Major 2014 Service Changes

Sharon Cooney, Chief of Staff and Head of the Planning Department introduced Denis Desmond, Senior Transportation Planner. Mr. Desmond discussed the proposed major service changes including the 3 new routes of Rapid service. He discussed the Rapid related service changes and the rider outreach that was done with regard to these changes. He reviewed the Mid-City Rapid service changes and impacts and explained a proposed new trial express route, the I-15 Rapid, Route 20 and current routes 844 and 845. He provided I-15 BRT recommendations, current route 964 and route 210 and 960. He provided maps of the current premium express routes and provided express recommendations. He reviewed the premium express route 880 and provided maps highlighting Sorrento Mesa routes. He discussed the recommendation to discontinue Route 14 and explained the ridership profile by time of day, by stop and provided a map highlighting the remaining service and indicated those segments without replacement. He recommended that Route 950 transition from a trial route to a permanent route. He discussed budget impacts and public hearing comments received by telephone, mail and e-mail as of 1/15/14 and the timeline of changes.

Board discussion ensued regarding Route 14. Ms. Emerald asked if staff could explain why MTS could not run a smaller bus on Route 14. Mr. Desmond stated the capital cost is cheaper to purchase, but once the driver is in the seat operational costs would be relatively the same.

Mr. Roberts asked for clarification with regard to the Sorrento Mesa routes and asked if 921 could be extended. Mr. Desmond responded 921 would contain a transfer and it is

a fairly short distance to walk. Mr. Desmond stated they are working with Qualcomm regarding the number of employees in the individual building locations to get a sense of transportation needs.

Ms. Lightner said growth and use should be considered as sometimes it takes time for routes to take off and when they are discontinued it doesn't allow citizens to participate in transit services. She voiced concerns with regard to Route 14 that often development is planned around and relied upon transit and it will create a burden as some developments lack parking as they relied on public transportation and she hopes everything will be done to ensure the Route remains even if it is reduced service. A new senior facility is going to be implemented and she understands they will be taking transit.

Mr. Ramirez congratulated staff on the outreach and asked regarding route 950 from Otay to Iris. Mr. Desmond stated they have been converting the 905 trips to 950 and MTS will continue to do this and the ridership has increased exponentially at Otay Mesa going into Iris Trolley station. Mr. Ramirez asked if there had been any outreach done in Mexico. Mr. Desmond responded it may be done in the future once it is made a permanent route.

Public Comments:

Lorraine Leighton – Ms. Leighton stated that she agreed with Mr. Ewin. She highly advised that Board members ride the Route 14 before cutting service. She asked that the smaller buses could be run by First Transit.

Jose Melendez – Mr. Menendez stated he is a regular user of MTS transit. He asked with regard to 844 and 845. He said with regard to Poway the frequency is too few and far between and he supports restructuring and improved frequency of 844 and 845 and an extension to Old Poway Park. He would have better opportunities to attend community activities in Poway if frequency is increased.

Carrie Winder – Ms. Winder stated she is a rider on the 850 and walks to the bus stop. She opposes the proposed transfer to Sabre Springs due to crowds. She said the evening would be difficult due to large rush hour crowds and there are many stoplights to get on the freeway. She suggests reducing the number of trips the 850 does and asks that they correspond to rush hour.

Daniel Perry – Mr. Perry stated he rides the 880. He said daily ridership numbers are irrelevant as regular riders buy monthly passes so the actual usage of the bus is higher than what statistics show. With regard to Rapid B replacing 880 it will add an extra ½ hour to a 45 minute commute and will put him in his car. He said he would like to see a Rapid B1 and following the 880 route and Rapid B2 and gives an express route to UCSD and then MTS could see who rides the bus.

Gina Hargrove– Ms. Hargrove stated that the LA transit service is more comprehensive than San Diego. She is a SDSU student and is attending on behalf of SDSU students and believes the Route 14 should stay in force for students as it connects them to the university, library, grocery stores, the Alvarado station and Kaiser Hospital. She believes it is safer for students to ride than to walk at night. The current route is inconvenient, but is appreciative it still runs. She suggests additional routes to and from

SDSU. Route 14 is necessary for SDSU students as it is unsafe to walk especially at night.

Bill Smoot – Mr. Smoot wanted to address the 850 route. He walks to his bus stop and takes the bus to his office downtown. He has been doing it for years and does not have a car and there is no connection to the park and ride and he is not sure how he will get to Sabre Springs. He pays \$100 a month for a pass and riders who pay for a monthly pass are now at a loss. He believes it is a major loss and MTS may gain, but it's not a gain that is worth the loss to the riders.

Mary Jane Caulder – Ms. Caulder thanked MTS for providing notice of route changes at all of the stops. She said that the times of MTS Public Hearings are inconvenient. She is concerned with access to Zion Avenue and Waring Road. She stated that there is a large gap between Lance Street and where the Route 13 picks up. She said it is too long of a walk.

Mary Ellen Hnatusko – Ms. Hnatusko stated that she opposes the discontinuation of Route 14. She provides tutoring to at risk children who have trouble learning how to read. Previously the Route 14 bus picked her up near her home and now she has to take the Green Line Trolley that takes her to Foster. If the Route 14 is discontinued her nearest stop would be at Zion near Kaiser. She would not be able to get to the school anymore and would have to quit volunteering. There are no good alternatives to this route.

Melinda Jan May Janecek – Ms. Janecek stated that she is a native San Diegan and has been a semi regular rider for 18 years and has served in civil service. She is in favor of keeping Route 14.

Deborah Cook – She said Route 14 leaves at the same time as the 854 and it discourages ridership as the times are not properly spaced apart. It would be a hardship for the elderly and a solution is to modify the route before discontinuation.

Greta Duhamel – Ms. Duhamel stated she is a La Mesa resident and is trying to get out of her car into public transportation more. She opposes the discontinuation of Route 14 as it is right by her home and there are several schools and hospitals along this route. The discontinuation would be a hardship to students and will increase walking distances. The timing of the route could be improved and discontinuing an established route will cut options for La Mesa residents and will cause hardship on the elderly, students and businesses along the route. Route 14 means a lot to a lot of people.

Doug Grover – Mr. Grover said he is a daily commuter on route 880 and has been riding the bus for 3 years. His door to door commute is currently 45 minutes on transit, but the changes will add somewhere between 15 and 30 minutes to this commute and it is driven by two changes; an addition of transit center stops and; elimination of route changes to keep bus on Mira Mesa Blvd. For commuters transit times need to be convenient enough to get people out of their cars and into public transit. These changes will force riders back into their cars. The key issue is that the 880 should not go through the business park in Sorrento Mesa.

Peter Voster – Mr. Voster said he has been using MTS the last 15 years and uses it

daily. He is still employed and he is concerned that the discontinuation of Route 14 will be a hardship for many riders, students, children and those going to the hospital. He wants Route 14 to stay as it is.

S. Clive Richard – Mr. Richard asked to consider transit first and one of the things they included was something called green car service and neighborhood service to get riders to major centers and this was promised approximately 10 years ago. His access to transit has decreased and all of the advanced services are no longer going to be available. He wants local service, not just rapid service and trolleys and MTS is failing the public in that regard.

Ken Given – Mr. Given said he is the Senior Manager at Qualcomm and he operates the shuttle service. He sent out a survey which indicates there are 115 riders that use the 880, but a more accurate estimate is likely at least 150 people. Most of them purchase the \$100 monthly pass, thus it creates a big revenue issue. He said public safety is at risk and is proposing a stop at Pacific Heights. He stated that with regard to the ridership survey, 37% of riders get off at Pacific Center and 20% get off at Barnes Canyon and Lusk. If changes aren't made 85% of revenue will be lost.

Mr. Roberts asked for clarification. Mr. Desmond explained the routes and service to such routes and referenced the maps within the presentation. Ms. Cooney clarified that with regard to Rapid routing it is a collaboration with MTS, but the final decision on routing is with SANDAG and MTS would need to consult with SANDAG on such changes. Route 921 is strictly an MTS Route. There would be cost implications as well as rider implications with regard to changes made to Rapid B.

Board Member Comments:

Ms. Lightner commented that with regard to 880 and 14 and the growth in ridership with the 880 has MTS evaluated the monthly ridership MTS receives money from monthly passes. With Route 14 she would like to reiterate the route to Zion was referenced to make parking limited for a newly built Senior housing project. Ms. Lightner stated her position was to continue the 14 in the Zion / Waring Road area and wants to see the 880 modified or continued at least until the subsidy runs out.

Mr. Minto stated MTS should keep the consumer in mind and would like to see MTS maintain routes where possible. He understands the concerns of the members of the public who take the Route 14 and how it impacts those at Qualcomm and those with physical limitations would not be able to handle the increased walking distances.

Mr. Ewin asked with regard to Route 14 many of the people there are passing through and making connections to their destinations. He asked MTS to provide alternate solutions and wants to make sure MTS is feeding the trolley stations to the best of its ability.

Ms. Emerald stated with regard to Route 14 the senior citizens and people on fixed incomes, students, etc. have come to rely on local service and it is a great convenience and is a safer way for people to travel especially at night. Regardless of revenue, the route is of value and the route needs to be promoted and she is happy to help in promotion efforts. She stated that with regard to consultation with city councils perhaps

MTS can work more closely to find ways on long term planning and perhaps developers could help subsidize some of these routes, thus there are different strategies that could be implemented. She stated she wants to find a solution to help preserve the lines and create a system that works for all citizens of San Diego.

Ms. Bragg said that she works in Old Town and with regard to tourism, MTS needs to be mindful of visitors using transportation as well as residents.

Ms. Cooney responded that when there is a need to cut service MTS tries to educate the City planners so they can make recommendations to the councils, but need notice of the permit applications. Ms. Emerald responded that MTS needs to contact the City reps for the City of San Diego.

Action Taken

Ms. Emerald moved to 1) receive public testimony; and 2) provide direction to staff for any changes prior to approval at a later Board of Directors meeting. Ms. Lightner seconded the motion, and the vote was 12 to 0 in favor with Messrs. Alvarez, Cunningham and Ramirez absent.

- b. Public Hearing of Necessity to Adopt a Resolution of Necessity for Easement Acquisition of Assessor's Parcel Nos. 550-500-23, City of San Diego, 555-011-17, City of National City, 571-090-12, City of Chula Vista, 576-523-04, City of Lemon Grove, owned by the Union Pacific Railroad

Tim Allison, Manager of Real Estate Assets discussed the adoption of a Resolution of Necessity and the elements needed in order to do so such as the requirement of public interest and necessity, whether the project is planned or located in a manner that will be the most compatible with the greatest public good, causes the least private injury, the interest in the property is necessary for the project and an offer of just compensation has been made to the property owner. He discussed the trolley renewal project particulars including the new low-floor vehicles and provided maps of the site.

Action Taken

Mr. Minto moved to 1) receive public testimony; and 2) adopt Resolution of Necessity No. 14-2 by a two-thirds vote approving the full acquisition of Assessor's Parcel Nos. (APN) 550-500-23, 555-011-17, 571-090-12, and 576-523-04; and find that; a) the public interest and necessity require the project; b) the project is planned or located in a manner that will be the most compatible with the greatest public good and the least private injury; c) the acquisition of the property is necessary for the project; and d) an offer of just compensation has been made to the property owner; and 3) authorize staff to proceed with condemnation proceedings to acquire the subject parcels. Mr. Ovrom seconded the motion, and the vote was 12 to 0 in favor with Messrs. Alvarez, Cunningham and Ramirez absent.

DISCUSSION ITEMS

31. Security Services Agreement - Exercise Option Years and Contingency Spending Authority (TAKEN OUT OF ORDER)

Larry Marinesi, Chief Financial Officer discussed the Security Services Contract and it's competitive procurement (RFP), previous contract approval and the purchase of the Heritage contract by UPS. He discussed the contract term, the contract particulars, exercise options, rate comparison and discussed the Executive Committee recommendation.

Board member discussion ensued.

Action Taken

Mr. Roberts moved to 1) authorize the Chief Executive Officer (CEO) execute MTS Doc. No. G1299.0-10 to exercise Option Years 1 and 2 under with Universal Protection Service (UPS) for the provision of security services for fiscal years 2015 and 2016; and 2) ratify and amend the contract to authorize additional spending of \$98,959.10 in FY 13. Mr. Ewin seconded the motion, and the vote was 11 to 0 in favor with Messrs. Alvarez, Cunningham, McClellan and Ramirez absent.

30. Metropolitan Transit System Ten Year Review (TAKEN OUT OF ORDER)

Paul Jablonski, Chief Executive Officer discussed the state of MTS in year 2004, ten years prior during his first year of employment at MTS which included consolidation of MTDB with SANDAG, the fact that remaining operations were in silos, an under funded capital program, an aging infrastructure, the fixed route bus fleet, the lack of a preventative maintenance program, the deterioration of maintenance facilities, the high cost of bus operation driven by poor labor relations management, the poor health of the operating budget and that in general MTS's system needed blanket modernization as the poor performing operations were leading to declining ridership on all fronts. He reviewed the pre-comprehensive operational analysis (COA), historical ridership trend and initial steps taken towards modernization including consolidation of MTS, the rebranding initiative, moving functions back to MTS from SANDAG, implementing COA, getting MTS's fiscal house in order and consolidating contract services. He provided slides of results relating to the initial steps taken for years 2005-2008. He discussed falling sales tax revenues, MTS initiatives during the recession and building for the future including trolley improvement, the bus fleet, South Bay Bus maintenance facility, East County maintenance facility, the paratransit facility (old and new) and technology modernization. He discussed fiscal sustainability with regard to personnel, ridership, and passengers per revenue hour and passenger fares. He discussed MTS's award in 2009 as America's outstanding public transit system and provided an operating statistics comparative.

Action Taken

No action taken. Taken as an informational item.

REPORT ITEMS

46. Operations Budget Status Report for November 2013 (TAKEN OUT OF ORDER)

Mike Thompson, Budget Manager, provided a financial review of the comparison to budget – November 31, 2013 – FY2014 including operating revenue, personnel and outside costs, total operating revenue less expenses and on-going concerns.

Action Taken

No action taken. Taken as an informational item.

45. Chargers Football 2013 Year-End Summary (TAKEN OUT OF ORDER)

This item was moved to the February 20, 2014 meeting.

60. Chairman's Report

None.

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

None.

62. Chief Executive Officer's Report

Mr. Jablonski stated that MTS hired Toufic Tabshouri as MTS's new Internal Auditor.

63. Board Member Communications

Ms. Cole asked if MTS could take an assessment regarding lack of seating and shelter in certain communities. Mr. Jablonski responded that MTS monitors all of its locations. Due to Title VI, MTS has to analyze all of the seating and shelters. MTS has to make sure seating and shelters are dispersed evenly through the county and MTS is beginning the process of a new shelter program and for Ms. Cole to advise of any specific areas that she would like MTS to take a special look at.

64. Additional Public Comments on Items Not on the Agenda

Mary Jane Caulder – Ms. Caulder is concerned of information lacking on buses and trolleys such as telephone numbers for security, etc. and it should be addressed at some point. Mr. Jablonski suggested she speak with Bill Spraul, Chief Operating Officer of Transit.

Dorothy Lazenby – Ms. Lazenby said she wants restrooms as they are a necessity and provided the Board members with a proposal outlining the implementation of free restrooms.

Peter Warner – Mr. Warner said when he was at the Lemon Grove station there are new restrooms that require a quarter to use and often quarter controlled restrooms are used to control vandalism and property damage. The last premium express bus needs to

leave 15 minutes later as a situation happened where half a dozen people missed their connection due to bus malfunction.

65. Next Meeting Date

The next regularly scheduled Board meeting is February 20, 2014.

66. Adjournment

Chairman Mathis adjourned the meeting at 12:04 p.m.

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

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

Office of the General Counsel
San Diego Metropolitan Transit

Attachments: 1. Roll Call Sheet

METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
ROLL CALL

MEETING OF (DATE): January 16, 2014 CALL TO ORDER (TIME): 9:03 a.m.

RECESS: N/A RECONVENE: N/A

CLOSED SESSION: N/A RECONVENE: N/A

PUBLIC HEARING 25a: 10:15 a.m. RECONVENE: 11:03 a.m.

PUBLIC HEARING 25b: 11:12 a.m. RECONVENE: 11:13 a.m.

ORDINANCES ADOPTED: N/A ADJOURN: 12:04 p.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ALVAREZ	<input type="checkbox"/> (Gloria) <input type="checkbox"/>		
BRAGG	<input checked="" type="checkbox"/> (Bilbray) <input type="checkbox"/>	9:03 a.m.	12:04 p.m.
COLE	<input checked="" type="checkbox"/> (Gloria) <input type="checkbox"/>	9:03 a.m.	12:04 p.m.
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:03 a.m.	10:12 a.m.
EMERALD	<input checked="" type="checkbox"/> (Gloria) <input type="checkbox"/>	9:03 a.m.	12:04 p.m.
EWIN	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>	9:03 a.m.	11:27 a.m.
GASTIL	<input checked="" type="checkbox"/> (Jones) <input type="checkbox"/>	9:03 a.m.	11:46 a.m.
LIGHTNER	<input checked="" type="checkbox"/> (Gloria) <input type="checkbox"/>	9:12 a.m.	12:04 p.m.
MATHIS	<input checked="" type="checkbox"/>	9:03 a.m.	12:04 p.m.
MCCLELLAN	<input checked="" type="checkbox"/> (Ambrose) <input type="checkbox"/>	9:03 a.m.	12:04 p.m.
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>	9:03 a.m.	12:04 p.m.
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>	9:03 a.m.	12:04 p.m.
RIOS	<input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/>	9:03 a.m.	12:04 p.m.
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:14 a.m.	12:04 p.m.
SALAS	<input type="checkbox"/> (Ramirez) <input checked="" type="checkbox"/>	9:03 a.m.	10:30 a.m.

SIGNED BY THE CLERK OF THE BOARD:

CONFIRMED BY THE GENERAL COUNSEL:



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

Agenda Item No. 6

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

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 G. Jablonski
Chief Executive Officer

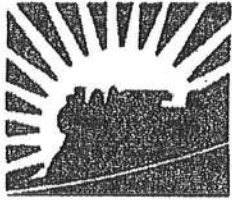
Key Staff Contact: Karen Landers, 619.557.4512, Karen.Landers@sdmts.com

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

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

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





**SAN DIEGO & ARIZONA
EASTERN RAILWAY
COMPANY**

A NEVADA NONPROFIT
CORPORATION

1255 IMPERIAL AVENUE,
SUITE 1000
SAN DIEGO, CA
92101-7490
(619) 231-1466

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. Approval of the Minutes of October 22, 2013
Action would approve the SD&AE Railway Company Minutes of October 22, 2013. Approve
2. Statement of Railway Finances (Erin Dunn)
Action would receive a report for information. Receive
3. Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Matt Domen)
Action would receive a report for information. Receive
4. Report on Pacific Southwest Railway Museum (Diana Hyatt)
Action would receive a report for information. Receive
5. Report on the Desert Line (Chas McHaffie)
Action would receive a report for information. Receive
6. Real Property Matters (Tim Allison)
 - a. Summary of SD&AE Documents Issued Since October 22, 2013
Action would receive a report for information. Receive
7. Update on San Ysidro Freight Yard Improvement Projects (Pete d'Ablain of SANDAG)
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.

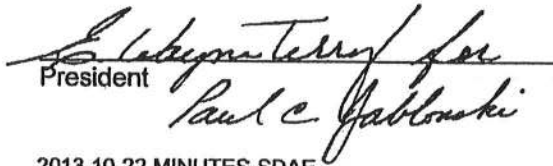
Mr. Jablonski suggested to Mr. Beauchamp that SDERA submit a business plan in writing.

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
Paul C. Jablonski

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)	36,080	(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 Mexico in the quarter.	1119	1238	922
Total railroad carloads Terminating/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 Hebo Drive La Mesa, CA 91941 619-465-7776

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

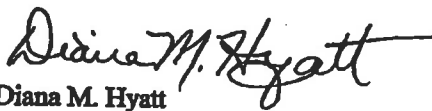
There was a slight decline in ridership of 354 passengers from fourth quarter 2012 to fourth quarter 2013 primarily due to there being only four weekends between Thanksgiving and Christmas in 2013 and there being five weekends between Thanksgiving and Christmas in 2012. The one additional weekend would 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,


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.



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Agenda Item No. 7

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

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.

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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.

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



Metropolitan Transit System

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Agenda Item No. 8

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

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.

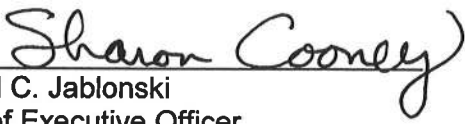
Taxicab Surveillance Cameras

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

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

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**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	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	<u>-</u>	<u>22,656,817</u>	<u>22,656,817</u>	
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	<u>14,465,336</u>	<u>123,492</u>	<u>14,588,828</u>	
Investments - Working Capital				
Local Agency Investment Fund (LAIF)	18,155,040	38,996,657	57,151,697	0.264%
Total Investments - Working Capital	<u>18,155,040</u>	<u>38,996,657</u>	<u>57,151,697</u>	
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	<u>118,004,017</u>	<u>-</u>	<u>118,004,017</u>	
Total cash and investments	<u>\$ 150,624,393</u>	<u>\$ 61,776,966</u>	<u>\$ 212,401,359</u>	

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



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San Diego, CA 92101-7490
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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

RECOMMENDATION:

That the Board of Directors approve the purchase of excess liability insurance (at limits of \$75 million less a \$2 million self-insured retention [SIR]) and excess workers' compensation insurance (at statutory limits less a \$1 million SIR). The new policies would be in effect from March 1, 2014 through March 1, 2015.

Budget Impact

The combined proposed premium for both lines of coverage, including taxes and fees, would be \$1,624,145 for the one year period. The total premium for the excess liability insurance and the excess workers' compensation insurance represents an approximate 3.72% (or \$58,241) increase over the expiring policies. Terrorism coverage is included in both lines.

The specific allocation among MTS, San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), and San Diego and Arizona Eastern (SD&AE) Railway Company is based on the underwriting exposure. Costs associated with the excess insurance policies are allocated across two fiscal years. For fiscal year 2014, staff estimates that all of the agencies will be within budget. No budget adjustment is proposed at this time. Fiscal year 2015 budgets are being developed, and funds will be designated and included within them.

The approximate annual breakdown between the agencies is noted within the table below.

COMBINED TOTAL EXCESS INSURANCE PREMIUMS					
AGENCY	MTS	SDTC	SDTI	SD&AE	TOTAL
Excess Liability	\$167,017	\$619,354	\$591,517	\$13,918	\$1,391,806
Excess Workers' Comp.	\$27,881	\$103,391	\$98,744	\$2,323	\$232,339
Total Excess Premium	\$194,898	\$722,745	\$690,261	\$16,241	\$1,624,145
Combined Excess Split	12.0%	44.5%	42.5%	1.0%	



DISCUSSION:

MTS, SDTC, SDTI, and SD&AE jointly purchase commercial general liability insurance to finance large catastrophic losses for bodily injury, property damage and other damage claims in excess of a self-insured retention of \$2 million per occurrence. The agencies also jointly purchase an excess workers' compensation policy to supplement the self-insured program of \$1 million per occurrence. The existing policies will expire on March 1, 2014. MTS's insurance broker, Alliant Insurance Services, Inc., has worked extensively with staff and several interested insurance companies to obtain the best coverage possible for the forthcoming year. Staff is pleased with the results this year.

Current Program

MTS currently has excess liability coverage within four layers of insurance limits from various insurance companies. These layers provide for a total general liability limit of \$75 million. The policies each contain coverage for acts of terrorism. The current cost of these policies, including taxes and fees, is \$1,334,319. In addition, MTS purchases excess workers' compensation insurance at statutory limits (i.e., the maximum benefit the state would allow for a single accident/injury) for a cost of \$231,585. These premiums totaled \$1,565,904 under the current program structure.

Proposed Program

The proposed liability insurance program is also anticipated to include four policy layers and would carry a self-insured retention of \$2 million for general liability and public entity excess liability. All of this coverage (including MTS's self-insured retention) would provide full limits up to \$75 million at an annual cost of approximately \$1,391,806. This figure represents an increase of about 4.30% (or \$57,487) over the expiring coverage.

An excess workers' compensation policy is also being recommended for purchase at statutory limits less a \$1 million insurance deductible. The premium cost for this policy is \$232,339, which represents about a 0.32% (or \$754) increase over last year's premium for the same limits and retention.

The total premium for the combined excess liability and excess workers' compensation coverage represents an overall 3.72% (or \$58,241) increase compared to the previous year.

COVERAGE	INSURER	AM BEST RATING	LIMIT & ATTACHMENT	TOTAL PREMIUM
Excess Workers' Comp.	Arch Insurance Company	A+ XV	Statutory x \$1M SIR	\$232,339
1st Layer Excess Liability	Starr Indemnity & Liability Co.	A X	\$10M x \$2M SIR	\$769,590
2nd Layer Excess Liability	Berkley National Insurance Company	A XV	\$15M x \$10M x \$2M SIR	\$299,416
3rd Layer Excess Liability	Great American Assurance Co.	A XIII	\$25M x \$25M x \$2M SIR	\$224,000
4th Layer Excess Liability	Allied World Assurance Co. (AWAC)	A XV	\$23M x \$50M x \$2M SIR	\$98,800
				\$1,624,145

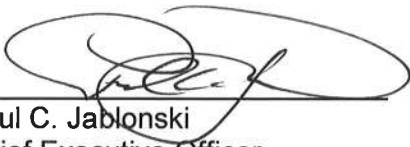
Renewal Issues -- Underwriting Base

The premium rates for the general liability coverage are based on a combination of passenger counts, revenue miles, service vehicle miles, construction costs, loss history and current market conditions. For excess workers' compensation, the premiums are largely driven by payroll as well as loss history and current market conditions. The annual passenger counts for SDTC and SDTI increased by a combined 7.3%. This increase is higher than in previous years due to a change in the trolley ridership estimation methodology. Total revenue miles are up by 1.6% compared to counts submitted in the last policy period. The combined payroll decreased by 3.3% over the prior reporting period. For the current renewal, the coverage would remain with the same carriers that provided the coverage last year. In light of the long-term relationship some of these carriers have had with MTS along with MTS's exceptional loss history, the incumbent carriers agreed to keep the increase below the overall marketplace average increase of 9.5%.

Insurance Market Conditions

A favorable competitive market still remains open for general liability lines of coverage, especially in the upper layers. The liability insurance carriers that submitted quotes this year continue to have the capacity and willingness to write public transit risks, such as MTS. That said, the lead layer, Starr Indemnity, had been pressing for a higher retention on the excess liability placement this year due to significant losses incurred in its overall book of business from other California transit systems over the past year. Despite this push, Alliant was successful in securing a favorable option with Starr to remain at the current \$2M retention.

Workers' compensation insurance continues to experience an upset in the marketplace as was the case last year. The poor economy of the past few years has seen an increase in the frequency, severity and types of claims filed. In addition, the workers' compensation reform legislation of 2013 (SB 863) has resulted in an overall increase in benefits paid to injured employees. Consequently, insurance carriers are incurring higher costs and are charging higher premiums to regain surplus and capacity. Even so, MTS's insurance broker, Alliant, was successful in renewing for a second year with Arch at a nominal premium increase.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619-557-4513 sharon.cooney@sdmts.com

Attachment: A. MTS 2014 Excess Liability & Excess Workers' Compensation Insurance Proposal

**San Diego Metropolitan
Transit System**

MTS

**Excess Liability & Excess Workers'
Compensation Insurance Proposal
March 1, 2014 – March 1, 2015**



Presented on February 06, 2014 by:

Alliant Insurance Services, Inc.

100 Pine St, 11th Floor
San Francisco, CA 94111
(415) 403-1400 / Fax # (415) 874-4812
www.alliant.com



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YOUR SERVICE TEAM

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YOUR SERVICE TEAM, Continued

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2014 - 15 Public Entity Market – Recent Observations

Lead Liability Markets

- **Upward pressure on self insured retentions**
 - Regional / California issue for those risks < \$5M
- Low single digit rate increases not unusual
 - More to keep lower attachment points/SIRs
- Increased Underwriter focus on Claims Handling
- Munich Re has expressed recent desire to more actively pursue Transit Risks however not overly interested in large light rail exposures
- Increased interest in writings from Bermuda based markets however forms are less competitive than domestic options

Excess Liability Markets

- Capacity remains plentiful, especially excess of higher attachment points like \$25M
- Pricing dependent on lead layer direction

Workers' Compensation Markets

- Most challenging line of Property & Casualty line of coverage at the present
- Medical inflation is outpacing CPI
- Obesity & the aging workforce – the perfect storm?
- Very narrow market



NAMED INSURED / ADDITIONAL NAMED INSUREDS

Named Insured(s):

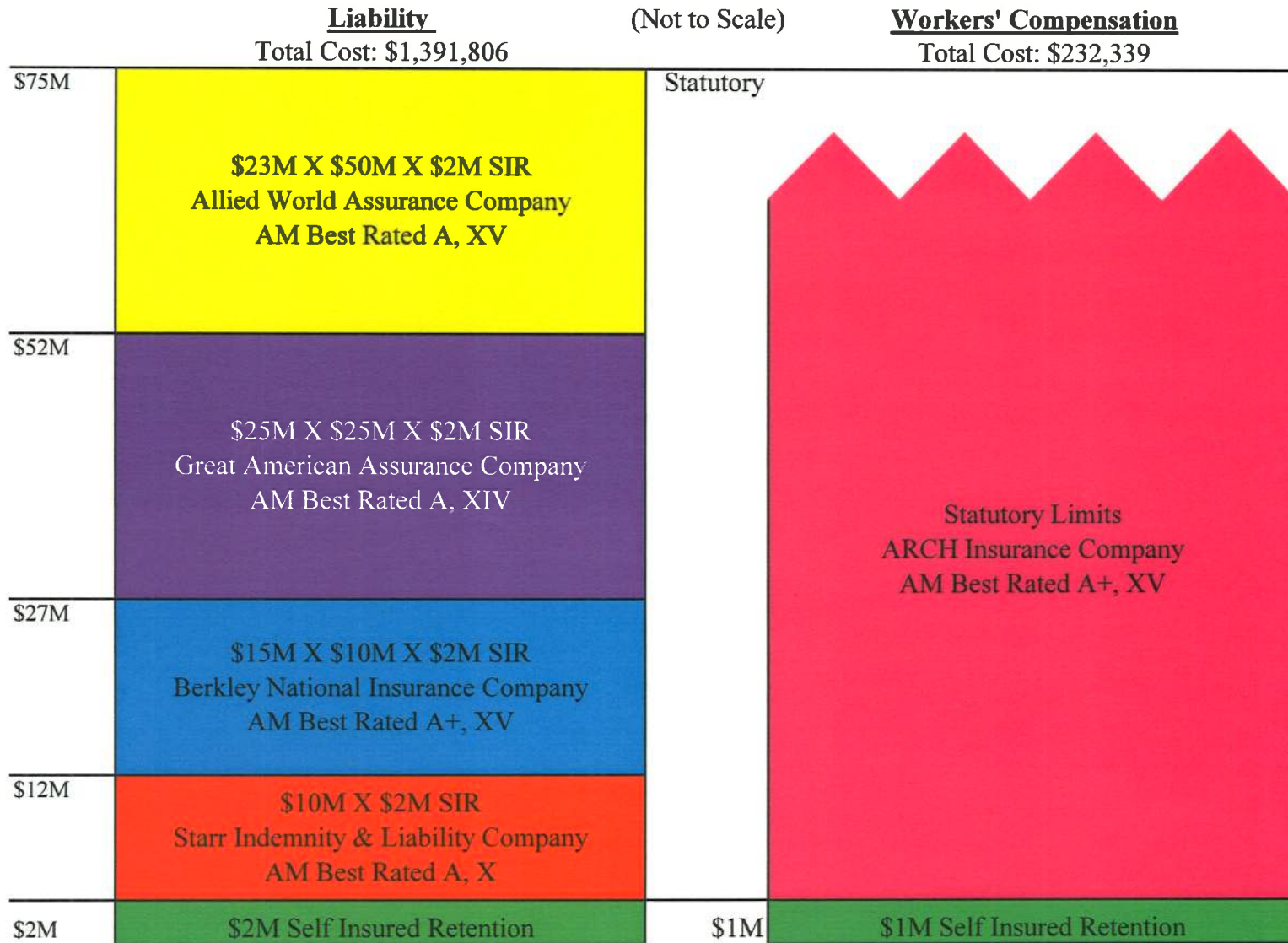
- San Diego Metropolitan Transit System (MTS)
- San Diego Metropolitan Transit Development Board (MTDB)
- San Diego Trolley, Inc. (SDTI)
- San Diego & Arizona Eastern Railway (SD&AE)
- San Diego Transit Corporation (SDTC)
- San Diego Vintage Trolley

Named Insured Disclosure

- The first named insured is granted certain rights and responsibilities that do not apply to other policy named insureds and is designated to act on behalf of all insureds for making policy changes, receiving correspondence, distributing claim proceeds, and making premium payments.
- **Are ALL entities listed as named insureds?** Coverage is **NOT** automatically afforded to all entities unless specifically named. Confirm with Alliant that all entities to be protected are on the correct policy. Not all entities may be listed on all policies based on coverage line.

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**San Diego Metropolitan Transit System
Liability and Workers' Compensation Insurance
2014 - 2015 Placement Structure**





COST OF RISK – RENEWAL PREMIUM COMPARISON

Expiring Compared to Renewal: Includes TRIA

Coverage	Expiring	Renewal
Excess Liability – Layer 1	\$733,074	\$769,590
Excess Liability – Layer 2	\$289,245	\$299,416
Excess Liability – Layer 3	\$217,000	\$224,000
Excess Liability – Layer 4	\$95,000	\$98,800
<i>Excess Liability Sub Total:</i>	<i>\$1,334,319</i>	<i>\$1,391,806</i>
Excess Workers' Compensation	\$231,585	\$232,339
Total Annual Premium	\$1,565,904	\$1,624,145

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San Diego Metropolitan Transit System (SDMTS)
Liability Renewal Layering Analysis -
3/1/2014 - 3/1/2015

2013/14		Expiring Placement							
Layer	Carrier	Limit & Attachment	Premium w/o Terrorism	Terrorism Surcharge	Terrorism Elected	Premium w/ Terrorism	Surplus Lines Taxes & Fees 3.20%	Grand Total (w/ SL T&F's)	Price / Mil (incl TRIA)
1	Starr Indemnity & Liability Company (Admitted)	10M x 2M SIR	\$ 718,700	\$ 14,374	Yes	\$ 733,074	N/A	\$ 733,074	\$ 73,307.40
2	Berkley (Admitted)	15M x 10M x 2M SIR	\$ 286,382	\$ 2,863	Yes	\$ 289,245	N/A	\$ 289,245	\$ 19,283.00
3	Great American (Admitted)	25M x 25M x 2M SIR	\$ 214,850	\$ 2,150	Yes	\$ 217,000	N/A	\$ 217,000	\$ 8,680.00
4	AWAC (Admitted)	23M x 50M x 2M SIR	\$ 94,050	\$ 950	Yes	\$ 95,000	N/A	\$ 95,000	\$ 4,130.43
TOTAL			\$ 1,313,982	\$ 20,337		\$ 1,334,319	\$ -	\$ 1,334,319	

Renewal Placement

2014/15		Renewal Placement							
Layer	Carrier	Limit & Attachment	Premium w/o Terrorism	Terrorism Surcharge	Terrorism Elected	Premium w/ Terrorism	Surplus Lines Taxes & Fees 3.20%	Grand Total (w/ SL T&F's)	Price / Mil (incl TRIA)
1	Starr Indemnity & Liability Company (Admitted)	10M x 2M SIR	\$ 754,500	\$ 15,090		\$ 769,590	N/A	\$ 769,590	\$ 76,959.00
2	Berkley (Admitted)	15M x 10M x 2M SIR	\$ 296,451	\$ 2,965		\$ 299,416	N/A	\$ 299,416	\$ 19,961.07
3	Great American (Admitted)	25M x 25M x 2M SIR	\$ 221,760	\$ 2,240		\$ 224,000	N/A	\$ 224,000	\$ 8,960.00
4	AWAC (Admitted)	23M x 50M x 2M SIR	\$ 97,812	\$ 988		\$ 98,800	N/A	\$ 98,800	\$ 4,295.65
TOTAL			\$ 1,370,523	\$ 21,283		\$ 1,391,806	\$ -	\$ 1,391,806	

% Delta Over Expiring	4.31%
\$ Delta Over Expiring	\$ 57,487

2014/15		Option 2 - "\$2,600,000 S.I.R."							
Layer	Carrier	Limit & Attachment	Premium w/o Terrorism	Terrorism Surcharge	Terrorism Elected	Premium w/ Terrorism	Surplus Lines Taxes & Fees 3.20%	Grand Total (w/ SL T&F's)	Price / Mil (incl TRIA)
1	Starr Indemnity & Liability Company (Admitted)	10M x 2M SIR	\$ 679,000	\$ 15,090		\$ 694,090	N/A	\$ 694,090	\$ 69,409.00
2	Berkley (Admitted)	15M x 10M x 2M SIR	\$ 289,302	\$ 2,893		\$ 292,195	N/A	\$ 292,195	\$ 19,479.67
3	Great American (Admitted)	25M x 25M x 2M SIR	\$ 218,000	\$ 2,180		\$ 220,180	N/A	\$ 220,180	\$ 8,807.20
4	AWAC (Admitted)	23M x 50M x 2M SIR	\$ 97,812	\$ 988		\$ 98,800	N/A	\$ 98,800	\$ 4,295.65
TOTAL			\$ 1,284,114	\$ 21,151		\$ 1,305,265	\$ -	\$ 1,305,265	

% Delta Over Expiring	-2.18%
\$ Delta Over Expiring	\$ (29,054)



LINE OF COVERAGE

Excess Liability – First Layer - Starr

INSURANCE COMPANY:	<i>Starr Indemnity & Liability Company</i>
A.M. BEST RATING:	A (Excellent) XIV (\$1.50 Billion to \$2.00 Billion)
STANDARD & POOR'S RATING:	N/A
CALIFORNIA STATUS:	Admitted
POLICY / COVERAGE TERM:	3/1/2014 to 3/1/2015 at 12:01 A.M. standard time at the address of the Named Insured

Coverage Form: PE 1001 (12-10) Special Excess Liability Policy for Public Entities

Limits:

Aggregate Limits

\$10,000,000	Products-Completed Operations Hazard
\$10,000,000	Errors and Omissions Liability
\$10,000,000	Employment Liability Wrongful Acts
\$10,000,000	Employee Benefit Liability

Per "Occurrence" or "Wrongful Act" or "Employee Benefit Wrongful Act" Limit

\$10,000,000	Any one "occurrence", "wrongful act", or "employee benefit wrongful act" or series of continuous, repeated, or related "occurrences", "wrongful acts" or "employee benefit wrongful acts" in excess of your "retained limit"
--------------	--

Per "Employment Practice Liability Wrongful Act Limit

\$10,000,000	Any one "employment practice liability wrongful act" or series of continuous, repeated, or related "employment practice liability wrongful acts" in excess of your "retained limit"
--------------	---

Retained Limit:

Option A

\$2,000,000	Any one "occurrence" or "wrongful act" or "employee benefit wrongful act" or series of continuous, repeated, or related "occurrences", "wrongful acts" or "employee benefit wrongful acts"
\$2,000,000	Any one "employment practice liability wrongful act" or series of continuous, repeated, or related "employment practice liability wrongful acts"

Option B

\$2,500,000	Any one "occurrence" or "wrongful act" or "employee benefit wrongful act" or series of continuous, repeated, or related "occurrences", "wrongful acts" or "employee benefit wrongful acts"
\$2,500,000	Any one "employment practice liability wrongful act" or series of continuous, repeated, or related "employment practice liability wrongful acts"

Defense Inside/Outside:

Inside the limits and Retention

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LINE OF COVERAGE

Excess Liability – First Layer – Starr, continued

Who has the Duty to Defend:

1. Starr has the right and duty to defend the insured against any claim or suit seeking damages for bodily injury, property damage, personal and advertising injury, wrongful acts, employment practice liability wrongful acts or employment benefit wrongful acts to which this insurance applies when the retained limit has been exhausted by payment to a third party of judgments, settlements or defense costs.
2. When Starr has no duty to defend, they have the right to defend, or participate in the defense of, the insured against any other suit seeking damages for bodily injury, property damage, personal and advertising injury, wrongful acts, employment practice liability wrongful acts or employment benefit wrongful acts to which this insurance may apply. However, they will have no duty to defend the insured against any suit seeking damages to which this insurance does not apply.
3. At Starr's discretion, they may investigate any occurrence, wrongful act or employee benefit wrongful act that may involve this insurance and settle any resultant claim or suit for which they have the duty to defend. But:
 - a. The amount Starr will pay for damages is limited as described in the "Limits of Insurance"; and
 - b. Starr's right and duty to defend ends when we have used up the applicable Limit of Insurance in the payment of judgments, settlements or defense costs.

Endorsement & Exclusions: (including but not limited to)

- PE 1000 D 10 10 Special Excess Liability Policy for Public Entities Declarations
- PE 1098 11 10 Policy Changes
- PE 1001 12 10 Special Excess Liability Policy for Public Entities
- PE 1008 10 10 Reimbursement of Defense Costs – Employment Practice Liability Wrongful Act
- PE 1015 10 10 Additional Insured – Insured Contract
- PE 1026 10 10 Exclusion of Certified Acts of Terrorism
- PE 1029 CA 11 10 California Changes – Cancellation and Nonrenewal
- PE 1105 11 10 Violation of Statutes that Govern Emails, Fax, Phone Calls or Other Methods of Sending Material or Information Exclusion
- PE 1109 11 10 War Exclusion
- PE 1142 04 11 Amendment – Transit Agencies
- XS CLAIMS NOTICE Starr Companies Excess Casualty Program Claim Reporting Guidelines

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LINE OF COVERAGE

Excess Liability – First Layer – Starr, continued

Subject to:

1. Premium payment is due and payable within 30 days from the Effective Date of the Policy.
2. Underlying carrier(s) must be rated A VII or better by Best's, where applicable.
3. All applicable Underlying Policies must be received within 90 days of Binding.
4. If Terrorism Coverage is rejected, the Policyholder Disclosure Statement must clearly indicate that Terrorism coverage is rejected and must be signed, dated and returned within 10 days of Binding. If the signed Disclosure Statement is received after the 10th day, then we will make a charge for the Terrorism coverage from the Policy Effective Date to the date that the Disclosure Statement is received by our office. If the Disclosure Notice is not received within 30 days, then we will make a charge and bill for the Terrorism Coverage from the Effective Date of this Policy and issue the Policy with that coverage.
5. PE1098 includes: Amend Definition Y (Subsidence); Complete description of Named Insured
6. ALTERNATIVE QUOTE: SIR: \$2,500,000; Premium: \$679,000 (plus TRIA)

Premium:

Option A \$754,500.00
Option B \$679,000.00

Minimum Earned Premium: \$188,625.00

TRIA Premium: \$15,090.00 (Optional. Not included in the above premium)

Policy Auditable: N/A

Binding Conditions:

- Written Request to Bind Coverage

Quote Valid Until: 3/1/2014

CLAIMS REPORTING NOTICE

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

Name Insureds are covered for all operations. Additional insureds are only covered with respect to their interest in your operations. See each individual policy for details.

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LINE OF COVERAGE

Excess Liability – Second Layer - Berkley

INSURANCE COMPANY:	<i>Berkley National Insurance Company</i>
A.M. BEST RATING:	A+ (Superior) XV (\$2 Billion or greater)
STANDARD & POOR'S RATING:	A+
CALIFORNIA STATUS:	Admitted
POLICY / COVERAGE TERM:	3/1/2014 to 3/1/2015 at 12:01 A.M. Standard Time at the mailing address of the Named Insured

Coverage Form: Excess Liability

Limits:

\$15,000,000	Each Occurrence
\$15,000,000	General Aggregate (where applicable) In excess of the controlling underlying insurance shown below.

Underlying Coverages & Limits:
Starr Indemnity & Liability Company

Aggregate Limits

\$10,000,000	Products-Completed Operations Hazard Aggregate
N/A	Errors and Omissions Liability Aggregate
\$10,000,000	Employment Practice Liability Wrongful Acts Aggregate
\$10,000,000	Employee Benefit Liability Aggregate

Per Occurrence or Wrongful Act or Employee Benefit Wrongful Act Limit

\$10,000,000	Any one occurrence, wrongful act or employee benefit wrongful act or series of continuous, repeated, or related occurrences, wrongful acts or employee benefit wrongful acts in excess of your retained limit
--------------	---

Per Employment Practice Liability Wrongful Act Limit

\$10,000,000	Any one employment practice liability wrongful act or series of continuous, repeated or related employment practice liability wrongful acts in excess of your retained limit
--------------	--

Excess of:

Retained Limit:

Option A	
\$2,000,000	Any one "occurrence" or "wrongful act" or "employee benefit wrongful act" or series of continuous, repeated, or related "occurrences", "wrongful acts" or "employee benefit wrongful acts"
\$2,000,000	Any one "employment practice liability wrongful act" or series of continuous, repeated, or related "employment practice liability wrongful acts"

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LINE OF COVERAGE

Excess Liability – Second Layer – Berkley, continued

Retained Limit:, contd

Option B	
\$2,500,000	Any one "occurrence" or "wrongful act" or "employee benefit wrongful act" or series of continuous, repeated, or related "occurrences", "wrongful acts" or "employee benefit wrongful acts"
\$2,500,000	Any one "employment practice liability wrongful act" or series of continuous, repeated, or related "employment practice liability wrongful acts"

The following Terms & Conditions listed below are found to be part of the Starr Indemnity & Liability Company Policy:

Exclusions: Per Policy Form PE 1001 (12-10) and:

- Certified Acts of Terrorism
- Violation of Statutes that Govern Emails, Fax, Phone Calls or Other Methods of Sending Material or Information
- War

Attachments:

- Special Excess Liability Policy for Public Entities Declarations
- Policy Changes
- Special Excess Liability Policy for Public Entities
- Reimbursement of Defense Costs – Employment Practice Liability Wrongful Act
- Additional Insured – Insured Contract
- California Changes – Cancellation and Nonrenewal
- Amendment – Transit Agencies
- Starr Companies Excess Casualty Program Claim Reporting Guidelines

Berkley National Insurance Company's Excess Liability Policy shall follow the above Terms and Conditions, but shall otherwise attach the following to the policy:

CEX0002 0413	Excess Liability Policy Declarations
BCIM0000 0513	Forms and Endorsement Schedule
BCIM0002 0513	Schedule of Underlying Policies
BCIM0066 0513	General Change Endorsement-Asbestos Exclusion
BCIM0066 0513	General Change Endorsement-War Exclusion
BCIM0066 0513	General Change Endorsement-Following Form Underlying
BCIM0066 0513	General Change Endorsement-Financial Services Exclusion
BCIM0066 0513	General Change Endorsement-Cancellation Amendment 90 Days
CX 21 01 09 08	Nuclear Energy Liability Exclusion Endorsement

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LINE OF COVERAGE

Excess Liability – Second Layer – Berkley, continued

Attachments:, contd

CX 21 35 09 08	Exclusion of Certified Acts of Terrorism and Exclusion of Other
CX 02 26 09 12	California Changes-Cancellation and Nonrenewal
IL 00 17 11 98	Common Policy Conditions
CX 00 01 04 13	Commercial Excess Liability Coverage Form
IL DS 77 00 BNLS 04 10	Signature Page
IL P 001 01 04	U.S. Treasury Department's Office of Foreign Assets Control
BNIC Disclosure 2014	Policyholder Disclosure Notice of Terrorism Insurance Coverage

Special Conditions:

- Cancellation term is 90 days. Term is 10 days for non-payment of premium.
- In compliance with the Terrorism Risk Insurance Program Reauthorization Act of 2007 effective December 26, 2007, terrorism coverage under the Act can be included for an additional premium. The completed and signed Policyholder Disclosure Notice of Terrorism Insurance Coverage must be returned at the time of binding.

Subjectivities:

- Signed and Dated TRIA Letter, Required Prior to Binding.
- Currently valued G/L & A/L Aggregate loss information by year for the past 10 years. Required Prior to Binding.

Premium:

Option A	\$296,451
Option B	\$289,302

Minimum Premium: \$74,113

TRIA Premium:

Option A	\$2,965 (Optional) In addition to above premium
Option B	\$2,893 (Optional) In addition to above premium

Quote Valid Until: 3/1/2014

CLAIMS REPORTING NOTICE

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

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LINE OF COVERAGE

Excess Liability – Third Layer – Great American

INSURANCE COMPANY:	<i>Great American Assurance Company</i>
A.M. BEST RATING:	A (Excellent), XIV (\$1.50 Billion to \$2.00 Billion)
STANDARD & POOR'S RATING:	A+
CALIFORNIA STATUS:	Admitted
POLICY / COVERAGE TERM:	3/1/2014 to 3/1/2015 at 12:01 A.M. Standard Time at the mailing address of the Named Insured

Coverage Form: Excess Liability Occurrence

Limits:

\$25,000,000	Each Occurrence
\$25,000,000	Aggregate (where applicable)
	Defense expenses are included in the limits of liability

Excess of:

Endurance American Specialty Insurance Company or Berkley National Insurance Company	
\$15,000,000	Each Occurrence
\$15,000,000	Aggregate (where applicable)
	Defense expenses are included in the limits of liability

Excess of:

First Underlying Insurance:

Starr Indemnity & Liability Company

Aggregate Limits

\$10,000,000	Products-Completed Operations Hazard Aggregate
N/A	Errors and Omissions Liability Aggregate
\$10,000,000	Employment Practice Liability Wrongful Acts Aggregate
\$10,000,000	Employee Benefit Liability Aggregate

Per Occurrence or Wrongful Act or Employee Benefit Wrongful Act Limit Any one "occurrence" or "wrongful act" or "employee benefit wrongful act" or series of continuous, repeated, or related "occurrences", "wrongful acts" or "employee benefit wrongful acts". Each and Every.

\$10,000,000	Any one occurrence, wrongful act or employee benefit wrongful act or series of continuous, repeated, or related occurrences, wrongful acts or employee benefit wrongful acts in excess of your retained limit
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Per Employment Practice Liability Wrongful Act Limit

\$10,000,000	Any one employment practice liability wrongful act or series of continuous, repeated or related employment practice liability wrongful acts in excess of your retained limit
	Defense expenses are included in the limits of liability

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LINE OF COVERAGE

Excess Liability – Third Layer – Great American, continued

Retained Limit:

Option A	
\$2,000,000	Any one "occurrence" or "wrongful act" or "employee benefit wrongful act" or series of continuous, repeated, or related "occurrences", "wrongful acts" or "employee benefit wrongful acts"
\$2,000,000	Any one "employment practice liability wrongful act" or series of continuous, repeated, or related "employment practice liability wrongful acts"
Option B	
\$2,500,000	Any one "occurrence" or "wrongful act" or "employee benefit wrongful act" or series of continuous, repeated, or related "occurrences", "wrongful acts" or "employee benefit wrongful acts"
\$2,500,000	Any one "employment practice liability wrongful act" or series of continuous, repeated, or related "employment practice liability wrongful acts"

Terms and Conditions:

Policy Form:

Excess Liability Coverage Form – GAI6524 (06/97)

This referenced form and any attachments, and/or exclusions thereto become the contract of insurance once a binder is issued. Please review all the coverages, terms, restrictions and limitations of the form, exclusions and attachments for a complete description of the coverages being outlined within this proposal.

Lead Forms, Exclusions, and/or Limitations:

We will follow all of the exclusions and limitations of the Starr Indemnity & Liability Co Excess form and any additional exclusions/modifications/limitations as noted in their quote.

Attachments:

- Reimbursement of Defense Costs – Employment Practices
- Violation of Statutes that Govern Emails Exclusion
- War Exclusion
- Amendment - Transit Agencies – Exclusion "O" for Transit Agencies is deleted
- Policy Changes
- Additional Insured – Insured Contract

The Starr Indemnity & Liability Co Special Excess Liability Policy for Public Entities contains the following exclusions:

- Property damage to property owned by you
- Contractual liability
- Pollution with hostile fire exception
- Operation of any hospital or other healthcare facility
- Eminent domain
- Subsidence

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LINE OF COVERAGE

Excess Liability – Third Layer – Great American, continued

The Starr Indemnity & Liability Co Special Excess Liability Policy for Public Entities contains the following exclusions:, continued

- Nuclear
- Failure to supply electricity, fuel or water

Our Exclusions, Limitations and/or Attachments:

Exclusions:

- GAI6827 (10/04) Email, Fax or Phone Exclusion
GAI6650 (03/03) War Liability Exclusion

Attachments:

- GAI6011 (06/97) Amendment of Cancellation Condition - California – 90 Days
IL7324 (08/12) Economic and Trade Sanction Clause
GAI6965 (11/10) Following Form Coverage Endorsement
IL7268 (09/09) In Witness Signature Form
GAI6597 (06/97) Loss Defense within Limits Amendment
GAI6966 (04/09) Pollution Liability Coverage-Follow Form

State Amendatory:

- GAI6704 (01/13) CA Changes

If Terrorism Coverage Is Accepted will attach the following:

- GAI6750 (03/13) Cap on Losses from Certified Acts
GAI6753 (03/13) Disclosure Pursuant to Terrorism

Subjectivities:

1. Copies of all Underlying Binders evidencing issuing carrier, policy number, policy limits and terms immediately upon binding coverage. Policy issuance will be upheld pending receipt of confirmation.
2. Should retained limit be increased from \$2m to \$2.5m we will reduce our premium to \$218,000+\$2,180 for TRIA
3. Copy of quote above our layer

Premium:

- Option A** \$221,760
Option B \$218,000

TRIA Premium:

- Option A** \$2,240 (Optional) INCLUDED in above premium
Option B \$2,180 (Optional) INCLUDED in above premium

Quote Valid Until:

3/1/2014

CLAIMS REPORTING NOTICE

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

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LINE OF COVERAGE

Excess Liability – Fourth Layer – AWAC

INSURANCE COMPANY: *Allied World Assurance Company (U.S.), Inc.*
A.M. BEST RATING: A (Excellent), XV (\$2 Billion or greater)
STANDARD & POOR'S RATING: A
CALIFORNIA STATUS: Admitted
POLICY / COVERAGE TERM: 3/1/2014 to 3/1/2015 at 12:01 A.M. Standard Time at the mailing address of the Named Insured

Coverage Form: Excess Liability GL 00126 00 (06/07)

Limits:
\$23,000,000 Each Occurrence
\$23,000,000 Other Aggregate (Where Applicable)
\$23,000,000 Products/Completed Operations Aggregate

Limits of Underlying Excess Insurance:
\$50,000,000 Each Occurrence
\$50,000,000 Products/Completed Operations Aggregate
\$50,000,000 Other Aggregate (Where Applicable)

This QUOTATION contemplates the following primary underlying insurance and/or self-insured retentions:

Excess Follow Form:

Carrier: Great American Assurance Company
Policy Limits:
\$25,000,000 Each Occurrence
\$25,000,000 Aggregate

Which is in excess of:

Carrier: Berkley Insurance Company
Policy Limits:
\$15,000,000 Each Occurrence
\$15,000,000 Aggregate

Which is in excess of:

Carrier: Starr Indemnity & Liability Company
\$10,000,000 Per "Occurrence" or "Wrongful Act" or "Employee Benefit Wrongful Act" Limit
\$10,000,000 Per "Employment Practice Liability Wrongful Act" Limit
\$10,000,000 Products-Completed Operations Hazard Aggregate
\$10,000,000 "Employment Practice Liability Wrongful Acts" Aggregate
\$10,000,000 Employee Benefits Liability Aggregate

Which is further excess of:

\$2,000,000 Each Occurrence Self Insured Retention

Applicable AWAC Endorsements:

GL 00139 00 (12/11) AWAC – U.S. Follow-Form Occurrence – Claims Made – Declarations
00135 00 (11/05) Schedule of Underlying Insurance

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LINE OF COVERAGE

Excess Liability – Fourth Layer Option– AWAC, continued

Applicable AWAC Endorsements: , continued

00135 (11/05)	U.S. Treasury Departments Office Of Foreign Assets Control ("OFAC") Advisory Notice To Policyholders
00241 (11/05)	Asbestos Exclusion
GL 00117 00 (01/08)	Policyholder Disclosure Statement Under the Terrorism Risk Insurance Act
GL 00286 04 (02/07)	California Amendatory Endorsement
GL 00366 (09/11)	Other Aggregate Limit Amendatory

Quotation Terms and Conditions:

- This QUOTATION is subject to review if there are any significant changes in operations, exposure or experience prior to Allied World's binding
- Any restrictive policy terms and conditions that apply to underlying policies that are in excess of the Followed Policy but underlying to Allied World Excess Policy will also apply to the Allied World Excess limit of liability. Any additional endorsements to the Allied World Policy will be determined upon review of the above-required documentation.
- Allied World cannot release Policy documentation without:
 1. A complete copy of the Followed Policy (including all endorsements and scheduled), inclusive of underlying layers or other documentation.

Subjectivities:

This QUOTATION is subject to receipt, review and acceptance of the following items at binding:

- Completed and signed TRIA Disclosure Statement
- Underlying Binders
- Please verify limits carried by freight carriers and contractual arrangements with SDMTS concerning operations

Minimum Earned Premium:	25%
Premium:	\$97,812 Premium
TRIA Premium:	\$988 (Optional) In addition to above premium
Quote Valid Until:	3/1/2014

CLAIMS REPORTING NOTICE

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

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LINE OF COVERAGE

Excess Workers Compensation - Arch

INSURANCE COMPANY: *Arch Insurance Company*
A.M. BEST RATING: A+ (Superior), XV (\$2 Billion or greater)
STANDARD & POOR'S RATING: AA-
CALIFORNIA STATUS: Admitted
POLICY / COVERAGE TERM: 3/1/2014 to 3/1/2015

Coverage: Excess Workers Compensation and Employers Liability

Limits:

Statutory	Workers Compensation
\$2,000,000	Employers Liability Each Accident
\$2,000,000	Employers Liability Each Employee for Disease
\$5,000,000	Employers Liability Aggregate

Self Insured Retention:

For Workers Compensation and Employers Liability Combined
\$1,000,000 Each Accident / Each Employee for Disease

Estimated Payroll: \$72,673,938

Rate per \$100 of Payroll: .3197

Endorsement & Exclusions: (including but not limited to)

- Named Insured Addition Endorsement
- Losses Redefined to Include Allocated Loss Adjustment Expenses Endorsement
- California Foreign Voluntary Compensation and Employers Liability and Repatriation Coverage Endorsement
- Terrorism Risk Insurance Program Reauthorization Act Endorsement
- Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2007
- California Amendatory Endorsement

Deposit Premium: \$232,339

Minimum Premium: \$232,339

Terrorism Premium: \$6,970 This premium is included in, not in addition to, the policy premium.

Quote Valid Until: 2/16/2014

CLAIMS REPORTING NOTICE

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

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LINE OF COVERAGE

Excess Workers Compensation – Midwest Employers \$10,000,000

INSURANCE COMPANY: *Midwest Employers Casualty*
A.M. BEST RATING: A+ (Superior), XV (\$2 Billion or greater)
STANDARD & POOR'S RATING: AA-
CALIFORNIA STATUS: Admitted
POLICY / COVERAGE TERM: 3/1/2014 to 3/1/2015

Coverage: Excess Workers Compensation and Employers Liability

Limits:

\$10,000,000	Workers Compensation
\$1,000,000	Employers Liability Each Accident
\$1,000,000	Employers Liability Each Employee for Disease

Self Insured Retention: For Workers Compensation and Employers Liability Combined

Option A	\$1,000,000	Each Accident / Each Employee for Disease
Option B	\$1,250,000	Each Accident / Each Employee for Disease
Option C	\$1,500,000	Each Accident / Each Employee for Disease

Estimated Payroll: \$72,673,938

Rate per \$100 of Payroll:

Option A	.3755
Option B	.3189
Option C	.2778

Endorsement & Exclusions: (including but not limited to)

CMB-11	Amendment to Schedule Item 11
CMB-196	Policyholder Disclosure Notice of Terrorism Insurance
ISI-254-EXC	Aircraft Exclusion

Conditions:

- Please note that this quote is subject to Midwest Employers Casualty Company (MECC) approval of the named insured wording that has been submitted. All named insureds must be approved by MECC prior to binding coverage.
- MECC must be notified of any aircraft changes occurring during the policy period.

Deposit Premium:

Option A	\$272,891
Option B	\$231,757
Option C	\$201,888

Minimum Premium:

Option A	\$245,602
Option B	\$208,581
Option C	\$181,699

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LINE OF COVERAGE

Excess Workers Compensation – Midwest Employers \$10,000,000, continued

Terrorism Premium: This premium is included in the Deposit Premium

Option A	\$8,187
Option B	\$6,953
Option C	\$6,057

Quote Valid Until: 2/28/2014

CLAIMS REPORTING NOTICE

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

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LINE OF COVERAGE

Excess Workers Compensation – Midwest Employers \$50,000,000

INSURANCE COMPANY: *Midwest Employers Casualty*
A.M. BEST RATING: A+ (Superior), XV (\$2 Billion or greater)
STANDARD & POOR'S RATING: AA-
CALIFORNIA STATUS: Admitted
POLICY / COVERAGE TERM: 3/1/2014 to 3/1/2015

Coverage: Excess Workers Compensation and Employers Liability

Limits:

\$50,000,000	Workers Compensation
\$1,000,000	Employers Liability Each Accident
\$1,000,000	Employers Liability Each Employee for Disease

Self Insured Retention: For Workers Compensation and Employers Liability Combined

Option A	\$1,000,000	Each Accident / Each Employee for Disease
Option B	\$1,250,000	Each Accident / Each Employee for Disease
Option C	\$1,500,000	Each Accident / Each Employee for Disease

Estimated Payroll: \$72,673,938

Rate per \$100 of Payroll:

Option A	.4131
Option B	.3508
Option C	.3056

Endorsement & Exclusions: (including but not limited to)

CMB-11	Amendment to Schedule Item 11
CMB-196	Policyholder Disclosure Notice of Terrorism Insurance
ISI-254-EXC	Aircraft Exclusion

Conditions:

- Please note that this quote is subject to Midwest Employers Casualty Company (MECC) approval of the named insured wording that has been submitted. All named insureds must be approved by MECC prior to binding coverage.
- MECC must be notified of any aircraft changes occurring during the policy period.

Deposit Premium:

Option A	\$300,216
Option B	\$254,940
Option C	\$222,092

Minimum Premium:

Option A	\$270,194
Option B	\$229,446
Option C	\$199,882

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LINE OF COVERAGE

Excess Workers Compensation – Midwest Employers \$50,000,000, continued

Terrorism Premium: This premium is included in the Deposit Premium
Option A \$9,006
Option B \$7,648
Option C \$6,663

Quote Valid Until: 2/28/2014

CLAIMS REPORTING NOTICE

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SAN DIEGO METROPOLITAN TRANSIT SYSTEM
2014-15 Excess Workers' Compensation
Marketing Results - All Options

2013/14 Carrier
2013/14 S.I.R.
2013/14 Rate
2013/14 Premium
2013/14 Payroll

Arch Insurance Company
\$1,000,000
0.3074
\$231,585
\$75,336,576

2014/15 Estimated Payroll: \$ 72,673,938

Carrier	Rate Per \$100 of Payroll	Rate Delta over Expiring	TRIA (Optional)	Estimated Premium	Workers Compensation Limit	Employers Liability Limit	Self Insured Retention
Excess Quotes							
Arch Insurance Company*	0.3197	4%	Included	\$232,339 Deposit Premium \$232,339 Minimum Premium	Statutory	\$2,000,000 Aggregate: \$5,000,000	\$1,000,000
Midwest Employers Casualty Option 1	0.3755	22%	Included	\$272,891 Deposit Premium \$245,602 Minimum Premium	\$10,000,000	\$1,000,000	\$1,000,000
Midwest Employer Casualty Option 2	0.3189	4%	Included	\$231,757 Deposit Premium \$208,581 Minimum Premium	\$10,000,000	\$1,000,000	\$1,250,000
Midwest Employer Casualty Option 3	0.2778	-10%	Included	\$201,888 Deposit Premium \$181,669 Minimum Premium	\$10,000,000	\$1,000,000	\$1,500,000
Midwest Employers Casualty Option 1	0.4131	34%	Included	\$300,216 Deposit Premium \$270,194 Minimum Premium	\$50,000,000	\$1,000,000	\$1,000,000
Midwest Employer Casualty Option 2	0.3508	14%	Included	\$254,940 Deposit Premium \$229,446 Minimum Premium	\$50,000,000	\$1,000,000	\$1,250,000
Midwest Employer Casualty Option 3	0.3056	-1%	Included	\$222,092 Deposit Premium \$199,882 Minimum Premium	\$50,000,000	\$1,000,000	\$1,500,000
Insurance Pool Indication Only							
CSAC EIA	0.3784	23%	Included	\$274,998 Deposit Premium	Statutory	\$5,000,000	\$1,000,000

*Incumbent Carrier



MARKETING SUMMARY

Excess Liability

Company	Results
Lead Markets	
Starr Indemnity & Liability Company*	Quoted.
ACE	Declined – Due to size, scope of operation and class of business.
AIG (Risk Specialists)	Would not attach below \$5M due to rail exposure.
Alteris (Argo Paper)	Declined – Does not have Reinsurance agreement to pursue light rail at this time.
Berkley Public Entity Managers	RESPONSE PENDING.
Brit	RESPONSE PENDING (typically not able to consider light rail)
Catlin, Inc. (US)	Declined – Not entertaining this class of business.
CivicRisk (Scottsdale Paper)	Rough Indication – Pricing would come in just over \$800K for this account.
Genesis	Rough Indication – Pricing would be \$350K range for a \$1M X \$2M layer. Possible buffer opportunity should Starr pressure for higher SIR in the future.
Great American Insurance Group	Declined – doesn't fit current appetite.
Houston Casualty Company (HCC)	RESPONSE PENDING.
Ironshore	RESPONSE PENDING.
Markel	Declined – Due to trolley (rail) exposure. No longer writing rail.
Munich Reinsurance American Risk	Declined – Due to amount of rail exposure.
One Beacon	Declined – Outside of appetite.
Safety National	Not Submitted – Needs collateral lines.
Queen's Island	PENDING REINSURANCE PLACEMENT
Travelers	Declined – For a number of exposure and program structure reasons.

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MARKETING SUMMARY, continued

Excess Liability, continued

Company	Results
Following Form Excess Markets	
Berkley Custom Insurance Managers*	Quoted.
Great American Custom*	Quoted.
AWAC*	Quoted.
ACE Westchester	Declined – Due to rail operations and attachment given size of operations. Additionally, in reference to expiring program pricing, Ace would want significantly more premium even if SDMTS is contemplating more limits (x of \$50M).
Alteris Public Risk Solutions	Declined – Does not have Reinsurance agreement to pursue light rail at this time.
Arch	Declined – Underwriter confirmed Light Rail qualifies under the no commuter rail treaty exclusion.
Berkshire Hathaway Specialty Insurance	Declined – Not currently able to write transit authority type business.
Colony	Declined – Unable to consider any Class I Railroad and street operations, with exception of sidetrack and scenic railroads.
Cover X	RESPONSE PENDING
Houston Casualty Company (HCC)	RESPONSE PENDING
Ironshore	RESPONSE PENIDNG
Navigators	DECLINED – Unable to entertain due to treaty.
Torus	DECLINED – Unable to consider public transit risk.

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MARKETING SUMMARY, continued

Excess Workers' Compensation

Company

Results

Excess Markets

Arch Insurance Co

Quoted

Midwest Employer Casualty

Quoted: 6 options

Insurance Pool

CSAC EIA

Pricing indication provided: While we might have been successful in moving their price down, because the indication was significantly higher than our renewal target, we have requested the EIA underwriters to close their file. They appreciated the opportunity to quote, and would like to continue to be a market resource for SDMTS, although it appears that at this time, based on loss history, SDMTS is getting an excellent quote from the open market.



DISCLOSURES

This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance.

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DISCLOSURES

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliantinsurance.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

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CERTIFICATES / EVIDENCE OF INSURANCE

Certificates of insurance are issued as a matter of information only and confer no rights upon the certificate holder. The certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by a policy. Nor does it constitute a contract between the issuing insurer(s), authorized representative, producer or certificate holder.

You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others (Indemnification, Hold Harmless) and some of the obligations that are not covered by insurance. We recommend that you and your legal counsel review these documents.

In addition to providing a certificate of insurance, you may be required to name your client or customer on your policy as an additional insured. This is only possible with permission of the insurance company, added by endorsement and, in some cases, an additional premium.

By naming the certificate holder as additional insured, there are consequences to your risks and insurance policy including:

- Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- Your policy may provide higher limits than required by contract; your full limits can be exposed to the additional insured.
- There may be conflicts in defense when your insurer has to defend both you and the additional insured.

Glossary of Insurance Terms

Below are a couple of links to assist you in understanding the insurance terms you may find within your insurance coverages:

<http://insurancecommunityuniversity.com/UniversityResources/InsuranceGlossaryFREE.aspx>
<http://www.ambest.com/resource/glossary.html>
<http://www.irmi.com/online/insurance-glossary/default.aspx>



OTHER ALLIANT SERVICES

AlliantConnect

AlliantConnect is an online portal created especially for you to access and manage your insurance information in real time.

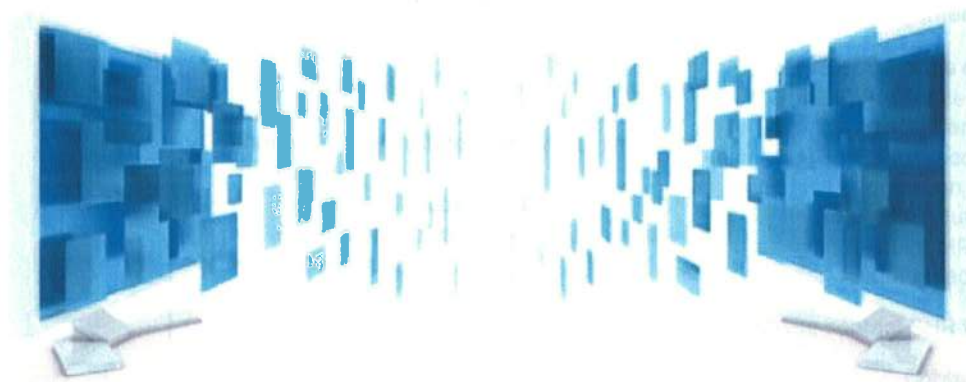
What is AlliantConnect?

This secure, easy-to-use portal enables you to easily access and manage your insurance information from any Internet connection at any time. Your customized portal provides you with the following:

- A transparent view into your insurance business
- Easy management of your documents, including certificate issuance
- Help with risk control through a comprehensive library of fact sheets, white papers, presentations, and training videos
- An easy place for clients to find a summary of their policy coverages
- A single source to track important dates and announcements
- Access to your Alliant service team

All client data is secured to the appropriate account teams, and the database itself and all backups are stored in a highly encrypted format. In addition, all document changes are archived for audit history.

Contact your service team to set up AlliantConnect today!



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OTHER ALLIANT SERVICES

Alliant Loss Control Services

HAZARD IDENTIFICATION, EVALUATION, ELIMINATION AND CONTROL WILL PROTECT YOUR COMPANY, LOWER INSURANCE COSTS, AND IMPROVE SERVICE.

Accidents and avoidable incidents that result in financial loss can threaten the very existence and long-term viability of your company. They mean lost time, damaged property, diversion of resources, and possible legal and medical expenses that can place a huge burden on your organization and prevent you from reaching your business goals.

Alliant's Risk Control Consulting helps clients identify and reduce loss exposures. Our specialists can help prevent costly accidents and losses, which can lead to lower insurance costs. Whatever the size of your company or scope of your operations, we can help strengthen your safety and risk management programs with proven services that protect lives, safeguard assets, and control costs. Services are not limited to those listed below.

<p>How to Choose the Right Risk Control Consultant When seeking a qualified risk control consultant, you should ask:</p> <ul style="list-style-type: none">▪ Does the consultant have specific commercial experience for your type(s) of operations and assets?▪ Does the consultant have the resources and availability to do the job when you need it and for your intended use?▪ Do they tell you whatever you need to know to control risk or only what you want to hear?▪ Does the consultant have a support team of experts able to help you if there is an regulatory citation, a serious claims, or challenging litigation? <p>Each of the above questions can be answered <u>YES</u> by Alliant's Risk Control Consulting.</p> <p>Alliant also offers:</p> <ul style="list-style-type: none">▪ Extensive Experience in Diverse Business Sectors▪ Nationwide Coverage▪ Local Expertise▪ Peer Review	<p>Safety Services</p> <ul style="list-style-type: none">▪ Program Development▪ On-Site Hazard/Risk Assessments▪ Ergonomics▪ Industrial Hygiene▪ Fleet Safety Analysis▪ General Liability▪ Training Services <p>Workers' Compensation Services</p> <ul style="list-style-type: none">▪ Loss Prevention (Safety)▪ Risk Control (Injury Management)▪ Recordkeeping Management <p>Property Risk Control Services</p> <ul style="list-style-type: none">▪ Fire System Evaluation▪ Risk Assessment▪ Loss Estimates▪ Hazard Analysis▪ Loss Prevention and Risk Control Program Analysis▪ Property Marketing Reports▪ Business Interruption Analysis and Continuity Planning▪ Infrared and Ultrasonic Testing <p>To learn more about our risk control consulting and safety services: (888) 737-4752 Toll Free riskcontrol@alliantinsurance.com</p>
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BIND COVERAGE REQUEST

Binding of the renewal option may be requested by signing, dating below, and returning to Alliant Insurance prior to 3/1/2014.

This proposal does not constitute a binder of insurance. Binding is subject to final carrier approval. The Actual terms and conditions of the policy will prevail.

Signature of Authorized Insurance Representative
San Diego Metropolitan Transit District

Date

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Agenda Item No. 11

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

**SUBJECT: CLASS B PARATRANSIT AND CLASS E MEDIUM DUTY BODY ON CHASSIS 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 paratransit buses and up to six (6) Class E medium duty body on chassis buses.
- 2) exercise the option to purchase up to ten (10) additional Class B paratransit 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 six (6) Class E medium duty body on chassis buses would not exceed \$887,835.36 inclusive of all applicable taxes and fees.

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 \$5,082,856.76.

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) paratransit vehicles in Fiscal Year 2014 and a replacement of twenty-five (25) paratransit 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 service changes and service capacity increases.

In addition MTS operates 30-foot Class E gasoline medium duty body on chassis buses on select fixed routes. The new buses will also replace existing vehicles in the fleet and provide added flexibility in meeting passenger demand and operator route assignments. That flexibility will enhance the agency's ability to provide fixed route service efficiently and cost effectively.

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 both Class B and Class E buses that meet MTS specifications. Both the Class B and Class E 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 types of vehicles for both Fiscal 2014 and Fiscal 2015, the Agency will realize a savings of \$40,000 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 and medium duty 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 and Class E buses are compliant with federal regulations for purchasing rolling stock with federal financial assistance.

Delivery of the Class E buses would occur approximately 180 days after contract award and delivery of the 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 SalesAddress: 13501 Benson Avenue

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

Chino, CA 92710Telephone: 909.465.5529Authorized person to sign contracts: Tony MatijevichPresident

Name

Title

The attached Standard Conditions are part of this agreement. The Contractor agrees to furnish to MTS the following: Up to six (6) Type E and fifty (50) Type B Cutaway Buses, with the option to purchase up to an additional ten (10) Type B buses pending available funding, as specified in the Creative Bus Sales Specification Quotations dated February 3 and February 13, 2014 (attached as Exhibit A), the MTS Standard Conditions Procurement (attached as Exhibit B), and the Federal Requirements (attached as Exhibit C).

MTS and Contractor shall agree to production and delivery schedules in writing upon execution of the Contract.

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 six (6) Type E and twenty-five (25) Type B buses shall not exceed \$2,647,427.61, which includes sales tax, "exempt" license, California tire fee, training, and delivery. The total cost for the option of up to thirty-five (35) Type B buses, if exercised at MTS's discretion prior to March 23, 2014 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 prior to March 23, 2014 shall not exceed \$5,082,856.76.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

CONTRACTOR AUTHORIZATION

By: _____
Chief Executive Officer

Firm: _____

Approved as to form:

By: _____

By: _____
Office of General Counsel

Signature

Title: _____

AMOUNT ENCUMBERED

\$2,647,427.61

BUDGET ITEM

11306

FISCAL YEAR

FY 14

By: _____

Chief Financial Officer

(____ total pages, each bearing contract number)

FEB-20.14.AIA.B0611.0-14.CREATIVE BUS.6TypeE.60Type B.SREED.doc



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Agenda Item No. 12

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

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 BRT stations for a contract base period of five (5) years with two (2) one year options to be exercised exclusively at MTS's 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
By: _____ Chief Financial Officer	FISCAL YEAR FY14-19

(_____ total pages, each bearing contract number)

FEB20.2014.BRT STATION MAINT.SR



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Agenda Item No. 30

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

SUBJECT:

MAJOR 2014 SERVICE CHANGES (DENIS DESMOND)

RECOMMENDATION:

That the Board of Directors approve the recommended major service changes for implementation in 2014 and/or 2015.

Budget Impact

Net operating subsidies for on-going operations of the new Rapid services are to be reimbursed by San Diego Association of Governments (SANDAG) out of TransNet funds. Implementing all of the remaining changes to regular MTS services as proposed is anticipated to have an annual budget impact of \$55,000.

DISCUSSION:

SANDAG anticipates a mid-2014 completion of two major "Rapid" bus projects that will be operated by MTS, offering frequent and faster service to higher-amenity stations utilizing new articulated buses. The Mid-City Rapid (Route 215) will offer service between Downtown San Diego and SDSU, via Park and El Cajon Boulevards, replacing existing Route 15. The I-15 BRT route (Route 235) will operate between Downtown San Diego and the Escondido Transit Center, with a peak-hour overlay route (Route 237) between the I-15 corridor, Sorrento Mesa, and UCSD. Benefits of the Rapid services include transit signal priority, real-time arrival signs, enhanced passenger shelters, and fewer stops.



The MTS Planning Department evaluated how existing services in the corridors could be adjusted to improve connectivity with the Rapids. A series of initial proposals were developed and presented to passengers for feedback and reaction in summer and fall of last year. Using this input, solicited at in-person outreach events and on-line, recommendations have been finalized for Board consideration at this Public Hearing.

Recommendations related to the implementation of the Rapid Services are:

Mid-City Area

Route 15: To be replaced by the Rapid Route 215 in Mid-City. El Cajon Blvd. stops at Oregon, 33rd, and 59th will be served only by Routes 1 and/or 6. Service on Washington St. and Normal St. would be partially replaced by new express Route 170.

Route 170: New Express route would offer weekday rush-hour service between City Heights, Normal Heights and the City College Trolley Station, via Adams Ave., Washington St., and Highway 163. The route would be operated as a trial for up to 12 months. In accordance with Board Policy 42 the trial route would be required to meet a minimum productivity standard of 25.0 passengers per revenue hour to be continued beyond the 12 month trial period. In the event that it does not achieve that productivity standard staff will end the pilot and reduce or stop the service.

Rapid Route 215: Downtown-SDSU; replaces Route 15 and serves El Cajon Blvd. & Park Blvd.

Northern Area

Route 20: Northern terminal would be Rancho Bernardo Transit Station instead of Del Lago Transit Station. Service between Downtown, Fashion Valley, and Kearny Mesa would operate every 15 minutes during weekday rush hours, and all trips would serve Fashion Valley. Sunday Route 20 trips would no longer serve Hillcrest.

Route 210 (to be Route 110): Route 110 would travel via Miramar College Transit Station and Highway 163 instead of Black Mountain Rd., I-15, and Highway 94. Service on I-15 between Downtown and City Heights would be replaced by the new Rapid A. Route 110 would be reduced from Route 210's five daily round trips to four round trips to reflect reduced capacity needed as a result of City Heights passengers being accommodated on Rapid Route 235.

Rapid Route 235: New, all-day Rapid trunk route of the I-15 BRT project. Downtown San Diego-Escondido Transit Center, via City Heights, Kearny Mesa, Miramar College Transit Station, Sabre Springs/Peñasquitos Transit Station, Rancho Bernardo Transit Station, Del Lago Transit Station.

Rapid Route 237: New, peak-hour Rapid route of the I-15 BRT project. Rancho Bernardo Transit Station-UCSD, via Sabre Springs/Peñasquitos Transit Station, Miramar College Transit Station. Intermediate stops also made at major points along Mira Mesa Blvd. (Black Mountain Rd., Camino Ruiz, Genetic Center Dr./Steadman St., and Lusk Blvd.) and La Jolla Village Dr. (at Genesee Ave.).

Route 280: New Premium Express route serving Escondido Transit Center, Del Lago Transit Station, and Downtown San Diego; partially replaces current Premium Express Route 810.

Route 290: New Premium Express route serving Rancho Bernardo and Sabre Springs/Peñasquitos Transit Stations, and Downtown San Diego; replaces most current Premium Express service.

Route 810: Replaced by new Premium Express Routes 280 (Escondido and Del Lago) and 290 (Rancho Bernardo).

Route 820, 850, and 860: Replaced by new Premium Express Route 290. Every Route 290 trip would serve Rancho Bernardo Transit Station, Sabre Springs/Peñasquitos Transit Station, and Downtown, but no neighborhood "tails." Local service in between Poway and Sabre Springs/Peñasquitos Transit Station would be offered on Route 944. Local service along Carmel Mountain Rd. would be provided on Route 20, with connections to Rapid Routes 235 and 237 at the Miramar College and Rancho Bernardo Transit Stations (and Express Route 110 at the Miramar College Transit Station).

Route 844 (to be Route 944): Reconfigured to operate east-west along Poway Rd. between the Garden/Floral loop and the Sabre Springs/Peñasquitos Transit Station. Limited service of four trips per day would be provided along the Twin Peaks Road/Espola Rd./Pomerado Rd. loop, including Poway High School, as Route 945A. Service to Rancho Peñasquitos Blvd. would be provided only on Route 20. Service to Mt. Carmel High School would be discontinued, though nearby service would remain available on Route 20.

Route 845 (to be Route 945): Route would be extended north on Midland Rd. to the Old Poway Park area. The loop off Garden Rd. would be added to Route 944 instead. Limited service of four trips per day would be provided along the Twin Peaks Rd./Espola Rd./Pomerado Rd. loop as Route 945A.

Route 880 (to be Route 940): The staff recommendation presented at the January 16, 2014, Public Hearing was to discontinue Route 880, based on the expiration of its dedicated funding and its low ridership. Board deliberation at the Public Hearing indicated a strong interest for retaining some service between the I-15 corridor and workplaces in Sorrento Mesa north of Mira Mesa Blvd.

The amended staff recommendation based on input at the January 16 public hearing is to operate the Route 940 as a trial route for up to 12 months only between the Rancho Bernardo Transit Station and Sorrento Mesa (Pacific Heights Blvd., Pacific Center Blvd., Barnes Canyon Rd., and Scranton Rd.), and utilize a smaller bus. The shorter route and change in operator would reduce the annual MTS subsidy from \$95,000 to \$41,000. The trial route would be required to meet a minimum productivity standard of 25.0 passengers per revenue hour to be continued beyond the 12 month trial period.

Route 921: The western terminal would change to UTC instead of UCSD on weekdays. Service between UTC and UCSD would still be provided by Rapid Route 237, the SuperLoop, and Routes 30, 41, and 150. The eastern terminal would change to the new Miramar College Transit Station when that facility opens.

Route 960 (to be Route 60): The route would change in Kearny Mesa to operate via Balboa Ave., Convoy St., and Clairemont Mesa Blvd. between I-15 and I-805. Service between the City Heights transit plazas and Clairemont Mesa Blvd. will still be provided, all-day on Rapid Route 235, with stops at Ruffin Rd., Overland Ave., and Complex Street. Riders traveling between Euclid Trolley Station and the Kearny Mesa Transit Center could transfer between Route 960 and Rapid Route 235 at the City Heights transit plazas.

Route 964: The route would be restructured to operate all trips via the Miramar College Transit Station. The routing between Black Mountain Rd. and Alliant University would operate via Mira Mesa Blvd. and Scripps Ranch Blvd. instead of Carroll Canyon Rd.

Other recommended unrelated to the implementation of the Rapid services:

Route 14: Route 14 operates hourly service on weekdays between Grantville, Allied Gardens, SDSU, and La Mesa, and is among MTS's lowest performing routes. The staff recommendation presented at the January 16, 2014, Public Hearing was to discontinue Route 14, based on its low productivity and high cost. Board deliberation at the Public Hearing indicated a strong interest for retaining some service along Route 14.

Since the hearing, staff has negotiated with the Amalgamated Transit Union to allow another operator to operate on Route 14. Using First Transit and removing the least productive trips would lower the subsidy from \$645,000 to an estimated \$245,000, thereby improving metrics for subsidy per passenger and farebox recovery. *The amended staff recommendation is to retain hourly service with a minibus, with minor reductions of the lowest ridership trips. This service would be operated as a trial for up to 12 months and would be required to meet a minimum productivity standard (at or above the current passengers per revenue hour) to be continued in accordance with Board Policy 42.*

Route 950: Route 950 is a trial Express route between Otay Mesa and Iris Trolley that has outperformed peer routes since its inception in September 2013. Policy requires Board action to make a trial route permanent. It remains the staff recommendation to make Route 950 a permanent (non-trial) route.

Title VI

Transit agencies that are implementing a new fixed-guideway project are required by the FTA to conduct a service and fare equity analysis prior to the beginning of revenue operations. Proposed changes to connecting and feeder services are to be included in the analysis. The purpose of the study is to determine if there are any adverse impacts, as defined by MTS Board Policy 42, that would result from implementation of the service. The Title VI analysis has been completed and no potentially adverse impacts (benefits or burdens) were revealed in the analysis.

The net impacts of changes proposed for Routes 14 and 950 were analyzed separately, as they are unrelated to the implementation of the fixed-guideway Rapid routes. No adverse benefits or burdens were identified in the study of these two routes.

The Executive Summary of the Title VI analysis is included as Attachment A.

California Environmental Quality Act (CEQA)

CEQA requires agencies to prepare and certify an environmental impact report on a project that it proposes to implement that may have a significant effect on the environment (or to adopt a negative declaration if the project will not have a significant effect).

Any CEQA-required documentation for the Rapid routes to be implemented in 2014 and/or 2015 would be covered within the following documents prepared by SANDAG and CalTrans during the development stages of these projects:

- Downtown San Diego Bus Rapid Transit Stations, SANDAG: Mitigated Negative Declaration, September 2013
- Mid-City Rapid Bus Project, SANDAG: Mitigated Negative Declaration, November 2008, addendum February 2012
- State Route 15 Mid-City Bus Rapid Transit Project, CalTrans: Mitigated Negative Declaration, June 2011
- Interstate 15 Managed Lanes Project, CalTrans: Mitigated Negative Declaration, March 2003
- Interstate 15 Express Lanes Mira Mesa/Scripps Ranch Direct Access Ramp Project, CalTrans: Finding of No Significant Impact, March 2009

However, certain activities are exempted from the requirements of CEQA, including implementation of or increases in transit services on existing roads and highways (Public Resource Code § 21080 (b)(10)). This package of proposals represents a net increase of approximately 103,000 annual revenue hours and 1,928,000 annual revenue miles in transit service along existing highway and road rights-of-way, thereby exempting the elements of these proposals from further examination under CEQA.

Changes approved at today's meeting will be phased in as the associated Rapid projects are completed. The earliest changes would take place would be in June 2014.



Paul C. Jablonski
Chief Executive Officer

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

Attachment A: Title VI Analysis Executive Summary

Title VI Analysis
2014 Major Service Changes

Prepared by the Metropolitan Transit System
January 2014

Executive Summary

The San Diego Metropolitan Transit System (MTS) has conducted a Title VI analysis of the 2014 proposed series of major bus service changes, as required by the Federal Transit Administration (FTA). Title VI is a Federal statute and provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The purpose of this analysis is to ensure that MTS is in compliance with Title VI requirements. MTS has followed FTA's guidelines, published in FTA Circular 4702.1B on October 1, 2012.

The critical elements of this analysis involve a determination of whether or not disparate impacts to minority populations or disproportionate burdens to low-income populations would result from the change. As defined in MTS Policy 42:

A disparate impact is found when there is a difference in adverse effects between minority and non-minority populations such that: the adversely affected population is 10 percent or greater minority than the total MTS service area average; or, the benefitting population is 10 percent or more non-minority than the total MTS service area average.

A disproportionate burden is found when there is a difference in adverse effects between low-income and non-low-income populations such that: the adversely affected population is 10 percent or more "low-income" than the total MTS service area average; or, the benefitting population is 10 percent or greater "non-low-income" by percentage of total population than the total MTS service area average.

All changes related to proposed new Rapid service have been evaluated jointly, as recommended in the FTA guidelines. Proposed changes to Routes 14 and 950 are analyzed separately because these are not related to the new Rapid service.

The study found that there is no disparate impact and no disproportionate burden resulting from either the changes related to the proposed new Rapid service or from proposed changes to Routes 14 and 950.



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Agenda Item No. 31

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

SUBJECT:

AMENDMENT TO CHIEF EXECUTIVE OFFICER EMPLOYMENT AGREEMENT

RECOMMENDATION:

That the Board of Directors approve an amendment to the Executive Employment Agreement between MTS and Paul C. Jablonski to provide additional compensation and/or fringe benefits.

Budget Impact

The cost to MTS will be presented at the meeting.

DISCUSSION:

At the Board's regular meeting on February 20, 2014, the Board of Directors will conduct a closed session performance evaluation of Chief Executive Officer Paul Jablonski. The Board will also conduct a closed session conference with Board Chairman Harry Mathis, who acts as the Board's chief negotiator regarding the CEO contract, to discuss a potential merit increase for the CEO.

Section 4.b of Mr. Jablonski's Executive Employment Agreement states:

Performance and Salary Review: Each year, beginning in January 2014, the Board of Directors shall review the performance of Mr. Jablonski and determine a salary adjustment, bonus or fringe benefit adjustment, if any. An award of a salary adjustment, bonus and/or fringe benefit adjustment, if any, will be made by the Board of Directors in its sole and absolute discretion.



If warranted after the performance evaluation and conference with labor negotiator, a proposed contract amendment will be presented in open session for the Board to take final action on a merit increase, bonus or fringe benefit adjustment, if any.



Jeff Stumbo
Director of Human Resources

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



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Agenda Item No. 45

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

SUBJECT:

QUARTERLY PERFORMANCE MONITORING REPORT (DENIS DESMOND)

INFORMATIONAL ONLY

Budget Impact

None.

DISCUSSION:

MTS Board Policy No. 42 establishes a process for evaluating existing transit services to achieve the objective of developing a customer-focused, competitive, integrated, and sustainable system. Additionally, federal Title VI guidance requires that certain performance measures be evaluated and reported to the Board periodically. The analyses, included in the attachment to this report, show trends for the current fiscal year and help to track performance throughout the year. Staff from the Planning Department will provide a summary of service performance for the first half of fiscal year 2014.

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

Attachment: A. Service Performance Monitoring Report





San Diego Metropolitan Transit System
POLICY 42 PERFORMANCE MONITORING REPORT performance
PERIOD: FY14 JULY 2013 - DECEMBER 2013

Att. A, AI 45, 2/20/14

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OBJECTIVE | Develop a Customer-Focused and Competitive System

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

Total Passengers (July - December)

Route Categories	FY 2012	FY 2013	FY 2014	# Change FY12-FY13	# Change FY13-FY14	% Change FY12- FY13	% Change FY13- FY14
Premium Express	151,996	155,987	151,152	3,991	(4,835)	2.6%	-3.1%
Express	1,160,088	1,186,624	1,221,066	26,536	34,442	2.3%	2.9%
Light Rail	16,808,371	15,340,836	20,010,804	(1,467,535)	4,669,968	-8.7%	30.4%
Rapid (SuperLoop)	-	-	806,591	-	806,591	-	-
Urban Frequent	19,106,353	19,321,370	18,679,955	215,017	(641,415)	1.1%	-3.3%
Urban Standard	6,750,316	6,815,692	5,978,760	65,376	(836,932)	1.0%	-12.3%
Circulator	410,802	419,467	357,515	8,665	(61,952)	2.1%	-14.8%
Rural	20,177	20,980	31,786	803	10,806	4.0%	51.5%
Demand-Responsive	175,067	186,962	201,350	11,895	14,388	6.8%	7.7%
System Total Passengers	44,583,170	43,447,918	47,438,979	(1,135,252)	3,991,061	-2.5%	9.2%
Fixed-Route Bus Ridership	27,599,732	27,920,120	27,226,825	320,388	(693,295)	1.2%	-2.5%

NOTES: Fixed-route bus ridership is down for FY14 compared to FY13. Overall, MTS system-wide ridership has increased +9.2%, primarily due to increased Trolley ridership. The increase that appears in the Trolley ridership data is primarily attributed to Automatic Passenger Counters (APCs), which will increase accuracy and provide a clearer picture of Trolley ridership trends. The previous estimation methodology relied on the number of one-way tickets sold, which dropped significantly when Day Passes replaced transfers. Aside from the disconnect of bus and Trolley ridership trends, system-wide fare revenue collected is up slightly by +2.2%. Fixed-route bus fare revenue collected is slightly down by -3%. Some ridership decreases in categories, such as the Circulator category, reflect high ridership routes changing to a different route category.

Average Weekday Passengers (July - December)

Route Categories	FY 2012	FY 2013	FY 2014	# Change FY12-FY13	# Change FY13-FY14	% Change FY12- FY13	% Change FY13- FY14
Premium Express	1,196	1,205	1,170	9	(35)	0.8%	-2.9%
Express	8,386	8,512	8,778	126	266	1.5%	3.1%
Light Rail	99,124	88,863	122,170	(10,261)	33,307	-10.4%	37.5%
Rapid (SuperLoop)	-	-	5,115	-	5,115	-	-
Urban Frequent	124,697	123,831	120,688	(866)	(3,143)	-0.7%	-2.5%
Urban Standard	45,827	45,202	40,694	(625)	(4,508)	-1.4%	-10.0%
Circulator	3,485	3,604	2,695	119	(909)	3.4%	-25.2%
Rural	238	228	309	(10)	81	-4.2%	35.5%
Demand-Responsive	1,264	1,327	1,433	63	106	5.0%	8.0%
System Avg. Weekday Pass.	284,217	272,772	303,052	(11,445)	30,280	-4.0%	11.1%
Fixed-Route Bus Avg. Weekday Pass.	183,829	182,582	179,449	(1,247)	(3,133)	-0.7%	-1.7%

NOTES: The average weekday passenger statistics show how many passengers ride MTS on a typical weekday. For FY14, there is a +11.1% increase in system-wide average weekday passengers, an increase of +30,280 passengers per average weekday. Most of the increase is a result of an increase of +33,307 Trolley passengers per average weekday (+37.5%). Fixed-route bus ridership had a slight decline of -1.7% passengers per average weekday (-3,133 passengers per average weekday). The greatest fixed-route percentage decrease in average weekday passengers was the Circulator category with a -25.2% decrease in average weekday passengers (-909 passengers per average weekday), mainly the result of routes changing categories.



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Passengers Per Revenue Hour (July - December)

Route Categories	FY 2012	FY 2013	FY 2014	% Change FY12-FY13	% Change FY13-FY14
Premium Express	20.5	22.3	19.7	8.8%	-11.7%
Express	33.7	33.1	31.7	-1.8%	-4.2%
Light Rail	191.8	166.2	223.8	-13.3%	34.7%
Rapid (SuperLoop)	-	-	35.0	-	-
Urban Frequent	37.4	37.2	35.1	-0.5%	-5.6%
Urban Standard	29.3	29.2	27.0	-0.3%	-7.5%
Circulator	16.1	16.5	14.1	2.5%	-14.5%
Rural	9.0	9.4	11.4	4.7%	20.4%
Demand-Responsive	2.1	2.1	1.8	-1.9%	-12.2%
System Riders Per Rev. Hour	45.3	43.1	45.2	-4.9%	4.9%
Fixed-Route Bus Riders Per Rev. Hour	34.0	33.9	32.0	-0.3%	-5.6%

NOTES: MTS operated 4% more revenue hours in FY14 than the same period in FY13. The 'passengers per revenue hour' metric shows how the revenue hours (in-service hours plus layover hours) that were added or removed relate to ridership increases or decreases. Increasing riders per revenue hour would indicate that the system is more efficient, for example, carrying more passengers with the same number of buses. For FY14, all MTS services carried 45.2 passengers per revenue hour, an increase of +4.9% (+2.1 riders per revenue hour). The change in riders per revenue hour figure on MTS' fixed-route bus services was a moderate decrease of -5.6%. For FY14, Trolley passengers per revenue hour increased +34.7% to 223.8 passengers per revenue hour, an increase of +57.6 riders per revenue hour.

Passengers Per In-Service Hour (July - December)

The 'passengers per in-service hour' measure is related to the above 'passengers per revenue hour,' but shows how many passengers are carried while the vehicle is in-service picking up passengers, excluding layover time. Analyzing this figure helps MTS to understand how effective it is at providing the right level of service, instead of how effective MTS is at grouping trips and breaks together for a vehicle to operate (revenue hours).

Route Categories	FY 2012	FY 2013	FY 2014	% Change FY12-FY13	% Change FY13-FY14
Premium Express	23.2	24.8	20.8	6.9%	-16.1%
Express	41.0	41.6	38.7	1.5%	-7.0%
Light Rail	226.3	218.5	277.7	-3.4%	27.1%
Rapid (SuperLoop)	-	-	49.8	-	-
Urban Frequent	45.6	44.8	43.6	-1.8%	-2.7%
Urban Standard	39.1	38.5	37.0	-1.5%	-3.9%
Circulator	25.1	25.9	21.7	3.2%	-16.2%
Rural	9.2	6.1	9.8	-33.7%	60.8%
Demand-Responsive	N/A	N/A	N/A	N/A	N/A
System Riders/In-Svc. Hour	59.5	57.0	62.8	-4.2%	10.2%
Fixed-Route Bus Riders Per In-Svc. Hour	42.5	41.9	40.7	-1.4%	-2.9%

NOTES: Compared to FY13, MTS' system-wide passengers per in-service hour increased +5.8 to 62.8 passengers per in-service hour (+10.2%) in FY14. For FY14, fixed-route bus passengers per in-service hour was nearly flat at 40.7 passengers per in-service hour.



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On-Time Performance

On-time performance is defined as departing within 5 minutes of the scheduled time. It is measured by service change period in order to show the results of scheduling changes. MTS' goal for on-time performance is 85% for Urban Frequent bus routes, and 90% for Trolley and all other bus route categories.

Route Categories	Service Change					GOAL
	June 2012	Sept. 2012	Jan. 2013	June 2013	Sept. 2013	
Premium Express	99.5%	92.1%	98.4%	98.8%	91.9%	90.0%
Express	73.4%	86.1%	81.0%	81.8%	80.0%	90.0%
Light Rail	86.4%	88.3%	94.0%	95.2%	90.7%	90.0%
Rapid (SuperLoop)	95.2%	95.2%	91.2%	90.0%	84.0%	85.0%
Urban Frequent	81.7%	82.3%	83.6%	79.6%	83.4%	85.0%
Urban Standard	80.7%	84.9%	84.9%	83.1%	86.0%	90.0%
Circulator	95.5%	96.1%	87.4%	91.6%	86.6%	90.0%
Rural	N/A	N/A	N/A	N/A	N/A	
Demand-Responsive	N/A	N/A	N/A	N/A	N/A	
System On-Time Performance	83.4%	86.0%	85.6%	84.0%	85.1%	

NOTES: Overall, system-wide on-time performance has remained around 85%. Following the September 2013 service change, two route categories have met their on-time performance goal, while four route categories did not. Each route is continually evaluated to determine if performance below the target is a result of issues that MTS controls, such as driver performance or scheduling, or situations outside MTS' direct control, such as construction, traffic congestion, and passenger issues. Trolley on-time performance has been impacted by Trolley Renewal construction activities and on-time performance is expected to increase as the project wraps-up next year. Performance of Urban Frequent bus routes is heavily impacted by construction, stop signs/stop lights, and traffic, as typically Urban Frequent services travel through high density corridors, and by far carry the greatest number of passengers.

Preventable Accidents Per 100,000 Miles (July - December)

Operator	FY 2012	FY 2013	FY 2014
MTS Directly-Operated Bus	1.47	1.28	1.52
MTS Contract Services	0.89	0.97	1.70
MTS Trolley	0.04	0.08	0.02

NOTES: MTS Directly-Operated Bus preventable accidents are slightly up in FY14 compared to FY13, as are MTS Contract Services preventable accidents. MTS Contract Services preventable accidents are up primarily due to a revision in contract service's accident classification. MTS Trolley reported one preventable accident in the first sixth months of FY14. Accidents deemed "preventable" by MTS' definition may not be violations of the California Vehicle Code (CVC). No MTS Trolley accident in FY14 involved a CVC violation by a Trolley operator. For bus and Trolley operations, continued operator retraining and safety awareness programs are held throughout the year to improve the operator average for this safety metric.

Complaints Per 100,000 Passengers (July - December)

Operator	FY 2012	FY 2013	FY 2014	% Change	
				FY12-FY13	FY13-FY14
MTS Directly-Operated Bus	5.7	6.2	4.5	8.8%	-27.4%
MTS Contract Svcs. Fixed-Route Bus	8.3	9.0	7.3	8.4%	-18.9%
MTS Trolley	1.4	4.0	1.6	183.8%	-60.3%
General System	0.7	1.1	0.4	52.9%	-62.6%

NOTES: Passenger complaints have decreased in FY14. In FY13, MTS saw an increase in the number of passenger complaints, mostly due to the realignment of the Blue, Orange, and Green Trolley Lines in September 2012. Complaints related to the MTS System, rather than an individual operator, are tracked separately. These complaints are in addition to any complaints that the operators receive and are related to planning issues, website problems, and general MTS policies and procedures. For FY14, the MTS General System received 0.4 complaints per 100,000 passengers.



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OBJECTIVE | Develop a Sustainable System

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

In-Service Miles (Weekly)

Operator	Sept. 2012	Sept. 2013	# Diff	% Diff
MTS Directly-Operated Bus	167,757	167,865	108	0.1%
MTS Contract Svcs. Fixed-Route Bus	187,658	188,776	1,118	0.6%
MTS Trolley	59,452	59,660	208	0.3%
System	414,867	416,301	1,434	0.3%

NOTES: Service levels have slightly increased compared to last fiscal year. The increase in service levels is due to service adjustments to deal with high load factors, and also reflects the restoration of some previously reduced service.

In-Service Hours (Weekly)

Operator	Sept. 2012	Sept. 2013	# Diff	% Diff
MTS Directly-Operated Bus	12,439	12,451	12	0.1%
MTS Contract Svcs. Fixed-Route Bus	13,305	13,365	60	0.5%
MTS Trolley	2,852	2,862	10	0.4%
System	28,596	28,678	82	0.3%

NOTES: Service levels have slightly increased compared to last fiscal year. The increase in service levels is due to service adjustments to deal with high load factors, and also reflects the restoration of some previously reduced service.

Weekday Peak-Vehicle Requirement

This measure shows the maximum number of vehicles that are on the road at any time in order to provide the levels of service that have been scheduled.

Operator	Sept. 2012	Sept. 2013	# Change FY13-FY14
MTS Directly-Operated Bus	209	215	6
MTS Contract Svcs. Fixed-Route Bus	257	265	8
MTS Trolley	96	96	0

NOTES: Compared to last fiscal year, the number of weekday peak-vehicles has increased for MTS Directly-Operated Bus and MTS Contract Services Bus. The increase in number of weekday peak-vehicles required to provide the scheduled level of service, is mainly due to increased service implemented in mid-FY13.

In-Service Bus Speeds (MPH) (Weekday)

Operator	Sept. 2012	Sept. 2013	% Change FY13-FY14
MTS Directly-Operated Bus	13.5	13.5	0.0%
MTS Contract Svcs. Fixed-Route Bus	14.1	14.2	0.7%
MTS Trolley	20.8	20.8	0.0%

NOTES: In-service speeds have remained relatively flat year-over-year.



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In-Service/Total Miles (Weekly)

The 'in-service miles per total miles' ratio is only calculated for MTS in-house bus operations, as contractors are responsible for bus and driver assignments (run-cutting) for MTS Contract Services.

Operator	Sept. 2012	Sept. 2013	% Change FY13-FY14
MTS Directly-Operated Bus	85.9%	85.9%	0.0%
MTS Contract Svcs. Fixed-Route Bus	N/A	N/A	N/A
MTS Trolley	99.3%	99.3%	0.0%

NOTES: Ratios have remained practically steady over the two service periods reported for MTS bus and MTS Trolley

In-Service/Total Hours (Weekly)

As with the mileage statistic, in-service hours per total hours can only be calculated for MTS in-house bus operations.

Operator	Sept. 2012	Sept. 2013	% Change FY13-FY14
MTS Directly-Operated Bus	75.9%	76.0%	0.1%
MTS Contract Svcs. Fixed-Route Bus	N/A	N/A	N/A
MTS Trolley	86.9%	86.8%	-0.1%

NOTES: Efficiency of scheduling has kept the ratio generally consistent over time, with only minor changes from FY13 to FY14.

Route Headway

Category/Mode*	Headway Standard (Base Weekday) P = Peak B = Base
Premium Express	
<i>Goal</i>	<i>30 min.</i>
Routes	Actual
810	15
820	20
850	30
860	20 P / 30 B
880	50
Express	
<i>Goal</i>	<i>30 min.</i>
Routes	Actual
20	15
50	15 P / 30 P / 60 B
150	15 P / 30 P / 60 B
210	15
870	90
960	20



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Light Rail	
<i>Goal</i>	<i>15 min.</i>
Routes	Actual
Blue	7.5 P / 15 B
Orange	15
Green	15
Rapid	
<i>Goal</i>	<i>15 min.</i>
Routes	Actual
201	10 P / 15 B
202	10 P / 15 B
204	10 P / 15 B
Urban Frequent	
<i>Goal</i>	<i>15 min.</i>
Routes	Actual
1	15
2	15
3	15
5	15
6	15
7	12
8	30
9	30
10	15
11	15
13	15
15	15
30	15 P / 30 B
41	15
44	15
120	15
701	15
709	15
712	15
901	15 P / 30 B
906/907	15
929	15
932	15
933/934	15
955	15
961	15
992	15
Urban Standard	
<i>Goal</i>	<i>30 min.</i>
Routes	Actual
4	30
14	60
27	30
28	30
31	30
35	15 B / 30 P
105	30
115	30
703	60



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Urban Standard	
Goal	30 min.
Routes	Actual
704	30
705	30
707	60
815	30
816	30
832	30
833	30
834	30
844	30
845	30
848	30
854	30
855	30
856	30
864	30
871/872	30
874/875	30
904	30
905	30
916/917	60
921	30
923	30
928	30
936	30
962	30
963	30
967	60
968	60
Circulator	
Goal	60 min.
Routes	Actual
18	30
25	60
83	60
84	60
88	30
851	30
964	30 P / 60 B
965	30
972*	~30
973*	~30
978*	~30
979*	~30

*Routes 972, 973, 978, and 979 are timed to the Coaster schedule and wait for passengers to transfer from selected Coaster trips. Rural and Demand Responsive services have no minute specific headway goals.



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Agenda Item No. 46

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

SUBJECT:

CHARGERS FOOTBALL 2013 YEAR-END SUMMARY (TOM DOOGAN)

INFORMATIONAL ONLY

Budget Impact

None.

DISCUSSION:

The 2013 season represented the 16th complete season that San Diego Trolley (SDTI) has provided special service to Chargers games at Qualcomm Stadium. 2013 also marked the ninth season for Green Line operations to Qualcomm Stadium providing direct service to the games from East County locations.

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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. 47

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

SUBJECT:

ENERGY CREDIT UPDATE (MIKE THOMPSON)

INFORMATIONAL ONLY

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 credits. This report will update the Board of Directors about the program and revenue produced thus far from these federal and state energy credits.





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Agenda Item No. 48

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

SUBJECT:

STUDENT PASS PILOT PROGRAM (SHARON COONEY)

INFORMATIONAL ONLY

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
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Agenda Item No. 49

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

SUBJECT:

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

INFORMATIONAL ONLY

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.

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Paul C. Jablonski
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Agenda Item No. 50

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

SUBJECT:

OPERATIONS BUDGET STATUS REPORT FOR DECEMBER 2013 (MIKE THOMPSON)

INFORMATIONAL ONLY

Budget Impact

None at this time.

DISCUSSION:

This report summarizes MTS's operating results for December 2013 compared to the fiscal year 2014 budget. Attachment A-1 combines the operations, administration, and other activities results for December 2013. Attachment A-2 details the December 2013 combined operations results and Attachments A-3 to A-8 present budget comparisons for each MTS operation. Attachment A-9 details budget comparisons for MTS Administration, and A-10 provides December 2013 results for MTS's other activities (Taxicab/San Diego and Arizona Eastern Railway Company).

MTS NET-OPERATING SUBSIDY RESULTS

As indicated within Attachment A-1, for the year-to-date period ending December 2013, the MTS net-operating income favorable variance totaled \$2,384,000 (3.4%). Operations produced a \$767,000 (1.1%) favorable variance and the administrative/other activities areas were favorable by \$1,581,000.

MTS COMBINED RESULTS

Revenues. Year-to-date combined revenues through December 2013 were \$52,661,000 compared to the year-to-date budget of \$50,686,000 representing a \$1,975,000 (3.9%) favorable variance.



Expenses. Year-to-date combined expenses through December 2013 were \$119,881,000 compared to the budget of \$120,291,000, resulting in a \$410,000 (0.3%) favorable variance.

Personnel Costs. Year-to-date personnel-related costs totaled \$58,369,000 compared to a budgetary figure of \$59,176,000, producing a favorable variance of \$807,000 (1.4%).

Outside Services and Purchased Transportation. Total outside services for the first six months of the fiscal year totaled \$39,181,000 compared to a budget of \$40,105,000, resulting in a favorable variance of \$924,000 (2.3%). This is primarily due to a favorable experience with repairs/maintenance costs within Operations and a favorable variance for other outside services within Administration.

Materials and Supplies. Total year-to-date materials and supplies expenses were \$4,987,000 compared to a budgetary figure of \$4,442,000, resulting in an unfavorable expense variance of \$545,000 (-12.3%). This unfavorable variance is primarily due to revenue parts costs within Rail Operations.

Energy. Total year-to-date energy costs were \$13,031,000 compared to the budget of \$12,883,000 resulting in an unfavorable variance of \$148,000 (-1.2%).

Risk Management. Total year-to-date expenses for risk management were \$2,651,000, compared to the budget of \$2,149,000, resulting in an unfavorable variance totaling \$502,000 (-23.4%).

General and Administrative. The year-to-date general and administrative costs, including vehicle and facilities leases, were \$125,000 (-8.1%) unfavorable to budget, totaling \$1,661,000 through December 2013, compared to a budget of \$1,536,000.

YEAR-TO-DATE SUMMARY

The December 2013 year-to-date net-operating income totaled a favorable variance of \$2,384,000 (3.4%). These factors include favorable variances in passenger revenue, other operating revenue, outside services, and personnel costs, partially offset by unfavorable variances in materials costs, risk management costs, energy and general and administrative expenses.



Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Comparison to Budget

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MTS
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2014
DECEMBER 31, 2013
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 48,478	\$ 47,621	\$ 856	1.8%
Other Revenue	4,183	3,065	1,118	36.5%
Total Operating Revenue	\$ 52,661	\$ 50,686	\$ 1,975	3.9%
Personnel costs	\$ 58,369	\$ 59,176	\$ 807	1.4%
Outside services	39,181	40,105	924	2.3%
Transit operations funding	-	-	-	-
Materials and supplies	4,987	4,442	(545)	-12.3%
Energy	13,031	12,883	(148)	-1.2%
Risk management	2,651	2,149	(502)	-23.4%
General & administrative	1,195	1,065	(130)	-12.2%
Vehicle/facility leases	466	471	5	1.0%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(0)	-	0	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 119,881	\$ 120,291	\$ 410	0.3%
Operating income (loss)	\$ (67,221)	\$ (69,605)	\$ 2,384	3.4%
Total public support and nonoperating revenues	681	662	18	2.8%
Income (loss) before capital contributions	\$ (66,540)	\$ (68,943)	\$ 2,403	-3.5%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2014
DECEMBER 31, 2013
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 48,478	\$ 47,621	\$ 856	1.8%
Other Revenue	469	293	177	60.4%
Total Operating Revenue	\$ 48,947	\$ 47,914	\$ 1,033	2.2%
Personnel costs	\$ 49,311	\$ 49,933	\$ 622	1.2%
Outside services	32,879	33,210	331	1.0%
Transit operations funding	-	-	-	-
Materials and supplies	4,982	4,426	(556)	-12.6%
Energy	12,642	12,535	(108)	-0.9%
Risk management	2,463	1,918	(545)	-28.4%
General & administrative	161	138	(22)	-16.2%
Vehicle/facility leases	325	337	12	3.5%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	14,834	14,834	0	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 117,598	\$ 117,332	\$ (266)	-0.2%
Operating income (loss)	\$ (68,651)	\$ (69,418)	\$ 767	1.1%
Total public support and nonoperating revenues	1,376	1,399	(24)	-1.7%
Income (loss) before capital contributions	\$ (67,275)	\$ (68,019)	\$ 743	-1.1%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
TRANSIT SERVICES (SAN DIEGO TRANSIT CORPORATION)
COMPARISON TO BUDGET - FISCAL YEAR 2014
DECEMBER 31, 2013
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 13,764	\$ 14,297	\$ (533)	-3.7%
Other Revenue	2	5	(3)	-61.0%
Total Operating Revenue	\$ 13,766	\$ 14,302	\$ (536)	-3.7%
Personnel costs	\$ 32,659	\$ 33,122	\$ 463	1.4%
Outside services	761	929	168	18.0%
Transit operations funding	-	-	-	-
Materials and supplies	2,369	2,387	18	0.8%
Energy	2,872	2,859	(14)	-0.5%
Risk management	1,638	969	(669)	-69.1%
General & administrative	56	76	20	25.9%
Vehicle/ facility leases	140	149	9	6.1%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	5,660	5,660	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 46,156	\$ 46,151	\$ (6)	0.0%
Operating income (loss)	\$ (32,391)	\$ (31,849)	\$ (542)	-1.7%
Total public support and nonoperating revenues	(643)	(619)	(24)	3.8%
Income (loss) before capital contributions	\$ (33,034)	\$ (32,468)	\$ (565)	1.7%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
RAIL OPERATIONS (SAN DIEGO TROLLEY, INCORPORATED)
COMPARISON TO BUDGET - FISCAL YEAR 2014
DECEMBER 31, 2013
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 20,489	\$ 18,637	\$ 1,852	9.9%
Other Revenue	467	288	180	62.5%
Total Operating Revenue	\$ 20,956	\$ 18,925	\$ 2,031	10.7%
Personnel costs	\$ 16,014	\$ 16,155	\$ 141	0.9%
Outside services	1,986	1,737	(249)	-14.3%
Transit operations funding	-	-	-	-
Materials and supplies	2,609	2,035	(574)	-28.2%
Energy	5,527	5,110	(417)	-8.2%
Risk management	818	942	124	13.2%
General & administrative	102	52	(51)	-98.2%
Vehicle/facility leases	178	179	1	0.5%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	8,167	8,167	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 35,401	\$ 34,377	\$ (1,024)	-3.0%
Operating income (loss)	\$ (14,445)	\$ (15,452)	\$ 1,007	6.5%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (14,445)	\$ (15,452)	\$ 1,007	-6.5%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
MULTIMODAL OPERATIONS (FIXED ROUTE)
COMPARISON TO BUDGET - FISCAL YEAR 2014
DECEMBER 31, 2013
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 11,867	\$ 12,278	\$ (410)	-3.3%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 11,867	\$ 12,278	\$ (410)	-3.3%
Personnel costs	\$ 265	\$ 225	\$ (39)	-17.5%
Outside services	21,029	21,465	436	2.0%
Transit operations funding	-	-	-	-
Materials and supplies	4	2	(3)	-170.3%
Energy	2,971	3,232	261	8.1%
Risk management	-	-	-	-
General & administrative	0	2	2	97.4%
Vehicle/facility leases	8	9	2	18.6%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	715	715	0	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 24,991	\$ 25,650	\$ 659	2.6%
Operating income (loss)	\$ (13,123)	\$ (13,372)	\$ 248	1.9%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (13,123)	\$ (13,372)	\$ 248	-1.9%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
MULTIMODAL OPERATIONS (PARATRANSIT)
COMPARISON TO BUDGET - FISCAL YEAR 2014
DECEMBER 31, 2013
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 1,020	\$ 1,019	\$ 2	0.2%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 1,020	\$ 1,019	\$ 2	0.2%
Personnel costs	\$ 68	\$ 73	\$ 5	7.0%
Outside services	6,019	5,958	(61)	-1.0%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	1,179	1,209	30	2.5%
Risk management	8	8	-	0.0%
General & administrative	2	5	4	68.5%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	209	209	0	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 7,484	\$ 7,462	\$ (22)	-0.3%
Operating income (loss)	\$ (6,464)	\$ (6,443)	\$ (20)	-0.3%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (6,464)	\$ (6,443)	\$ (20)	0.3%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED CHULA VISTA TRANSIT OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2014
DECEMBER 31, 2013
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 1,337	\$ 1,391	\$ (53)	-3.8%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 1,337	\$ 1,391	\$ (53)	-3.8%
Personnel costs	\$ 117	\$ 169	\$ 52	30.9%
Outside services	2,838	2,874	37	1.3%
Transit operations funding	-	-	-	-
Materials and supplies	0	3	3	88.7%
Energy	92	125	32	25.9%
Risk management	-	-	-	-
General & administrative	1	4	3	82.2%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	83	83	(0)	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 3,130	\$ 3,258	\$ 127	3.9%
Operating income (loss)	\$ (1,793)	\$ (1,867)	\$ 74	3.9%
Total public support and nonoperating revenues	1,914	1,914	-	0.0%
Income (loss) before capital contributions	\$ 120	\$ 47	\$ 74	156.8%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CORONADO FERRY
COMPARISON TO BUDGET - FISCAL YEAR 2014
DECEMBER 31, 2013
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	-	-	-	-
Total Operating Revenue	\$ -	\$ -	\$ -	-
Personnel costs	\$ -	\$ -	\$ -	-
Outside services	91	91	-	0.0%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	-	-	-	-
Risk management	-	-	-	-
General & administrative	-	-	-	-
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	-	-	-	-
Depreciation	-	-	-	-
Total Operating Expenses	\$ 91	\$ 91	\$ -	0.0%
Operating income (loss)	\$ (91)	\$ (91)	\$ -	0.0%
Total public support and nonoperating revenues	105	105	-	0.0%
Income (loss) before capital contributions	\$ 14	\$ 14	\$ -	0.0%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATION
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2014
DECEMBER 31, 2013
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	3,534	2,577	957	37.1%
Total Operating Revenue	\$ 3,534	\$ 2,577	\$ 957	37.1%
Personnel costs	\$ 8,694	\$ 8,894	\$ 199	2.2%
Outside services	6,261	6,801	540	7.9%
Transit operations funding	-	-	-	-
Materials and supplies	4	12	8	67.9%
Energy	384	343	(40)	-11.8%
Risk management	181	217	36	16.7%
General & administrative	984	872	(112)	-12.9%
Vehicle/facility leases	141	133	(7)	-5.4%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(14,894)	(14,894)	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 1,754	\$ 2,378	\$ 624	26.2%
Operating income (loss)	\$ 1,779	\$ 199	\$ 1,581	-795.5%
Total public support and nonoperating revenues	(695)	(737)	42	-5.7%
Income (loss) before capital contributions	\$ 1,085	\$ (538)	\$ 1,623	-301.6%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OTHER ACTIVITIES
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2014
DECEMBER 31, 2013
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	180	195	(15)	-7.7%
Total Operating Revenue	\$ 180	\$ 195	\$ (15)	-7.7%
Personnel costs	\$ 364	\$ 349	\$ (14)	-4.1%
Outside services	41	95	53	56.2%
Transit operations funding	-	-	-	-
Materials and supplies	1	4	2	66.0%
Energy	5	5	(0)	-4.5%
Risk management	7	14	7	48.1%
General & administrative	50	54	4	7.9%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	60	60	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 529	\$ 581	\$ 52	8.9%
Operating income (loss)	\$ (349)	\$ (386)	\$ 37	9.5%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (349)	\$ (386)	\$ 37	-9.5%



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Agenda Item No. **51**

MEETING OF THE METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 20, 2014

SUBJECT:

CHULA VISTA TRANSIT (BILL SPRAUL)

INFORMATIONAL ONLY

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.


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. 62

Chief Executive Officer's Report

ADM 121.7

February 20, 2014

In accordance with Board Policy No. 52, Procurement of Goods and Services, attached are listings of contracts, purchase orders, and work orders that have been approved within the CEO's authority (up to and including \$100,000) for the period January 10, 2014, through February 12, 2014.



EXPENSE CONTRACTS

Doc #	Organization	Subject	Amount	Day
S200-14-582	SAN DIEGO COMMUNITY COLLEGE	ROE - CONSTRUCTING CESAR CHAVEZ CAMPUS	\$2,800.00	1/15/2014
G1573.1-13	BRICEHOUSE STATION	COMPASS CARD AGMT EXTENSION	\$33,000.00	1/22/2014
B0609.0-14	HECTOR LOPEZ	TECATE BUS STOP	\$1,650.00	1/27/2014
G1597.1-13	BUSINESS MATTERS	COMPASS CARD AGMT EXTENSION	\$12,500.00	1/27/2014
G1679.0-14	SIGNA DIGITAL SOLUTIONS	COPIER MAINTENANCE AND REPAIR SERVICES	\$18,342.94	1/27/2014
B0594.2-13	CALIFORNIA TRILLIUM COMPANY	EAST COUNTY FUELING STATION	\$32,047.05	1/29/2014
G1561.1-13	BIG BEN MARKET	COMPASS CARD AGMT EXTENSION	\$12,500.00	1/29/2014
G1326.3-10	MIS SCIENCES, CORP.	OPTION YEAR 3	\$72,936.00	1/30/2014
PWL150.1-14	GLOBAL POWER GROUP, INC.	BUILDING C BACK UP GENERATOR	(\$17,020.00)	2/4/2014
L1120.1-13	SIMMONS MACHINE TOOL CORP	TAX ADJUSTMENT	\$3,586.25	2/7/2014

REVENUE OR NO - VALUE CONTRACTS

Doc #	Organization	Subject	Amount	Day
G1686.0-14	SAN DIEGO CITY BEAT	PARTNERSHIP FOR BURGER WEEK	\$0.00	1/14/2014
L0958.1-10	CINTAS FIRE PROTECTION	NAME CHANGE	\$0.00	1/14/2014
M6704.1-13	CONNECT ENGLISH LANGUAGE INST	LEASE AMENDMENT	\$800.00	1/15/2014
G1684.0-14	101 THINGS TO DO SAN DIEGO	TRADE AGMT	\$0.00	1/16/2014
L6690.1-13	HDR ENGINEERING, INC.	TIME EXTENSION	\$0.00	1/21/2014
S200-14-593	RAMONA PAVING & CONST CORP	ROE - PORT ACCESS PROJECT	\$0.00	1/21/2014
L1032.8-12	SIEMENS INDUSTRY, INC.	LOCATION CHANGE	\$0.00	1/23/2014
G1674.0-14	O'FARRELL CHARTER SCHOOL	COMPASS CARD	\$0.00	1/24/2014
G1683.0-14	US DISTRICT COURT	COMPASS CARD	\$0.00	1/27/2014
S200-14-594	WEST COAST GENERAL CORP	ROE - SAN YSIDRO YARD IMPROVEMENT	\$0.00	1/28/2014
G1160.2-08	SANDAG	FUNDS TRANSFER FOR FASTRAK	\$0.00	1/29/2014
G1681.0-14	CALIFORNIA COLLEGE	COMPASS CARD	\$0.00	1/29/2014
L5762.0-14	VALLEY VIEW CASINO	ROE OLD TOWN PICK UP	\$0.00	1/30/2014
S200-14-590	HELIX WATER DISTRICT	DURABLE ROE - INSPECT/MAIN HWD FACILITIE	\$0.00	2/3/2014

REVENUE OR NO - VALUE CONTRACTS

Doc #	Organization	Subject	Amount	Day
B0572.3-12	ISS FACILITIES	SUPERLOOP, TERMINATION	\$0.00	2/4/2014
G1257.2-09	PRIZM JANITORIAL SERVICES	TERMINATION	\$0.00	2/4/2014
L1189.0-14	UNDERGROUND SOLUTIONS, INC.	DURABLE ROE - POTHOLE SERVICE	(\$3,000.00)	2/7/2014
S200-14-584	BETA ENGINEERING CA	ROE - EAST COUNTY SUBSTATION	(\$5,000.00)	2/7/2014
S200-14-589	SDGE	DURABLE ROE - DESERT LINE	(\$7,500.00)	2/7/2014
L1042.2-12	SDG&E	ROE TIME EXTENSION AMENDMENT 2	\$0.00	2/11/2014
G0930.21-04	SANDAG	TRANSFER OF COMPASS CARD PROGRAM	\$0.00	2/12/2014
G1282.2-10	BP WEST COAST PRODUCTS	TOLLING AGMT FOR H STREET REMEDIATION	\$0.00	2/12/2014
G1285.2-10	WORLD OIL CORP	TOLLING AGMT FOR H STREET REMEDIATION	\$0.00	2/12/2014
G1334.3-11	SOHAGI LAW GROUP	2 YR CONTRACT EXTENSION	\$0.00	2/12/2014
G1502.1-13	TAXI RESEARCH PARTNERSHIP	CONTRACT EXTENSION TO COMPLETE DRIVER SU	\$0.00	2/12/2014
L1133.1-13	NASLAND ENGINEERING, INC.	DURABLE ROE - TIME EXTENSION	(\$3,000.00)	2/12/2014
L1188.0-14	SAN DIEGO HALF MARATHON	ROE - KETTNER/G & 6TH/C	(\$750.00)	2/12/2014
L5764.0-14	HERZOG	ROE PERMIT - NCTD PTC UPGRADE	(\$2,000.00)	2/12/2014
M6709.0-14	MAMOUD AKHAVEN	LEASE AGMT 5801 FAIRMOUNT	(\$156,000.00)	2/12/2014

PURCHASE ORDERS

DATE	Organization	Subject	AMOUNT
1/15/2014	ELECTRO SPECIALTY SYSTEMS	CCTV EQUIPMENT	\$3,582.60
1/15/2014	AT&T	CISCO CONFERENCE ROOM PHONES	\$18,019.81
1/21/2014	V & V MANUFACTURING, INC.	5-40 YR PINS	\$17,177.72
1/22/2014	IQ PIPELINE LLC	TEMPORARY EMPLOYEE	\$12,960.00
1/24/2014	SAN DIEGO CONVENTION AND VISIT	FULL PAGE PRINT AD (CANCELLED)	\$5,674.50
1/27/2014	SAN DIEGO CONVENTION CENTER	FULL PAGE PRINT AD	\$5,674.50
1/27/2014	DIMENSIONAL SILKSCREEN, INC	KIOSK SIGNS	\$5,025.24
1/28/2014	IACCESS, INC.	HID CARDS	\$2,781.00
2/3/2014	ACCESS DISPLAY GROUP	WIDE FACE PASTER DISPLAY SWING FRAM	\$1,003.49

PURCHASE ORDERS

DATE	Organization	Subject	AMOUNT
2/5/2014	ABC CONSTRUCTION	LIGHTING POLE LENS REPLACEMENT	\$410.00
2/5/2014	DELL COMPUTER CORP	DELL LATITUDE	\$1,922.46
2/7/2014	STAPLES CONTRACT & COMMERCIAL	OFFICE CHAIRS FOR FIN. CONFERENCE R	\$1,163.72
2/11/2014	CALIFORNIA COMMERCIAL SECURITY	UPGRADE CARD ACCESS SOFTWARE	\$4,661.08
2/12/2014	PRESSNET EXPRESS	MTS CONNECTION NEWLETTER	\$2,980.80

WORK ORDERS

Doc #	Organization	Subject	Amount	Day
PWL135.0-12.10.1	ABC CONSTRUCTION	ROOFTOP ASBESTOS REMOVAL	\$2,147.81	1/22/2014
G0930.17-04.27	SANDAG	OCS INSULATOR & CATCH	\$75,000.00	1/24/2014
G1386.0-11.05	PGH WONG ENGINEERING	BUILDING C BACKUP GENERATOR MGMT	\$29,000.00	1/28/2014
G1495.0-13.01.01	PGH WONG	ON-CALL ENGINEERING EXTENSION	\$0.00	2/3/2014
PWL135.0-12.06.1	ABC CONSTRUCTION, INC.	BLDG A HVAC UPGRADE CREDIT	(\$6,992.70)	2/12/2014