



1255 Imperial Avenue, Suite 1000
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06-16-14 A08:00 IN

Agenda

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

9:00 a.m.

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

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

ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes - May 15, 2014
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.

Approve

Please SILENCE electronics
during the meeting

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.



CONSENT ITEMS

- | | | |
|-----|--|-------------|
| 6. | <u>Policy 25 - Equal Employment Opportunity (EEO) Program for Employees and Contractors</u>
Action would update and reaffirm MTS Policy 25. | Approve |
| 7. | <u>Motorola Regional Transit Management System Annual Maintenance and Support Services - Contract Amendment</u>
Action would authorize the CEO to execute MTS Amendment No. G0867.15-03 with Motorola, Inc. to extend the Regional Transit Management System (RTMS) annual maintenance and support period from July 1, 2014 through June 30, 2015; and execute MTS Amendment No. G0868.9-03 with North County Transit District (NCTD) for a Funds Transfer Agreement. | Approve |
| 8. | <u>Weed Abatement Services - Contract Award</u>
Action would authorize the CEO to execute MTS Doc. No. L1186.0-14 with DeAngelo Brothers, Inc. for the provision of on and off track weed abatement services for a contract period of five (5) years. | Approve |
| 9. | <u>Investment Report - April 2014</u> | Information |
| 10. | <u>Fiscal Year 2015 Capital Improvement Program Amendment</u>
Action would approve the amended FY 2015 Capital Improvement Program (CIP). | Approve |
| 11. | <u>Fiscal Year 2015 Transportation Development Act Claim</u>
Action would adopt Resolution Nos. 14-8, 14-9, and 14-10 approving fiscal year 2015 Transportation Development Act (TDA) Article 4.0, 4.5 and 8.0 claims respectively. | Approve |
| 12. | <u>2014 Mills Building Board Room Improvement Project</u>
Action would authorize the renovation of the 10th Floor Board Room through Colliers International, the Mills Building on-site property management company. | Approve |

CLOSED SESSION

- | | | |
|-----|--|-----------------|
| 24. | a. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL ANTICIPATED LITIGATION - SIGNIFICANT EXPOSURE TO LITIGATION - PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.9(d)(2) (Doris Bueto - MTS Claim No. TL-11-5060-13) | Possible Action |
| | b. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.8;
<u>Property:</u> 8650 Tech Way, San Diego, California (Assessor Parcel Nos. 369-220-85)
<u>Agency Negotiators:</u> Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets
<u>Negotiating Parties:</u> Excel Hotel Group; Hallmark Communities, Inc.; and Dan Floit
<u>Under Negotiation:</u> Price and Terms of Payment | Possible Action |

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

- | | | |
|-----|---|-----------------|
| 25. | <u>Fiscal Year 2015 Budget: Public Hearing and Adoption (Mike Thompson)</u>
Action would: (1) hold a public hearing, receive testimony, and review and comment on the fiscal year 2015 budget information presented in this report; and (2) enact resolution No. 14-7 adopting the operating and capital budget for MTS and approving the operating budgets for San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, Chula Vista Transit and the Coronado Ferry. | Enact/
Adopt |
|-----|---|-----------------|

DISCUSSION ITEMS

- | | | |
|-----|---|---------|
| 30. | <u>Encanto/62nd Street Trolley Station Transit Oriented Development: Disposition and Development Agreement with AMCAL Villa Encantada Fund, L.P. (Karen Landers and Tim Allison)</u>
Action would approve the Disposition and Development Agreement and Ground Lease with AMCAL Villa Encantada Fund, L.P. (AMCAL), in substantially the same format as Attachments A and B. | Approve |
| 31. | <u>Sale of Surplus Real Property: 8650 Tech Way in the City of San Diego (Karen Landers and Tim Allison)</u>
Action would accept Dan Floit's offer to purchase 8650 Tech Way in the City of San Diego and authorize the CEO to enter any and all agreements to finalize the transaction for the terms outlined in the offer letter. | Approve |
| 32. | <u>Fixed-Route Bus Services - Contract Amendment (Bill Spraul and Larry Marinesi)</u>
Action would authorize the CEO to (a) execute Amendment 4 to MTS Doc. No. B0453.0-06 with Veolia Transportation Services, Inc. This allows the purchase of up to twenty-five model year 2007 BlueBird 4500 diesel powered express commuter coaches and associated spare parts under the current Fixed Route Bus Services agreement; and (b) authorize an additional \$2,754,000 in contract spending authority to accommodate this procurement. This will increase the available contract spending authority from the current \$372,015,453.32 to a new total of \$374,769,453.32. | Approve |
| 33. | <u>Taxicab Contracts Renewal (Sharon Cooney)</u>
Action would (1) approve the draft "Ninth Amendment to Agreement for Administration of Taxicab and Other For-Hire Vehicle Regulations Between San Diego Metropolitan Transit System and City of San Diego", and (2) approve a five-year extension of existing agreements for Taxicab Administration with the cities of Santee, El Cajon, La Mesa, Poway, Lemon Grove, and Imperial Beach. | Approve |

REPORT ITEMS

- | | | |
|-----|---|-------------|
| 45. | <u>Operations Budget Status Report for April 2014 (Luke Kromer)</u>
Action would receive the MTS operations budget status report for April 2014. | Information |
| 60. | <u>Chairman's Report</u> | Information |
| 61. | <u>Audit Oversight Committee Chairman's Report</u> | Information |

62. Chief Executive Officer's Report

Information

63. Board Member Communications

64. Additional Public Comments Not on the Agenda

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

65. Next Meeting Date: July 17, 2014

66. Adjournment

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

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

May 15, 2014

FINANCE WORKSHOP

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:05 a.m. A roll call sheet listing Board member attendance is attached.

2. Proposed Fiscal Year 2015 Operating Budget

Mr. Roberts opened the Finance Workshop and introduced Mike Thompson, Director of Financial Planning and Analysis. Mr. Thompson began his presentation by giving a brief overview of the budget development process. He discussed the subsidy revenue assumptions for Federal funding stating that Federal funding is authorized through MAP-21 through Federal FY2014. He explained that in the Operating budget, preventative maintenance is the funding mechanism for the Federal side. Mr. Thompson discussed TDA and TransNet Formula funding and noted that this funding is sales tax generated and is projected by SANDAG each year. He stated that SANDAG is forecasting 5.0% growth for FY2014 and 4.0% growth for FY2015. Mr. Thompson explained that State Transit Assistance (STA) revenue was projected to be \$19.7M for FY2014 and \$18.0M for FY2015. He stated that there will be a \$9.2M increase in TransNet operating subsidy mainly due to new BRT services. Mr. Thompson explained that FasTrak revenue was decreasing from \$1.0M to \$500K. He discussed the lease/leaseback transactions and explained that for FY2015 the debt service cost will increase by \$19.5M. Mr. Thompson also discussed revenue assumptions for passenger fares and stated that MTS is assuming a total passenger increase of 2.6M. Mr. Thompson reported on the FY2015 revenue projection and stated that total revenue is projected to be \$282.4M.

Mr. Thompson discussed the service levels for FY2015 and stated that the service levels are projected to increase by 4.8%. Mr. Thompson reported on the expense assumptions for personnel which are increasing by \$4.6M. He stated that the headcount is increasing by 29 full time equivalents (FTEs), all due to BRT service. He also reviewed expense assumptions for management employees stating that the merit pool is assumed at 3.5%; the performance improvement program is 1.5%; pension contributions will increase from 4% to 6% in January 2015; and salary grade ranges will increase by CPI by 1.3%. Mr. Thompson stated that health and welfare costs are increasing by \$713K and total pension plan costs are increasing by \$31K. He discussed the energy expense assumptions, including CNG, diesel/gasoline and electricity/traction power. He stated that CNG costs are increasing by \$2.0M; diesel/gasoline costs are increasing by \$157K; and electricity/traction power costs are increasing by \$810K. Mr. Thompson reported that outside services are increasing by \$6.3M and total materials and supplies are increasing by \$624K. He discussed the FY2015 expense projections and stated that expenses are projected to increase by \$33.6M. He also noted that excluding the BRT and lease/leaseback debt service, expenses are only growing by \$7.2M. Mr. Thompson stated that they are projecting a balanced budget at this time.

Mr. Thompson reported on the contingency reserves and stated that the goal is to reach 12.5% by FY2016. He stated that there is a \$28.4M projected balance at the end of FY2014 and MTS will be adding \$2.5M to the reserve within FY2015. The \$30.9M projected reserve balance would be 12.2% of the FY2015 proposed MTS operating expenses. Mr. Gloria inquired about the FasTrak revenue costs and why that revenue was decreasing by \$500K. Mr. Jablonski explained these costs are projected by SANDAG and that this particular

item is a Caltrans initiative to start moving the I-15 zippered barriers. Mr. Jablonski stated that Caltrans is predicting the cost to be about \$500K per year, however that cost is not finalized and may change. Mr. Gloria asked, after the BRT service begins, at what point should there be a discussion about changing the current service levels which have a budgetary impact. Mr. Jablonski stated that all services were decided earlier in the year and are currently reflected in the budget. Mr. Gloria also inquired about employee compensation for the bargaining units and asked how their agreements were changing in regards to merit pool increases and salary grade increases. Mr. Thompson stated that the salary growths for the bargaining units are between 2-3%, depending on which specified bargaining unit.

Mr. Alvarez inquired about the TransNet operating subsidy cost and asked how that money was determined. Mr. Thompson stated that part of the money is formula based and the other part of the money is from reimbursement for TransNet projects. Mr. Alvarez asked what the total TransNet amount is for MTS. Mr. Thompson stated the total TransNet amount for MTS is \$36M. Mr. Alvarez also asked whether this would fully reimburse for the BRT and SuperLoop costs, or if it was a partial reimbursement. Mr. Thompson stated that it reimburses the net operating costs. Mr. Roberts, for additional clarification, discussed the differences between TransNet I versus TransNet II.

Action Taken

Mr. Minto moved to: (1) receive a report on the proposed combined MTS fiscal year 2015 operating budget; and (2) recommend staff hold a public hearing on June 19, 2014 with the purpose of reviewing the proposed combined MTS fiscal year 2015 operating budget. Mr. Ewin seconded the motion, and the vote was 13 to 0 in favor with Ms. Bragg and Ms. Emerald absent.

3. Public Comments

No public comments.

BOARD MEETING

5. a. Roll Call

Chairman Mathis called the Board meeting to order at 9:45 a.m. A roll call sheet listing Board member attendance is attached.

b. Approval of Minutes

Mr. Minto moved to approve the Minutes of the April 17, 2014, MTS Board of Directors meeting. Ms. Cole seconded the motion, and the vote was 13 to 0 in favor with Ms. Bragg and Ms. Emerald absent.

c. Public Comments

Marvin Smith – Mr. Smith discussed the issue of crowdedness on the buses. He stated that on certain buses it is so crowded that people stand past the yellow line at the front of the bus. He commented that people are not giving up their seats for the elderly and disabled. Mr. Smith also stated that people are bringing items on the buses that are not allowed, such as large carts that block additional seats. He stated that the bus drivers do not say anything to prevent people from blocking the seats. Mr. Smith said that he has waited for the number 35 bus several times and the bus never showed up to the bus stop. He also stated that the bus drivers are not telling

people to give up their seats to the elderly and disabled. Mr. Mathis stated that the Chief Operating Officer of the bus division has made notes of the comments that were made.

Shiela Kazemaini – UClick Properties LLC. Ms. Kazemaini stated that she and her husband recently purchased an apartment building in Hillcrest, which houses 11 families. She explained that bus stop number 12027 is located directly in front of their apartment building. She explained that she is requesting MTS remove or relocate the bus stop because it is creating four different issues. Ms. Kazemaini stated the first issue is the noise the buses make coming into and out of the stop every day. She said the second issue is safety, because the bus stop has a blind spot next to the driveway of the apartment building which makes it dangerous for cars coming in and out of the driveway. She explained the third issue is a health hazard from the bus stop due to fumes coming from the buses and going into the apartment windows. She stated the fourth and final issue is the smoking problem coming from the bus patrons waiting at the bus stop. She explained that the bus benches are 7 feet away from the apartment windows, which are the only source of ventilation for the apartments. Ms. Kazemaini said she has repeatedly contacted MTS, City Councilmembers and the American Lung Association about these issues. She stated that she has two new viable bus stop locations. She explained that she has received a response from Mr. Jablonski stating that MTS will not move the bus stop because of the cost and because it is an established high traffic transfer point. Chairman Mathis stated that if some of the other speakers would like to give up their spot to speak, that Ms. Kazemaini could speak for a longer time period. Pam Shelton volunteered to give up her public comment spot so Ms. Kazemaini could continue to speak. Ms. Kazemaini stated that there are other transfer points a few blocks down from the current bus stop and that the current bus stop could easily be moved. She stated that they have reported several violations to MTS enforcement and nothing has been done regarding their issues. Ms. Kazemaini stated that a member of the American Lung Association would be installing air quality monitors in the apartment units to measure the effects of the cigarette smoke from the bus stop. Ms. Kazemaini stated that she created packets for each of the Board members which included pictures of people smoking at the bus stop.

John Strain – Mr. Strain explained that he is a resident at Ms. Kazemaini's Hillcrest apartments and said the cigarette smoke coming from the bus stop outside of the apartment complex is a nuisance. He gave examples of when he has witnessed people smoking at transit areas and said that the transit security guards did not do anything to stop the people from smoking. Mr. Strain said he has called MTS to complain several times about the smoking problems and is wondering when MTS will act on the complaints.

Dan Shelton – Mr. Shelton stated that he is also a resident at Ms. Kazemaini's Hillcrest apartments. He stated that the bus stop is polluting the apartments and leaving residue on the apartment windows. Mr. Shelton asked that the Board members review Ms. Kazemaini's packet and strongly consider moving the bus stop down the street to the 4th and Robinson bus stop.

Pam Shelton – Ms. Shelton gave up her spot to speak so Shiela Kazemaini could have a longer speaking slot.

Mr. Mathis thanked all the speakers for bringing this matter to the Board's attention. He stated that since this item was not on the Board agenda, they would not be able to further discuss the matter.

CONSENT ITEMS

6. San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Board of Directors at its Meeting on April 15, 2014

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 April 15, 2014.

7. Investment Report – March 2014
Informational item only. No action taken.
8. Unallocated Transportation Development Act (TDA) Funds for Transit-Related Projects
Action would approve the use of \$20,000 in unallocated TDA funds currently held by the County of San Diego. These TDA funds, along with the \$121,610 that the City of Santee already received in fiscal year 2011, will allow for the installation of five bus shelters in the City of Santee.
9. Employee Benefits Broker/Consulting Services – Contract Award
Action would authorize the CEO to execute MTS Doc. No. G1677.0-14 with Leavitt Group for the provision of employee benefits broker/consulting services for a three-year base period with 2 one-year option terms; and exercise each option year at the CEO's discretion.
10. MTS Job Order Contract Work Order for Grade Crossing Replacement at Central Avenue, Merlin Drive, and North Avenue
Action would authorize the CEO to execute Work Order No. MTSJOC 1582-27, MTSJOC 1582-28, and MTSJOC 1582-30 with Herzog Contracting Corporation to perform work under MTS Doc. No. PWL134.0-12 for the replacement of grade crossings located at Central Avenue, Merlin Drive, and North Avenue on the Orange Line.
11. SDTC Imperial Avenue Division (IAD) Bus Wash Replacement – Contract Award
Action would authorize the CEO to execute MTS Doc. No. PWB149.0-14 with Telliard Construction for the provision of a new bus wash system, including demolition of the existing bus wash and site improvements to accommodate the new bus wash.

Action on Recommended Consent Items

Ms. Cole moved to approve Consent Agenda Item Nos. 6-11. Mr. Minto seconded the motion, and the vote was 13 to 0 in favor with Mr. Cunningham, Ms. Bragg and Ms. Emerald absent.

CLOSED SESSION

24. None.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. None.

REPORT ITEMS

45. Operations Budget Status Report for March 2014

Mike Thompson reported on the March 2014 operating results compared to the amended fiscal year 2014 budget. He stated that the total operating revenue is currently unfavorable by -0.4%.

Mr. Thompson explained that the total operating expenses are currently at budget and there is no variance. He stated that the total combined net operating variance is unfavorable by -0.1%. He also reviewed the on-going concerns including the sales tax subsidy revenue, State of California budget, passenger levels and energy prices.

46. Quarterly Performance Monitoring Report

Denis Desmond, Manager of Planning, began the presentation and explained that MTS Policy No. 42 requires that staff report service performance monitoring to the Board on an annual basis. Staff will also report on a quarterly basis to give the Board insight as to how the year is progressing. He highlighted some of the critical metrics that staff looks at including total passengers and noted that there is a new Rapid category added to this metric. He also reviewed the average weekday passengers and passengers per revenue hour metrics. Janelle Carey, Associate Planner, discussed on-time performance, preventable accidents per 100,000 miles, and reviewed the highlights for July 2013 through March 2014. She stated that the next update will take place in Fall 2014.

Mr. McClellan asked what our fare recovery rate is compared to our ridership. Ms. Carey stated that in FY2013, the trolley fare box recovery rate was 55.3%. She also said that staff will check with the Finance department for current numbers to update the Board. Mr. Minto asked for an overview of how the compass card is used by the public. Mr. Desmond gave a brief overview of how the compass card program operates. He also stated that we currently have the ability to track the number of uses per card for a monthly pass. Mr. Minto also commented that it would be interesting to see how many times a card has been used compared to the automatic passenger counters (APC) on the trolleys.

60. Chairman's Report

None.

61. Audit Oversight Committee Chairman's Report

Mr. Ewin stated that the next Audit Oversight Committee meeting will be on June 12, 2014. He explained there will be a number of items regarding the audit and will report those items back to the Board.

62. Chief Executive Officer's Report

Mr. Jablonski reported on his trip to China and stated that it was an extraordinary trip and a great learning experience. He said he provided some consulting services in Shanghai relating to the development of light rail. Mr. Jablonski stated that they traveled to a city called Chongqing, which has the largest monorail system in the world. He said the city of Chongqing built 100 miles of their monorail system in the last 10 years. Mr. Jablonski also reported on his trip to Kansas City for the APTA Bus and Paratransit Conference.

63. Board Member Communications

Mr. Gloria congratulated Mr. Roberts on the County Waterfront Park opening that occurred the past weekend.

64. Additional Public Comments on Items Not on the Agenda

Valerie Hightower – Ms. Hightower stated that the Euclid trolley and bus station has a rat infestation and needs to be addressed. She also said that she was escorted off of bus number 1867 on route number 5, because she opened the hatch window. She said that a lot of the bus windows are locked and would like to see the bus windows be unlocked.

Thomas Brili – Mr. Brili stated that there is a problem with the new bus vehicles due to the handicap seats being reduced by four seats. He said that people sitting in that area of the bus need to get up and move because there is now less room. He also said there are now three levels inside of the bus instead of two levels, which also causes a reduction in the number of seating.

65. Next Meeting Date

The next regularly scheduled Board meeting is on June 19, 2014.

66. Adjournment

Chairman Mathis adjourned the meeting at 10:33 a.m.



Chairperson, ~~VICE CHAIRMAN~~
San Diego Metropolitan Transit System

Filed by:



Clerk of the Board
San Diego Metropolitan Transit System

Approved as to form:



General Counsel
San Diego Metropolitan Transit System

Attachments: A. Roll Call Sheet

METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
ROLL CALL

MEETING OF (DATE): May 15, 2014

CALL TO ORDER (TIME): 9:05 a.m.

RECESS: N/A

RECONVENE: _____

CLOSED SESSION: N/A

RECONVENE: _____

PUBLIC HEARING: N/A

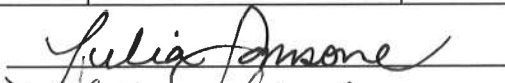
RECONVENE: _____

ORDINANCES ADOPTED: N/A

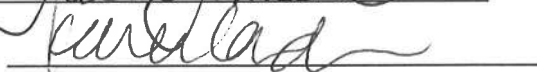
ADJOURN: 10:33 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ALVAREZ	<input checked="" type="checkbox"/> (Zapf) <input type="checkbox"/>	9:10 a.m.	10:33 a.m.
BRAGG	<input type="checkbox"/> (Bilbray) <input type="checkbox"/>		
COLE	<input checked="" type="checkbox"/> (Zapf) <input type="checkbox"/>	9:00 a.m.	10:33 a.m.
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:00 a.m.	10:33 a.m.
EMERALD	<input type="checkbox"/> (Zapf) <input type="checkbox"/>		
EWIN	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>	9:00 a.m.	10:33 a.m.
GASTIL	<input checked="" type="checkbox"/> (Jones) <input type="checkbox"/>	9:05 a.m.	10:33 a.m.
GLORIA	<input checked="" type="checkbox"/> (Zapf) <input type="checkbox"/>	9:00 a.m.	10:33 a.m.
MATHIS	<input checked="" type="checkbox"/>	9:00 a.m.	10:33 a.m.
MCCLELLAN	<input checked="" type="checkbox"/> (Ambrose) <input type="checkbox"/>	9:00 a.m.	10:33 a.m.
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>	9:00 a.m.	10:33 a.m.
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>	9:00 a.m.	10:33 a.m.
RIOS	<input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/>	9:00 a.m.	10:33 a.m.
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:00 a.m.	10:33 a.m.
SALAS	<input checked="" type="checkbox"/> (Ramirez) <input type="checkbox"/>	9:12 a.m.	10:33 a.m.

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY THE GENERAL COUNSEL:





AGENDA ITEM NO.

3

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

1

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

1. INSTRUCTIONS

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

(PLEASE PRINT)

DATE	JUNE 19, 2014		
Name	JOHN L. WOOD		
Address	LEMON GROVE, CALIF.		
Telephone			
Organization Represented			
Subject of Your Remarks			
Regarding Agenda Item No.			
Your Comments Present a Position of:	<input type="checkbox"/>	<input checked="" type="checkbox"/> SUPPORT	<input type="checkbox"/> OPPOSITION

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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

3. DISCUSSION OF AGENDA ITEMS

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

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

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

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



AGENDA ITEM NO.

3

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

2

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

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(PLEASE PRINT)

DATE	6/19/14		
Name	Sheila Kazemini		
Address	3852 Fourth Ave, SD, CA 92103		
Telephone	858-456-0440		
Organization Represented	UClick Properties LLC		
Subject of Your Remarks	Bus Stop #12027 Remove or Relocate		
Regarding Agenda Item No.			
Your Comments Present a Position of:	<input type="checkbox"/>	<input checked="" type="checkbox"/> SUPPORT	<input type="checkbox"/> OPPOSITION

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

REMOVE OR RELOCATE SDMTS BUS STOP #12027

MY CONTACT INFORMATION:

**MRS. SHEILA KAZEMAINI
UCLICK PROPERTIES, LLC
OFFICE TEL: 858-456-0440
CELL: 858-456-2167
EMAIL: UCLICKPROPERTIES@AOL.COM**

APARTMENT BUILDING ADDRESS: 3852 FOURTH AVE, SAN DIEGO, CA 92103

MY OFFICE ADDRESS: 7736 FAY AVENUE, SUITE 201, LA JOLLA, CA 92037

My name is Sheila Kazemaini. At your board meeting last month, I spoke to you about my request to remove or relocate a San Diego MTS bus stop #12027, which is directly in front of my apartment building. The building is located at 3852 Fourth Avenue, San Diego, CA 92103, in the Hillcrest area.

This bus stop is located less than 7 feet from the operable windows of my tenants. Within those windows are their living rooms, kitchens, and bedrooms. A bus stops at this bus stop every six minutes, for 19 ½ hours a day, which means there is a bus stopping approximately 195 times a day at this bus stop. Could you live with a bus stopping 7 feet from your kitchen, bedroom, or living room 195 times a day?

When I spoke here last month, I brought to your attention the health and safety issues the bus stop is creating:

Issue #1: The busses create an unbearable amount of noise within our tenant's homes because they stop there seven days a week, every six minutes, 19 1/2 hours a day.

Issue #2: This bus stop's location is a safety hazard and an accident waiting to happen because it creates a blind spot for the driveway of the apartment building.

Issue #3: There is a health hazard from the toxic exhaust fumes and dust from the busses because these toxins go directly into the apartment windows, and into the homes of my tenants.

Issue #4: There is a health hazard caused by the bus patron's smoking at and around the bus stop, which is in direct violation of the 20 foot rule of California Government Code Sections 7596-7598, and in violation of the 25 foot rule of SDMTS Codified Ordinance No. 13. The benches of the bus stop are only 7 feet from the operable windows of our apartments. At this bus stop most bus patrons stand behind the benches, many leaning directly against the building, making them less than a foot away from the operable windows. The toxic cigarette smoke from the bus patrons, is constantly entering our tenants homes.

I have proposed two viable alternative bus stop locations: either eliminating stop 12027 and using stop 12025 which is located at the side of a 7-Eleven, at the south corner of Fourth Avenue and Robinson, which already serves 2 of the same bus lines; or, replacing both stops with one central stop at the north corner of Robinson and Fourth Avenue (which would be in front of a business which has no operable windows and only one door), and not near any apartments.

Last month, I invited all of you to come see it for yourself, so you can better understand this issue. I also invited all of you to meet with me to discuss this issue, and help with a resolution. But as of yet, not one of you has responded or contacted me. It seems as though none of you care about the health of my tenants. This is especially disappointing, considering that two of you – Mr. Ron Roberts and Mr. Todd Gloria, are the representatives of my district.

Is the ridership of MTS patrons more important than preventing my tenants from getting cancer from the diesel exhaust fumes? Is it more important than allowing the tenants to have some peace and quiet within their homes? It seems as though MTS only cares about money, no matter whom they have to hurt in the process. Apparently, SDMTS can put a price tag on someone's health and safety, and that price tag is the cost of removing or relocating this bus stop.

By not addressing these four issues, and moving or re-locating this bus stop, San Diego MTS is being negligent. The only solution is to move or re-locate the bus stop.

Don't put the costs ahead of health.

ADDITIONAL INFORMATION:

You can view videos that I posted on Youtube, showing SDMTS bus stop 12027 – as seen from inside the apartment building & from the sidewalk directly next to the stop:

Remove or Move SDMTS Bus Stop #12027 - Video 1

<https://www.youtube.com/watch?v=T4WQvPjQfoA>

Remove or Move SDMTS Bus Stop #12027 - Video 2

<https://www.youtube.com/watch?v=SPInb2QGIUY>

Remove or Move SDMTS Bus Stop #12027 - Video 3

<https://www.youtube.com/watch?v=Zlaqu987dCk>

Note: In 2007 the American Lung Association and SDMTS teamed up to create

Ordinance 13, which made "smoking prohibited within 25 feet of any MTS transit center or bus stop throughout the MTS service territory." MTS's own website highlights this partnership at: <http://www.sdmts.com/marketing/mtsnosmoking.asp>. Ordinance #13 can be viewed at: <http://www.sdmts.com/MTS/documents/OrdinanceNo.13.pdf>. Mr. Ron Roberts, SDMTS board vice president, San Diego City council member, and San Diego Board of Supervisors member, is also a partner and friend of the American Lung Association, and is promoted on his website as an advocate for clean air as seen at: <http://www.healthyamericans.org/assets/files/TFAH2011PreventEconomy05.pdf> and is a member of the California EPA Air Resources Board: <http://www.arb.ca.gov/board/members.htm>.

Pictures of the bus stop can be accessed at:

[SDMTSBusStop12027Pictures_Part2.pdf](#) (access online at):

<https://drive.google.com/file/d/0B8iR3OV4bPcQdkJ3cHJvcWxkRFU/edit>

[EmailToDenisDesmond-04-30-14.pdf](#) (access online at):

<https://drive.google.com/file/d/0B8iR3OV4bPcQTmJaOWdvRE9lY0k/edit>

[Petition-BusStop12027.pdf](#) (access online at):

<https://drive.google.com/file/d/0B8iR3OV4bPcQUDFJLVppMmg2eDQ/edit>

[BeverlyNeffEmail05062014.pdf](#) (access online at):

<https://drive.google.com/file/d/0B8iR3OV4bPcQd3NVSIVBUzhaV1E/edit>

[SheaBartolinoEmail-043014-Bus Stop.pdf](#) (access online at):

<https://drive.google.com/file/d/0B8iR3OV4bPcQcC0yY0VIRUdINEU/edit>

[May_08_2014-LetterFromSDMTS.pdf](#) (access online at):

<https://drive.google.com/file/d/0B8iR3OV4bPcQWEREcWpEaFF6UEk/edit>



AGENDA ITEM NO.

3

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

3

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

1. INSTRUCTIONS

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

(PLEASE PRINT)

DATE	6/19/2014		
Name	JOHN STRAIN		
Address	3852 24TH AVE #2		
Telephone	619-961-8602		
Organization Represented	VEHICLE PROGRAM MYSELF		
Subject of Your Remarks	BUS STOP 12027		
Regarding Agenda Item No.	B		
Your Comments Present a Position of:	<input type="checkbox"/>	<input checked="" type="checkbox"/> SUPPORT	<input type="checkbox"/> OPPOSITION

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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

3. DISCUSSION OF AGENDA ITEMS

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

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

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

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

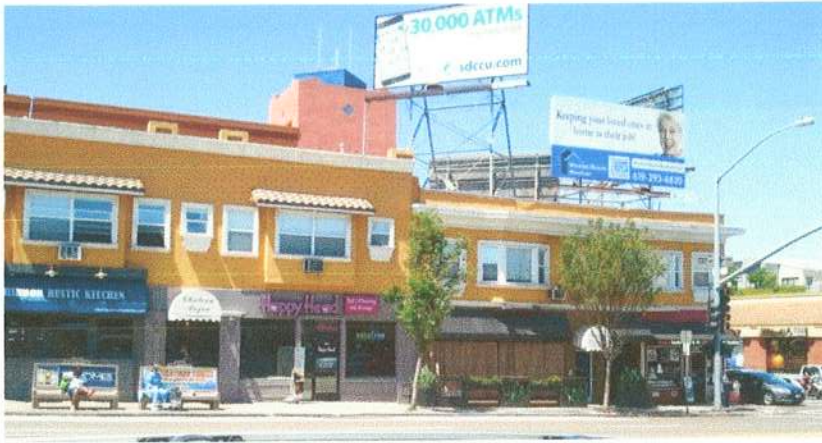
Hello my name is John Strain. I have live at 3852 4th Ave, apartment number 2 for the past 15 years. My apartment overlooks the bus stop just south of Fourth and University Ave. I also work from home.

For many years I have been battling an exceptional amount of dust that lands on my window sill, my cupboards, my floors, and anything within several feet of the windows in my apartment. While I'm not an expert concerning dust from the environment, I can say with all honesty that the dust is from the exhaust stacks (which are at the same level as my windows) from three lines of MTS buses that stop within ten feet every fifteen minutes from 6am to midnight daily.

The MTS claims the buses are cleaner burning based on the fact that they now use Natural Compressed Gas reducing the amount of pollution into the environment, but the buses of today are as similarly dirty as diesel buses. The small black carbon dust partials commonly known as 'Soot' that come from the buses exhaust stacks is dirty, grainy and gets in everything including, and most importantly, the air quality we residents are subjected to breathe. In other terms, when you see the black puff of exhaust that spells from an accelerating bus, the elements that settle back down on the ground is soot



This building does not resemble a conventional apartment building. Because of that most think it is an office building in addition to the fact that there is a bus stop in front. Therefore, a diverse type and sometimes a large number of people



Surely you can see no differences between the two locations. University Ave at Sixth has six shops and three residential units that have double pane windows and air conditioning installed.

Fourth and University is an old residential building with single pane windows and no way to filtering the air with an air conditioner unit.



The enclosed picture is one of the front windows before and while I vacuumed a window sill. Notice how much soot (carbon exhaust dust) has landed on the window sill (the window sill is painted white).

gather under the windows of this apartment building for many hours a day. With that comes diverse type of behaviors, some not so savory such as smoking, littering, loitering, drunkenness, profanity, lewdness and loudness to mention the worst.

That is probably how the bus stop was placed there in the first place. Someone and MTS thought the building was an office building since it had a name plastered into the exterior of the building, instead of stopping and asking if it was a residential building.



When looking out of the first floor windows, you are on a level plane as the buses exhaust stacks. With a westerly wind blowing, the wind sweeps over and down towards base of the building, hence spreading the soot over the front of the building.

MTS says they have a bus stop at University Ave and Sixth Ave that has residential units close by.



This picture is cleaning the window screen. To ensure I get the soot off the screen I clean them in the shower. My apartment has eight windows in the same condition.

On the California Air Resources Board's website, a commissioned report compared the exhaust soot between a Compressed Natural Gas bus engine versus a Ultra Low Sulfur diesel bus and summarizes that the emissions contain a complex mixture of toxic compounds, many of which are known or probable human carcinogens as seen in diesel exhaust. <http://www.arb.ca.gov/research/cng-diesel/es-t-05-1.pdf>

The American Cancer Society website for Diesel Exhaust Diesel exhaust is a major part of outdoor air pollution. Diesel exhaust is believed to play a role in other health problems, such as eye irritation, headache, asthma and other lung diseases, heart disease, and possibly immune system problems. The EPA classifies diesel exhaust as "likely to be carcinogenic to humans."

<http://www.cancer.org/cancer/cancercauses/othercarcinogens/pollution/diesel-exhaust>



If you look at 4th Ave just south of University between this building and Robinson Ave there are two bus stops. Moving the northern bus stop south 200 feet would place the two bus stops closer together. If you combine the Rte 120 with Rte 1 bus line and then put the Rte 3 just south of Robinson Ave, next to the 7-11 store that would fulfill the MTS policy of placing bus stops within reach of active businesses. (This is the same set-up found on 5th Ave and University Ave.)

In conclusion, I have asked repeatedly over the years of the property management companies and the buildings previous owners concerning the movement of the bus stop. I did not realize that I was to take an active role myself in the endeavor. I know MTS wants to place bus stop locations nearer businesses and not within twenty feet of residential buildings and this would be a viable solution.



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Agenda Item No. 6

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

SUBJECT:

POLICY 25 – EQUAL EMPLOYMENT OPPORTUNITY (EEO) PROGRAM FOR
EMPLOYEES AND CONTRACTORS

RECOMMENDATION:

That the Board of Directors update and reaffirm the San Diego Metropolitan Transit System (MTS) Policy 25, as attached.


Budget Impact

None.

DISCUSSION:

California Fair Employment and Housing Act ("FEHA") prohibits employment discrimination and harassment. FEHA recently added several new categories to its list of protected classes. Therefore, MTS Policy 25 has been updated to include the following protected categories: military and veteran status, sex, mental disability, genetic information, gender identity, gender expression, and sexual orientation.

MTS Policy 25 has also been updated to reflect that the current EEO Policy and preceding year's EEO report will be posted on the MTS Intranet.



Paul C. Jablonski
Chief Executive Officer

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

Attachments: A. Proposed Revisions to MTS Policy 25

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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.



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Policies and Procedures

No. 25

SUBJECT:
6/19/2014/10/08

Board Approval:

EQUAL EMPLOYMENT OPPORTUNITY PROGRAM FOR EMPLOYEES AND CONTRACTORS

PURPOSE:

To establish a policy of equal opportunity employment.

BACKGROUND:

Federal regulations require the adoption of an approved Equal Employment Opportunity (EEO) program as a condition of receipt of federal funds.

The MTS EEO Program requires the annual setting of goals and contains monitoring and reporting requirements relative to attainment of those goals. It sets forth public dissemination procedures, recruiting, selecting and hiring procedures, and grievance procedures. In addition, it incorporates an EEO Program for the employees of MTS's contractors. The program is revised annually and ~~the~~ full plan is on file with the Clerk of the Board.

POLICY:

- 25.1 It is the policy of the San Diego Metropolitan Transit System, hereinafter "MTS," ~~its subsidiaries, San Diego Transit Corporation and (SDTC), San Diego Trolley, Inc. (SDTI) collectively, "MTS"), and as well as its third-party contractors,~~ to recruit, hire, train, and promote all applicants and employees in accordance with the California Fair Employment and Housing Act ("FEHA") and Title VII of the Civil Rights Act of 1964, as amended. MTS will ensure that its recruiting, selection, hiring, and promotion procedures do not adversely affect the employment of persons protected by FEHA and Title VII. Furthermore, MTS will ensure ~~and, in addition,~~ that all MTS, SDTC, and SDTI hiring and promotional ~~ing~~ criteria, requirements, and tests are job-related. MTS will adhere to the provisions of Executive Order 11246, the Equal Employment Opportunity Commission (EEOC) guidelines, and all other applicable standards taking into



~~account the present size and expected growth of the three agencies and~~
consistant with California and federal laws.

- 25.2 It is the policy of MTS, ~~SDTC, and SDTI~~ to assure that discrimination based on race, color, religious creed, ancestry, national origin, sex, gender, age ~~(over 40 years)~~, marital status, medical condition ~~(cured or rehabilitated cancer)~~, or physical disability, mental disability, genetic information, gender identity, gender expression, sexual orientation, or military and veteran status handicaps ~~(including AIDS)~~ does not occur in relationships that may exist between these organizations and any employee or applicant for employment. Such relationships may be defined as, but not limited to, recruitment, hiring, promotion, compensation, benefits, terminations, transfers, layoffs, recalls, company-sponsored training, education, and social and recreational programs. Goals and timetables with specific measurement and evaluation factors will be established to help measure management's progress with remedying discrimination.
- 25.3 The responsibility for the implementation of the EEO Program is assigned to the Director of Human Resources and Labor Relations. All management personnel within MTS, ~~SDTC, and SDTI~~ are expected to support and implement the EEO Program in performance of their job duties and responsibilities. Any employee or applicant who feels they have been discriminated against has the right to file a complaint alleging discrimination with the Director of Human Resources and Labor Relations. If the Director of Human Resources and Labor Relations is involved in the complaint, the complaint should be filed with and will be processed by the General Counsel.
- 25.4 In the development and implementation of their employment and promotional policies, MTS, ~~SDTC, and SDTI~~ will base decisions solely on the individual's qualifications (merit) and the feasibility of any necessary job accommodations.

PROCEDURES:

An outline of basic procedures included in the Program is as follows:

Annual

- Director of Human Resources and Labor Relations will conduct utilization study to determine needs and set goals to eliminate underutilization.
- Chief Executive Officer will approve goals to correct any underrepresentation.
- Manager of Human Resources will update lists of women's and minority media, community organizations, and college minority placement offices.
- Director of Human Resources and Labor Relations will communicate EEO Program to all employees.
- Various aspects of Program will be featured from time to time in MTS publications.
- Briefings will be held with various underrepresented groups.

Reports

- At the beginning of each fiscal year, the ~~MTS Board of Directors will review an~~ EEO report for the preceding year will be posted on the MTS intranet. The report will include employment results, ~~review of EEO goals, and an EEO summary for~~ each organization (MTS, SDTC, and SDTI).

Records

- Contractors awarded construction contracts greater than \$10,000 will submit monthly Employment Utilization Reports (CC-257).
- Contractors awarded nonconstruction contracts greater than \$50,000 and with 50 or more employees will submit annual Workforce Reports.
- Director of Human Resources and Labor Relations will maintain a record on each job applicant, ~~each promotional opportunity, employee termination data, and~~ referral of applicants (follow-up action and feedback on disposition of those recommended).

Posting/Notification

- EEO Policy will be posted on ~~appropriate office bulletin boards~~ the Agency intranet and contained in employee handbook.
- All employment ads will contain "San Diego Metropolitan System is an Equal Opportunity Employer.-"
- Required federal and state posters will be displayed in employee lounge.
- All successful contractors shall be notified of their obligations under MTS's EEO Program for contractors.

POLICY.25.EEO FOR EMPLOYEES AND CONTRACTORS
4/10/08

This original policy was adopted on 10/18/84.
Policy revised on 8/13/92.
Policy revised on 10/26/95.
Policy revised on 5/27/99.
Policy revised on 2/26/04.
Policy revised on 4/10/08.
Policy revised on 6/19/14.



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Agenda Item No. 7

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

SUBJECT:

MOTOROLA REGIONAL TRANSIT MANAGEMENT SYSTEM ANNUAL
MAINTENANCE AND SUPPORT SERVICES – CONTRACT AMENDMENT

RECOMMENDATION:

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

1. execute MTS Amendment No. G0867.15-03 (in substantially the same format as Attachment A) with Motorola, Inc. (Motorola) to extend the Regional Transit Management System (RTMS) annual maintenance and support period from July 1, 2014 through June 30, 2015; and
2. execute MTS Amendment No. G0868.9-03 (in substantially the same format as Attachment B) with North County Transit District (NCTD) for a Funds Transfer Agreement.

Budget Impact

1. MTS Amendment No. G0867.15-03 with Motorola (Attachment A) will not exceed \$941,700.00 and will be funded by the annual Information Technology operating budget (661-53910). The total adjusted cost of the contract, inclusive of all amendments, will not exceed \$26,433,833.50.
2. MTS Amendment No. G0868.9-03, a Funds Transfer Agreement with NCTD (Attachment B), will authorize invoicing to NCTD for their cost-sharing allocation of fiscal year 2015 annual maintenance and support services in the amount of \$357,852.00.

The total net MTS cost of Amendment No. G0867.15-03 will not exceed \$583,848.00, due to the NCTD cost-sharing allocation.



DISCUSSION:

Background Information

RTMS is a sophisticated vehicle-tracking and communications system that provides performance and security/safety monitoring of transit vehicles. RTMS is currently being used to support operations of San Diego Transit Corporation (SDTC) and NCTD fixed-route services. The system was selected through a competitive and negotiated procurement process and went into full operation in December 2006. As part of that contract, Motorola was required to provide pricing, maintenance, and support services for ten years for the vehicle equipment, fixed-site radio equipment, back office computer equipment, and software. Those costs were determined to be fair and reasonable.

Amendment No. 15 to Motorola Service Agreement (Attachment A)

MTS Amendment No. G0867.15-03 will extend the Motorola system maintenance and support contract to cover the period from July 1, 2014 through June 30, 2015. The cost of the maintenance and support contract will be shared by MTS and NCTD as outlined in the Funds Transfer Agreement (Attachment B).

Amendment No. 9 to the NCTD Funds Transfer Agreement (Attachment B)

As part of the original contract award, MTS and NCTD executed a Funds Transfer Agreement. This cost-sharing agreement provides the ability for NCTD to reimburse MTS for NCTD related costs pertaining to services provided by Motorola. The post-warranty maintenance price was established by Motorola at contract award based on the total number of vehicle equipment units provided to each Agency plus the cost to maintain the central system components that are shared between agencies. Pricing included an annual escalation rate of 5%.

The cost allocation for each Agency is based on the number of vehicle units each Agency received for the RTMS project, plus a portion of the shared system components based on the number of vehicles each Agency intends to operate that utilizes the RTMS system in the coming year. Calculations are detailed as follows:

FY 15 Post-Warranty Maintenance Cost			\$ 941,700.00
<i>Vehicle Equipment Issued</i>			
MTS	275		\$ 165,837.00
NCTD	177		\$ 106,738.00
Remaining Shared Balance			\$ 669,125.00
<i>FY 15 Shared Expense based on Vehicle Usage</i>			
MTS	273	62.47%	\$ 418,011.00
NCTD	164	37.53%	\$ 251,114.00
TOTAL	437	100.00%	\$ 669,125.00
<i>FY 15 Total Cost (Equipment Issued plus Vehicle Usage)</i>			
MTS			\$ 583,848.00
NCTD			\$ 357,852.00



Paul C. Jablonski
Chief Executive Officer

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

Attachments: A. Draft MTS Amendment No. G0867.15-03
B. Draft MTS Funds Transfer Agreement No. G0868.09-03

DRAFT

June 19, 2014

MTS Doc. No. G0867.15-03

Mr. Mark Schmidl
 Vice President
 Motorola Solutions Sales and Services, Inc.
 Motorola, Inc.
 6450 Sequence Drive
 San Diego, CA 92121

Dear Mr. Schmidl:

Subject: AMENDMENT NO. 15 TO MTS DOC. NO. G0867.0-03; EXERCISE OPTION YEAR OF REGIONAL TRANSIT MANAGEMENT SYSTEM

This letter will serve as formal notification that MTS has chosen to exercise Option Year 07/01/14 to 06/30/15 as detailed in Motorola's Post-Warranty Maintenance Pricing Summary (See Exhibit A).

The following table lists the current value of the contract inclusive of previous amendments.

CONTRACT VALUE

CONTRACT AMENDMENTS	AMOUNT
Initial Contract	\$19,176,856.00
Amendment No. 1	\$10,336.00
Amendment No. 2	\$678,384.00
Amendment No. 3	\$99,712.00
Amendment No. 4	\$119,461.50
Amendment No. 5	\$702,711.00
Amendment No. 6	\$0.00
Amendment No. 7	\$544,802.00
Amendment No. 8	\$737,846.52
Amendment No. 9	\$25,466.51
Amendment No. 10	\$774,738.88
Amendment No. 11	\$57,337.00
Amendment No. 12	\$406,737.48
Amendment No. 13	\$1,260,887.52
Amendment No. 14	\$896,857.09
Amendment No. 15	\$941,700.00
Contract Total	\$26,433,833.50

As a result of this Amendment, the total contract price has increased by \$941,700.00 from \$25,492,133.50 to \$26,433,833.50.

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

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

Mark Schmidl
Motorola Solutions Sales and Services, Inc.

Date: _____

Exhibit: A. Motorola Post Warranty Maintenance Pricing Summary

MTDB Optional Post-Warranty Maintenance Pricing Summary (per BAFO)				
	01/01/08 to 06/30/08	07/01/08 to 06/30/09	07/01/09 to 06/30/10	07/01/10 to 06/30/11
Vehicle Subscriber Support			\$ -	\$ -
Metro Transit (based on 275 units)	\$61,875	\$ 123,750.00	\$ 129,937.50	\$ 136,434.38
North County Tranist(based on 177 units)	\$39,825	\$79,650	\$ 83,632.50	\$ 87,814.13
Dispatch and Radio Network Support	\$63,830	\$127,660	\$ 134,043.00	\$ 140,745.15
Orbital Software Support	\$185,825.50	\$ 371,651.00	\$ 390,233.55	\$ 409,745.23
Maintenance Totals	\$ 351,355.50	\$ 702,711.00	\$ 737,846.55	\$ 774,738.88

10 Year Maintenance per BAFO assumes the indicated number of subscribers and original infrastructure.
Additional equipment will affect this matrix pricing per the add amount from the BAFO.

07/01/11 to 06/30/12	07/01/12 to 06/30/13	07/01/13 to 06/30/14	07/01/14 to 06/30/15	07/01/15 to 06/30/16
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 143,256.09	\$ 150,418.90	\$ 157,939.84	\$ 165,836.84	\$ 174,128.68
\$ 92,204.83	\$ 96,815.07	\$ 101,655.83	\$ 106,738.62	\$ 112,075.55
\$ 147,782.41	\$ 155,171.53	\$ 162,930.10	\$ 171,076.61	\$ 179,630.44
\$ 430,232.49	\$ 451,744.11	\$ 474,331.32	\$ 498,047.88	\$ 522,950.28
\$ 812,475.82	\$ 854,149.61	\$ 896,857.09	\$ 941,699.95	\$ 988,784.95

DRAFT

June 19, 2014

MTS Doc. No. G0868.9-03

Mr. Matthew Tucker
 Executive Director
 North County Transit District
 810 Mission Avenue
 Oceanside, CA 92054

Dear Mr. Tucker:

Subject: AMENDMENT NO. 9 TO MTS DOC. NO. G0868.0-03 - FUNDS TRANSFER AGREEMENT

The Metropolitan Transit System (MTS) and North County Transit District (NCTD) hereby agree to amend the Funds Transfer Agreement for Regional Transit Management System (MTS Doc. No. G0868.0-03) per the following:

NCTD agrees to reimburse MTS for an amount not to exceed \$357,852.00 for costs pertaining to services provided by Motorola, Inc. (Motorola) under Amendment No. 15 (MTS Doc No. G0867.15-03).

Detail

On behalf of NCTD, MTS executed an amendment to the Motorola contract for continued maintenance services of the Regional Transit Management System. The amendment includes services and/or equipment for both NCTD and MTS, as noted in the attached amendment letter to Motorola. Listed below is an abbreviated table identifying those specific elements and costs pertaining to NCTD.

Amendment	Change Order	Cost
MTS Doc. No. G0867.14-03	Service Agreement for July 1, 2013 – June 30, 2014	\$345,359.00
Original Contract		\$7,260,730.00
Amendment 1		\$ 137,901.00
Amendment 2		\$ 122,857.50
Funds Transfer Agreement - Amendment 3		\$279,431.00
Funds Transfer Agreement - Amendment 4		\$274,553.00
Funds Transfer Agreement – Amendment 5		\$296,580.00
Funds Transfer Agreement – Amendment 6		\$158,384.00
Funds Transfer Agreement – Amendment 7		\$485,446.00
Funds Transfer Agreement – Amendment 8		\$345,359.00
Funds Transfer Agreement – Amendment 9		\$357,852.00
Adjusted Contract Amount		\$9,719,093.50

The total cost of the Motorola Service Agreement for the period of July 1, 2014 through June 30, 2015 is \$941,700.00 with NCTD's cost share of \$357,852.00 and MTS's cost share of \$583,848.00.

As a result of this Amendment, NCTD's total obligation under the Funds Transfer Agreement will increase by \$357,852.00 from to \$9,361,241.50 to \$9,719,093.50.

DRAFT

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

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

Matthew Tucker
Executive Director

Date: _____



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Agenda Item No. 8

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

SUBJECT:

WEED ABATEMENT SERVICES - CONTRACT AWARD

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1186.0-14 (in substantially the same format as Attachment A) with DeAngelo Brothers, Inc. for the provision of on and off track weed abatement services for a contract period of five (5) years.

Budget Impact

The value of this agreement will not exceed \$362,862.50. The total amount of \$362,862.50 will be funded from the respective fiscal years' MTS Maintenance of Way annual operating budget account 371-53710. The annual expenses are as follows:

Fiscal Year 2015	= \$70,525.00
Fiscal Year 2016	= \$70,525.00
Fiscal Year 2017	= \$71,987.50
Fiscal Year 2018	= \$73,775.00
Fiscal Year 2019	= \$76,050.00
Grand Total	= \$362,862.50

DISCUSSION:

Weed abatement services are needed by MTS's Maintenance of Wayside (MOW) in order for staff to safely access and maintain the Trolley track system. Furthermore, California Public Resource Code 4291-4299 requires at least 100 feet of "defensible

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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.

space" for wild fire protection. The proposed weed abatement services will prevent the growth of unwanted vegetation within 150 feet of MTS Trolley wayside. MTS Policy No. 52, governing the procurement of goods and services, requires a formal competitive process for procurements exceeding \$100,000.

An Invitation for Bid (IFB) was issued on March 3, 2014. Three (3) responsive and responsible bids were received on the due date of April 30, 2014. The bidders were DeAngelo Brothers Inc., Quality Sprayers and TruGreen, LP.

After conducting a price analysis, staff determined that the pricing presented by DeAngelo Brothers, Inc. was fair and reasonable and was the lowest bid relative to their competitors.

GRAND TOTAL		Quality Sprayers	TruGreen Limited Partnership	DeAngelo Brothers Inc.
Description		Total	Total	Total
1	Year One (1) Total:	\$ 106,550.00	\$ 88,608.00	\$ 70,525.00
2	Year Two (2) Total:	\$ 106,550.00	\$ 88,608.00	\$ 70,525.00
3	Year Three (3) Total:	\$ 106,550.00	\$ 91,258.00	\$ 71,987.50
4	Year Four (4) Total:	\$ 106,550.00	\$ 93,999.00	\$ 73,775.00
5	Year Five (5) Total:	\$ 106,550.00	\$ 93,999.00	\$ 76,050.00
GRAND TOTAL		\$ 532,750.00	\$ 456,472.00	\$ 362,862.50



Paul C. Jablonski
Chief Executive Officer

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

Attachment A: Draft MTS Doc. No. L1186.0-14

**ATTACHMENT A
(DRAFT)**

**STANDARD SERVICES AGREEMENT
FOR
WEED BATEMENT SERVICES**

L1186.0-14
CONTRACT NUMBER

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: DeAngelo Brothers, Inc.

Address: 1459 South Cucamonga Ave.

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

Ontario, CA 91761

Telephone: (909) 786-4860

Authorized person to sign contracts: TK Scrivner General Manager
Name Title

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

Weed abatement services, as specified in the Scope of Work (attached as Exhibit A), DeAngelo Brothers, Inc. Bid dated April 30, 2014 (attached as Exhibit B), and in accordance with the Standard Conditions Services Agreement, including the Standard Conditions Services (attached as Exhibit C), and the Federal Requirements (attached as Exhibits D). Contract in effect from July 1, 2014 thru June 30, 2019.

Total contract will be in the amount of **\$362,862.50.**

SAN DIEGO METROPOLITAN TRANSIT SYSTEM		CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer		Firm: _____
Approved as to form:		By: _____ Signature
By: _____ Office of General Counsel		Title: _____
AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$ 362,862.50	371-53710	FY 15-19

By: _____
Chief Financial Officer Date

(___ total pages, each bearing contract number)

SA-SERVICES REVISED (REV 6-13)
DATE

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Agenda Item No. 9

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

JUNE 19, 2014

SUBJECT:

INVESTMENT REPORT – APRIL 2014

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

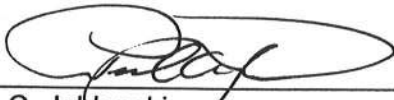
None.

DISCUSSION:

Attachment A comprises a report of MTS investments as of April 30, 2014. The combined total of all investments has decreased from \$194.0 million to \$187.2 million in the current month. This \$6.8 million decrease is attributable to expenditures of \$4.2 million for acquisition of capital assets, \$450,000 for the six month RTMS maintenance agreement, \$220,000 for an additional MTS payroll, 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 April 2014



**San Diego Metropolitan Transit System
Investment Report
April 30, 2014**

	Restricted	Unrestricted	Total	Average rate of return
Cash and Cash Equivalents				
JP Morgan Chase - concentration account	-	14,075,681	14,075,681	0.00%
Total Cash and Cash Equivalents	-	14,075,681	14,075,681	
Cash - Restricted for Capital Support				
US Bank - retention trust account	8,651,807	-	8,651,807	N/A *
San Diego County Investment Pool Proposition 1B TSGP grant funds	4,440,256	718,402	5,158,658	
Total Cash - Restricted for Capital Support	13,092,063	718,402	13,810,465	
Investments - Working Capital				
Local Agency Investment Fund (LAIF)	18,155,040	23,061,230	41,216,270	0.233%
Total Investments - Working Capital	18,155,040	23,061,230	41,216,270	
Investments - Restricted for Debt Service				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	39,396,669	-	39,396,669	
Rabobank - Payment Undertaking Agreement	78,692,891	-	78,692,891	7.69%
Total Investments Restricted for Debt Service	118,089,560	-	118,089,560	
Total cash and investments	\$ 149,336,663	\$ 37,855,313	\$ 187,191,976	

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



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Agenda Item No. 10

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

SUBJECT:

FISCAL YEAR 2015 CAPITAL IMPROVEMENT PROGRAM AMENDMENT

RECOMMENDATION:

That the MTS Board of Directors approve the amended FY 2015 Capital Improvement Program (CIP).

Budget Impact

This action would decrease the FY 2015 CIP budget from \$104,067,000 to \$103,967,000, a decrease of \$100,000.

DISCUSSION:

When the FY 2015 CIP was approved by the MTS Board of Directors in March, the CIP assumed no capital funding would be included in the operating budget. During the budget development process, the Board recommended shifting \$600,000 of capital funding to the operating budget as a replacement for lost Federal Job Access Reverse Commute funding. This Federal Section 5316 funding was discontinued with the passage of Moving Ahead for Progress in the 21st Century (MAP-21) reauthorization legislation. MAP-21 increased Section 5307 funding to offset the Section 5316 reductions. However, the Section 5307 funding increase at MTS funded the CIP and not the operating budget.

Additionally, since the FY 2015 CIP was approved by the MTS Board of Directors, MTS has received additional funding that was not included in the original plan. MTS received an additional \$500,000 of leasing revenue for San Diego and Arizona Eastern's desert line.

The staff recommendation for the net funding reduction of \$100,000 is to reduce the allocation for the Bus Replacement project from \$23,579,000 to \$23,479,000. This funding would be replaced in a subsequent year's CIP.





Paul C. Jablonski
Chief Executive Officer

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

Attachments: A. Fiscal Year 2015 Funding Sources
B. Fiscal Year 2015 Capital Improvement Projects List

**San Diego Metropolitan Transit System
FY 2015 Funding Sources (\$000s)**

Funding Description	Approved FY15	Adjustments	Proposed FY15
Federal FY14 - 5307 Funding Estimate	\$ 40,975		\$ 40,975
Federal FY14 - 5337 Funding Estimate	22,055		22,055
Federal FY14 - 5339 Funding Estimate	3,522		3,522
Transportation Development Act (TDA)	48,928		48,928
Proposition 1B	37,076		37,076
Proposition 1B - Security	2,779		2,779
California State Transit Assistance (STA)	14,400		14,400
Other (Transfers, 5311, SD&AE)	984	500	1,484
Total Available Funding	\$ 170,720	\$ 500	\$ 171,220
Preventive Maintenance - Federal 5307	\$ (23,945)		\$ (23,945)
Preventive Maintenance - Federal 5337	(22,055)		(22,055)
Preventive Maintenance - FY15 TDA Match	(11,500)		(11,500)
ADA Preventive Maintenance - Federal 5307	(4,097)		(4,097)
ADA Preventive Maintenance - FY15 TDA Match	(4,097)		(4,097)
SANDAG Planning Study - Federal 5307	(767)		(767)
SANDAG Planning Study - FT14 TDA Match	(192)		(192)
Operations Usage	-	(600)	(600)
Total Preventative Maintenance/SANDAG Planning	\$ (66,653)	\$ (600)	\$ (67,253)
Available Funding for FY 15 Capital Program	\$ 104,067	\$ (100)	\$ 103,967

**San Diego Metropolitan Transit System
Capital Improvement Program - Funded Projects
Fiscal Year 2015**

Att. B, AI 10, 6/19/14

Project Description	Funding Thru FY 2014	FY 2015 Funded	FY 2015 Unfunded	FY 2016	FY 2017	FY 2018	FY 2019	Budget FY15 FY19
Bus Replacement	44,095	23,479	-	29,000	26,377	23,299	23,218	125,373
LRV Procurement	144,325	15,317	-	-	-	-	-	15,317
SD100 Replacement	-	9,000	18,000	27,000	27,000	27,000	27,000	135,000
Orange and Blue Line Platforms	-	7,946	-	-	-	-	-	7,946
Orange and Blue Line Traction Power Substations (TPSS)	-	7,326	-	-	-	-	-	7,326
RTMS Expansion	3,939	5,942	-	-	-	-	-	5,942
Blue Line Station Rehab	-	4,439	-	-	-	-	-	4,439
Green Line Communication System Upgrade	-	4,170	-	-	-	-	-	4,170
Main Line Drainage (Hill Street)	3,394	3,000	-	-	-	-	-	3,000
Para-Transit Vehicles	8,686	2,781	-	-	2,623	2,701	2,782	10,887
OCS Insulator/Catch Cable Replacement	1,841	2,485	-	1,603	-	-	-	4,088
Orange Line Signal System Interface Upgrade	12,231	2,431	-	-	-	-	-	2,431
Substation DC Feeder Breaker Replacement (Implementation)	-	1,700	-	2,300	2,300	-	-	6,300
Orange and Blue Line Communications System	-	1,510	-	-	-	-	-	1,510
Network Switches and Comm Cabinets Upgrade	-	1,500	-	-	-	-	-	1,500
Fashion Valley Second Elevator	150	1,010	-	-	-	-	-	1,010
SD100 Buffer/Coupler Overhaul	1,133	1,000	-	2,212	-	-	-	3,212
Grade Crossing Replacements	-	980	-	1,000	1,000	1,000	1,000	4,980
System-wide CCTV	-	787	-	1,098	-	-	-	1,885
Behavior Recognition System (BRS)	-	667	-	500	500	-	-	1,667
Network Infrastructure	1,240	554	-	50	25	25	200	854
Orange and Blue Line Project Management	-	538	-	-	-	-	-	538
Design & Upgrades (Rio Vista/Morena Wall Buttress)	-	500	-	1,000	-	-	-	1,500
Wireless Infrastructure	400	414	-	414	-	-	-	828
Orange & Green Line Print Verification / Event recorders	850	368	-	256	-	-	-	624
Green Line Entry Monument Signs	-	300	-	-	-	-	-	300
Misc. Capital	1,250	250	-	-	-	-	-	250
Cubic Maintenance Server Replacement	-	250	-	-	-	-	-	250
SDSU Fire System Design & Installation	-	250	-	-	-	-	-	250
El Cajon & 8th Street Bridge Abutment Repairs (Design)	-	250	-	-	-	-	-	250
Crossing Diamond at Broadway	-	250	-	-	-	-	-	250
Enterprise Data Warehouse	-	202	-	-	-	-	-	202
Kronos Upgrade Project	-	201	-	-	-	-	-	201
Compass Card Back Office	-	200	-	-	-	-	-	200
LRV Fall Protection	-	200	-	-	-	-	-	200
Rail Lubricators	-	185	-	-	-	-	-	185
SharePoint Intranet	-	161	-	-	-	-	-	161
SD8 Brake Tooling	-	160	-	-	-	-	-	160
MCS Campo Rural Bus Parking Lot and Fencing	-	144	-	-	-	-	-	144
IAD Bus Wash Replacement	450	125	-	-	-	-	-	125
SDMTS Website Redesign	-	110	-	-	-	-	-	110
CPD Perimeter Fence Replacement	-	100	-	-	-	-	-	100
Station CCTV Upgrade	1,050	100	-	-	-	-	-	100
IAD Dispatch and Crew Room Upgrades	-	95	-	-	-	-	-	95
Trolley Station Cleaning Equipment	150	85	-	-	-	-	-	85
Cyber Security Project	75	75	-	-	-	-	-	75

**San Diego Metropolitan Transit System
Capital Improvement Program - Funded Projects
Fiscal Year 2015**

Att. B, AI 10, 6/19/14

Project Description	Funding Thru FY 2014	FY 2015 Funded	FY 2015 Unfunded	FY 2016	FY 2017	FY 2018	FY 2019	Budget FY15 FY19
Compressor Replacement	-	62	-	-	-	-	-	62
Building "C" AC unit & SDSU AC Upgrade (Design)	-	60	-	-	-	-	-	60
S70 (SD7) Reverse Seating	-	60	-	-	-	-	-	60
ADA and Rural Radio Replacement	420	50	-	-	-	-	-	50
S70 Center Truck Axle Bearing Tooling/Training	-	50	-	-	-	-	-	50
Baltimore Power Switch Replacement	-	46	-	-	-	-	-	46
Wood Chipper	-	44	-	-	-	-	-	44
Scissor Lift	-	42	-	-	-	-	-	42
Electric Utility Vehicle	-	17	-	-	-	-	-	17
C Yard Track Expansion	-	-	4,693	-	-	-	-	4,693
Orange Line Parking Lots	-	-	500	-	-	-	-	500
Compass Card - CPOS Replacements	-	-	400	-	-	-	-	400
Euclid Crossing Equipment	-	-	362	-	-	-	-	362
Transit Service Trucks	-	-	250	250	250	-	250	1,000
Signal Case Fencing	-	-	35	-	-	-	-	35
Copier Replacement	-	-	20	20	20	20	20	100
Transit Facility	-	-	-	10,000	20,000	15,000	5,000	50,000
Bus Shelter	2,270	-	-	2,300	2,300	-	-	4,600
Replace S70 (3000) Bode ADA Ramps w/ IFE	-	-	-	1,540	-	-	-	1,540
University Crossing Design & Equipment	-	-	-	350	-	-	-	350
IAD/KMD Tire Shop Canopy	-	-	-	280	-	-	-	280
IAD/KMD Yard Camera Replacement	-	-	-	250	-	-	-	250
IAD Gas Detection System Replacement	-	-	-	125	-	-	-	125
Building C Shop Door Hinge Replacement	-	-	-	100	-	-	-	100
Replace Wiggins Forklift	-	-	-	100	-	-	-	100
CPD Roof Replacement	-	-	-	50	-	-	-	50
Compass Card - NexFare upgrade	-	-	-	-	-	10,000	-	10,000
SBMF Fuel Tank and Service Lanes Upgrade	-	-	-	-	200	1,200	-	1,400
LRV Remote Diagnostic System (128 LRVs)	-	-	-	-	3,840	-	-	3,840
SD8 Brake Overhaul	-	-	-	-	1,300	1,300	-	2,600
SD7 Truck Overhaul	-	-	-	-	-	-	2,750	2,750
								-
Project Totals	\$ 227,949	\$ 103,967	\$ 24,260	\$ 81,798	\$ 87,735	\$ 81,545	\$ 62,220	\$ 441,524

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Agenda Item No. 11

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

SUBJECT:

FISCAL YEAR 2015 TRANSPORTATION DEVELOPMENT ACT CLAIM

RECOMMENDATION:

That the MTS Board of Directors adopt Resolution Nos. 14-8 (Attachment A), 14-9 (Attachment B), and 14-10 (Attachment C) approving fiscal year 2015 Transportation Development Act (TDA) Article 4.0, 4.5 and 8.0 claims respectively.

Budget Impact

The FY 2015 TDA claims would result in the approval of \$86,358,868 in TDA funds for MTS to be utilized in the FY 2015 operating and capital budgets.

DISCUSSION:

The TDA provides one-quarter percent of the state sales tax for operating and capital support of public transportation systems and non-motorized transportation projects. The San Diego Association of Governments (SANDAG), as the designated Regional Transportation Planning Agency, is responsible for the allocation of TDA funds to the region's cities, the County and transit operators. At the February 28, 2014 meeting, the SANDAG Board of Directors approved the San Diego County Auditor's regional transportation estimate of \$131,153,547 for the FY 2015 TDA apportionment.


A Master Memorandum of Understanding (MOU) exists between SANDAG, MTS and the North County Transit District (NCTD) with respect to the functions and responsibilities transferred to SANDAG as a result of Senate Bill 1703 (Peace, 2003). Pursuant to the MOU, both transit agencies transfer TDA funding to SANDAG annually to pay for the administrative and planning functions that transferred to SANDAG as a result of the consolidation. The MOU is updated as circumstances change. For FY 2015, \$1,686,060 in funding will remain with SANDAG for MTS's portion of transferred administrative and planning functions.

TDA allocations are authorized under four separate articles of the law. Article 4 funds are used to provide general public transit services. Article 4.5 funds are designated for community transit services and, pursuant to SANDAG Board Policy



No. 027, are allocated within the San Diego region to support paratransit services required by the Americans with Disabilities Act (ADA). Article 8 funds support specialized services, such as express bus and ferry services.

A total of \$86,358,868 is estimated to be allocated to MTS for fiscal year 2015. This includes \$81,548,729 in TDA Article 4.0 claims, \$48,817,652 of which will fund operating activities, and the remaining \$32,731,077 will fund the capital improvement program. \$4,320,225 in Article 4.5 claims will fund the MTS Access/CTS Paratransit services, and \$489,914 in Article 8.0 claims will fund the ferry/commuter express services.



Paul C. Jablonski
Chief Executive Officer

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

Attachments: A. Resolution No. 14-8
B. Resolution No. 14-9
C. Resolution No. 14-10

**San Diego Metropolitan Transit System
Authorizing Resolution**

Resolution Number 14-8

Resolution Approving Fiscal Year 2015 Transportation Development Act, Article 4.0

WHEREAS, effective August 10, 2000, the San Diego Metropolitan Transit System (MTS) area consolidated Transportation Development Act (TDA) claim process provides that MTS will be responsible for submitting a single claim for each article of the TDA for all MTS operators; and

WHEREAS, consistent with the intent of consolidating all transit funding for MTS-area operators, the San Diego Association of Governments (SANDAG) approved the MTS FY 2015 TDA claim; and

WHEREAS, MTS and SANDAG Boards must approve any alternate use of said balances differing from that for which they were originally claimed; and

WHEREAS, MTS and SANDAG staffs have analyzed this amendment and found it to be warranted pursuant to Section 6659 of Title 21 of the California Code of Regulations (CCR);

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED that the MTS Board of Directors does hereby approve the FY 2015 TDA Article 4.0 MTS TDA claim of \$81,548,729; \$48,817,652 of the 4.0 TDA claim will be used for operating activities, and the remaining \$32,731,077 will be used to fund capital.

PASSED AND ADOPTED by the Board of Directors this _____ day of _____, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

**San Diego Metropolitan Transit System
Authorizing Resolution**

Resolution Number 14-9

Resolution Approving Fiscal Year 2015 Transportation Development Act, Article 4.5

WHEREAS, effective August 10, 2000, the San Diego Metropolitan Transit System (MTS) area consolidated Transportation Development Act (TDA) claim process provides that MTS will be responsible for submitting a single claim for each article of the TDA for all MTS operators; and

WHEREAS, consistent with the intent of consolidating all transit funding for MTS-area operators, the San Diego Association of Governments (SANDAG) approved the MTS FY 2015 TDA claim; and

WHEREAS, MTS and SANDAG Boards must approve any alternate use of said balances differing from that for which they were originally claimed; and

WHEREAS, MTS and SANDAG staffs have analyzed this amendment and found it to be warranted pursuant to Section 6659 of Title 21 of the California Code of Regulations (CCR);

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors does hereby approve the FY 2015 TDA Article 4.5 MTS TDA claim of \$4,320,225. The allocation will be used to fund the MTS Access/CTS Paratransit services.

PASSED AND ADOPTED by the Board of Directors this _____ day of _____, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

**San Diego Metropolitan Transit System
Authorizing Resolution**

Resolution Number 14-10

Resolution Approving Fiscal Year 2015 Transportation Development Act, Article 8.0

WHEREAS, effective August 10, 2000, the San Diego Metropolitan Transit System (MTS) area consolidated Transportation Development Act (TDA) claim process provides that MTS will be responsible for submitting a single claim for each article of the TDA for all MTS operators; and

WHEREAS, consistent with the intent of consolidating all transit funding for MTS-area operators, the San Diego Association of Governments (SANDAG) approved the MTS FY 2015 TDA claim; and

WHEREAS, MTS and SANDAG Boards must approve any alternate use of said balances differing from that for which they were originally claimed; and

WHEREAS, MTS and SANDAG staffs have analyzed this amendment and found it to be warranted pursuant to Section 6659 of Title 21 of the California Code of Regulations (CCR);

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors does hereby approve the FY 2015 TDA Article 8.0 MTS TDA claim of \$489,914. The allocation will be used to fund the ferry/commuter express services.

PASSED AND ADOPTED by the Board of Directors this _____ day of _____, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System



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Agenda Item No. 12

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

SUBJECT:

2014 MILLS BUILDING BOARD ROOM IMPROVEMENT PROJECT

RECOMMENDATION:

That the Board of Directors authorize the renovation of the 10TH Floor Board Room through Colliers International, the Mills Building on-site property management company.

Budget Impact

The total cost of the Board Room improvement project will not exceed \$122,000. Funding will be through the FY15 CIP 11200 (Miscellaneous Capital).

DISCUSSION:

Background

The MTS headquarters is located in the Mills Building at 1255 Imperial Avenue, San Diego, CA 92101. The Mills Building opened in 1991 and is owned by the San Diego Regional Building Authority (SDRBA), a joint powers authority comprised of MTS and the County of San Diego. Under a series of financing leases, MTS occupies the 9th and 10th floors and has the right to lease out retail space on the 1st floor. The County of San Diego occupies the 2nd through 8th floors of the building. MTS and the County of San Diego jointly fund building expenses using various cost-sharing formulas.

SDRBA contracts with Colliers International to manage the Mills Building, which includes overseeing all construction projects on the property, providing security, and maintaining janitorial and maintenance staff. Under the SDRBA and Colliers International property management contract, additional tenant-related projects may be assigned to Colliers for project management on a case-by-case basis.



Proposed Board Room Renovation:

The Board Room's audio/visual equipment was installed in 1991 and requires significant upgrades to remain functional and reliable.

Display System

Provide and install two (2) 80" LED displays on opposite walls of the Board Room. In addition, up to two (2) 48" displays will be installed for additional viewing toward the rear of the room. The displays will be integrated with a laptop connection at the Presenter's station via network transmitters and receivers. The 80" displays will be mounted on flat wall-mount brackets, while the 48" displays will be mounted on articulated wall-mounted brackets. All displays will be controlled via a Crestron control system. A network receiver will be installed in the adjacent conference room to allow the audience to view proceedings from the Board Room while in the conference room.

Audio System

The audio system and DSP units will be replaced with a new audio processor and DSP units, integrated and programmed for the existing speakers and microphones. The new DSP units will be programmed in a mix/minus setup for the microphones and speakers at the lectern. Upon replacing the units in the existing AV rack, the cabling/wiring in the rack will be redone and properly dressed, labeled and laced. Two new wireless hand-held microphones will be provided for audience and Americans with Disabilities Act Compliance.

Control System

The existing AMX control system will be replaced with a new Creston control system that will include two (2) 7" wired touch panels for user control. One of the touch panels will replace the existing Panja button panel in the dais and the other touch panel will reside in the rear of the room at the IT station.

Construction

The contractor will install new carpet, paint, acoustic wall panels, window coverings and applicable electrical and cabling.

Colliers International has proven an effective project manager in the Mills Building and we wish to rely on its expertise to manage this project. Assigning this work to Colliers International also ensures that the work will be completed in accordance with the requirements of the SDRBA and building engineer. Pursuant to the terms of the SDRBA and Colliers International property management contract, three bids have been obtained from reputable companies and estimated project cost is \$122,000. MTS is required to pay building invoices for this project within 15 days. Today's action would allow the CEO to authorize Colliers International to proceed with the Board Room Improvement Project.



Paul C. Jablonski
Chief Executive Officer

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Agenda Item No. 25

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

SUBJECT:

FISCAL YEAR 2015 BUDGET: PUBLIC HEARING AND ADOPTION (MIKE THOMPSON)

RECOMMENDATION:

That the MTS Board of Directors:

1. Hold a public hearing, receive testimony, and review and comment on the fiscal year 2015 budget information (Attachment A) presented in this report; and
2. Enact Resolution No. 14-7 (Attachment B) adopting the operating and capital budget for MTS and approving the operating budgets for San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, Chula Vista Transit and the Coronado Ferry.

Budget Impact

The action today establishes the fiscal year 2015 budget.

DISCUSSION:

Fiscal Year 2015 Budget Recap

The following is a recap of the fiscal year 2015 budget process:

- In March, staff met with the Budget Development Committee (BDC) and MTS Board of Directors. Within these two meetings, staff discussed and received approval of the fiscal year 2014 mid-year budget adjustment and the fiscal year 2015 Capital Improvement Program (CIP).
- In April, staff met with the BDC and discussed preliminary revenues and expense assumptions for fiscal year 2015, including Federal appropriations, Transportation Development Act (TDA), TransNet and State Transit Assistance (STA) revenues.



Federal appropriations changed due to the new Moving Ahead for Progress in the 21st Century (MAP-21) legislation, which reauthorized surface transportation programs through federal fiscal year 2014. MAP-21 resulted in a net increase of federal revenues for MTS, which primarily impacts the CIP, but it also eliminated Section 5316 funding for Job Access Reverse Commute (JARC). MTS had typically received about \$1.0 million annually to operate specific, qualifying routes, and with the funding eliminated, MTS expects to receive \$600,000 less of operating federal revenue in fiscal year 2015.

Regional sales tax receipts are projected to grow by 5.0 percent year over year for fiscal year 2014 and by an additional 4.0 percent in fiscal year 2015. In total, MTS's share of TransNet and TDA revenues are projected to increase by approximately \$3.9 million in fiscal year 2015.

In fiscal year 2014, MTS has received \$14.2 million of the projected \$19.8 million of STA funding. The State of California Controller's office projects MTS will receive an additional \$18.0 million for fiscal year 2015. This funding is primarily for the CIP, but a portion will be utilized in the operating budget to continue to fund the service increases put into place during fiscal year 2013 at Board direction.

On the expense side, in June of 2014, the first of the TransNet-funded Bus Rapid Transit (BRT) projects will begin service. Staff presented an increase of 29 full time equivalents in personnel as a result of this new service. Staff also discussed preliminary pension, energy and purchased transportation cost assumptions for fiscal year 2015.

- In early May, staff met with the BDC and the Board to review a number of finalized assumptions relating to: passenger levels, operating income, personnel assumptions, energy rates and other expense assumptions. Staff presented a preliminary draft budget for fiscal year 2015. One-time funding of \$2.5 million was added to the proposed draft budget to increase the MTS contingency reserve balance, bringing the balance closer to the 12.5% contingency reserve target by fiscal year 2016.

Fiscal Year 2015 Operating Budget

The fiscal year 2015 total budgeted revenue is projected at \$282,351,000, and total projected expenses are budgeted at \$282,351,000 resulting in a balanced budget for fiscal year 2015.

Fiscal Year 2015 Revenues

Please refer to Section 3.01 through Section 3.06 of Attachment A for a summary of fiscal year 2015 budgeted revenues. Section 3.01 provides a written detail of fiscal year 2015 operating revenues. Section 9 provides a detailed description of the funding sources and their distribution within the organization.

As indicated within Section 3.02, fiscal year 2015 combined revenues total \$282.4 million, an increase from the fiscal year 2014 amended budget of \$31.8 million (12.7 percent).

Operating revenue totals \$110.5 million, an increase from the fiscal year 2014 amended budget of \$5.6 million (5.3 percent). Passenger revenues are increasing by \$3.0 million

(3.1 percent) due to a projected increase in ridership from organic growth, as well as growth due to the new BRT service. Other revenue is increasing by \$2.6 million (32.0 percent), primarily due to \$2.5 million of energy credits within Administration, which will be used to increase the contingency reserve balance. Section 3.03 details the passenger revenues by MTS Operator.

Subsidy revenue totals \$147.3 million, an increase from the fiscal year 2014 amended budget of \$9.4 million (6.8 percent). This is due to a \$10.1 million increase in TransNet revenues, primarily due to the funding for the new BRT service. All other subsidy types are decreasing by \$600,000 in total. Section 3.05 details all non-operating revenues by funding source.

Other revenue totaled \$24.5 million, an increase from the fiscal year 2014 amended budget of \$16.7 million (215.2 percent). This increase is primarily due to Lease and Leaseback revenues. In 1990 and 1995, MTS entered into two leasing transactions involving light rail vehicles (LRVs). The 1990 agreement involved the sale and leaseback of 41 LRVs, and the 1995 agreement involved the lease and leaseback of 52 LRVs. These transactions provided tax benefits to investors in exchange for a profit. Investments on the cash received cover the cost of the debt in a back-to-back manner. The revenue and debt service expenses are both increasing by \$19.5 million due to the debt payment schedule.

Reserve revenue totals a deficit of \$2.5 million, a decrease from the fiscal year 2014 amended budget of \$2.7 million. This deficit reflects funding being added to the reserve balances; \$2.5 million for the MTS operating contingency reserve funded by the energy credits mentioned above, and the remaining \$26,000 representing projected increases to the Taxicab Administration and San Diego and Arizona Eastern reserve balances.

Fiscal Year 2015 Expenses

Please refer to Section 2 of Attachment A for consolidated functional budgets, Section 4 for detailed operations budgets, Section 5 for detailed administrative budgets, Section 6 for detailed other activities budgets, and Section 7 for detailed debt service budgets.

As indicated within Section 2.01, fiscal year 2015 combined expenses total \$282.4 million, an increase from the fiscal year 2014 amended budget of \$33.6 million (13.5 percent).

Within operating expenses, personnel expenses are projected to increase from the fiscal year 2014 amended budget by \$4.6 million (4.0 percent). This increase is due to the new BRT service, MTS pension contribution rates, health and welfare cost increases, as well as general wage increases.

Purchased transportation also is projected to increase from the fiscal year 2014 amended budget by \$6.2 million (10.5 percent) primarily due to contractual rate increases as well as the increased service levels within fixed route and paratransit operations.

Debt service costs are projected to increase from the fiscal year 2014 amended budget by \$19.4 million (203.4 percent). This increase is due to the lease/leaseback transactions mentioned previously.

Excluding the new BRT service and the lease/leaseback debt payment, expenses are increasing by \$7.2 million or 2.9 percent.

FY 2015 Other Information

Section 10 of Attachment A provides detail on our five-year forecast and operating statistics. This section also includes the proposed fiscal year 2015 position tables and salary grade ranges.

Five-Year Operating Forecast

Section 10.01 provides a look at MTS operations through fiscal year 2019.

Operating revenues are projected to increase by approximately 1.5 percent over the next four years. Sales tax projections from the San Diego Association of Governments (SANDAG) average 4.2 percent over the next four fiscal years, which impacts MTS's TDA and TransNet subsidy revenue. In total, revenues are projected to increase by an average of 2.2 percent over the next four fiscal years. Expenses are projected to increase by approximately 2.8 percent over the following four fiscal years primarily due to expected continued operating expense increases including energy costs.

With projected expense growth exceeding projected revenue growth, the current five year operating forecast shows projected deficits each subsequent fiscal year, beginning with a deficit of \$2.3 million in fiscal year 2016 and growing to \$4.5 million deficit in fiscal year 2019.



Paul C. Jablonski
Chief Executive Officer

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Attachments: A. Proposed FY 2015 Budget
B. Resolution No. 14-7



Fiscal Year 2015

Proposed Budget

**Public Hearing and
Board Adoption
Agenda Item No. 25**

June 19, 2014

Metropolitan Transit System



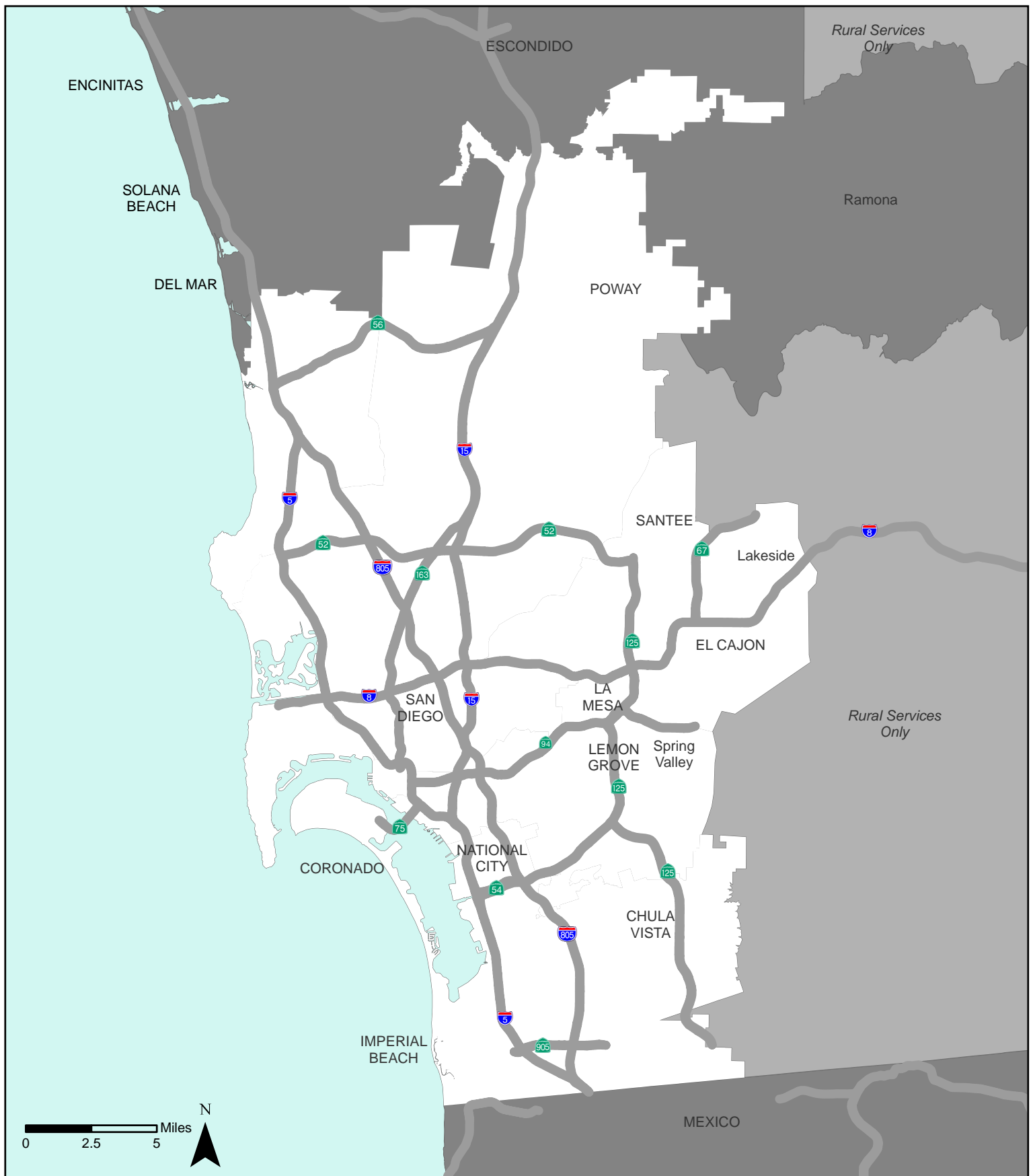
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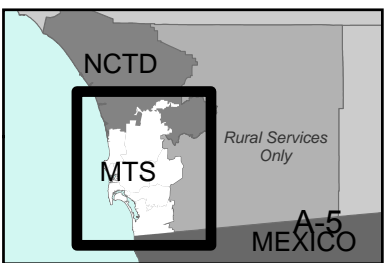
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MTS Metropolitan Transit System
AREA OF JURISDICTION

January, 2007



SAN DIEGO METROPOLITAN TRANSIT SYSTEM
System Summary
Fiscal Year 2015
Section 1.03

The San Diego Metropolitan Transit System was created to provide the policy setting and overall management coordination of the public transportation system in the San Diego metropolitan service area. This service area encompasses approximately 3 million people residing in a 570 square mile area of San Diego County, including the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, Santee, San Diego and the unincorporated area of the County of San Diego. A number of fixed-route operating entities provide the service and have banded together to form a federation of transit service providers called the Metropolitan Transit System (MTS). The purpose of MTS is to provide coordinated routes, fares and transfers among the different operating entities.

Bus Operations

MTS Bus Operations are a consolidation of services operated by San Diego Transit Corporation (SDTC), MTS Contracted Services and Chula Vista Transit (CVT). These entities operate and maintain a fleet of 778 buses, 64% of which are powered by environmentally friendly compressed natural gas. In fiscal year 2015, MTS bus services will operate a total of 93 traditional fixed route, shuttle-type routes, and paratransit services, logging almost 2 million revenue hours while traveling almost 24 million revenue miles across San Diego County. Fiscal year 2015 ridership for all MTS routes is projected at approximately 57 million passengers.

Rail Operations

MTS Rail Operations (SDTI) operate and maintain a fleet of 159 light rail vehicles (LRVs) to provide transit service over three separate operating line segments. The Blue Line operates from the US/Mexico border through downtown San Diego and terminates at the Old Town Transit Center. The Orange Line serves the East County communities from El Cajon through downtown San Diego. The Green Line operates from Santee along Mission Valley and serves the campus of SDSU through a short tunnel section before continuing to Old Town Transit Center where service connects with the Blue Line. Beginning in fiscal year 2013, the Green Line was extended from the Old Town Transit Center to the Imperial Station, via the Bayside Corridor. The Blue Line now terminates at the America Plaza Station and the Orange Line terminates at the Santa Fe Depot with a timed Green Line transfer. The entire system encompasses 54.3 total miles (107.6 total track miles) of light rail transit (LRT) to 53 transit centers. Regular LRT service is provided virtually around the clock with a 22-hour service window with 509 daily scheduled train trips (and many more during special events). Fiscal year 2015 ridership for the MTS rail system is projected at approximately 42 million passengers.

Other Operations

The City of Coronado sponsors a peak-period, fare-free commuter ferry service operating between downtown San Diego, Naval Air Station North Island, and Coronado. This ferry service transports approximately 68,000 passengers per year. This service operates on weekdays only in the mornings between the hours of 5:15 a.m. and 8:35 a.m. and in the afternoons between 2:00 p.m. and 6:30 p.m.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
Rail Operations Description of Activities
Fiscal Year 2015
Section 1.03

General System Summary

San Diego Trolley, Inc. opened for revenue service on July 26, 1981, with the initial operating line extending from Centre City San Diego, to San Ysidro Station at the Mexican border. The system, now referred to as the MTS Rail Division, has enjoyed a very successful 32-year operating history, maturing through nine service expansions to one of the largest LRT systems in North America, at 54 miles in length.

The LRT operation consists of three separate operating line segments. The Blue Line operates from the San Ysidro Transit Center through downtown San Diego and terminates at the America Plaza station. The Orange Line serves in East County communities from the El Cajon Transit Center through downtown San Diego, terminating at the Santa Fe Depot station where service connects with the Green Line. The Green Line operates from Santee Town Center station through Mission Valley and serves the campus of SDSU and Qualcomm Stadium – home of the San Diego Chargers. It continues through Old Town to downtown San Diego along the Bayside corridor, serving the Convention Center, major hotel chains and PETCO Park - home of the San Diego Padres, before terminating at the 12th and Imperial Transit Center where it connects with the Blue and Orange Lines. In January 2013, the Orange Line transition to low-floor service was completed as part of the overall Blue and Orange Line Rehabilitation project. With both the Green and Orange Line providing low-floor service and on-time service performance on those respective lines has improved and service efficiencies continue to enhance ridership experience.

The system operates and maintains a current fleet of 159 light rail vehicles. This includes 31 U2 LRVs, 52 SD100 LRVs, 11 S70 (90 ft) and 65 S70 (80 ft) low-floor LRVs. Forty of the original 71 first generation U2 vehicles have been purchased by the Metrotranvia system in Mendoza, Argentina. The remaining 31 U2s will be decommissioned in late fall 2014, when the Blue Line transitions to low-floor service. Currently, with the S70 order complete, and in conjunction with the station platform retrofit project, each train consists of, at minimum, S70-SD100-S70 (at least two low-floor LRVs per train) on the Green and Orange Lines, which has dramatically reduced system delays caused by the ever-increasing use of the wheelchair lifts on the high-floor LRVs. The general operating environment includes a combination of open stations at-grade with standard railroad crossing protection, downtown mixed street traffic operation, elevated guideways with aerial stations, open-cut sub-grade tracks and one 4,100-ft long tunnel and underground station at SDSU.

The MTS rail system is projected to carry over 40 million passengers in fiscal year 2015. Light rail service is provided to 53 stations and transit centers through seven local communities, each with separate emergency response (police, fire and paramedic) services. Currently, SDTI operates 509 weekday scheduled trips and many more during special events. While weekday ridership is approximately 105,000, this number increases substantially when major event service is provided (ridership typically increases by 35,000+). Major special events include those at PETCO Park (Padres), Qualcomm Stadium (Chargers and other major events), Street Scene, Oktoberfest, etc. Regular LRT service is provided virtually around the clock with a 22-hour service window.

Fiscal year 2015 will see rehabilitation construction efforts on the Blue Line segment with an estimated completion of late fall 2014. Upon completion, the SDTI system will be 100% low-floor.

The Mid-Coast Corridor Transit Project, a TransNet II early action item, was initiated in fiscal year 2010. When complete, the rail line will extend from the Old Town Transit Center up to the campus of UCSD and the University City area of La Jolla. This will be the 10th service expansion of the LRT system, with the estimated commencement of revenue service scheduled in 2018/2019.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
Directly Operated Bus Services Description of Activities
Fiscal Year 2015
Section 1.03

General System Summary

Founded in 1886, San Diego Transit Corporation has been providing the citizens of San Diego with safe, efficient and reliable public transportation for 126 years. Its fleet of 260 buses is projected to carry nearly 29 million customers in fiscal year 2015.

SDTC, now referred to as MTS Bus, directly operates 27 routes, 23 “Urban” and four “Express.” Three of the urban routes operate with a limited-stop component, serving only major stops for a faster trip. Service is offered throughout the City of San Diego and into surrounding communities in an area that stretches from National City in the South Bay as far north as the City of Escondido and from the Pacific Ocean to the City of La Mesa in East County. These routes meet a variety of customer needs providing transportation to work, school, shopping, medical appointments and recreational activities.

Effective June 2014, MTS Bus has initiated services for the Bus Rapid Transit (BRT) project. The BRT platform is based on a priority operating environment through the use of managed bus lanes and signal priority. MTS Bus will operate the branded “Rapid” routes featuring high frequency, longer service duration, articulated buses and improved stop facilities. The Rapid service will begin along the I-15 corridor between Downtown San Diego and Escondido and expand into an entire new network of services for the community.

The entire MTS Bus fleet is fully ramp accessible to persons with mobility impairments and the ramps are deployed approximately 30,000 times per month. Every bus has two tie-down areas to accommodate and secure wheelchairs. All buses also have a “kneeling” feature, which lowers the front of the bus for easier access to/from the curb. At the present time, 100% of the fleet is comprised of low-floor buses, making entry and exit easier and faster.

Over ninety percent of the MTS Bus fleet is powered by environmentally friendly compressed natural gas (CNG). As buses are added or replaced, CNG is the fuel of choice. MTS also operates 12 gasoline hybrid buses which began operation in June of 2009 on the Super-Loop, a circulator route in the La Jolla section of San Diego. In fiscal year 2014, 50 forty-foot buses were delivered to replace older vehicles, and an order was placed for another 50 buses to be delivered in fiscal year 2015. All MTS buses are equipped with bicycle racks that allow cyclists to combine their modes of travel.

MTS Bus maintains an aggressive Preventive Maintenance Program to ensure the safety and reliability of its equipment and averages over 10,000 miles between road calls, which means that fewer customers are inconvenienced due to bus malfunctions. MTS Bus is committed to providing its customers with a quality riding experience, employing programs to monitor driver performance, following through on customer input and provide continuous training to refresh drivers’ operating and customer service skills. MTS Bus takes safety seriously with a commitment to safe, defensive driving, and it has paid off with no major accidents in the last five years and a preventable Accident Frequency Rate (AFR) (the number of accidents for every 100,000 miles driven) of 1.48.

MTS Bus staff operates the Regional Transit Information Service (RTIS), which provides complete route and schedule information for all the fixed-route bus and rail operators in San Diego County. Over a million customers receive personal trip plans or automated assistance through the RTIS every year. With its on-line trip planning service, the RTIS also provides over one million personalized trip plans on the MTS website. MTS staff also operates the Transit Store, which is a downtown retail facility that sells fare media (currently transitioning to Smart Card technology), issues ID cards to seniors/disabled/youth and processes lost articles.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
Contract Bus Services' Description of Activities
Fiscal Year 2015
Section 1.03

General System Summary

MTS contracted bus operations directly contracts with private transportation providers through contract administration, operational, maintenance and fiscal performance management, incorporating a variety of operation service contracts for fixed-route, shuttle, minibuses, and paratransit services. MTS began contracting bus operations in the region in the early 1980s. Various fixed-route and shuttle type services have been added over the past three decades.

Operationally, FY 2015 ridership for MTS contracted fixed routes is projected at approximately 29 million passengers. In FY 2015, contract bus services will operate a total of 69 traditional fixed and shuttle-type routes, logging approximately 980,000 revenue hours while traveling approximately 12 million fixed-route revenue miles across San Diego County. Currently, MTS contracted bus operations have long-term service contracts with two private transportation providers. A brief description of the companies and the services they provide for MTS follows.

Veolia Transportation

Veolia Transportation, Inc. is a Delaware corporation headquartered in Lombard, Illinois near Chicago. With more than 100 years of experience in the transportation industry, Veolia is one of the largest private sector operators of multiple modes of transit in North America, with some 17,000 employees, making 400 million passenger trips per year. It has 200 contracts in North America. In California, Veolia operates some 20 contracts including San Francisco, Oakland, Los Angeles, San Diego, Napa, Sonoma and Stanford University.

Veolia has developed a suite of specialized business procedures, processes, programs and proprietary technology in each area of transit operations. It is dedicated to providing safe, reliable, efficient and sustainable mobility that passengers, transit authorities and cities can trust.

Veolia Transportation is a subsidiary of Transdev and will be adopting its name in fall of 2014. Transdev is a global leader in passenger transportation. It operates in 21 countries on five continents with 95,000 employees and provides more than 2.63 billion passenger trips annually in bus, paratransit, taxi, rail and ferry services. Transdev is owned by Veolia, a leading environmental services company, and Caisse des Dépôts, a financial institution that is a long-term investor in projects that serve the public interest, including affordable housing, energy efficiency, renewable energy, public transportation and infrastructure.

Veolia has been a private transportation provider for MTS since July 1992. In late 2006, Veolia was awarded a fixed-route contract by the MTS Board. Veolia operates MTS's South Bay Division located in Chula Vista, MTS's East County Division located in El Cajon and Chula Vista Transit under a letter of agreement with the City of Chula Vista. The Chula Vista Transit operation and all related activities will be transferred over to the South Bay Division bus yard on January 26, 2015. This planned relocation will consolidate MTS maintenance and operations and create some advantages due to efficiencies of scale.

The South Bay, East County, Commuter Express, Rural and Chula Vista Transit bus service contract has a value estimated to be \$345 million over the full 8½ year contract term (5½ base years with 3 option years available to MTS). In FY 2015, MTS will be in its third and final option period under the current contract with Veolia. The current Veolia contract expires June 30, 2015. Staff is in the middle of an RFP process to competitively bid these fixed route services.

South Bay Division

MTS's South Bay Division operates 27 fixed routes in the south and central areas of San Diego County. These routes utilize 190 MTS-owned compressed natural gas (CNG) fueled transit buses. All of these buses are operated, serviced and fueled at the MTS-owned South Bay Division located at 3650A Main Street in Chula Vista.

This division is currently being expanded to be able to operate and maintain up to 250 buses. The estimated completion of this construction project is Fall/Winter 2014. The project includes a new administration building, a new 48,000 square foot bus maintenance building, and a new state-of-the-art double bus wash.

From MTS South Bay, Veolia operates most of the 900-series routes in the South Bay area and many communities within the City of San Diego, Ocean Beach, Point Loma, Kearny Mesa, Mission Valley, Serra Mesa, Emerald Hills, College Area, Valencia Park, Oak Park, Southcrest, City Heights, Hillcrest, Old Town, Mission Hills, South San Diego, Barrio Logan, Otay Mesa, Mira Mesa and San Ysidro. Veolia operates service in Coronado, Imperial Beach, National City, Chula Vista, Lemon Grove and some additional areas in the County of San Diego. Veolia also operates service between downtown San Diego and the airport.

South Bay Weekend/Holiday Service

On weekends and holidays, South Bay operates six additional routes for Chula Vista Transit. On Sundays and holidays, South Bay operates six additional routes in the East County area. These routes utilize the same 180 MTS-owned CNG fueled transit buses as above and are serviced and fueled at the MTS South Bay Division.

East County Division

MTS's East County Division operates 15 fixed routes, 4 rural routes, and 2 express routes in the eastern, northern and rural areas of San Diego County. These routes utilize 51 MTS-owned diesel transit buses, 26 contractor-owned diesel over-the-road type coaches and 3 MTS-owned gasoline minibuses. All of these buses are operated, serviced and fueled at the MTS-owned East County Division located at 1213 North Johnson Avenue in El Cajon.

Veolia operates the 800-series fixed routes in the eastern areas of the county. The East County service operates within the cities of El Cajon, Santee, La Mesa, Lemon Grove and unincorporated areas of Lakeside, Alpine, Rancho San Diego, Casa de Oro and Spring Valley. Rural service operates in communities from Ramona to Borrego Springs, Jacumba, Pine Valley, Descanso, Viejas, Alpine, Tecate, Rancho San Diego and Campo.

Veolia's East County Division also operates two 200-series rapid express routes. These rapid express routes operate during peak periods only along Interstate 15 (I-15) between the communities of Escondido, Poway, Rancho Bernardo, Rancho Penasquitos/Sabre Springs, Carmel Mountain Ranch and downtown San Diego. Service is provided on commuter type over-the-road coach vehicles and use dedicated high-occupancy vehicle (HOV) lanes and limited stops to provide quick and easy travel along the corridor.

First Transit, Inc.

First Transit, Inc., part of FirstGroup America based in Cincinnati, Ohio, is a leading provider of passenger transportation contract and management services in the United States. With more than 51 years of experience, First Transit provides operation, management and consulting for 240 locations in 38 states, 4 Canadian Provinces and Puerto Rico for transit authorities, state departments of transportation, federal agencies, colleges and universities, airports, municipal

organizations, private companies and more. First Transit is supported by 17,500 employees in North America.

FirstGroup America is the leader in safe, reliable and sustainable transportation, and is the largest provider of surface transportation services in North America. FirstGroup America owns and/or operates over 70,000 school and transit buses, and maintains many more vehicles in over 1,100 locations in the United States and Canada. FirstGroup America is comprised of three divisions:

- First Student, which provides school bus transportation and charter services.
- First Transit and First Services, which provides transit contracting, management and maintenance services.
- Greyhound, which provides scheduled inter-city bus transportation services in the United States and Canada.

FirstGroup plc., the parent company of FirstGroup America, employs over 136,000 people worldwide, and carries more than 2.5 billion passengers a year through the provision of bus, ADA paratransit and rail services. FirstGroup plc. is a publicly traded company listed on the London Stock Exchange and is headquartered in Aberdeen City, Scotland. FirstGroup is the largest bus and passenger rail operator in the U.K.

Copley Park Division

ADA Paratransit Service

First Transit operates 147 MTS-owned paratransit vehicles to provide ADA paratransit service throughout the entire MTS service area. All of these buses are operated, serviced and fueled at the MTS-owned Copley Park Division located at 7490 Copley Park Place in Kearny Mesa. In addition, First Transit operates the reservation call center, scheduling, dispatching and maintenance for MTS's ADA paratransit services which provides approximately 385,000 annual trips to 415,000 passengers each year.

First Transit has been an ADA paratransit provider for MTS since 2000. Their current contract with MTS began on July 1, 2010. This service contract has an estimated value of \$106.0 million over the full 9 year contract term (5 base years with 2 two-year option years available to MTS).

Fixed Route Service

First Transit was awarded the MTS minibus contract by the MTS Board in February 2011. The minibus contract operates from the MTS Copley Park Division in Kearny Mesa. The minibus service contract has an estimated contract value of \$30.9 million over the full 10 year contract term (5 base years with 5 one year option years available to MTS). MTS has realized significant cost savings over the duration of this contract by taking advantage of economies of scales presented by the opportunity to operate the ADA service contract jointly with the minibus operation at the same location, thus, taking full advantage of the many operating synergies.

First Transit began minibus operations on June 12, 2011, serving Mira Mesa, Linda Vista, Kearny Mesa, Poway, Tierrasanta, El Cajon, Santee, Spring Valley and Mid-City. First Transit operates 37 MTS-owned gasoline minibuses on 18 weekday fixed routes (including two express routes) and 16 weekend fixed routes.

First Transit also operates the Sorrento Valley Coaster Connection (SVCC) shuttle service, which utilizes MTS-owned minibuses. This service consists of four routes and a sweeper bus that travels on weekdays from the Sorrento Valley Coaster Station to Sorrento Mesa, Carroll Canyon, Torrey Pines and UTC.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
Chula Vista Transit Description of Activities
Fiscal Year 2015
Section 1.03

General System Summary

MTS-Chula Vista Transit (CVT) serves the residents of the City of Chula Vista and its visitors. Six routes serve a population of 245,000 in an area of 50 square miles. All routes have transfer connections with the San Diego Trolley system at Bayfront/E Street, H Street and/or Palomar Trolley Stations. Additionally, CVT has transfer connections to regional Metropolitan Transit System (MTS) bus Routes 929 and 932 as well as local MTS bus Routes 961 and 963.

CVT currently operates from the City of Chula Vista's Public Works Center (PWC) located at 1800 Maxwell Road in Chula Vista. This is a shared facility with the City's Public Works Department. All weekday CVT service is operated from the PWC. Effective January 26, 2015, however, all CVT transit service and supporting functions will relocate to the MTS South Bay transit facility located at 3650A Main Street in Chula Vista. This is due to a planned consolidation of operations to take advantage of efficiencies of scale once the South Bay facility expansion project is complete.

The operation of CVT is privatized and operated by Veolia Transportation, Inc. The City of Chula Vista partnered with MTS in procuring its purchased transportation contract via a negotiated procurement process. This 5-year contract, which includes three 1-year options, was awarded by MTS and started on June 17, 2007. In fiscal year 2012, MTS exercised the three option years to continue its contract with Veolia Transportation. Veolia employs approximately 96 employees for its CVT operation providing management, road supervisors, mechanics, servicers and bus operators. The transit contractor is responsible for the daily operations of the system and the maintenance of the fleet and is compensated monthly based on the number of revenue miles operated.

CVT is part of MTS and follows all policies, rules and regulations set by the MTS Board. The City of Chula Vista's Department of Public Works' Transit Division manages CVT. One full-time employee administers and manages CVT: The Transit Manager is a City employee with the overall responsibility of CVT. The Department of Public Works and Transit Division also share two part-time employees, a Senior Public Works Maintenance Worker and a Sign & Stripping Maintenance Worker who maintain transit facilities. Other City of Chula Vista personnel provide additional support on an as-needed basis.

CVT staff collaborates with MTS staff in all aspects in the provision of public transit services, e.g., service planning, scheduling, contract monitoring (operational and maintenance), community relations, budget preparation and monitoring, funds programming, transit facilities monitoring (bus stops, shelters, and buildings), regional coordination and operations/capital procurements.

CVT's mission is to provide public transportation services to residents and visitors, so they can receive safe, convenient and dependable public transportation.

Goals and Objectives:

1. Safety is always number one!
2. A "Rider1ST" (customer service) approach
3. Responding to the community's transit needs
4. Effective use of transit funds

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
Coronado Ferry Description of Activities
Fiscal Year 2015
Section 1.03

General System Summary

The City of Coronado sponsors a peak-period, fare-free commuter ferry service operating between downtown San Diego and Coronado. This ferry service transports approximately 68,000 passengers per year. The City of Coronado contracts with Flagship Cruises and Events to provide this peak period, fare-free commuter ferry service. This service operates on weekdays only in the mornings for four trips departing from Broadway between the hours of 5:15 a.m. and 8:10 a.m. and four trips departing from Coronado Ferry Landing between the hours of 5:40 a.m. and 8:35 a.m. In the afternoons there are five trips departing from Broadway between 2:00 p.m. and 6:00 p.m. and five trips departing from Coronado Ferry Landing between 2:30 p.m. and 6:30 p.m. In fiscal year 2015, the City of Coronado will be adding an additional leg in the morning. The new leg is designed to minimize disruption to the existing service, while adding service that meets the needs of early morning commuters. Operating vessels include the Cabrillo, the Silvergate and the Marietta.

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**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATING BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 2.01**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	93,493,239	96,890,066	99,925,576	3,035,510	3.1%
OTHER OPERATING INCOME	5,936,192	7,994,720	10,551,827	2,557,107	32.0%
TOTAL OPERATING REVENUES	99,429,430	104,884,786	110,477,403	5,592,617	5.3%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	140,000,605	137,915,041	147,349,094	9,434,053	6.8%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	5,164,913	212,633	(2,526,444)	(2,739,077)	-1288.2%
OTHER INCOME	7,504,923	7,566,990	27,051,013	19,484,023	257.5%
TOTAL OTHER NON OPERATING REVENUE	12,669,836	7,779,623	24,524,569	16,744,946	215.2%
TOTAL NON OPERATING REVENUE	152,670,441	145,694,664	171,873,663	26,178,999	18.0%
TOTAL COMBINED REVENUES	252,099,871	250,579,450	282,351,066	31,771,616	12.7%
OPERATING EXPENSES					
LABOR EXPENSES	66,746,874	68,106,348	69,984,338	1,877,990	2.8%
FRINGE EXPENSES	57,427,800	47,850,683	50,601,182	2,750,498	5.7%
TOTAL PERSONNEL EXPENSES	124,174,674	115,957,031	120,585,520	4,628,489	4.0%
SECURITY EXPENSES	6,437,793	6,953,380	6,964,263	10,883	0.2%
REPAIR/MAINTENANCE SERVICES	3,697,491	4,328,660	4,343,494	14,834	0.3%
ENGINE AND TRANSMISSION REBUILD	1,055,660	1,197,995	1,275,000	77,005	6.4%
OTHER OUTSIDE SERVICES	5,625,323	8,502,725	8,467,309	(35,416)	-0.4%
PURCHASED TRANSPORTATION	56,253,336	58,965,333	65,152,653	6,187,320	10.5%
TOTAL OUTSIDE SERVICES	73,069,601	79,948,093	86,202,719	6,254,626	7.8%
LUBRICANTS	418,608	436,862	463,103	26,241	6.0%
TIRES	867,891	940,313	1,178,344	238,031	25.3%
OTHER MATERIALS AND SUPPLIES	7,190,632	8,188,594	8,548,353	359,759	4.4%
TOTAL MATERIALS AND SUPPLIES	8,477,131	9,565,769	10,189,800	624,032	6.5%
DIESEL FUEL	7,449,872	7,411,678	7,568,514	156,836	2.1%
CNG	6,281,460	6,984,088	9,000,020	2,015,933	28.9%
TRACTION POWER	6,688,307	7,900,000	8,500,000	600,000	7.6%
UTILITIES	3,009,183	3,296,927	3,570,651	273,724	8.3%
TOTAL ENERGY	23,428,822	25,592,692	28,639,186	3,046,493	11.9%
RISK MANAGEMENT	3,344,477	4,870,418	4,438,280	(432,138)	-8.9%
GENERAL AND ADMINISTRATIVE	2,027,398	2,172,997	2,022,118	(150,878)	-6.9%
DEBT SERVICE	9,777,520	9,542,576	28,950,663	19,408,087	203.4%
VEHICLE / FACILITY LEASE	1,170,617	1,106,062	1,322,780	216,718	19.6%
TOTAL OPERATING EXPENSES	245,470,241	248,755,638	282,351,066	33,595,428	13.5%
NET OPERATING SUBSIDY	(146,040,811)	(143,870,852)	(171,873,663)	28,002,811	19.5%
OVERHEAD ALLOCATION	-	(0)	-	-	0.0%
ADJUSTED NET OPERATING SUBSIDY	(146,040,811)	(143,870,853)	(171,873,663)	28,002,811	19.5%
TOTAL REVENUES LESS TOTAL EXPENSES	6,629,630	1,823,811	(0)	1,823,812	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS BUDGET
FISCAL YEAR 2015
SECTION 2.02**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	93,493,239	96,890,066	99,925,576	3,035,510	3.1%
OTHER OPERATING INCOME	578,087	689,000	709,000	20,000	2.9%
TOTAL OPERATING REVENUES	94,071,326	97,579,066	100,634,576	3,055,510	3.1%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	133,873,365	135,951,230	147,209,094	11,257,864	8.3%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	5,000,000	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	5,000,000	-	-	-	-
TOTAL NON OPERATING REVENUE	138,873,365	135,951,230	147,209,094	11,257,864	8.3%
TOTAL COMBINED REVENUES	232,944,691	233,530,296	247,843,670	14,313,374	6.1%
OPERATING EXPENSES					
LABOR EXPENSES	56,091,222	56,587,680	57,816,794	1,229,114	2.2%
FRINGE EXPENSES	50,945,422	41,389,637	43,343,443	1,953,807	4.7%
TOTAL PERSONNEL EXPENSES	107,036,645	97,977,316	101,160,237	3,182,921	3.2%
SECURITY EXPENSES	110,402	110,000	144,653	34,653	31.5%
REPAIR/MAINTENANCE SERVICES	3,630,238	4,264,315	4,284,749	20,434	0.5%
ENGINE AND TRANSMISSION REBUILD	1,055,660	1,197,995	1,275,000	77,005	6.4%
OTHER OUTSIDE SERVICES	1,589,115	2,012,674	2,097,704	85,031	4.2%
PURCHASED TRANSPORTATION	56,253,336	58,965,333	65,152,653	6,187,320	10.5%
TOTAL OUTSIDE SERVICES	62,638,750	66,550,317	72,954,759	6,404,443	9.6%
LUBRICANTS	418,608	436,862	463,103	26,241	6.0%
TIRES	862,259	932,313	1,170,344	238,031	25.5%
OTHER MATERIALS AND SUPPLIES	7,161,698	8,171,339	8,526,329	354,990	4.3%
TOTAL MATERIALS AND SUPPLIES	8,442,565	9,540,514	10,159,776	619,263	6.5%
DIESEL FUEL	7,283,082	7,231,728	7,388,389	156,661	2.2%
CNG	6,281,460	6,984,088	9,000,020	2,015,933	28.9%
TRACTION POWER	6,688,307	7,900,000	8,500,000	600,000	7.6%
UTILITIES	2,462,017	2,728,327	2,943,951	215,624	7.9%
TOTAL ENERGY	22,714,866	24,844,142	27,832,361	2,988,218	12.0%
RISK MANAGEMENT	2,984,141	4,512,335	4,052,768	(459,567)	-10.2%
GENERAL AND ADMINISTRATIVE	336,512	327,653	341,858	14,205	4.3%
DEBT SERVICE	1,548,179	1,238,882	1,149,100	(89,782)	-7.2%
VEHICLE / FACILITY LEASE	905,565	822,414	1,032,780	210,366	25.6%
TOTAL OPERATING EXPENSES	206,607,222	205,813,574	218,683,641	12,870,067	6.3%
NET OPERATING SUBSIDY	(112,535,897)	(108,234,507)	(118,049,064)	9,814,557	9.1%
OVERHEAD ALLOCATION	(26,337,468)	(27,716,722)	(29,160,030)	(1,443,308)	5.2%
ADJUSTED NET OPERATING SUBSIDY	(138,873,365)	(135,951,229)	(147,209,094)	11,257,865	8.3%
TOTAL REVENUES LESS TOTAL EXPENSES	0	-	-	-	-

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATIVE BUDGET
FISCAL YEAR 2015
SECTION 2.03**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	4,314,536	6,305,720	8,718,827	2,413,107	38.3%
TOTAL OPERATING REVENUES	4,314,536	6,305,720	8,718,827	2,413,107	38.3%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	6,127,240	1,963,811	140,000	(1,823,811)	-92.9%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	(2,500,000)	(2,500,000)	-
OTHER INCOME	7,504,923	7,566,990	27,051,013	19,484,023	257.5%
TOTAL OTHER NON OPERATING REVENUE	7,504,923	7,566,990	24,551,013	16,984,023	224.4%
TOTAL NON OPERATING REVENUE	13,632,163	9,530,801	24,691,013	15,160,211	159.1%
TOTAL COMBINED REVENUES	17,946,699	15,836,521	33,409,840	17,573,318	111.0%
OPERATING EXPENSES					
LABOR EXPENSES	10,102,550	10,944,591	11,594,840	650,249	5.9%
FRINGE EXPENSES	6,336,887	6,308,412	7,090,711	782,300	12.4%
TOTAL PERSONNEL EXPENSES	16,439,437	17,253,003	18,685,552	1,432,549	8.3%
SECURITY EXPENSES	6,327,391	6,843,380	6,819,610	(23,770)	-0.3%
REPAIR/MAINTENANCE SERVICES	56,558	54,345	53,745	(600)	-1.1%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	3,796,529	6,265,891	6,268,994	3,103	0.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	10,180,478	13,163,616	13,142,349	(21,267)	-0.2%
LUBRICANTS	-	-	-	-	-
TIRES	5,633	8,000	8,000	-	0.0%
OTHER MATERIALS AND SUPPLIES	7,821	10,255	15,024	4,769	46.5%
TOTAL MATERIALS AND SUPPLIES	13,453	18,255	23,024	4,769	26.1%
DIESEL FUEL	162,922	174,950	175,125	175	0.1%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	541,569	563,600	621,700	58,100	10.3%
TOTAL ENERGY	704,491	738,550	796,825	58,275	7.9%
RISK MANAGEMENT	341,444	341,082	368,511	27,429	8.0%
GENERAL AND ADMINISTRATIVE	1,587,056	1,736,474	1,573,340	(163,134)	-9.4%
DEBT SERVICE	8,229,342	8,303,694	27,801,563	19,497,869	234.8%
VEHICLE / FACILITY LEASE	265,052	283,648	290,000	6,352	2.2%
TOTAL OPERATING EXPENSES	37,760,753	41,838,323	62,681,165	20,842,842	49.8%
NET OPERATING SUBSIDY	(33,446,217)	(35,532,603)	(53,962,338)	18,429,735	51.9%
OVERHEAD ALLOCATION	26,443,683	27,825,613	29,271,325	1,445,712	5.2%
ADJUSTED NET OPERATING SUBSIDY	(7,002,533)	(7,706,990)	(24,691,013)	16,984,022	220.4%
TOTAL REVENUES LESS TOTAL EXPENSES	6,629,629	1,823,811	-	1,823,811	-100.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OTHER ACTIVITIES BUDGET
FISCAL YEAR 2015
SECTION 2.04**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	1,043,568	1,000,000	1,124,000	124,000	12.4%
TOTAL OPERATING REVENUES	1,043,568	1,000,000	1,124,000	124,000	12.4%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	164,913	212,633	(26,444)	(239,077)	-112.4%
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	164,913	212,633	(26,444)	(239,077)	-112.4%
TOTAL NON OPERATING REVENUE	164,913	212,633	(26,444)	(239,077)	-112.4%
TOTAL COMBINED REVENUES	1,208,481	1,212,633	1,097,556	(115,077)	-9.5%
OPERATING EXPENSES					
LABOR EXPENSES	553,102	574,077	572,704	(1,373)	-0.2%
FRINGE EXPENSES	145,491	152,635	167,027	14,392	9.4%
TOTAL PERSONNEL EXPENSES	698,593	726,712	739,731	13,019	1.8%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	10,695	10,000	5,000	(5,000)	-50.0%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	239,679	224,160	100,610	(123,550)	-55.1%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	250,373	234,160	105,610	(128,550)	-54.9%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	21,113	7,000	7,000	-	0.0%
TOTAL MATERIALS AND SUPPLIES	21,113	7,000	7,000	-	0.0%
DIESEL FUEL	3,868	5,000	5,000	-	0.0%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	5,597	5,000	5,000	-	0.0%
TOTAL ENERGY	9,465	10,000	10,000	-	0.0%
RISK MANAGEMENT	18,892	17,000	17,000	-	0.0%
GENERAL AND ADMINISTRATIVE	103,830	108,870	106,920	(1,950)	-1.8%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	1,102,266	1,103,742	986,261	(117,481)	-10.6%
NET OPERATING SUBSIDY	(58,697)	(103,742)	137,739	(241,481)	-232.8%
OVERHEAD ALLOCATION	(106,215)	(108,891)	(111,295)		2.2%
ADJUSTED NET OPERATING SUBSIDY	(164,912)	(212,633)	26,444	(239,077)	-112.4%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CAPITAL IMPROVEMENT PROGRAM
FY 2015 FUNDING SOURCES (\$000s)
SECTION 2.05**

Funding Description	FY13	FY14	FY15
Federal Funding Estimate	\$ 54,290	\$ 62,908	\$ 66,552
Transportation Development Act	31,300	32,530	48,928
Proposition 1B	18,502	2,779	39,855
California State Transit Assistance (STA)	19,480	21,075	18,033
Other Funding	9,338	15,155	984
Total Available Funding	\$ 132,910	\$ 134,447	\$ 174,353
Preventive Maintenance	\$ (45,495)	\$ (49,275)	\$ (65,695)
SANDAG Planning Study	(912)	(889)	(958)
Operation Usage	(11,573)	(7,622)	(3,633)
Total Preventative Maintenance/SANDAG Planning	\$ (57,980)	\$ (57,785)	\$ (70,286)
Available Funding for FY 15 Capital Program	\$ 74,930	\$ 76,662	\$ 104,067

Capital Project Categories	FY13	FY14	FY15
Bus Revenue Vehicles	\$ 15,930	\$ 23,624	\$ 26,360
Information Technology	1,965	6,869	1,717
Rail LRV Components	2,445	3,719	1,110
Major Facility & Construction Projects	29,585	26,233	6,952
Other Equipment & Installations	4,893	2,188	2,900
Rail Infrastructure	4,389	14,028	18,952
Rail Revenue Vehicles	15,723	-	9,000
Trolley Renewal	-	-	37,076
Grand Total	\$ 74,930	\$ 76,662	\$ 104,067

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SAN DIEGO METROPOLITAN TRANSIT SYSTEM
Summary of Significant Revenue Activities
Proposed Budget Fiscal Year 2015
Section 3.01

Fare Revenue

Fare revenue is detailed in Section 3.03.

Passenger fares make up approximately 35.4 percent of the system's \$282 million operating budget. These are budgeted to increase by \$3,036,000 (3.1 percent) to \$99.9 million for fiscal year 2015 compared to amended fiscal year 2014 levels. Total passenger levels for all operators are projected to total 97,990,000.

Other Operating Revenues

Other revenue is detailed in Section 3.04.

MTS receives a variety of operating revenues that are not received directly from passenger fares. The sources of these revenues are advertising, interest income, rental and land management income, income related to Taxicab Administration, income from the San Diego and Arizona Eastern (SD&AE) Railway Company and other miscellaneous income.

Total other revenue is budgeted to increase by \$2,557,000 (32.0 percent). The increase is primarily due to revenues generated within Administration for energy credits (\$2.5 million).

Non-operating Revenues

MTS receives a variety of non-operating revenues that primarily consist of federal, state and local subsidy funds. Additionally, there is fund income from lease transactions and reserves.

Subsidy Income: Subsidy income is detailed in Section 3.05. MTS is budgeting \$147.3 million (an increase of \$9.4 million or 6.8 percent) in subsidy income for fiscal year 2015. This increase is primarily due to the additional TransNet funding related to the new BRT service.

Federal Transit Administration (FTA)

On July 6, 2012, President Obama signed the Moving Ahead for Progress in the 21st Century (MAP-21) legislation, reauthorizing surface transportation programs through federal fiscal year 2014. MAP-21 establishes the legal authority to commence and continue FTA programs. Each reauthorization amends the Federal Transit Laws codified in 49 USC Chapter 53. MAP-21 took effect on October 1, 2012.

MAP-21 supersedes Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the previous legislation to fund FTA programs. MAP-21 provides for the following funding streams that MTS commonly receives:

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

There were a number of changes to funding sources between SAFETEA-LU and MAP-21. These changes include the inclusion of Fixed Guideway Modernization funds (formerly 5309) into Section 5337 State of Good Repair, as well as the modification of Section 5309 Bus and Bus Facilities to Fixed Guideway Capital Investments, which will now be focused on “New Starts” projects. Additionally, Section 5316 Job Access Reverse Commute (JARC) funding has been repealed and JARC funding is now included within the 5307 allocation for urban services and with the regional 5311 allocation for rural services.

Section 5307 / 5337 Capital and Preventative Maintenance

The FTA Urbanized Area formula grant funds (Section 5307) are apportioned directly to the region based on a formula that includes population, population density and service provided. The amount received each year is based on the National Transit Database (NTD) statistics for the two-year prior operating year. These funds may be used for preventive maintenance, ADA operations, transit capital and transit planning.

Section 5337 State of Good Repair is a new formula-based program dedicated to repairing and upgrading the nation’s rail transit systems, along with high-intensity motor bus systems, that use high-occupancy vehicle lanes, including bus rapid transit (BRT). Section 5337 includes funding previously provided through Section 5309 Fixed Guideway Rail Modernization Formula Program. Projects are limited to replacement and rehabilitation or capital projects that are required to maintain public transportation systems in a state of good repair.

In fiscal year 2015, MTS will use both Section 5307 and 5337 funds for preventative maintenance totaling \$46,000,000 (80 percent share). The FTA also allows the utilization of 10 percent of Section 5307 funding for ADA operations which calculates to \$4,097,000 in fiscal year 2015.

Federal levels for Jobs Access and Reverse Commute (JARC) prior funding allocations will remain available until exhausted. Funding for fiscal year 2015 is \$428,000.

Total federal funding has increased by \$4.7 million (10.3 percent) to \$51,012,000. This is primarily due to an increased allocation of federal funding for higher preventative maintenance costs.

Transportation Development Act (TDA)

TDA provides funding for public transit operators. This state fund is one-quarter of a percent of the eight percent sales tax assessed in the region. SANDAG is responsible for apportionment of these funds within the San Diego region.

Regional sales tax receipts are projected to grow by 5.0 percent year over year for fiscal year 2014 and by an additional 4.0 percent in fiscal year 2015. The apportionment of TDA revenue to MTS for fiscal year 2015 is projected to be \$86.4 million, an increase of approximately \$3.9 million from fiscal year 2014. The MTS operating budget will include \$53.6 million of TDA funding, a decrease of \$4,153,000 (-7.2 percent). The remaining \$32.7 million will be utilized in the CIP, an increase of \$7,946,000.

State Transit Assistance (STA)

STA funding comes from the Public Transportation Act (PTA), which derives its revenue from the state sales tax on diesel fuel.

In fiscal year 2009, the initial budget of STA for fiscal year 2009 totaled approximately \$14 million, \$13.3 million distributed to the operating budget and \$0.7 million to capital. As part of the State of California balancing their own budget, MTS was notified that STA revenues would be cut in half for fiscal year 2009 and completely eliminated for fiscal years 2010, 2011, 2012 and 2013. A later budget compromise returned a portion of STA funding for fiscal years 2010 and 2011. Due to this volatile history, STA funding has been primarily utilized in the CIP.

Based on the projections provided by the State Controller's Office, MTS is projecting fiscal year 2015 STA funding of \$18.0 million. Of the projected fiscal year 2015 STA funding, \$14.4 million was included within the 2015 fiscal year CIP. In the fiscal year 2013 budget cycle, the MTS board approved using up to \$6 million of STA funding for service adjustments. The fiscal year 2015 operating budget will include \$3.6 million of STA funding, a decrease of \$631,000 (-14.8 percent) from the amended fiscal year 2014 levels.

Other State Revenue

MediCal provides further funding support specifically tied to several Americans with Disabilities Act (ADA) paratransit routes to aid patients in their transportation to medical appointments (\$1,600,000).

TransNet

In November of 2004, area voters approved a 40-year extension of the one-half cent sales tax original ordinance that was set to expire in 2008 (TransNet II). This approval had two impacts; first, it assured and slightly improved the original TransNet funding beyond 2008; second, the Bus Rapid Transit (BRT) and Superloop Programs will receive most of its funding from TransNet II.

For fiscal year 2015, TransNet operating support funding is \$35,533,000 and ADA funding is \$766,000. This totals \$36,299,000 for fiscal year 2015, which is an increase of \$10,051,000 (38.3 percent). This increase is due to the implementation of the I-15 BRT in June and the Mid-City BRT in September.

Other Local Subsidies

The City of San Diego provides Maintenance of Effort funds to aid ADA efforts. For fiscal year 2015, these funds total \$459,000.

SANDAG provides funding, funded through FasTrak tolls, to operate the Interstate 15 Inland Breeze. The budgeted FasTrak funding supporting this operation totals \$500,000.

In April of 2009, MTS and North County Transit District (NCTD) reached an agreement regarding the sharing of the net operating subsidy for the Sorrento Valley Coaster Connection (SVCC). For fiscal year 2015, NCTD's portion of the funding needed to provide this service totals \$78,000.

MTS also participates in the Transportation Security Administration's National Explosive Detection Canine Team Program, and is projected to receive \$140,000 in revenue to fund its canine program in fiscal year 2015.

Other Non-operating Revenue

Other non-operating revenue is detailed in Section 3.06.

Lease and Leaseback Funds

In 1990 and 1995, MTS entered into two leasing transactions involving light rail vehicles (LRVs). The 1990 agreement involved the sale and leaseback of 41 LRVs, and the 1995 agreement involved the lease and leaseback of 52 LRVs. These transactions provided tax benefits to investors in exchange for a profit. Investments on the cash received cover the cost of the debt in a back-to-back manner.

The fiscal year 2015 budgeted revenue from the lease/leaseback funds is \$27,051,000 and is used to make the lease payments.

Reserves

The fiscal year 2015 projects a \$2,500,000 contribution to the MTS contingency reserve balance. The contingency reserve balance for fiscal year 2015 is projected to total \$30,900,000, or 12.2 percent of the fiscal year 2015 operating expenses.

Taxicab Administration will be contributing \$22,000 of its revenue to fund contingency reserves as fiscal year 2015 projected revenues exceed fiscal year 2015 projected expenses.

The San Diego and Arizona Eastern (SD&AE) Railway Company will be adding \$5,000 to its reserves as total fiscal year 2015 projected revenues exceed fiscal year 2015 projected expenses.

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
REVENUE BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 3.02**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	93,493,239	96,890,066	99,925,576	3,035,510	3.1%
ADVERTISING REVENUE	972,189	1,125,000	1,050,000	(75,000)	-6.7%
CONTRACT SERVICE REVENUE	900	0	0	0	-
OTHER INCOME	4,963,102	6,869,720	9,501,827	2,632,107	38.3%
TOTAL OPERATING REVENUE	99,429,430	104,884,786	110,477,403	5,592,617	5.3%
NON OPERATING REVENUE					
SUBSIDY REVENUE					
FEDERAL REVENUE	42,008,759	46,248,688	51,012,465	4,763,777	10.3%
TRANSPORTATION DEVELOPMENT ACT (TDA)	68,147,570	57,780,380	53,627,792	(4,152,588)	-7.2%
STATE TRANSIT ASSISTANCE (STA)	3,127,607	4,264,150	3,632,936	(631,214)	-14.8%
STATE REVENUE - OTHER	1,473,067	1,600,000	1,600,000	0	0.0%
TRANSNET	24,599,914	26,248,289	36,299,327	10,051,037	38.3%
OTHER LOCAL SUBSIDIES	2,443,684	1,775,144	1,176,574	(598,570)	-33.7%
TOTAL SUBSIDY REVENUE	141,800,601	137,916,652	147,349,094	9,432,442	6.8%
OTHER REVENUE					
OTHER FUNDS	7,504,923	7,566,990	27,051,013	19,484,023	257.5%
RESERVES REVENUE	3,364,913	212,633	(2,526,444)	(2,739,077)	-1288.2%
TOTAL OTHER REVENUE	10,869,836	7,779,623	24,524,569	16,744,946	215.2%
TOTAL NON OPERATING REVENUE	152,670,437	145,696,275	171,873,663	26,177,388	18.0%
GRAND TOTAL REVENUES	252,099,867	250,581,061	282,351,066	31,770,005	12.7%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
PASSENGER REVENUE BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 3.03**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
PASSENGER REVENUE					
BUS OPERATIONS	28,621,361	27,670,601	26,768,186	(902,415)	-3.3%
RAIL OPERATIONS - BASE	35,553,838	40,611,107	41,577,585	966,478	2.4%
MCS - FIXED ROUTE	24,469,119	23,810,039	27,738,976	3,928,936	16.5%
MCS - PARATRANSIT	2,007,302	2,129,309	2,290,584	161,274	7.6%
CHULA VISTA TRANSIT	2,841,619	2,669,010	1,550,246	(1,118,764)	-41.9%
CORONADO FERRY	0	0	0	0	-
TOTAL PASSENGER REVENUE	93,493,239	96,890,066	99,925,576	3,035,510	3.1%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OTHER OPERATING REVENUE BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 3.04**

	<u>ACTUAL FY13</u>	<u>AMENDED BUDGET FY14</u>	<u>PROPOSED BUDGET FY15</u>	<u>\$ CHANGE BUDGET/ AMENDED</u>	<u>% CHANGE BUDGET/ AMENDED</u>
ADVERTISING REVENUE					
ADMINISTRATIVE	<u>972,189</u>	<u>1,125,000</u>	<u>1,050,000</u>	<u>(75,000)</u>	<u>-6.7%</u>
TOTAL ADVERTISING REVENUE	<u>972,189</u>	<u>1,125,000</u>	<u>1,050,000</u>	<u>(75,000)</u>	<u>-6.7%</u>
CONTRACT SERVICE REVENUE					
BUS OPERATIONS	<u>900</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-</u>
TOTAL CONTRACT REVENUE	<u>900</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-</u>
OTHER INCOME					
BUS OPERATIONS	<u>4,877</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>0.0%</u>
RAIL OPERATIONS - BASE	<u>574,282</u>	<u>684,000</u>	<u>704,000</u>	<u>20,000</u>	<u>2.9%</u>
ADMINISTRATIVE	<u>3,342,347</u>	<u>5,180,720</u>	<u>7,668,827</u>	<u>2,488,107</u>	<u>48.0%</u>
TAXICAB	<u>883,985</u>	<u>865,000</u>	<u>989,000</u>	<u>124,000</u>	<u>14.3%</u>
SD&AE	<u>159,583</u>	<u>135,000</u>	<u>135,000</u>	<u>0</u>	<u>0.0%</u>
TOTAL OTHER INCOME	<u>4,963,102</u>	<u>6,869,720</u>	<u>9,501,827</u>	<u>2,632,107</u>	<u>38.3%</u>
TOTAL OTHER OPERATING INCOME	<u>5,936,192</u>	<u>7,994,720</u>	<u>10,551,827</u>	<u>2,557,107</u>	<u>32.0%</u>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
SUBSIDY REVENUE BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 3.05**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
FEDERAL					
FTA 5307 - PLANNING	217,360	0	0	0	-
FTA 5307/5309 - PREVENTITIVE MAINTENANCE	40,046,760	40,853,050	46,000,000	5,146,950	12.6%
FTA 5309 - PREVENTITIVE MAINTENANCE ADA	0	3,887,480	4,097,465	209,985	5.4%
FTA 5309 - PREVENTITIVE MAINTENANCE FUEL	0	0	0	0	-
JARC	1,309,802	1,078,158	428,000	(650,158)	-60.3%
FTA 5311 / 5311(f) - RURAL	434,837	430,000	487,000	57,000	13.3%
TOTAL FEDERAL FUNDS	42,008,759	46,248,688	51,012,465	4,763,777	10.3%
TRANSPORTATION DEVELOPMENT ACT (TDA)					
TDA - ARTICLE 4.0 MTS AREA	63,725,363	53,153,970	48,817,652	(4,336,318)	-8.2%
TDA - ARTICLE 4.0 MTS AREA - DEBT SERVICE	0	0	0	0	-
TDA - MATCH	0	0	0	0	-
TDA - ARTICLE 4.5 (ADA)	3,985,719	4,189,922	4,320,225	130,304	3.1%
TDA - ARTICLE 8.0	436,488	436,488	489,914	53,426	12.2%
TOTAL TDA FUNDS	68,147,570	57,780,380	53,627,792	(4,152,588)	-7.2%
STATE TRANSIT ASSISTANCE (STA)					
STA - FORMULA	3,127,607	4,264,150	3,632,936	(631,214)	-14.8%
TOTAL STA FUNDS	3,127,607	4,264,150	3,632,936	(631,214)	-14.8%
STATE REVENUE - OTHER					
CALTRANS	0	0	0	0	-
MEDICAL	1,473,067	1,600,000	1,600,000	0	0.0%
TOTAL STATE FUNDS	1,473,067	1,600,000	1,600,000	0	0.0%
TRANSNET					
TRANSNET - 40% OPERATING SUPPORT	20,960,384	22,554,000	23,353,000	799,000	3.5%
TRANSNET - ACCESS ADA	701,867	744,000	766,000	22,000	3.0%
TRANSNET - SUPERLOOP	2,647,356	2,600,289	2,716,213	115,923	4.5%
TRANSNET - BRT	290,307	350,000	9,464,114	9,114,114	2604.0%
TOTAL TRANSNET FUNDS	24,599,914	26,248,289	36,299,327	10,051,037	38.3%
OTHER LOCAL					
CITY OF SAN DIEGO	459,102	459,102	459,102	0	0.0%
SANDAG - INLAND BREEZE	1,000,000	1,000,000	500,000	(500,000)	-50.0%
SANDAG - 4S RANCH	120,478	98,570	0	(98,570)	-100.0%
SANDAG - MURPHY CANYON	0	0	0	0	-
OTHER	789,426	217,472	217,472	0	0.0%
CNG REBATES	74,677	0	0	0	-
OTHER LOCAL FUNDS	2,443,684	1,775,144	1,176,574	(598,570)	-33.7%
TOTAL SUBSIDY REVENUE	141,800,601	137,916,652	147,349,094	9,432,442	6.8%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OTHER NON OPERATING REVENUE BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 3.06**

	<u>ACTUAL FY13</u>	<u>AMENDED BUDGET FY14</u>	<u>PROPOSED BUDGET FY15</u>	<u>\$ CHANGE BUDGET/ AMENDED</u>	<u>% CHANGE BUDGET/ AMENDED</u>
OTHER FUNDS					
LEASE/LEASEBACK LEASE PAYMENT FUND	<u>7,504,923</u>	<u>7,566,990</u>	<u>27,051,013</u>	<u>19,484,023</u>	<u>257.5%</u>
TOTAL OTHER FUNDS	<u>7,504,923</u>	<u>7,566,990</u>	<u>27,051,013</u>	<u>19,484,023</u>	<u>257.5%</u>
RESERVES REVENUE					
MTS CONTINGENCY RESERVE	<u>3,200,000</u>	<u>-</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>-</u>
TAXICAB RESERVES	<u>107,822</u>	<u>183,982</u>	<u>(21,663)</u>	<u>(205,645)</u>	<u>-111.8%</u>
SD&AE RESERVE	<u>57,091</u>	<u>28,651</u>	<u>(4,781)</u>	<u>(33,432)</u>	<u>-116.7%</u>
TOTAL RESERVES REVENUE	<u>3,364,913</u>	<u>212,633</u>	<u>(2,526,444)</u>	<u>(2,739,077)</u>	<u>-1288.2%</u>
TOTAL OTHER NON OPERATING REVENUE	<u>10,869,836</u>	<u>7,779,623</u>	<u>24,524,569</u>	<u>16,744,946</u>	<u>215.2%</u>

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**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS BUDGET
FISCAL YEAR 2015
SECTION 4.01**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	93,493,239	96,890,066	99,925,576	3,035,510	3.1%
OTHER OPERATING INCOME	578,087	689,000	709,000	20,000	2.9%
TOTAL OPERATING REVENUES	94,071,326	97,579,066	100,634,576	3,055,510	3.1%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	133,873,365	135,951,230	147,209,094	11,257,864	8.3%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	5,000,000	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	5,000,000	-	-	-	-
TOTAL NON OPERATING REVENUE	138,873,365	135,951,230	147,209,094	11,257,864	8.3%
TOTAL COMBINED REVENUES	232,944,691	233,530,296	247,843,670	14,313,374	6.1%
OPERATING EXPENSES					
LABOR EXPENSES	56,091,222	56,587,680	57,816,794	1,229,114	2.2%
FRINGE EXPENSES	50,945,422	41,389,637	43,343,443	1,953,807	4.7%
TOTAL PERSONNEL EXPENSES	107,036,645	97,977,316	101,160,237	3,182,921	3.2%
SECURITY EXPENSES	110,402	110,000	144,653	34,653	31.5%
REPAIR/MAINTENANCE SERVICES	3,630,238	4,264,315	4,284,749	20,434	0.5%
ENGINE AND TRANSMISSION REBUILD	1,055,660	1,197,995	1,275,000	77,005	6.4%
OTHER OUTSIDE SERVICES	1,589,115	2,012,674	2,097,704	85,031	4.2%
PURCHASED TRANSPORTATION	56,253,336	58,965,333	65,152,653	6,187,320	10.5%
TOTAL OUTSIDE SERVICES	62,638,750	66,550,317	72,954,759	6,404,443	9.6%
LUBRICANTS	418,608	436,862	463,103	26,241	6.0%
TIRES	862,259	932,313	1,170,344	238,031	25.5%
OTHER MATERIALS AND SUPPLIES	7,161,698	8,171,339	8,526,329	354,990	4.3%
TOTAL MATERIALS AND SUPPLIES	8,442,565	9,540,514	10,159,776	619,263	6.5%
DIESEL FUEL	7,283,082	7,231,728	7,388,389	156,661	2.2%
CNG	6,281,460	6,984,088	9,000,020	2,015,933	28.9%
TRACTION POWER	6,688,307	7,900,000	8,500,000	600,000	7.6%
UTILITIES	2,462,017	2,728,327	2,943,951	215,624	7.9%
TOTAL ENERGY	22,714,866	24,844,142	27,832,361	2,988,218	12.0%
RISK MANAGEMENT	2,984,141	4,512,335	4,052,768	(459,567)	-10.2%
GENERAL AND ADMINISTRATIVE	336,512	327,653	341,858	14,205	4.3%
DEBT SERVICE	1,548,179	1,238,882	1,149,100	(89,782)	-7.2%
VEHICLE / FACILITY LEASE	905,565	822,414	1,032,780	210,366	25.6%
TOTAL OPERATING EXPENSES	206,607,222	205,813,574	218,683,641	12,870,067	6.3%
NET OPERATING SUBSIDY	(112,535,897)	(108,234,507)	(118,049,064)	9,814,557	9.1%
OVERHEAD ALLOCATION	(26,337,468)	(27,716,722)	(29,160,030)	(1,443,308)	5.2%
ADJUSTED NET OPERATING SUBSIDY	(138,873,365)	(135,951,229)	(147,209,094)	11,257,865	8.3%
TOTAL REVENUES LESS TOTAL EXPENSES	0	0	-	0	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUS OPERATIONS BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 4.02**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	28,621,361	27,670,601	26,768,186	(902,415)	-3.3%
OTHER OPERATING INCOME	5,777	5,000	5,000	-	0.0%
TOTAL OPERATING REVENUES	28,627,138	27,675,601	26,773,186	(902,415)	-3.3%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	66,063,293	64,103,193	68,780,906	4,677,713	7.3%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	5,000,000	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	5,000,000	-	-	-	-
TOTAL NON OPERATING REVENUE	71,063,293	64,103,193	68,780,906	4,677,713	7.3%
TOTAL COMBINED REVENUES	99,690,431	91,778,794	95,554,092	3,775,298	4.1%
OPERATING EXPENSES					
LABOR EXPENSES	31,860,540	32,124,209	33,648,960	1,524,750	4.7%
FRINGE EXPENSES	43,146,150	32,919,086	33,647,319	728,234	2.2%
TOTAL PERSONNEL EXPENSES	75,006,689	65,043,295	67,296,279	2,252,984	3.5%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	715,702	734,961	783,855	48,894	6.7%
ENGINE AND TRANSMISSION REBUILD	632,969	660,000	715,000	55,000	8.3%
OTHER OUTSIDE SERVICES	244,247	251,925	272,399	20,474	8.1%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	1,592,918	1,646,885	1,771,254	124,369	7.6%
LUBRICANTS	177,793	190,862	217,103	26,241	13.7%
TIRES	862,180	932,313	1,170,344	238,031	25.5%
OTHER MATERIALS AND SUPPLIES	3,477,617	3,695,438	3,525,429	(170,008)	-4.6%
TOTAL MATERIALS AND SUPPLIES	4,517,590	4,818,613	4,912,876	94,264	2.0%
DIESEL FUEL	1,279,199	1,203,751	1,303,411	99,660	8.3%
CNG	3,573,353	3,963,575	5,046,538	1,082,963	27.3%
TRACTION POWER	-	-	-	-	-
UTILITIES	484,478	543,050	543,300	250	0.0%
TOTAL ENERGY	5,337,030	5,710,376	6,893,249	1,182,873	20.7%
RISK MANAGEMENT	1,427,214	2,535,172	1,928,900	(606,272)	-23.9%
GENERAL AND ADMINISTRATIVE	176,891	170,001	182,556	12,555	7.4%
DEBT SERVICE	1,548,179	1,238,882	1,149,100	(89,782)	-7.2%
VEHICLE / FACILITY LEASE	280,418	308,382	367,000	58,618	19.0%
TOTAL OPERATING EXPENSES	89,886,929	81,471,606	84,501,215	3,029,608	3.7%
NET OPERATING SUBSIDY	(61,259,791)	(53,796,005)	(57,728,029)	3,932,023	7.3%
OVERHEAD ALLOCATION	(9,803,502)	(10,307,187)	(11,052,877)	(745,690)	7.2%
ADJUSTED NET OPERATING SUBSIDY	(71,063,293)	(64,103,193)	(68,780,906)	4,677,713	7.3%
TOTAL REVENUES LESS TOTAL EXPENSES	(0)	0	-	0	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
RAIL OPERATIONS BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 4.03**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	35,553,838	40,611,107	41,577,585	966,478	2.4%
OTHER OPERATING INCOME	574,282	684,000	704,000	20,000	2.9%
TOTAL OPERATING REVENUES	36,128,120	41,295,107	42,281,585	986,478	2.4%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	28,143,220	27,652,233	29,798,599	2,146,366	7.8%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	28,143,220	27,652,233	29,798,599	2,146,366	7.8%
TOTAL COMBINED REVENUES	64,271,340	68,947,340	72,080,184	3,132,844	4.5%
OPERATING EXPENSES					
LABOR EXPENSES	23,408,962	23,571,240	23,557,864	(13,376)	-0.1%
FRINGE EXPENSES	7,571,753	8,198,581	9,481,046	1,282,465	15.6%
TOTAL PERSONNEL EXPENSES	30,980,715	31,769,821	33,038,911	1,269,089	4.0%
SECURITY EXPENSES	110,402	110,000	110,000	-	0.0%
REPAIR/MAINTENANCE SERVICES	2,724,482	3,243,451	3,256,902	13,451	0.4%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	480,164	595,755	591,158	(4,597)	-0.8%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	3,315,047	3,949,206	3,958,060	8,854	0.2%
LUBRICANTS	240,814	246,000	246,000	-	0.0%
TIRES	79	-	-	-	-
OTHER MATERIALS AND SUPPLIES	3,677,405	4,453,890	4,908,660	454,770	10.2%
TOTAL MATERIALS AND SUPPLIES	3,918,298	4,699,890	5,154,660	454,770	9.7%
DIESEL FUEL	454,886	437,788	440,260	2,472	0.6%
CNG	-	-	-	-	-
TRACTION POWER	6,688,307	7,900,000	8,500,000	600,000	7.6%
UTILITIES	1,889,650	2,087,976	2,244,976	157,000	7.5%
TOTAL ENERGY	9,032,844	10,425,764	11,185,236	759,472	7.3%
RISK MANAGEMENT	1,541,627	1,951,864	2,108,569	156,705	8.0%
GENERAL AND ADMINISTRATIVE	148,802	141,913	137,062	(4,851)	-3.4%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	329,878	357,000	367,000	10,000	2.8%
TOTAL OPERATING EXPENSES	49,267,211	53,295,458	55,949,497	2,654,039	5.0%
NET OPERATING SUBSIDY	(13,139,091)	(12,000,351)	(13,667,912)	1,667,561	13.9%
OVERHEAD ALLOCATION	(15,004,129)	(15,651,882)	(16,130,687)	(478,805)	3.1%
ADJUSTED NET OPERATING SUBSIDY	(28,143,220)	(27,652,233)	(29,798,599)	2,146,366	7.8%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONTRACTED BUS OPERATIONS - FIXED ROUTE BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 4.04**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	24,469,119	23,810,039	27,738,976	3,928,936	16.5%
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	24,469,119	23,810,039	27,738,976	3,928,936	16.5%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	23,598,494	26,717,005	31,270,209	4,553,204	17.0%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	23,598,494	26,717,005	31,270,209	4,553,204	17.0%
TOTAL COMBINED REVENUES	48,067,613	50,527,044	59,009,185	8,482,141	16.8%
OPERATING EXPENSES					
LABOR EXPENSES	436,323	494,954	337,615	(157,339)	-31.8%
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	436,323	494,954	337,615	(157,339)	-31.8%
SECURITY EXPENSES	-	-	34,653	34,653	-
REPAIR/MAINTENANCE SERVICES	138,086	203,195	204,080	885	0.4%
ENGINE AND TRANSMISSION REBUILD	399,539	402,000	530,000	128,000	31.8%
OTHER OUTSIDE SERVICES	310,168	439,426	534,589	95,163	21.7%
PURCHASED TRANSPORTATION	39,873,037	41,655,670	48,754,797	7,099,127	17.0%
TOTAL OUTSIDE SERVICES	40,720,830	42,700,291	50,058,119	7,357,828	17.2%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	1,981	7,553	82,140	74,587	987.5%
TOTAL MATERIALS AND SUPPLIES	1,981	7,553	82,140	74,587	987.5%
DIESEL FUEL	3,154,039	3,223,062	3,246,614	23,551	0.7%
CNG	2,696,525	2,852,216	3,714,969	862,753	30.2%
TRACTION POWER	-	-	-	-	-
UTILITIES	3,040	2,883	102,040	99,157	3439.4%
TOTAL ENERGY	5,853,603	6,078,161	7,063,622	985,461	16.2%
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	1,190	1,843	4,595	2,752	149.3%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	15,269	17,033	18,780	1,748	10.3%
TOTAL OPERATING EXPENSES	47,029,197	49,299,835	57,564,871	8,265,037	16.8%
NET OPERATING SUBSIDY	(22,560,078)	(25,489,795)	(29,825,896)	4,336,100	17.0%
OVERHEAD ALLOCATION	(1,038,416)	(1,227,209)	(1,444,314)	(217,104)	17.7%
ADJUSTED NET OPERATING SUBSIDY	(23,598,494)	(26,717,005)	(31,270,209)	4,553,204	17.0%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONTRACTED BUS OPERATIONS - PARA TRANSIT BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 4.05**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	2,007,302	2,129,309	2,290,584	161,274	7.6%
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	2,007,302	2,129,309	2,290,584	161,274	7.6%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	12,497,603	13,210,576	14,356,371	1,145,795	8.7%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	12,497,603	13,210,576	14,356,371	1,145,795	8.7%
TOTAL COMBINED REVENUES	14,504,905	15,339,885	16,646,955	1,307,069	8.5%
OPERATING EXPENSES					
LABOR EXPENSES	132,926	141,401	126,780	(14,621)	-10.3%
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	132,926	141,401	126,780	(14,621)	-10.3%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	254,282	429,028	449,093	20,065	4.7%
PURCHASED TRANSPORTATION	11,057,429	11,855,656	12,922,438	1,066,782	9.0%
TOTAL OUTSIDE SERVICES	11,311,711	12,284,684	13,371,531	1,086,847	8.8%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	2,389,694	2,361,406	2,398,104	36,698	1.6%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	852	757	720	(37)	-4.8%
TOTAL ENERGY	2,390,546	2,362,163	2,398,824	36,661	1.6%
RISK MANAGEMENT	15,300	15,300	15,300	-	0.0%
GENERAL AND ADMINISTRATIVE	4,715	4,685	13,425	8,740	186.5%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	280,000	140,000	280,000	140,000	100.0%
TOTAL OPERATING EXPENSES	14,135,197	14,948,233	16,205,860	1,257,627	8.4%
NET OPERATING SUBSIDY	(12,127,896)	(12,818,924)	(13,915,277)	1,096,353	8.6%
OVERHEAD ALLOCATION	(369,708)	(391,652)	(441,094)	(49,442)	12.6%
ADJUSTED NET OPERATING SUBSIDY	(12,497,603)	(13,210,576)	(14,356,371)	1,145,795	8.7%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CHULA VISTA TRANSIT BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 4.06**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	2,841,619	2,669,010	1,550,246	(1,118,764)	-41.9%
OTHER OPERATING INCOME	(1,972)	-	-	-	-
TOTAL OPERATING REVENUES	2,839,647	2,669,010	1,550,246	(1,118,764)	-41.9%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	3,095,626	3,741,433	2,468,915	(1,272,518)	-34.0%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	3,095,626	3,741,433	2,468,915	(1,272,518)	-34.0%
TOTAL COMBINED REVENUES	5,935,273	6,410,443	4,019,161	(2,391,282)	-37.3%
OPERATING EXPENSES					
LABOR EXPENSES	252,472	255,876	145,575	(110,301)	-43.1%
FRINGE EXPENSES	81,599	83,290	26,398	(56,892)	-68.3%
TOTAL PERSONNEL EXPENSES	334,071	339,165	171,973	(167,193)	-49.3%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	51,968	82,708	39,912	(42,796)	-51.7%
ENGINE AND TRANSMISSION REBUILD	23,152	135,995	30,000	(105,995)	-77.9%
OTHER OUTSIDE SERVICES	144,754	141,041	94,966	(46,075)	-32.7%
PURCHASED TRANSPORTATION	5,149,162	5,271,397	3,285,503	(1,985,893)	-37.7%
TOTAL OUTSIDE SERVICES	5,369,036	5,631,140	3,450,381	(2,180,759)	-38.7%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	4,696	14,458	10,100	(4,358)	-30.1%
TOTAL MATERIALS AND SUPPLIES	4,696	14,458	10,100	(4,358)	-30.1%
DIESEL FUEL	5,264	5,720	-	(5,720)	-100.0%
CNG	11,582	168,297	238,513	70,217	41.7%
TRACTION POWER	-	-	-	-	-
UTILITIES	83,997	93,661	52,915	(40,746)	-43.5%
TOTAL ENERGY	100,843	267,678	291,429	23,751	8.9%
RISK MANAGEMENT	-	10,000	-	(10,000)	-100.0%
GENERAL AND ADMINISTRATIVE	4,914	9,210	4,220	(4,990)	-54.2%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	5,813,559	6,271,652	3,928,103	(2,343,549)	-37.4%
NET OPERATING SUBSIDY	(2,973,912)	(3,602,642)	(2,377,857)	(1,224,785)	-34.0%
OVERHEAD ALLOCATION	(121,714)	(138,791)	(91,058)	47,733	-34.4%
ADJUSTED NET OPERATING SUBSIDY	(3,095,626)	(3,741,433)	(2,468,915)	(1,272,518)	-34.0%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CORONADO FERRY BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 4.07**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	173,708	182,610	189,914	7,304	4.0%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	173,708	182,610	189,914	7,304	4.0%
TOTAL COMBINED REVENUES	173,708	182,610	189,914	7,304	4.0%
OPERATING EXPENSES					
LABOR EXPENSES	-	-	-	-	-
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	-	-	-	-	-
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	-	-	-	-	-
PURCHASED TRANSPORTATION	173,708	182,610	189,914	7,304	4.0%
TOTAL OUTSIDE SERVICES	173,708	182,610	189,914	7,304	4.0%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	173,708	182,610	189,914	7,304	4.0%
NET OPERATING SUBSIDY	(173,708)	(182,610)	(189,914)	7,304	4.0%
OVERHEAD ALLOCATION	-	-	-	-	-
ADJUSTED NET OPERATING SUBSIDY	(173,708)	(182,610)	(189,914)	7,304	4.0%
TOTAL REVENUES LESS TOTAL EXPENSES	0	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATIVE PASS THROUGH BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 4.08**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	301,421	344,180	344,180	-	0.0%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	301,421	344,180	344,180	-	0.0%
TOTAL COMBINED REVENUES	301,421	344,180	344,180	-	0.0%
OPERATING EXPENSES					
LABOR EXPENSES	-	-	-	-	-
FRINGE EXPENSES	145,921	188,680	188,680	-	0.0%
TOTAL PERSONNEL EXPENSES	145,921	188,680	188,680	-	0.0%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	155,500	155,500	155,500	-	0.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	155,500	155,500	155,500	-	0.0%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	301,421	344,180	344,180	-	0.0%
NET OPERATING SUBSIDY	(301,421)	(344,180)	(344,180)	-	0.0%
OVERHEAD ALLOCATION	-	-	-	-	-
ADJUSTED NET OPERATING SUBSIDY	(301,421)	(344,180)	(344,180)	-	0.0%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATIVE PASS THROUGH BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 4.09**

	PERSONNEL FY15	OUTSIDE SERVICES FY15
City of Poway	55,027	5,000
City of El Cajon	69,133	21,750
City of Lemon Grove	13,020	108,150
City of La Mesa	51,500	
City of Coronado		20,600
Subtotal	188,680	155,500
Grand Total		344,180

Personnel costs are to reimburse cities for staff time and overhead spent on transit-related issues.
Outside services costs are for the maintenance of bus benches, bus stops and bus shelters.

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**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATIVE BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 5.01**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	4,314,536	6,305,720	8,718,827	2,413,107	38.3%
TOTAL OPERATING REVENUES	4,314,536	6,305,720	8,718,827	2,413,107	38.3%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	6,127,240	1,963,811	140,000	(1,823,811)	-92.9%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	(2,500,000)	(2,500,000)	-
OTHER INCOME	7,504,923	7,566,990	27,051,013	19,484,023	257.5%
TOTAL OTHER NON OPERATING REVENUE	7,504,923	7,566,990	24,551,013	16,984,023	224.4%
TOTAL NON OPERATING REVENUE	13,632,163	9,530,801	24,691,013	15,160,211	159.1%
TOTAL COMBINED REVENUES	17,946,699	15,836,521	33,409,840	17,573,318	111.0%
OPERATING EXPENSES					
LABOR EXPENSES	10,102,550	10,944,591	11,594,840	650,249	5.9%
FRINGE EXPENSES	6,336,887	6,308,412	7,090,711	782,300	12.4%
TOTAL PERSONNEL EXPENSES	16,439,437	17,253,003	18,685,552	1,432,549	8.3%
SECURITY EXPENSES	6,327,391	6,843,380	6,819,610	(23,770)	-0.3%
REPAIR/MAINTENANCE SERVICES	56,558	54,345	53,745	(600)	-1.1%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	3,796,529	6,265,891	6,268,994	3,103	0.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	10,180,478	13,163,616	13,142,349	(21,267)	-0.2%
LUBRICANTS	-	-	-	-	-
TIRES	5,633	8,000	8,000	-	0.0%
OTHER MATERIALS AND SUPPLIES	7,821	10,255	15,024	4,769	46.5%
TOTAL MATERIALS AND SUPPLIES	13,453	18,255	23,024	4,769	26.1%
DIESEL FUEL	162,922	174,950	175,125	175	0.1%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	541,569	563,600	621,700	58,100	10.3%
TOTAL ENERGY	704,491	738,550	796,825	58,275	7.9%
RISK MANAGEMENT	341,444	341,082	368,511	27,429	8.0%
GENERAL AND ADMINISTRATIVE	1,587,056	1,736,474	1,573,340	(163,134)	-9.4%
DEBT SERVICE	8,229,342	8,303,694	27,801,563	19,497,869	234.8%
VEHICLE / FACILITY LEASE	265,052	283,648	290,000	6,352	2.2%
TOTAL OPERATING EXPENSES	37,760,753	41,838,323	62,681,165	20,842,842	49.8%
NET OPERATING SUBSIDY	(33,446,217)	(35,532,603)	(53,962,338)	18,429,735	51.9%
OVERHEAD ALLOCATION	26,443,683	27,825,613	29,271,325	1,445,712	5.2%
ADJUSTED NET OPERATING SUBSIDY	(7,002,533)	(7,706,990)	(24,691,013)	16,984,022	220.4%
TOTAL REVENUES LESS TOTAL EXPENSES	6,629,629	1,823,811	-	1,823,811	-100.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS BUDGET
FISCAL YEAR 2015
SECTION 5.02**

	<u>ACTUAL FY13</u>	<u>AMENDED BUDGET FY14</u>	<u>PROPOSED BUDGET FY15</u>	<u>\$ CHANGE BUDGET/ AMENDED</u>	<u>% CHANGE BUDGET/ AMENDED</u>
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NON OPERATING REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMBINED REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES					
LABOR EXPENSES	-	-	-	-	-
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	798	1,000	1,500	500	50.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	<u>798</u>	<u>1,000</u>	<u>1,500</u>	<u>500</u>	<u>50.0%</u>
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
RISK MANAGEMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GENERAL AND ADMINISTRATIVE	<u>62,065</u>	<u>57,500</u>	<u>62,500</u>	<u>5,000</u>	<u>8.7%</u>
DEBT SERVICE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
VEHICLE / FACILITY LEASE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>62,863</u>	<u>58,500</u>	<u>64,000</u>	<u>5,500</u>	<u>9.4%</u>
NET OPERATING SUBSIDY	<u>(62,863)</u>	<u>(58,500)</u>	<u>(64,000)</u>	<u>5,500</u>	<u>9.4%</u>
OVERHEAD ALLOCATION	71,600	58,500	64,000	5,500	9.4%
ADJUSTED NET OPERATING SUBSIDY	<u>8,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES LESS TOTAL EXPENSES	<u>8,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS ADMINISTRATION BUDGET
FISCAL YEAR 2015
SECTION 5.03**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	-	-	-	-	-
OPERATING EXPENSES					
LABOR EXPENSES	160,906	132,510	177,745	45,235	34.1%
FRINGE EXPENSES	19,490	21,868	24,309	2,442	11.2%
TOTAL PERSONNEL EXPENSES	180,397	154,378	202,055	47,677	30.9%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	-	-	-	-	-
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	-	-	-	-	-
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	180,397	154,378	202,055	47,677	30.9%
NET OPERATING SUBSIDY	(180,397)	(154,378)	(202,055)	47,677	30.9%
OVERHEAD ALLOCATION	187,231	154,378	202,055	47,677	30.9%
ADJUSTED NET OPERATING SUBSIDY	6,835	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	6,835	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUS BENCH/SHELTER BUDGET
FISCAL YEAR 2015
SECTION 5.04**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	878,354	1,016,002	1,060,000	43,998	4.3%
TOTAL OPERATING REVENUES	878,354	1,016,002	1,060,000	43,998	4.3%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	878,354	1,016,002	1,060,000	43,998	4.3%
OPERATING EXPENSES					
LABOR EXPENSES	119,986	130,000	125,000	(5,000)	-3.8%
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	119,986	130,000	125,000	(5,000)	-3.8%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	717	3,500	1,500	(2,000)	-57.1%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	717	3,500	1,500	(2,000)	-57.1%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	2,042	2,000	2,000	-	0.0%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	2,042	2,000	2,000	-	0.0%
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	122,744	135,500	128,500	(7,000)	-5.2%
NET OPERATING SUBSIDY	755,610	880,502	931,500	(50,998)	5.8%
OVERHEAD ALLOCATION	(720,300)	(880,502)	(931,500)	(50,998)	5.8%
ADJUSTED NET OPERATING SUBSIDY	35,310	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	35,310	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
COMPASS CARD BUDGET
FISCAL YEAR 2015
SECTION 5.05**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	1,670,000	1,570,000	(100,000)	-6.0%
TOTAL OPERATING REVENUES	-	1,670,000	1,570,000	(100,000)	-6.0%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	-	1,670,000	1,570,000	(100,000)	-6.0%
OPERATING EXPENSES					
LABOR EXPENSES	-	357,688	564,307	206,619	57.8%
FRINGE EXPENSES	-	192,714	369,738	177,024	91.9%
TOTAL PERSONNEL EXPENSES	-	550,402	934,045	383,643	69.7%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	-	1,276,538	1,289,615	13,077	1.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	-	1,276,538	1,289,615	13,077	1.0%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	27,400	42,400	15,000	54.7%
TOTAL ENERGY	-	27,400	42,400	15,000	54.7%
RISK MANAGEMENT	-	-	10,000	10,000	-
GENERAL AND ADMINISTRATIVE	-	292,175	(70,745)	(362,920)	-124.2%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	-	2,146,515	2,205,315	58,800	2.7%
NET OPERATING SUBSIDY	-	(476,515)	(635,315)	158,800	33.3%
OVERHEAD ALLOCATION	-	476,515	635,315	158,800	33.3%
ADJUSTED NET OPERATING SUBSIDY	-	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
EXECUTIVE BUDGET
FISCAL YEAR 2015
SECTION 5.06**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	-	-	-	-	-
OPERATING EXPENSES					
LABOR EXPENSES	504,588	508,542	526,585	18,043	3.5%
FRINGE EXPENSES	88,394	79,195	96,642	17,447	22.0%
TOTAL PERSONNEL EXPENSES	592,982	587,738	623,228	35,490	6.0%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	-	-	-	-	-
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	-	-	-	-	-
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	3,251	2,700	2,700	-	0.0%
TOTAL ENERGY	3,251	2,700	2,700	-	0.0%
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	31,875	31,500	31,500	-	0.0%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	628,108	621,938	657,428	35,490	5.7%
NET OPERATING SUBSIDY	(628,108)	(621,938)	(657,428)	35,490	5.7%
OVERHEAD ALLOCATION	587,286	621,938	657,428	35,490	5.7%
ADJUSTED NET OPERATING SUBSIDY	(40,823)	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	(40,823)	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
FINANCE BUDGET
FISCAL YEAR 2015
SECTION 5.07**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	-	-	-	-	-
OPERATING EXPENSES					
LABOR EXPENSES	1,219,806	1,273,850	1,255,401	(18,449)	-1.4%
FRINGE EXPENSES	196,603	245,782	222,697	(23,085)	-9.4%
TOTAL PERSONNEL EXPENSES	1,416,409	1,519,632	1,478,098	(41,534)	-2.7%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	4,588	5,650	5,650	-	0.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	4,588	5,650	5,650	-	0.0%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	150	150	-	0.0%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	2,389	2,000	2,000	-	0.0%
TOTAL ENERGY	2,389	2,150	2,150	-	0.0%
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	7,842	10,250	12,250	2,000	19.5%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	1,431,228	1,537,682	1,498,148	(39,534)	-2.6%
NET OPERATING SUBSIDY	(1,431,228)	(1,537,682)	(1,498,148)	(39,534)	-2.6%
OVERHEAD ALLOCATION	1,441,958	1,537,682	1,498,148	(39,534)	-2.6%
ADJUSTED NET OPERATING SUBSIDY	10,730	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	10,730	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
FRINGE BENEFITS BUDGET
FISCAL YEAR 2015
SECTION 5.08**

	<u>ACTUAL FY13</u>	<u>AMENDED BUDGET FY14</u>	<u>PROPOSED BUDGET FY15</u>	<u>\$ CHANGE BUDGET/ AMENDED</u>	<u>% CHANGE BUDGET/ AMENDED</u>
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NON OPERATING REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMBINED REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES					
LABOR EXPENSES	-	-	-	-	-
FRINGE EXPENSES	5,527,181	5,657,059	5,628,841	(28,217)	-0.5%
TOTAL PERSONNEL EXPENSES	<u>5,527,181</u>	<u>5,657,059</u>	<u>5,628,841</u>	<u>(28,217)</u>	<u>-0.5%</u>
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	-	-	-	-	-
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
RISK MANAGEMENT	<u>2,981</u>	<u>4,100</u>	<u>4,500</u>	<u>400</u>	<u>9.8%</u>
GENERAL AND ADMINISTRATIVE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEBT SERVICE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
VEHICLE / FACILITY LEASE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>5,530,162</u>	<u>5,661,159</u>	<u>5,633,341</u>	<u>(27,817)</u>	<u>-0.5%</u>
NET OPERATING SUBSIDY	<u>(5,530,162)</u>	<u>(5,661,159)</u>	<u>(5,633,341)</u>	<u>(27,817)</u>	<u>-0.5%</u>
OVERHEAD ALLOCATION	5,200,626	5,661,159	5,633,341	(27,817)	-0.5%
ADJUSTED NET OPERATING SUBSIDY	<u>(329,536)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES LESS TOTAL EXPENSES	<u>(329,536)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
GENERAL EXPENSES BUDGET
FISCAL YEAR 2015
SECTION 5.09**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	-	-	-	-	-
OPERATING EXPENSES					
LABOR EXPENSES	5,046	6,000	6,000	-	0.0%
FRINGE EXPENSES	(409,020)	(860,000)	(572,118)	287,882	-33.5%
TOTAL PERSONNEL EXPENSES	(403,973)	(854,000)	(566,118)	287,882	-33.7%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	36,846	35,600	37,000	1,400	3.9%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	901,293	793,319	768,150	(25,169)	-3.2%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	938,138	828,919	805,150	(23,769)	-2.9%
LUBRICANTS	-	-	-	-	-
TIRES	26	1,000	1,000	-	0.0%
OTHER MATERIALS AND SUPPLIES	20	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	47	1,000	1,000	-	0.0%
DIESEL FUEL	2,239	2,500	2,500	-	0.0%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	480,720	467,000	517,000	50,000	10.7%
TOTAL ENERGY	482,959	469,500	519,500	50,000	10.6%
RISK MANAGEMENT	(1,089)	-	-	-	-
GENERAL AND ADMINISTRATIVE	1,000,045	819,249	899,552	80,303	9.8%
DEBT SERVICE	8,229,342	8,303,694	27,801,563	19,497,869	234.8%
VEHICLE / FACILITY LEASE	265,052	283,648	290,000	6,352	2.2%
TOTAL OPERATING EXPENSES	10,510,520	9,852,010	29,750,647	19,898,637	202.0%
NET OPERATING SUBSIDY	(10,510,520)	(9,852,010)	(29,750,647)	19,898,637	202.0%
OVERHEAD ALLOCATION	10,475,715	9,852,010	29,750,647	19,898,637	202.0%
ADJUSTED NET OPERATING SUBSIDY	(34,805)	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	(34,805)	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
HUMAN RESOURCES BUDGET
FISCAL YEAR 2015
SECTION 5.10**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	-	-	-	-	-
OPERATING EXPENSES					
LABOR EXPENSES	922,217	902,380	930,337	27,957	3.1%
FRINGE EXPENSES	130,428	124,199	135,465	11,267	9.1%
TOTAL PERSONNEL EXPENSES	1,052,644	1,026,578	1,065,803	39,224	3.8%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	437,936	524,698	506,931	(17,768)	-3.4%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	437,936	524,698	506,931	(17,768)	-3.4%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	47	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	2,346	2,400	3,000	600	25.0%
TOTAL ENERGY	2,392	2,400	3,000	600	25.0%
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	16,989	17,380	21,200	3,820	22.0%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	1,509,962	1,571,057	1,596,934	25,877	1.6%
NET OPERATING SUBSIDY	(1,509,962)	(1,571,057)	(1,596,934)	25,877	1.6%
OVERHEAD ALLOCATION	1,484,119	1,571,057	1,596,934	25,877	1.6%
ADJUSTED NET OPERATING SUBSIDY	(25,843)	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	(25,843)	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
INFORMATION TECHNOLOGY BUDGET
FISCAL YEAR 2015
SECTION 5.11**

	<u>ACTUAL FY13</u>	<u>AMENDED BUDGET FY14</u>	<u>PROPOSED BUDGET FY15</u>	<u>\$ CHANGE BUDGET/ AMENDED</u>	<u>% CHANGE BUDGET/ AMENDED</u>
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NON OPERATING REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMBINED REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES					
LABOR EXPENSES	1,178,407	1,273,133	1,350,191	77,059	6.1%
FRINGE EXPENSES	84,782	125,172	176,495	51,323	41.0%
TOTAL PERSONNEL EXPENSES	<u>1,263,188</u>	<u>1,398,304</u>	<u>1,526,686</u>	<u>128,381</u>	<u>9.2%</u>
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	1,361,138	2,172,932	2,015,600	(157,332)	-7.2%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	<u>1,361,138</u>	<u>2,172,932</u>	<u>2,015,600</u>	<u>(157,332)</u>	<u>-7.2%</u>
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DIESEL FUEL	108	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	26,279	20,100	22,000	1,900	9.5%
TOTAL ENERGY	<u>26,387</u>	<u>20,100</u>	<u>22,000</u>	<u>1,900</u>	<u>9.5%</u>
RISK MANAGEMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GENERAL AND ADMINISTRATIVE	<u>271,078</u>	<u>315,175</u>	<u>360,000</u>	<u>44,825</u>	<u>14.2%</u>
DEBT SERVICE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
VEHICLE / FACILITY LEASE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>2,921,790</u>	<u>3,906,511</u>	<u>3,924,286</u>	<u>17,774</u>	<u>0.5%</u>
NET OPERATING SUBSIDY	<u>(2,921,790)</u>	<u>(3,906,511)</u>	<u>(3,924,286)</u>	<u>17,774</u>	<u>0.5%</u>
OVERHEAD ALLOCATION	3,193,114	3,906,511	3,924,286	17,774	0.5%
ADJUSTED NET OPERATING SUBSIDY	<u>271,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES LESS TOTAL EXPENSES	<u>271,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
LAND MANAGEMENT BUDGET
FISCAL YEAR 2015
SECTION 5.12**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	1,664,247	1,804,718	1,848,827	44,109	2.4%
TOTAL OPERATING REVENUES	1,664,247	1,804,718	1,848,827	44,109	2.4%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	1,664,247	1,804,718	1,848,827	44,109	2.4%
OPERATING EXPENSES					
LABOR EXPENSES	143,230	149,725	170,621	20,896	14.0%
FRINGE EXPENSES	41,789	37,820	41,434	3,613	9.6%
TOTAL PERSONNEL EXPENSES	185,019	187,545	212,055	24,510	13.1%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	98,909	309,000	281,000	(28,000)	-9.1%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	98,909	309,000	281,000	(28,000)	-9.1%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	77	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	10,929	21,000	12,500	(8,500)	-40.5%
TOTAL ENERGY	11,006	21,000	12,500	(8,500)	-40.5%
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	15,058	16,000	19,500	3,500	21.9%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	309,992	533,545	525,055	(8,490)	-1.6%
NET OPERATING SUBSIDY	1,354,255	1,271,173	1,323,772	(52,599)	4.1%
OVERHEAD ALLOCATION	(1,341,254)	(1,271,173)	(1,323,772)	(52,599)	4.1%
ADJUSTED NET OPERATING SUBSIDY	13,001	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	13,001	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
LEGAL BUDGET
FISCAL YEAR 2015
SECTION 5.13**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	-	-	-	-	-
OPERATING EXPENSES					
LABOR EXPENSES	156,859	161,664	167,130	5,466	3.4%
FRINGE EXPENSES	20,826	20,493	22,858	2,365	11.5%
TOTAL PERSONNEL EXPENSES	177,685	182,156	189,987	7,831	4.3%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	72,296	101,500	180,000	78,500	77.3%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	72,296	101,500	180,000	78,500	77.3%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	482	450	450	-	0.0%
TOTAL ENERGY	482	450	450	-	0.0%
RISK MANAGEMENT	120	-	-	-	-
GENERAL AND ADMINISTRATIVE	5,817	10,695	12,895	2,200	20.6%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	256,401	294,801	383,332	88,531	30.0%
NET OPERATING SUBSIDY	(256,401)	(294,801)	(383,332)	88,531	30.0%
OVERHEAD ALLOCATION	291,847	294,801	383,332	88,531	30.0%
ADJUSTED NET OPERATING SUBSIDY	35,446	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	35,446	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MARKETING BUDGET
FISCAL YEAR 2015
SECTION 5.14**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	-	-	-	-	-
OPERATING EXPENSES					
LABOR EXPENSES	510,221	636,855	668,496	31,641	5.0%
FRINGE EXPENSES	86,636	85,658	101,427	15,769	18.4%
TOTAL PERSONNEL EXPENSES	596,857	722,513	769,923	47,410	6.6%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	713,952	656,000	767,000	111,000	16.9%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	713,952	656,000	767,000	111,000	16.9%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	174	200	200	-	0.0%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	2,596	2,700	2,700	-	0.0%
TOTAL ENERGY	2,770	2,900	2,900	-	0.0%
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	14,940	23,500	40,500	17,000	72.3%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	1,328,519	1,404,913	1,580,323	175,410	12.5%
NET OPERATING SUBSIDY	(1,328,519)	(1,404,913)	(1,580,323)	175,410	12.5%
OVERHEAD ALLOCATION	1,427,696	1,404,913	1,580,323	175,410	12.5%
ADJUSTED NET OPERATING SUBSIDY	99,177	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	99,177	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
PLANNING BUDGET
FISCAL YEAR 2015
SECTION 5.15**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	-	-	-	-	-
OPERATING EXPENSES					
LABOR EXPENSES	534,350	593,114	615,415	22,301	3.8%
FRINGE EXPENSES	64,408	90,254	93,110	2,856	3.2%
TOTAL PERSONNEL EXPENSES	598,758	683,368	708,526	25,158	3.7%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	34,273	22,500	45,000	22,500	100.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	34,273	22,500	45,000	22,500	100.0%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	7,702	13,750	15,600	1,850	13.5%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	640,733	719,618	769,126	49,508	6.9%
NET OPERATING SUBSIDY	(640,733)	(719,618)	(769,126)	49,508	6.9%
OVERHEAD ALLOCATION	672,014	719,618	769,126	49,508	6.9%
ADJUSTED NET OPERATING SUBSIDY	31,282	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	31,282	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
PURCHASING BUDGET
FISCAL YEAR 2015
SECTION 5.16**

	<u>ACTUAL FY13</u>	<u>AMENDED BUDGET FY14</u>	<u>PROPOSED BUDGET FY15</u>	<u>\$ CHANGE BUDGET/ AMENDED</u>	<u>% CHANGE BUDGET/ AMENDED</u>
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NON OPERATING REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMBINED REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES					
LABOR EXPENSES	585,688	647,555	690,557	43,002	6.6%
FRINGE EXPENSES	80,738	94,887	103,789	8,902	9.4%
TOTAL PERSONNEL EXPENSES	<u>666,426</u>	<u>742,442</u>	<u>794,346</u>	<u>51,904</u>	<u>7.0%</u>
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	38,407	60,744	85,719	24,975	41.1%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	<u>38,407</u>	<u>60,744</u>	<u>85,719</u>	<u>24,975</u>	<u>41.1%</u>
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DIESEL FUEL	44	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	573	550	550	-	0.0%
TOTAL ENERGY	<u>617</u>	<u>550</u>	<u>550</u>	<u>-</u>	<u>0.0%</u>
RISK MANAGEMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GENERAL AND ADMINISTRATIVE	<u>7,023</u>	<u>5,550</u>	<u>6,300</u>	<u>750</u>	<u>13.5%</u>
DEBT SERVICE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
VEHICLE / FACILITY LEASE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>712,474</u>	<u>809,286</u>	<u>886,915</u>	<u>77,629</u>	<u>9.6%</u>
NET OPERATING SUBSIDY	<u>(712,474)</u>	<u>(809,286)</u>	<u>(886,915)</u>	<u>77,629</u>	<u>9.6%</u>
OVERHEAD ALLOCATION	<u>710,144</u>	<u>809,286</u>	<u>886,915</u>	<u>77,629</u>	<u>9.6%</u>
ADJUSTED NET OPERATING SUBSIDY	<u>(2,330)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES LESS TOTAL EXPENSES	<u>(2,330)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
REVENUE BUDGET
FISCAL YEAR 2015
SECTION 5.17**

	<u>ACTUAL FY13</u>	<u>AMENDED BUDGET FY14</u>	<u>PROPOSED BUDGET FY15</u>	<u>\$ CHANGE BUDGET/ AMENDED</u>	<u>% CHANGE BUDGET/ AMENDED</u>
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	1,771,228	1,815,000	4,240,000	2,425,000	133.6%
TOTAL OPERATING REVENUES	1,771,228	1,815,000	4,240,000	2,425,000	133.6%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	5,930,429	1,823,811	-	(1,823,811)	-100.0%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	(2,500,000)	(2,500,000)	-
OTHER INCOME	7,504,923	7,566,990	27,051,013	19,484,023	257.5%
TOTAL OTHER NON OPERATING REVENUE	7,504,923	7,566,990	24,551,013	16,984,023	224.4%
TOTAL NON OPERATING REVENUE	13,435,352	9,390,801	24,551,013	15,160,211	161.4%
TOTAL COMBINED REVENUES	15,206,580	11,205,801	28,791,013	17,585,211	156.9%
OPERATING EXPENSES					
LABOR EXPENSES	-	-	-	-	-
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	-	-	-	-	-
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	-	-	-	-	-
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	-	-	-	-	-
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	-	-	-	-	-
NET OPERATING SUBSIDY	1,771,228	1,815,000	4,240,000	(2,425,000)	133.6%
OVERHEAD ALLOCATION	(9,133,926)	(9,381,990)	(28,791,013)	(19,409,023)	206.9%
ADJUSTED NET OPERATING SUBSIDY	(7,362,698)	(7,566,990)	(24,551,013)	16,984,023	224.4%
TOTAL REVENUES LESS TOTAL EXPENSES	6,072,654	1,823,811	-	1,823,811	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
RISK BUDGET
FISCAL YEAR 2015
SECTION 5.18**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	-	-	-	-	-
OPERATING EXPENSES					
LABOR EXPENSES	232,249	233,782	242,349	8,566	3.7%
FRINGE EXPENSES	48,752	34,634	38,145	3,510	10.1%
TOTAL PERSONNEL EXPENSES	281,001	268,417	280,494	12,077	4.5%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	13,077	15,000	7,500	(7,500)	-50.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	13,077	15,000	7,500	(7,500)	-50.0%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	304,432	309,982	327,011	17,029	5.5%
GENERAL AND ADMINISTRATIVE	5,457	2,650	7,650	5,000	188.7%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	603,967	596,049	622,655	26,606	4.5%
NET OPERATING SUBSIDY	(603,967)	(596,049)	(622,655)	26,606	4.5%
OVERHEAD ALLOCATION	600,372	596,049	622,655	26,606	4.5%
ADJUSTED NET OPERATING SUBSIDY	(3,596)	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	(3,596)	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
SECURITY BUDGET
FISCAL YEAR 2015
SECTION 5.19**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	196,810	140,000	140,000	-	0.0%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	196,810	140,000	140,000	-	0.0%
TOTAL COMBINED REVENUES	196,810	140,000	140,000	-	0.0%
OPERATING EXPENSES					
LABOR EXPENSES	1,935,465	2,008,926	2,108,177	99,251	4.9%
FRINGE EXPENSES	281,800	268,150	284,409	16,259	6.1%
TOTAL PERSONNEL EXPENSES	2,217,265	2,277,076	2,392,587	115,510	5.1%
SECURITY EXPENSES	6,325,521	6,841,510	6,817,684	(23,826)	-0.3%
REPAIR/MAINTENANCE SERVICES	16,476	14,745	14,745	-	0.0%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	91,694	97,930	100,280	2,350	2.4%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	6,433,692	6,954,185	6,932,709	(21,476)	-0.3%
LUBRICANTS	-	-	-	-	-
TIRES	5,606	7,000	7,000	-	0.0%
OTHER MATERIALS AND SUPPLIES	-	3,000	3,000	-	0.0%
TOTAL MATERIALS AND SUPPLIES	5,606	10,000	10,000	-	0.0%
DIESEL FUEL	155,267	166,600	166,600	-	0.0%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	9,725	14,000	14,000	-	0.0%
TOTAL ENERGY	164,991	180,600	180,600	-	0.0%
RISK MANAGEMENT	35,000	27,000	27,000	-	0.0%
GENERAL AND ADMINISTRATIVE	70,316	46,275	52,275	6,000	13.0%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	8,926,870	9,495,136	9,595,171	100,034	1.1%
NET OPERATING SUBSIDY	(8,926,870)	(9,495,136)	(9,595,171)	100,034	1.1%
OVERHEAD ALLOCATION	9,169,860	9,355,136	9,455,171	100,035	1.1%
ADJUSTED NET OPERATING SUBSIDY	242,990	(140,000)	(140,000)	(0)	0.0%
TOTAL REVENUES LESS TOTAL EXPENSES	439,800	(0)	-	(0)	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
STORES BUDGET
FISCAL YEAR 2015
SECTION 5.20**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	-	-	-	-	-
OPERATING EXPENSES					
LABOR EXPENSES	918,292	992,936	1,000,925	7,989	0.8%
FRINGE EXPENSES	152,065	156,056	169,332	13,276	8.5%
TOTAL PERSONNEL EXPENSES	1,070,357	1,148,992	1,170,257	21,264	1.9%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	2,125	2,000	-	(2,000)	-100.0%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	22,916	220,705	208,675	(12,030)	-5.5%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	25,041	222,705	208,675	(14,030)	-6.3%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	7,800	6,455	12,024	5,569	86.3%
TOTAL MATERIALS AND SUPPLIES	7,800	6,455	12,024	5,569	86.3%
DIESEL FUEL	2,925	3,500	3,675	175	5.0%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	2,280	3,300	2,400	(900)	-27.3%
TOTAL ENERGY	5,206	6,800	6,075	(725)	-10.7%
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	12,428	8,000	10,500	2,500	31.3%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	1,120,833	1,392,952	1,407,531	14,578	1.0%
NET OPERATING SUBSIDY	(1,120,833)	(1,392,952)	(1,407,531)	14,578	1.0%
OVERHEAD ALLOCATION	1,142,508	1,392,952	1,407,531	14,578	1.0%
ADJUSTED NET OPERATING SUBSIDY	21,675	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	21,675	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TELEPHONE INFORMATION SERVICES BUDGET
FISCAL YEAR 2015
SECTION 5.21**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	-	-	-	-	-
OPERATING EXPENSES					
LABOR EXPENSES	753,541	716,534	757,889	41,355	5.8%
FRINGE EXPENSES	(117,635)	(107,595)	116,546	224,141	-208.3%
TOTAL PERSONNEL EXPENSES	635,906	608,939	874,436	265,497	43.6%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	3,817	4,300	4,300	-	0.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	3,817	4,300	4,300	-	0.0%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	(16,037)	(18,422)	5,981	24,403	-132.5%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	623,686	594,817	884,717	289,899	48.7%
NET OPERATING SUBSIDY	(623,686)	(594,817)	(884,717)	289,899	48.7%
OVERHEAD ALLOCATION	636,584	594,817	884,717	289,899	48.7%
ADJUSTED NET OPERATING SUBSIDY	12,898	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	12,898	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TRANSIT STORE BUDGET
FISCAL YEAR 2015
SECTION 5.22**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	707	-	-	-	-
TOTAL OPERATING REVENUES	707	-	-	-	-
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	-	-	-	-	-
TOTAL COMBINED REVENUES	707	-	-	-	-
OPERATING EXPENSES					
LABOR EXPENSES	221,697	219,396	237,713	18,316	8.3%
FRINGE EXPENSES	39,651	42,067	37,592	(4,475)	-10.6%
TOTAL PERSONNEL EXPENSES	261,348	261,463	275,304	13,841	5.3%
SECURITY EXPENSES	1,870	1,870	1,926	56	3.0%
REPAIR/MAINTENANCE SERVICES	1,111	2,000	2,000	-	0.0%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	717	575	575	-	0.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	3,698	4,445	4,501	56	1.3%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	800	-	(800)	-100.0%
TOTAL MATERIALS AND SUPPLIES	-	800	-	(800)	-100.0%
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	74,457	85,247	85,883	635	0.7%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	339,504	351,955	365,688	13,733	3.9%
NET OPERATING SUBSIDY	(338,797)	(351,955)	(365,688)	13,733	3.9%
OVERHEAD ALLOCATION	346,490	351,955	365,688	13,733	3.9%
ADJUSTED NET OPERATING SUBSIDY	7,693	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSES	7,693	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OTHER ACTIVITIES BUDGET SUMMARY
FISCAL YEAR 2015
SECTION 6.01**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	1,043,568	1,000,000	1,124,000	124,000	12.4%
TOTAL OPERATING REVENUES	1,043,568	1,000,000	1,124,000	124,000	12.4%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	164,913	212,633	(26,444)	(239,077)	-112.4%
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	164,913	212,633	(26,444)	(239,077)	-112.4%
TOTAL NON OPERATING REVENUE	164,913	212,633	(26,444)	(239,077)	-112.4%
TOTAL COMBINED REVENUES	1,208,481	1,212,633	1,097,556	(115,077)	-9.5%
OPERATING EXPENSES					
LABOR EXPENSES	553,102	574,077	572,704	(1,373)	-0.2%
FRINGE EXPENSES	145,491	152,635	167,027	14,392	9.4%
TOTAL PERSONNEL EXPENSES	698,593	726,712	739,731	13,019	1.8%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	10,695	10,000	5,000	(5,000)	-50.0%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	239,679	224,160	100,610	(123,550)	-55.1%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	250,373	234,160	105,610	(128,550)	-54.9%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	21,113	7,000	7,000	-	0.0%
TOTAL MATERIALS AND SUPPLIES	21,113	7,000	7,000	-	0.0%
DIESEL FUEL	3,868	5,000	5,000	-	0.0%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	5,597	5,000	5,000	-	0.0%
TOTAL ENERGY	9,465	10,000	10,000	-	0.0%
RISK MANAGEMENT	18,892	17,000	17,000	-	0.0%
GENERAL AND ADMINISTRATIVE	103,830	108,870	106,920	(1,950)	-1.8%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	1,102,266	1,103,742	986,261	(117,481)	-10.6%
NET OPERATING SUBSIDY	(58,697)	(103,742)	137,739	(241,481)	-232.8%
OVERHEAD ALLOCATION	(106,215)	(108,891)	(111,295)	(2,404)	2.2%
ADJUSTED NET OPERATING SUBSIDY	(164,912)	(212,633)	26,444	(239,077)	-112.4%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
TAXICAB BUDGET
FISCAL YEAR 2015
SECTION 6.02**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	883,985	865,000	989,000	124,000	14.3%
TOTAL OPERATING REVENUES	883,985	865,000	989,000	124,000	14.3%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	107,822	183,982	(21,663)	(205,645)	-111.8%
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	107,822	183,982	(21,663)	(205,645)	-111.8%
TOTAL NON OPERATING REVENUE	107,822	183,982	(21,663)	(205,645)	-111.8%
TOTAL COMBINED REVENUES	991,807	1,048,982	967,337	(81,645)	-7.8%
OPERATING EXPENSES					
LABOR EXPENSES	448,938	457,926	479,985	22,059	4.8%
FRINGE EXPENSES	145,491	152,635	167,027	14,392	9.4%
TOTAL PERSONNEL EXPENSES	594,429	610,561	647,012	36,451	6.0%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	10,695	10,000	5,000	(5,000)	-50.0%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	146,729	194,160	80,610	(113,550)	-58.5%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	157,424	204,160	85,610	(118,550)	-58.1%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	21,113	7,000	7,000	-	0.0%
TOTAL MATERIALS AND SUPPLIES	21,113	7,000	7,000	-	0.0%
DIESEL FUEL	3,868	5,000	5,000	-	0.0%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	5,597	5,000	5,000	-	0.0%
TOTAL ENERGY	9,465	10,000	10,000	-	0.0%
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	103,161	108,370	106,420	(1,950)	-1.8%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	885,592	940,091	856,042	(84,049)	-8.9%
NET OPERATING SUBSIDY	(1,607)	(75,091)	132,958	(208,049)	-277.1%
OVERHEAD ALLOCATION	(106,215)	(108,891)	(111,295)	(2,404)	2.2%
ADJUSTED NET OPERATING SUBSIDY	(107,822)	(183,982)	21,663	(205,645)	-111.8%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
SAN DIEGO AND ARIZONA EASTERN RAILROAD BUDGET
FISCAL YEAR 2015
SECTION 6.03**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING INCOME	159,583	135,000	135,000	-	0.0%
TOTAL OPERATING REVENUES	159,583	135,000	135,000	-	0.0%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	57,091	28,651	(4,781)	(33,432)	-116.7%
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	57,091	28,651	(4,781)	(33,432)	-116.7%
TOTAL NON OPERATING REVENUE	57,091	28,651	(4,781)	(33,432)	-116.7%
TOTAL COMBINED REVENUES	216,674	163,651	130,219	(33,432)	-20.4%
OPERATING EXPENSES					
LABOR EXPENSES	104,164	116,151	92,719	(23,432)	-20.2%
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	104,164	116,151	92,719	(23,432)	-20.2%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	92,950	30,000	20,000	(10,000)	-33.3%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	92,950	30,000	20,000	(10,000)	-33.3%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	18,892	17,000	17,000	-	0.0%
GENERAL AND ADMINISTRATIVE	669	500	500	-	0.0%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	216,674	163,651	130,219	(33,432)	-20.4%
NET OPERATING SUBSIDY	(57,091)	(28,651)	4,781	(33,432)	-116.7%
OVERHEAD ALLOCATION	-	-	-	-	-
ADJUSTED NET OPERATING SUBSIDY	(57,091)	(28,651)	4,781	(33,432)	-116.7%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	0.0%

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SAN DIEGO METROPOLITAN TRANSIT SYSTEM
Summary of Debt-Service Activities
Proposed Budget Fiscal Year 2015
Section 7.01

Overview

This section reviews the debt service and lease/leaseback activities of MTS's operating budget. There are three different MTS financing programs: MTS Tower, 1995 light rail vehicle (LRV) lease/leaseback, and the 2004 pension obligation bonds.

MTS Tower

The County of San Diego (County) has a master lease agreement with the MTS Joint Powers Agency for the lease of the MTS Tower building. MTS entered into a sublease agreement with the County for a portion (27.61 percent) of the MTS Tower building. MTS's share of the building includes the two ground floor tenants and the top two floors of the building, which are occupied by MTS. MTS pays 27.61 percent of the debt service costs as its share (essentially a lease payment).

Debt service for MTS's share is \$751,000 for fiscal year 2015. Debt-service payments run through 2020. This annual expense is offset to some degree by approximately \$303,000 received from the County for rent for the space utilized by the County.

LRV Lease/Leaseback

In fiscal year 1996, MTDB entered into a master lease for 52 LRVs to an investor and simultaneously entered into a lease agreement with the purchaser to lease them back. MTDB received prepayments of the master lease from the investor of approximately \$102.7 million, of which it used approximately \$90.7 million to place two investments that will be used to make the interest and principal payments on the finance obligation. MTDB placed \$78.8 million in a fixed-rate deposit and invested \$11.9 million in government zero-coupon bonds. The interest earned on the deposit together with the principal amount of the deposit and the maturities of the zero-coupon bonds are sufficient to cover the amounts due under the finance obligation.

The debt service for fiscal year 2015 is \$27,051,000 and is funded by escrowed investments as described above.

Pension Obligation Bonds (POBs)

In October 2004, MTDB issued \$77,490,000 of POBs to fund 85 percent of San Diego Transit Corporation's (SDTC's) unfunded pension liability in addition to its fiscal year 2005 normal cost reimbursement. This debt was comprised of two parts - the first part encompassed Series A fixed-rate bonds (\$38,690,000) composed of serial bonds and term bonds. Principal maturities are from 2005 to 2024 with interest rates from 2.58 percent to 5.15 percent payable semiannually.

Debt service for the fixed rate bonds for fiscal year 2015 is \$3,154,000. This amount is budgeted in MTS bus operations with \$1,149,000 (interest component) budgeted in debt service and \$2,005,000 (principal portion) budgeted as a fringe benefit (pension) cost. While there is no directly tied funding source, funding comes from a variety of sources for MTS Bus Operations and other operators including TDA funds.

The second part encompassed Series B variable rate bonds (\$38,800,000). MTS refinanced these bonds in 2009, paying down the balance by \$8,800,000 and obtaining a five year variable loan from Dexia for \$30,000,000. MTS retired this loan in fiscal year 2013.

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
DEBT SERVICE SCHEDULE
FISCAL YEARS 2015 - 2027
SECTION 7.02**

Fiscal Year	1995		2004		Grand Total MTS Debt Service
	Leaseback (Debt Service)	MTS Tower (Operations)	Pension Obligation (Operations)	Fixed	
2015	\$ 27,051,013	\$ 750,550	\$ 3,154,100		\$ 30,955,663
2016	27,055,473	731,665	3,152,065		30,939,203
2017	10,164,233	739,617	3,152,884		14,056,734
2018	9,515,874	743,537	3,153,500		13,412,911
2019	9,491,982	744,055	3,153,671		13,389,708
2020	9,799,027	372,148	3,154,074		13,325,249
2021	11,425,068	-	3,154,015		14,579,083
2022	11,737,712	-	3,156,746		14,894,458
2023	12,192,239	-	3,156,881		15,349,121
2024	12,162,881	-	1,892,509		14,055,390
2025	12,131,266	-	-	-	12,131,266
2026	1,412,525	-	-	-	1,412,525
2027	-	-	-	-	-
Total	\$ 154,139,293	\$ 4,081,572	\$ 30,280,445		\$ 188,501,311

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
Summary of Significant Capital Activities
Proposed Budget Fiscal Year 2015
Section 8.01

Development of the MTS Fiscal Year 2015 CIP

The Capital Improvement Program (CIP) process began in October 2013 with the “call for projects”. Each MTS agency, MTS Administration, San Diego Transit Corporation, San Diego Trolley, Inc., Chula Vista Transit and SANDAG, submitted its capital project requests in priority order. The lists were consolidated for review by finance staff. A meeting of members of the CIP Budget Development Committee was held to review and to develop a CIP recommendation for fiscal year 2015 ensuring that operationally critical projects were funded. The Chief Executive Officer approved the prioritization of those capital requests. The fiscal year 2015 MTS CIP was approved by the MTS Board of Directors on March 20, 2014.

The CIP assumes \$65.7 million for preventive maintenance. The remaining projects compete for the balance of available funding after the preventive maintenance has been taken into consideration.

The capital project list in Section 8.03 represents the five-year, unconstrained need for the MTS operators. After the most critical projects for fiscal year 2015 were funded, the remaining projects were deferred. However, it is recognized that the continued deferral of some projects could have negative impacts on system infrastructure in future years. The fiscal year 2015 funding levels represent 81.1 percent of the total project needs after funding preventative maintenance.

Of the \$104 million available after Preventative Maintenance, ADA eligible operating expenses and SANDAG Planning Studies, \$50.7 million (or 49 percent) has been dedicated to revenue vehicle fleet replacement and \$40.7 million (or 39 percent) has been dedicated to projects that related to the rehabilitation of our rail infrastructures.

Section 8.05 lists the descriptions of MTS administered projects that were determined to be the most critical to fund for the upcoming fiscal year. These projects are funded with \$6.0 million in federal funds. The remaining amount for capital projects is funded with various non-federal funds totaling \$68.2 million. An additional \$30.6 million of capital funding has been dedicated to SANDAG administered construction projects which have been omitted from Section 8.05.

CIP Revenues

Total revenue for the fiscal year 2015 CIP is detailed in Section 8.02.

Federal Funding

On July 6, 2012, President Obama signed the Moving Ahead for Progress in the 21st Century (MAP-21) legislation, reauthorizing surface transportation programs through fiscal year 2014. MAP-21 establishes the legal authority to commence and continue FTA programs. Each reauthorization amends the Federal Transit Laws codified in 49 USC Chapter 53. MAP-21 took effect on October 1, 2012.

MAP-21 supersedes Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the previous legislation to fund FTA programs. MAP-21 provides for the following funding streams MTS commonly receives:

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

There were a number of changes to funding sources in going from SAFETEA-LU to MAP-21. These changes include the inclusion of Fixed Guideway Modernization funds (formerly 5309) into Section 5337 State of Good Repair, as well as the modification of Section 5309 Bus and Bus Facilities to Fixed Guideway Capital Investments, which will now be focused on “New Starts” projects. Additionally, Section 5316 Job Access Reverse Commute (JARC) funding has been repealed and JARC funding is now included in 5307 for urban services and 5311 for rural services.

The fiscal year 2015 MTS CIP will serve as the basis for the federal formula grant applications. The FTA requires submission of grant applications to obligate annual appropriations under Sections 5307, 5337 and 5339. The funding levels for each section are estimates.

As the region’s Metropolitan Planning Organization (MPO), SANDAG apportions the 5307, 5337 and 5339 formula funds between MTS and the North County Transit District (NCTD) based on service area populations. Prior to the apportionments, SANDAG deducts funds from Section 5307 for funding the region’s vanpool program. MTS receives approximately 70 percent while NCTD receives approximately 30 percent of these federal formula funds.

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

For federal fiscal year 2014, the estimated allocation for the MTS Section 5307 program is \$41.0 million, which would be matched with local funds of \$10.2 million. This program would provide an estimated \$51.2 million to fund MTS’s fiscal year 2015 CIP.

Section 5337 is a new formula-based State of Good Repair (SGR) program dedicated to repairing and upgrading the nation’s rail transit systems along with high-intensity motor bus systems that use high-occupancy vehicle lanes, including bus rapid transit (BRT). Section 5337 includes funding previously provided through Section 5309 Fixed Guideway Rail Modernization Formula Program. Projects are limited to replacement and rehabilitation or capital projects required to maintain public transportation systems in a state of good repair.

Section 5337 SGR funds are allocated on a formula basis to rail systems that have been in operation for at least seven years. For federal fiscal year 2014, the Section 5337 funds MTS allocation estimate is \$22.1 million and will be matched with local funds of \$5.5 million. The program will provide an estimated \$27.6 million to fund MTS’s fiscal year 2015 CIP.

The FTA funding is structured on a reimbursement basis (after expenses are incurred). Local funding (Transportation Development Act (TDA)/TransNet) is scheduled at the beginning of each

fiscal year and received on a monthly basis. In many situations, local funds are received before expenses are incurred.

Local Match

The local match for CIP projects will come from the pooled transit finances for the MTS region. While it is likely that the actual funds used would be TDA funds, final decisions on the matching source would be made during the fiscal year 2015 CIP implementation process in order to maximize the availability and flexibility of funding.

Other Revenue

MTS receives State Transit Assistance (STA) funding from the Public Transportation Act, which derives its revenue from the state sales tax on diesel fuels. The estimated STA funding for fiscal year 2015 CIP is \$14.4 million.

Additionally, MTS anticipates receiving its apportionment of \$2.8 million in Proposition 1B – Transit Security Grant Program (TSGP) for fiscal year 2015. This funding was authorized by the California Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, which was approved by the voters as Proposition 1B at the November 7, 2006 general election. It authorized the issuance of general obligation bonds for specified purposes, including grants for transit system safety, security and disaster response projects.

The Prop 1B bond measure also includes a program of funding in the amount of \$4 billion to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). Of this amount, \$3.6 billion in the PTMISEA is to be made available to project sponsors in California for allocation to eligible public transportation projects. MTS was allocated \$165.6 million of funding which was dedicated to the Trolley Renewal project. In fiscal year 2015, MTS anticipates receiving its final apportionment of \$37.1 million.

Prior to finalizing the recommendation, all previously budgeted capital projects were reviewed to identify certain projects that may have been delayed or completed under budget to be sure that deserving new projects do not go unfunded while prior-year capital programming remains tied up and unused. As a result of this review, MTS staff identified and transferred \$343,000 to the fiscal year 2015 CIP.

Five-Year Capital Program Projections

Section 8.06 summarizes a high-level look at the five-year capital program. The federal 5307 and 5337 funding levels are projected to decrease by 1.0 percent for fiscal year 2016 and hold flat through 2019. Cumulative total capital needs for the five-year period exceed the available projected funding levels. Total project needs over the five-year term are projected to be \$441.6 million. Projected deficits from fiscal year 2015 to fiscal year 2019 total \$97.0 million. The ratio of total funding to total capital needs over the five-year term is projected at 78.0 percent.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
APPROVED CAPITAL BUDGET - REVENUES (in 000's)
FISCAL YEAR 2015
SECTION 8.02

Funding Description	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	5 Year Total
Federal Formula 5307 - FFY14 Estimate	\$ 40,975	\$ 40,362	\$ 40,362	\$ 40,362	\$ 40,362	\$ 202,423
Federal Formula 5307 - Preventive Maintenance	(23,945)	(24,660)	(24,660)	(24,660)	(24,660)	(122,585)
Federal Formula 5307 - ADA Preventive Maintenance	(4,097)	(4,036)	(4,036)	(4,036)	(4,036)	(20,242)
Federal Formula 5307 - SANDAG Planning Study	(767)	(767)	(767)	(767)	(767)	(3,833)
Federal Formula 5337 - FFY14 Estimate	22,055	21,340	21,340	21,340	21,340	107,415
Federal Formula 5337 - Preventive Maintenance	(22,055)	(21,340)	(21,340)	(21,340)	(21,340)	(107,415)
Federal Formula 5339 - FFY14 Estimate	-	-	-	-	-	-
TransNet - in lieu of 5339	3,522					3,522
TDA Local Match - Federal Formula Funds	18,831	18,453	18,453	18,453	18,453	92,641
TDA Local Match - Preventive Maintenance	(11,500)	(11,500)	(11,500)	(11,500)	(11,500)	(57,500)
TDA Local Match - ADA Preventive Maintenance (50%)	(4,097)	(4,036)	(4,036)	(4,036)	(4,036)	(20,242)
TDA Local Match - SANDAG Planning Study	(192)	(192)	(192)	(192)	(192)	(958)
TDA - Capital ADA PM	4,097	4,036	4,036	4,036	4,036	20,242
TDA - Capital PM	26,000	26,000	26,000	26,000	26,000	130,000
TDA - Capital to Operations	(600)	-	-	-	-	(600)
STA	18,033	20,000	20,000	20,000	20,000	98,033
STA - Capital to Operations	(3,633)	(5,600)	(5,600)	(5,600)	(5,600)	(26,033)
Proposition 1B	37,076					37,076
Proposition 1B - Security	2,779	2,779	2,779	2,779		11,118
Federal 5311	127					127
Project Transfers - Federal	187					187
Project Transfers - STA	100					100
Project Transfers - TDA	57					57
Project Transfers - Other	14					14
SD&AE Desert Line Revenue	1,000					1,000
Available Funding for Capital Program	\$ 103,967	\$ 60,840	\$ 60,840	\$ 60,840	\$ 58,060	\$ 344,546

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
APPROVED CAPITAL BUDGET - PROJECTS (in 000's)
FISCAL YEAR 2015
SECTION 8.03

PROJECT SUBMITTALS:

Division	Project Description	Funded thru FY14	FY 2015 Funded	FY 2015 Unfunded	FY 2016	FY 2017	FY 2018	FY 2019	Budget FY15 - FY19
MTS Bus	Bus Replacement	\$ 44,095	\$ 23,479	\$ -	\$ 29,000	\$ 26,377	\$ 23,299	\$ 23,218	\$ 125,473
MTS Rail	LRV Procurement	144,325	15,317	-	-	-	-	-	15,317
MTS Rail	SD100 Replacement	-	9,000	18,000	27,000	27,000	27,000	27,000	135,000
MTS Rail	Orange and Blue Line Platforms	-	7,946	-	-	-	-	-	7,946
MTS Rail	Orange and Blue Line Traction Power Substations (TPSS)	-	7,326	-	-	-	-	-	7,326
IT	RTMS Expansion	3,939	5,942	-	-	-	-	-	5,942
MTS Rail	Blue Line Station Rehab	-	4,439	-	-	-	-	-	4,439
MTS Rail	Green Line Communication System Upgrade	-	4,170	-	-	-	-	-	4,170
MTS Rail	Main Line Drainage (Hill Street)	3,394	3,000	-	-	-	-	-	3,000
MTS Bus	Para-Transit Vehicles	8,686	2,781	-	-	2,623	2,701	2,782	10,887
MTS Rail	OCS Insulator/Catch Cable Replacement	1,841	2,485	-	1,603	-	-	-	4,088
MTS Rail	Orange Line Signal System Interface Upgrade	12,231	2,431	-	-	-	-	-	2,431
MTS Rail	Substation DC Feeder Breaker Replacement (Implementation)	-	1,700	-	2,300	2,300	-	-	6,300
MTS Rail	Orange and Blue Line Communications System	-	1,510	-	-	-	-	-	1,510
MTS Rail	Network Switches and Comm Cabinets Upgrade	-	1,500	-	-	-	-	-	1,500
MTS Rail	Fashion Valley Second Elevator	150	1,010	-	-	-	-	-	1,010
MTS Rail	SD100 Buffer/Coupler Overhaul	1,133	1,000	-	2,212	-	-	-	3,212
MTS Rail	Grade Crossing Replacements	-	980	-	1,000	1,000	1,000	1,000	4,980
MTS Rail	System-wide CCTV	-	787	-	1,098	-	-	-	1,885
CCI	Behavior Recognition System (BRS)	-	667	-	500	500	-	-	1,667
IT	Network Infrastructure	-	554	-	50	25	25	200	854
MTS Rail	Orange and Blue Line Project Management	-	538	-	-	-	-	-	538
MTS Rail	Design & Upgrades (Rio Vista/Morena Wall Buttress)	-	500	-	1,000	-	-	-	1,500
MTS Rail	Wireless Infrastructure	400	414	-	414	-	-	-	828
MTS Rail	Orange & Green Line Print Verification / Event recorders	850	368	-	256	-	-	-	624
Marketing	Green Line Entry Monument Signs	-	300	-	-	-	-	-	300
Executive	Misc. Capital	1,250	250	-	-	-	-	-	250
Finance	Cubic Maintenance Server Replacement	-	250	-	-	-	-	-	250
MTS Rail	SDSU Fire System Design & Installation	-	250	-	-	-	-	-	250
MTS Rail	El Cajon & 8th Street Bridge Abutment Repairs (Design)	-	250	-	-	-	-	-	250
MTS Rail	Crossing Diamond at Broadway	-	250	-	-	-	-	-	250
IT	Enterprise Data Warehouse	-	202	-	-	-	-	-	202
IT	Kronos Upgrade Project	-	201	-	-	-	-	-	201
Finance	Compass Card Back Office	-	200	-	-	-	-	-	200
MTS Rail	LRV Fall Protection	-	200	-	-	-	-	-	200
MTS Rail	Rail Lubricators	-	185	-	-	-	-	-	185
IT	SharePoint Intranet	-	161	-	-	-	-	-	161
MTS Rail	SD8 Brake Tooling	-	160	-	-	-	-	-	160
MTS Bus	MCS Campo Rural Bus Parking Lot and Fencing	-	144	-	-	-	-	-	144
MTS Bus	IAD Bus Wash Replacement	450	125	-	-	-	-	-	125
IT	SDMTS Website Redesign	-	110	-	-	-	-	-	110
MTS Bus	CPD Perimeter Fence Replacement	-	100	-	-	-	-	-	100
MTS Rail	Station CCTV Upgrade	1,050	100	-	-	-	-	-	100
MTS Bus	IAD Dispatch and Crew Room Upgrades	-	95	-	-	-	-	-	95

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
APPROVED CAPITAL BUDGET - PROJECTS (in 000's)
FISCAL YEAR 2015
SECTION 8.03

PROJECT SUBMITTALS:

Division	Project Description	Funded thru FY14	FY 2015 Funded	FY 2015 Unfunded	FY 2016	FY 2017	FY 2018	FY 2019	Budget FY15 - FY19
MTS Rail	Trolley Station Cleaning Equipment	150	85	-	-	-	-	-	85
IT	Cyber Security Project	75	75	-	-	-	-	-	75
MTS Rail	Compressor Replacement	-	62	-	-	-	-	-	62
MTS Rail	Building "C" AC unit & SDSU AC Upgrade (Design)	-	60	-	-	-	-	-	60
MTS Rail	S70 (SD7) Reverse Seating	-	60	-	-	-	-	-	60
MTS Bus	ADA and Rural Radio Replacement	420	50	-	-	-	-	-	50
MTS Rail	S70 Center Truck Axle Bearing Tooling/Training	-	50	-	-	-	-	-	50
MTS Rail	Baltimore Power Switch Replacement	-	46	-	-	-	-	-	46
MTS Rail	Wood Chipper	-	44	-	-	-	-	-	44
MTS Rail	Scissor Lift	-	42	-	-	-	-	-	42
MTS Rail	Electric Utility Vehicle	-	17	-	-	-	-	-	17
Finance	Compass Card - CPOS Replacements	-	-	400	-	-	-	-	400
Finance	Compass Card - NexFare upgrade	-	-	-	-	-	10,000	-	10,000
IT	Copier Replacement	-	-	20	20	20	20	20	100
Marketing	Bus Shelter	2,270	-	-	2,300	2,300	-	-	4,600
MTS Bus	IAD/KMD Yard Camera Replacement	-	-	-	250	-	-	-	250
MTS Bus	Transit Service Trucks	-	-	250	250	250	-	250	1,000
MTS Bus	CPD Roof Replacement	-	-	-	50	-	-	-	50
MTS Bus	SBMF Fuel Tank and Service Lanes Upgrade	-	-	-	-	200	1,200	-	1,400
MTS Bus	Transit Facility	-	-	-	10,000	20,000	15,000	5,000	50,000
MTS Bus	IAD/KMD Tire Shop Canopy	-	-	-	280	-	-	-	280
MTS Bus	IAD Gas Detection System Replacement	-	-	-	125	-	-	-	125
MTS Rail	Orange Line Parking Lots	-	-	500	-	-	-	-	500
MTS Rail	Euclid Crossing Equipment	-	-	362	-	-	-	-	362
MTS Rail	Signal Case Fencing	-	-	35	-	-	-	-	35
MTS Rail	C Yard Track Expansion	-	-	4,693	-	-	-	-	4,693
MTS Rail	Building C Shop Door Hinge Replacement	-	-	-	100	-	-	-	100
MTS Rail	Replace S70 (3000) Bode ADA Ramps w/ IFE	-	-	-	1,540	-	-	-	1,540
MTS Rail	Replace Wiggins Forklift	-	-	-	100	-	-	-	100
MTS Rail	LRV Remote Diagnostic System (128 LRVs)	-	-	-	-	3,840	-	-	3,840
MTS Rail	SD8 Brake Overhaul	-	-	-	-	1,300	1,300	-	2,600
MTS Rail	SD7 Truck Overhaul	-	-	-	-	-	-	2,750	2,750
MTS Rail	University Crossing Design & Equipment	-	-	-	350	-	-	-	350
TOTAL \$		227,949 \$	103,967 \$	24,260 \$	81,798 \$	87,735 \$	81,545 \$	62,220 \$	441,624

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
APPROVED CAPITAL BUDGET - CUMULATIVE THROUGH FISCAL YEAR 2015 (in 000's)
SECTION 8.04

Project Number	Project Title	Funded Budget Through FY15	Expenses Through April 2014	Remaining Budget Through FY15	5307	5309	5311/5317	FUNDING SOURCES				Non Federal Transfer/ Others
								TDA	TransNet	STA	TSGP/ Security Prop 1B	
11165	LRV Exterior Rehabilitation	3,091	2,699	392	475	1,684	-	732	-	200	-	-
11200	Misc. Capital with no Federal	2,122	915	1,589	-	-	-	1,164	-	645	-	313
11214	LRV HVAC Overhaul	3,549	2,534	1,015	1,550	38	-	1,961	-	-	-	-
11251	SD100 Gearbox Overhaul Kits	2,250	1,767	483	1,400	400	-	450	-	-	-	-
11286	IAD Bus Wash Replacement	575	34	541	329	-	-	121	-	125	-	-
11290	RTMS Expansion	12,155	1,079	11,076	-	800	-	9,606	-	45	-	1,704
11294	Building A & C - Roll Up Door Replacement	100	60	40	-	-	-	50	-	-	-	50
11299	Escalator and Elevator Capital expenses	500	135	365	100	-	-	150	-	-	-	250
11301	SDTI Building HVAC Replacement	565	358	207	-	-	-	565	-	-	-	-
11302	SD100 Main Breaker Replacement	650	225	425	520	-	-	130	-	-	-	-
11304	SD100 Buffer/ Coupler	2,133	-	2,133	401	-	-	732	-	1,000	-	-
11306	Para-Transit Vehicles	11,488	6,507	4,981	5,205	-	-	3,851	-	2,431	-	-
11307	New ERP System	3,500	643	2,857	982	-	-	2,518	-	-	-	-
11309	New Wheel Truing Machine/ Wheel scan	3,150	902	2,248	1,760	-	-	1,390	-	-	-	-
11310	MTS Bus Replacement	89,323	59,995	29,328	34,262	3,000	-	34,799	2,247	13,598	-	1,417
11311	Regional Scheduling System Upgrade	1,600	728	872	-	-	-	1,600	-	-	-	-
11314	La Mesa Village Trolley Access Improvements	420	-	420	336	-	-	84	-	-	-	-
11315	Network Infrastructure	1,794	980	814	-	-	-	1,240	-	554	-	-
11316	La Mesa BLVD Bus Shelters	70	62	8	56	-	-	14	-	-	-	-
11319	Cyber Security Project	250	171	79	-	-	-	-	-	-	250	-
11322	CCI Handheld Units	885	535	350	-	-	-	75	-	-	810	-
11324	CCTV System Upgrade	1,129	588	541	-	-	-	-	-	-	1,129	-
11328	SD100 Traction Motor Overhaul	1,795	-	1,795	-	-	-	1,795	-	-	-	-
11329	S70 Passenger Window Retrofit	660	-	660	-	-	-	660	-	-	-	-
11330	MVE/Orange Line Signal Print Verification	1,218	766	452	-	-	-	557	-	368	-	293
11332	SD100 Operator Seats Replacement	325	-	325	-	-	-	325	-	-	-	-
11333	ADA and Rural RCS Radio Replacement	470	174	296	-	-	-	100	-	50	-	320
11334	Roof Replacement on Building B and C	350	281	69	-	-	-	350	-	-	-	-
11335	Facilities Station Cleaning Equipment Replacement	235	119	116	-	-	-	-	-	85	-	150
11337	MTS (IAD) Sever Room HVAC Improvements	167	140	27	-	-	-	167	-	-	-	-
11339	SDTC Security Improvement	505	311	194	-	-	-	-	-	-	505	-
11341	Wireless Infrastructure	814	553	261	-	-	-	197	-	-	617	-
11342	OCC/Building C Generator	833	304	530	-	-	-	-	-	-	834	-
11343	CCTV for ADA/Paratransit Buses	1,150	-	1,150	-	-	-	-	-	-	1,150	-
11344	CCTV for New Buses	1,256	385	872	-	-	-	-	-	-	1,256	-
11345	Transit Asset Management System (TAM)	3,750	322	3,428	-	3,000	-	-	-	750	-	-
11352	Emergency Operation Center	100	-	100	-	-	-	-	-	-	100	-
11354	ADA AVL/MDT Equipment	425	-	425	-	-	200	225	-	-	-	-
11356	SD100 Inverter Overhaul	500	-	500	-	-	-	500	-	-	-	-
11357	CNG Dispenser Replacements	150	1	149	-	-	-	150	-	-	-	-
11358	Second Elevator at Fashion Valley Station	1,160	0	1,160	-	-	-	150	-	1,010	-	-
11359	CPD Bus Wash Wall	40	-	40	-	-	-	40	-	-	-	-
11360	IAD Service Lanes Compressed Air System	30	-	30	-	-	-	30	-	-	-	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
APPROVED CAPITAL BUDGET - CUMULATIVE THROUGH FISCAL YEAR 2015 (in 000's)
SECTION 8.04

Project Number	Project Title	Funded Budget Through FY15	Expenses Through April 2014	Remaining Budget Through FY15	5307	5309	5311/5317	TDA	TransNet	STA	TSGP/ Security Prop 1B	Non Federal Transfer/ Others
11362	Bus Shelters	2,270	-	2,270	-	-	-	-	-	-	-	2,270
11363	Enterprise Data Warehouse	202	-	202	-	-	-	-	-	202	-	-
11364	CPD Perimeter Fence Replacement	100	-	100	-	-	-	-	-	-	100	-
11365	System-wide CCTV	787	-	787	-	-	-	-	-	-	787	-
11366	Network Switches & Comm. Cabinet Upgrade	1,500	-	1,500	-	-	-	-	-	-	1,500	-
11368	Green Line Communication System Upgrade	4,170	-	4,170	-	-	-	2,247	-	1,923	-	-
11369	Grade Crossing Replacement	980	-	980	-	-	-	-	-	480	-	500
11370	SDMTS Website Redesign	110	-	110	-	-	-	-	-	110	-	-
11371	Rail Lubricators	185	-	185	-	-	-	-	-	185	-	-
11372	SharePoint Intranet	161	-	161	-	-	-	-	-	161	-	-
11373	SD100 Replacement	9,000	-	9,000	-	-	-	9,000	-	-	-	-
11374	Substation DC Feeder Breaker Replacement	1,700	-	1,700	-	-	-	-	-	1,700	-	-
11375	Green Line Entry Monument Signs	300	-	300	-	-	-	-	-	300	-	-
11376	Cubic Maintenance Server Replacement	250	-	250	-	-	-	-	-	250	-	-
11377	SDSU Fire System Design & Installation	250	-	250	-	-	-	-	-	250	-	-
11378	Crossing Diamond at Broadway	250	-	250	-	-	-	-	-	250	-	-
11379	Kronos Upgrade Project	201	-	201	-	-	-	-	-	201	-	-
11380	Compass Card Back Office	200	-	200	-	-	-	-	-	200	-	-
11381	LRV Fall Protection	200	-	200	-	-	-	-	-	200	-	-
11382	SD8 Brake Tooling	160	-	160	-	-	-	-	-	160	-	-
11383	JAD Dispatch and Crew Room Upgrades	95	-	95	-	-	-	-	-	95	-	-
11384	SDTI Compressor Replacement	62	-	62	-	-	-	-	-	62	-	-
11385	Building "C" AC unit & SDSU AC Upgrade	60	-	60	-	-	-	-	-	60	-	-
11386	S70 Reverse Seating	60	-	60	-	-	-	-	-	60	-	-
11387	S70 Center Truck Axle Bearing Tooling/Training	50	-	50	-	-	-	-	-	50	-	-
11388	Baltimore Power Switch Replacement	46	-	46	-	-	-	-	-	46	-	-
11389	Wood Chipper	44	-	44	-	-	-	-	-	44	-	-
11390	Scissor Lift	42	-	42	-	-	-	-	-	42	-	-
11391	Electric Utility Vehicle	16	-	16	-	-	-	-	-	16	-	-
11392	El Cajon & 8th Street Bridge Abutment	250	-	250	-	-	-	-	-	250	-	-
11393	Rio Vista/Morena Wall Buttress	500	-	500	-	-	-	-	-	500	-	-
11394	Campo Bus Parking Lot and Fencing	144	-	144	-	-	127	-	-	17	-	-
11482	ECBMF CNG Station	5,000	2,789	2,211	-	4,000	-	1,000	-	-	-	-
TOTAL		\$ 186,577	\$ 87,060	\$ 99,879	\$ 47,376	\$ 12,922	\$ 327	\$ 78,724	\$ 2,247	\$ 28,677	\$ 9,037	\$ 7,267

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
APPROVED CAPITAL BUDGET - INDIVIDUAL PROJECT DESCRIPTION FOR FISCAL YEAR 2015 (in 000's)
SECTION 8.05

The Capital Improvement Program includes improvements and replacement projects related to MTS, SDTC, SDTI, and CVT Capital Assets. The projects below are funded with Federal funds where indicated and are matched with the required amount of local funds. The projects listed are implemented by the project manager of the coinciding agency and monitored by MTS administration.

Project	Title	FY15			Local	Other	Project Manager
		Budget	Federal				
11366	<u>Network Switches and Comm Cabinets Upgrade</u> This project will install network switches and communication cabinets along the Green Line.	\$ 1,500	\$ -	\$ 1,500	\$ -	-	Thang Nguyen
11365	<u>System-wide CCTV</u> This project will install CCTV for trolley station and facilities.	\$ 787	\$ -	\$ 787	\$ -	-	Thang Nguyen
11341	<u>Blue Line Wireless Nodes</u> This project will provide real time download of on board LRV CCTV video image.	\$ 414	\$ -	\$ 414	\$ -	-	Michael Diana
11364	<u>CPD Perimeter Fence Replacement</u> This project will replace fencing for Copley Park Division.	\$ 100	\$ -	\$ 100	\$ -	-	Frank Doucette
11324	<u>CCTV System Upgrade</u> This project will upgrade our existing CCTV System.	\$ 100	\$ -	\$ 100	\$ -	-	Michael Diana
11319	<u>Cyber Security Plan</u> This project will assess the vulnerability of the MTS Network.	\$ 75	\$ -	\$ 75	\$ -	-	Stevan White
11267	<u>LRV Procurement</u> This project will procurement 65 low floor LRVs.	\$ 15,317	\$ -	\$ 15,317	\$ -	-	Paul Jablonski
11310	<u>MTS Bus Replacement</u> This project provides for the purchase of replacement buses for the bus fleet.	\$ 23,479	\$ 6,020	\$ 17,459	\$ -	-	Claire Spielberg
11373	<u>SD100 Replacement</u> This project will replace the SD100 LRV fleet.	\$ 9,000	\$ -	\$ 9,000	\$ -	-	Lee Summerlott
11290	<u>RTMS Expansion</u> This project will provide dispatch equipment, automatic vehicle location system, and automated passenger counters for South Bay.	\$ 5,942	\$ -	\$ 5,942	\$ -	-	Stevan White
11368	<u>Green Line Communication System Upgrade</u> This project will upgrade the communication system for Green Line Stations.	\$ 4,170	\$ -	\$ 4,170	\$ -	-	Thang Nguyen
11306	<u>Para-Transit Vehicles</u> This project provides for the purchase of replacement of ADA buses and vans for the Para transit bus fleet.	\$ 2,781	\$ -	\$ 2,781	\$ -	-	Dan McCaslin
11374	<u>Substation DC Feeder Breaker Replacement (Implementation)</u> This project will replace the DC feeder breaker for the traction power substations.	\$ 1,700	\$ -	\$ 1,700	\$ -	-	Thang Nguyen
11358	<u>Design for Second Elevator at Fashion Valley Station</u> This project will produce a design for a second elevator at Fashion Valley trolley station.	\$ 1,010	\$ -	\$ 1,010	\$ -	-	Fred Byle
11304	<u>Buffer/ Coupler Overhaul (SD-100)</u> The project will allow for the overhaul of 104 coupler and buffer assemblies on SD100 vehicles.	\$ 1,000	\$ -	\$ 1,000	\$ -	-	Lee Summerlott
11369	<u>Grade Crossing Replacements</u> This project will replace three grade crossings.	\$ 980	\$ -	\$ 980	\$ -	-	Michael Diana
New	<u>Behavior Recognition System (BRS)</u> This project will install behavior recognition software for CCTV.	\$ 667	\$ -	\$ 667	\$ -	-	Bill Burke
11315	<u>Network Infrastructure</u> This project will replace aging network infrastructure equipment to support application service delivery throughout MTS building facilities.	\$ 554	\$ -	\$ 554	\$ -	-	Stevan White
11393	<u>Design & Upgrades (Rio Vista/Morena Wall Buttress)</u> This project will rehab stairway, ramp and platform pavers at Morena and El Cajon station.	\$ 500	\$ -	\$ 500	\$ -	-	Michael Diana
11330	<u>MVE/Orange Line Signal Print Verification</u> This project will upgrade crossing approaches, signals, and update drawings.	\$ 368	\$ -	\$ 368	\$ -	-	Fred Byle
11375	<u>Green Line Entry Monument Signs</u> This project will install monument signs at some of the Trolley stations on the Green Line.	\$ 300	\$ -	\$ 300	\$ -	-	Michael Diana

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
APPROVED CAPITAL BUDGET - INDIVIDUAL PROJECT DESCRIPTION FOR FISCAL YEAR 2015 (in 000's)
SECTION 8.05

The Capital Improvement Program includes improvements and replacement projects related to MTS, SDTC, SDTI, and CVT Capital Assets. The projects below are funded with Federal funds where indicated and are matched with the required amount of local funds. The projects listed are implemented by the project manager of the coinciding agency and monitored by MTS administration.

Project	Title	FY15				Project Manager
		Budget	Federal	Local	Other	
11200	<u>Misc. Capital with no Federal</u> This project provides for unforeseen budget shortfall for capital projects.	\$ 250	\$ -	\$ 250	\$ -	Paul Jablonski
11376	<u>Cubic Maintenance Server Replacement</u> This project will replace the Cubic servers.	\$ 250	\$ -	\$ 250	\$ -	Stevan White
11377	<u>SDSU Fire System Design & Installation</u> This project will replace the fire suppression system in SDSU station electrical room.	\$ 250	\$ -	\$ 250	\$ -	Thang Nguyen
11392	<u>EI Cajon & 8th Street Bridge Abutment Repairs (Design)</u> This project will provide design for EI Cajon & 8th Street bridge abutment.	\$ 250	\$ -	\$ 250	\$ -	Michael Diana
11378	<u>Crossing Diamond at Broadway</u> This project will replace the crossing diamond at Broadway.	\$ 250	\$ -	\$ 250	\$ -	Michael Diana
11363	<u>Enterprise Data Warehouse</u> This project will create an enterprise data warehouse.	\$ 202	\$ -	\$ 202	\$ -	Stevan White
11379	<u>Kronos Upgrade Project</u> This project will replace the time and attendance system.	\$ 201	\$ -	\$ 201	\$ -	Stevan White
11380	<u>Compass Card Back Office</u> This project will refresh all the server hardware and MS software associated with Compass Card Back Office	\$ 200	\$ -	\$ 200	\$ -	Stevan White
11381	<u>LRV Fall Protection</u> This project will install a catwalk in building A, track # 2.	\$ 200	\$ -	\$ 200	\$ -	Lee Summerlott
11371	<u>Rail Lubricators</u> This project will replace the old rail lubricators on the Green and Orange Line	\$ 185	\$ -	\$ 185	\$ -	Fred Byle
11372	<u>SharePoint Intranet</u> This project will replace our current Intranet.	\$ 161	\$ -	\$ 161	\$ -	Stevan White
11382	<u>SD8 Brake Tooling</u> This project will purchase additional brake tooling equipment.	\$ 160	\$ -	\$ 160	\$ -	Lee Summerlott
11394	<u>MCS Campo Rural Bus Parking Lot and Fencing</u> This project will install asphalt and fencing at Campo bus yard.	\$ 144	\$ 127	\$ 17	\$ -	Frank Doucette
11286	<u>IAD Bus Wash Replacement</u> This projects provides for the construction of a replacement bus washing facilities at the Imperial Avenue location.	\$ 125	\$ -	\$ 125	\$ -	Frank Doucette
11370	<u>SDMTS Website Redesign</u> This project will bring the sdmts.com up to current design and usability standards and make the site ADA compliant.	\$ 110	\$ -	\$ 110	\$ -	Stevan White
11383	<u>IAD Dispatch and Crew Room Upgrades</u> The project will upgrade the dispatching and crew room for IAD.	\$ 95	\$ -	\$ 95	\$ -	Frank Doucette
11335	<u>Facilities Station Cleaning Equipment Replacement</u> This project will replace 3 scrubbers, one vacuum reclaim, 4 power washers.	\$ 85	\$ -	\$ 85	\$ -	Fred Byle
11384	<u>Compressor Replacement</u> This project will replace the compressor for building C and paint booth.	\$ 62	\$ -	\$ 62	\$ -	Lee Summerlott
11385	<u>Building "C" AC unit & SDSU AC Upgrade (Design)</u> This project will replace the rooftop AC unit for building C.	\$ 60	\$ -	\$ 60	\$ -	Rolando Montes
11386	<u>S70 (SD7) Reverse Seating</u> This project will reconfigure seating for the S70 fleet.	\$ 60	\$ -	\$ 60	\$ -	Lee Summerlott
11333	<u>ADA and Rural RCS Radio Replacement</u> This project will replace radios for ADA and Rural buses.	\$ 50	\$ -	\$ 50	\$ -	Dan McCaslin

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
APPROVED CAPITAL BUDGET - INDIVIDUAL PROJECT DESCRIPTION FOR FISCAL YEAR 2015 (in 000's)
SECTION 8.05

The Capital Improvement Program includes improvements and replacement projects related to MTS, SDTC, SDTI, and CVT Capital Assets. The projects below are funded with Federal funds where indicated and are matched with the required amount of local funds. The projects listed are implemented by the project manager of the coinciding agency and monitored by MTS administration.

Project	Title	FY15				Project Manager
		Budget	Federal	Local	Other	
11387	<u>S70 Center Truck Axle Bearing Tooling/Training</u> This project will purchase tools to overhaul the S70 center truck axle bearings.	\$ 50	\$ -	\$ 50	\$ -	Lee Summerlott
11388	<u>Baltimore Power Switch Replacement</u> This project will replace two switch machines and upgrade the circuit controllers at Baltimore junction.	\$ 46	\$ -	\$ 46	\$ -	Fred Byle
11389	<u>Wood Chipper</u> This project will replace the wood chipper.	\$ 44	\$ -	\$ 44	\$ -	Rolando Montes
11390	<u>Scissor Lift</u> This project will replace the scissor lift.	\$ 42	\$ -	\$ 42	\$ -	Rolando Montes
11391	<u>Electric Utility Vehicle</u> This project will replace the electric utility vehicle.	\$ 17	\$ -	\$ 17	\$ -	Fred Byle
Totals		\$ 74,292	\$ 6,147	\$ 68,145	\$ -	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
APPROVED CAPITAL BUDGET - FIVE YEAR PROJECTION (in 000's)
FISCAL YEARS 2015-2019
SECTION 8.06

	PROPOSED FY15	PROJECTED FY16	PROJECTED FY17	PROJECTED FY18	PROJECTED FY19	TOTAL FY15 to FY19
Total Revenues						
Recurring Dedicated CIP Revenues	\$ 115,380	\$ 110,191	\$ 110,191	\$ 110,191	\$ 110,191	\$ 556,144
Other Non Recurring Revenues	55,239	17,179	17,179	17,179	14,400	121,178
Total Capital Revenues	170,620	127,370	127,370	127,370	124,591	677,321
Less: "Off The Top" Expenses						
SANDAG Planning Studies	\$ (958)	\$ (958)	\$ (958)	\$ (958)	\$ (958)	\$ (4,791)
ADA Preventative Maintenance	(8,195)	(8,072)	(8,072)	(8,072)	(8,072)	(40,485)
Preventative Maintenance	(57,500)	(57,500)	(57,500)	(57,500)	(57,500)	(287,500)
Total "Off The Top" Expenses	(66,653)	(66,531)	(66,531)	(66,531)	(66,531)	(332,776)
Adjusted Available CIP Revenues	\$ 103,967	\$ 60,840	\$ 60,840	\$ 60,840	\$ 58,060	\$ 344,546
Total Project Needs	128,326	81,798	87,735	81,545	62,220	441,624
Total Deficit	\$ (24,359)	\$ (20,958)	\$ (26,895)	\$ (20,705)	\$ (4,160)	\$ (97,078)
% of Funding / Needs	81.0%	74.4%	69.3%	74.6%	93.3%	78.0%
Accumulated Deficit	\$ (24,359)	\$ (45,318)	\$ (72,213)	\$ (92,918)	\$ (97,078)	

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
FISCAL YEAR 2015
SECTION 9.01**

	Federal	TDA	STA	State - Other	TransNet	Other Local	Other Non Operating	Reserves/ Carryovers	Total
SDTC	19,100,000	15,729,477	3,632,936	-	30,040,493	278,000	-	-	68,780,906
SDTI	19,000,000	5,798,599	-	-	5,000,000	-	-	-	29,798,599
MCS 801 - South Central	8,128,000	11,113,600	-	-	-	-	-	-	19,241,600
MCS 802 - JARC Otay	200,000	629,203	-	-	-	-	-	-	829,203
MCS 820 - East County	-	5,588,284	-	-	-	-	-	-	5,588,284
MCS 830 - Commuter Express	-	478,277	-	-	-	500,000	-	-	978,277
MCS 835 - Central Routes 961-965	-	3,226,791	-	-	-	-	-	-	3,226,791
MCS 840 - Regional Transit Center Maintenance	-	160,813	-	-	-	-	-	-	160,813
MCS 845 - BRT Superloop	-	-	-	-	120,089	-	-	-	120,089
MCS 846 - I15 Transit Center Maintenance	-	-	-	-	284,725	-	-	-	284,725
MCS 847 - Mid City Transit Center Maintenance	-	-	-	-	88,020	-	-	-	88,020
MCS 850 - ADA Access	4,097,465	7,335,166	-	1,600,000	766,000	181,102	-	-	13,979,733
MCS 856 - ADA Certification	-	221,694	-	-	-	-	-	-	221,694
MCS 875 - Coaster Connection	-	77,472	-	-	-	77,472	-	-	154,944
MCS 880 - Rural	487,000	265,407	-	-	-	-	-	-	752,407
Chula Vista Transit	-	2,468,915	-	-	-	-	-	-	2,468,915
Coronado Ferry	-	189,914	-	-	-	-	-	-	189,914
Administrative Pass Thru	-	344,180	-	-	-	-	-	-	344,180
Subtotal Operations	51,012,465	53,627,792	3,632,936	1,600,000	36,299,327	1,036,574	-	-	147,209,094
Taxicab SD&AE	-	-	-	-	-	-	-	(21,663) (4,781)	(21,663) (4,781)
Subtotal Other Activities	-	-	-	-	-	-	-	(26,444)	(26,444)
Administrative	-	-	-	-	-	140,000	27,051,013	(2,500,000)	24,691,013
Grand Total	51,012,465	53,627,792	3,632,936	1,600,000	36,299,327	1,176,574	27,051,013	(2,526,444)	171,873,663

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
FISCAL YEAR 2015
SECTION 9.02**

	FTA 5307 Preventative Maintenance	JARC	FTA 5311/ 5311(f) Rural	TDA Article 4.0	TDA Article 4.5 ADA	TDA Article 8.0	STA Formula	Medical	TransNet Operating 40%
SDTC	19,000,000	100,000	-	15,729,477	-	-	3,632,936	-	18,353,000
SDTI	19,000,000	-	-	5,798,599	-	-	-	-	5,000,000
MCS 801 - South Central	8,000,000	128,000	-	11,113,600	-	-	-	-	-
MCS 802 - JARC Otay	-	200,000	-	629,203	-	-	-	-	-
MCS 820 - East County	-	-	-	5,588,284	-	-	-	-	-
MCS 830 - Commuter Express	-	-	-	178,277	-	300,000	-	-	-
MCS 835 - Central Routes 961-965	-	-	-	3,226,791	-	-	-	-	-
MCS 840 - Regional Transit Center Maintenance	-	-	-	160,813	-	-	-	-	-
MCS 845 - BRT Superloop	-	-	-	-	-	-	-	-	-
MCS 846 - I15 Transit Center Maintenance	-	-	-	-	-	-	-	-	-
MCS 847 - Mid City Transit Center Maintenance	-	-	-	-	-	-	-	-	-
MCS 850 - ADA Access	4,097,465	-	-	3,236,635	4,098,531	-	-	1,600,000	-
MCS 856 - ADA Certification	-	-	-	-	221,694	-	-	-	-
MCS 875 - Coaster Connection	-	-	-	77,472	-	-	-	-	-
MCS 880 - Rural	-	-	487,000	265,407	-	-	-	-	-
Chula Vista Transit	-	-	-	2,468,915	-	-	-	-	-
Coronado Ferry	-	-	-	-	-	189,914	-	-	-
Administrative Pass Thru	-	-	-	344,180	-	-	-	-	-
Subtotal Operations	50,097,465	428,000	487,000	48,817,652	4,320,225	489,914	3,632,936	1,600,000	23,353,000
Taxicab SD&AE	-	-	-	-	-	-	-	-	-
Subtotal Other Activities	-	-	-	-	-	-	-	-	-
Administrative	-	-	-	-	-	-	-	-	-
Grand Total	50,097,465	428,000	487,000	48,817,652	4,320,225	489,914	3,632,936	1,600,000	23,353,000

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
FISCAL YEAR 2015
SECTION 9.02

	TransNet Access ADA	TransNet Other	City of San Diego	SANDAG Inland Breeze	Other Local	Other Non Operating	Reserves/ Carryovers	Total
SDTC	-	11,687,493	278,000	-	-	-	-	68,780,906
SDTI	-	-	-	-	-	-	-	29,798,599
MCS 801 - South Central	-	-	-	-	-	-	-	19,241,600
MCS 802 - JARC Otay	-	-	-	-	-	-	-	829,203
MCS 820 - East County	-	-	-	-	-	-	-	5,588,284
MCS 830 - Commuter Express	-	-	-	500,000	-	-	-	978,277
MCS 835 - Central Routes 961-965	-	-	-	-	-	-	-	3,226,791
MCS 840 - Regional Transit Center Maintenance	-	-	-	-	-	-	-	160,813
MCS 845 - BRT Superloop	-	120,089	-	-	-	-	-	120,089
MCS 846 - I15 Transit Center Maintenance	-	284,725	-	-	-	-	-	284,725
MCS 847 - Mid City Transit Center Maintenance	-	88,020	-	-	-	-	-	88,020
MCS 850 - ADA Access	766,000	-	181,102	-	-	-	-	13,979,733
MCS 856 - ADA Certification	-	-	-	-	-	-	-	221,694
MCS 875 - Coaster Connection	-	-	-	-	77,472	-	-	154,944
MCS 880 - Rural	-	-	-	-	-	-	-	752,407
Chula Vista Transit	-	-	-	-	-	-	-	2,468,915
Coronado Ferry	-	-	-	-	-	-	-	189,914
Administrative Pass Thru	-	-	-	-	-	-	-	344,180
Subtotal Operations	766,000	12,180,327	459,102	500,000	77,472	-	-	147,209,094
Taxicab SD&AE	-	-	-	-	-	-	(21,663) (4,781)	(21,663) (4,781)
Subtotal Other Activities	-	-	-	-	-	-	(26,444)	(26,444)
Administrative	-	-	-	-	140,000	27,051,013	(2,500,000)	24,691,013
Grand Total	766,000	12,180,327	459,102	500,000	217,472	27,051,013	(2,526,444)	171,873,663

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
MTS CONSOLIDATED

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>MTS Consolidated</u>		
Operating Revenue		
Passenger Revenue	99,925,576	40100-40990
Advertising Revenue	1,050,000	41010-41020
Contract Services Revenue	-	41510-41590
Other Income	9,501,827	41600-42990
Total Operating Revenue	110,477,403	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning	-	45110
FTA 5307/5309 - Preventative Maintenance	50,097,465	45125
FTA - JARC	428,000	45170
FTA 5311 - Rural	287,000	45190
FTA 5311(f) - Rural	200,000	45195
Total Federal Revenue	51,012,465	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	48,817,652	46110
TDA - Article 4.5 (ADA)	4,320,225	46120
TDA - Article 8.0	489,914	46130
Total TDA Revenue	53,627,792	
TransNet Revenue		
TransNet - 40% Operating Support	23,353,000	47110
TransNet - Access ADA	766,000	47130
TransNet - SuperLoop, Other	12,180,327	47140
Total TransNet Revenue	36,299,327	
State Transit Assistance (STA) Revenue		
STA - Formula	3,632,936	46220
Total STA Revenue	3,632,936	
Other State Revenue		
MediCal	1,600,000	46340
Total Other State Revenue	1,600,000	
Other Local Revenue		
SANDAG - Inland Breeze	500,000	48110
Other - 4S Ranch	-	48115
City of San Diego	459,102	48120
Other Local	217,472	48140
CNG Credits	-	48140
Total Other Local Revenue	1,176,574	
Total Subsidy Revenue	147,349,094	
Other Funds / Reserves		
Lease/Leaseback Income	27,051,013	42115
Contingency Reserves	(2,500,000)	49510
Other Reserves	-	
Carryovers	(26,444)	
Total Other Funds / Reserves	24,524,569	
Total Non Operating Revenue	171,873,663	
Total Revenue	282,351,066	
Total Expenses	282,351,066	
Net of Revenues over Expense	(0)	

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
ADMINISTRATIVE**

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Administrative</u>		
Operating Revenue		
Passenger Revenue		40100-40990
Advertising Revenue	1,050,000	41010-41020
Contract Services Revenue	-	41510-41590
Other Income	7,668,827	41600-42990
Total Operating Revenue	8,718,827	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area		46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	-	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local	140,000	48140
CNG Credits		48140
Total Other Local Revenue	140,000	
Total Subsidy Revenue	140,000	
Other Funds / Reserves		
Lease/Leaseback Income	27,051,013	42115
Contingency Reserves	(2,500,000)	49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	24,551,013	
Total Non Operating Revenue	24,691,013	
Total Revenue	33,409,840	
Total Expenses	33,409,840	
Net of Revenues over Expense	-	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Operations Consolidated</u>		
Operating Revenue		
Passenger Revenue	99,925,576	40100-40990
Advertising Revenue	-	41010-41020
Contract Services Revenue	-	41510-41590
Other Income	709,000	41600-42990
Total Operating Revenue	100,634,576	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning	-	45110
FTA 5307/5309 - Preventative Maintenance	50,097,465	45125
FTA - JARC	428,000	45170
FTA 5311 - Rural	287,000	45190
FTA 5311(f) - Rural	200,000	45195
Total Federal Revenue	51,012,465	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	48,817,652	46110
TDA - Article 4.5 (ADA)	4,320,225	46120
TDA - Article 8.0	489,914	46130
Total TDA Revenue	53,627,792	
TransNet Revenue		
TransNet - 40% Operating Support	23,353,000	47110
TransNet - Access ADA	766,000	47130
TransNet - SuperLoop, Other	12,180,327	47140
Total TransNet Revenue	36,299,327	
State Transit Assistance (STA) Revenue		
STA - Formula	3,632,936	46220
Total STA Revenue	3,632,936	
Other State Revenue		
MediCal	1,600,000	46340
Total Other State Revenue	1,600,000	
Other Local Revenue		
SANDAG - Inland Breeze	500,000	48110
Other - 4S Ranch	-	48115
City of San Diego	459,102	48120
Other Local	77,472	48140
CNG Credits	-	48140
Total Other Local Revenue	1,036,574	
Total Subsidy Revenue	147,209,094	
Other Funds / Reserves		
Lease/Leaseback Income	-	42115
Contingency Reserves	-	49510
Other Reserves	-	
Carryovers	-	
Total Other Funds / Reserves	-	
Total Non Operating Revenue	147,209,094	
Total Revenue	247,843,670	
Total Expenses	247,843,670	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Bus Operations (San Diego Transit Corp)</u>		
Operating Revenue		
Passenger Revenue	26,768,186	40100-40990
Advertising Revenue	-	41010-41020
Contract Services Revenue	-	41510-41590
Other Income	5,000	41600-42990
Total Operating Revenue	26,773,186	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance	19,000,000	45125
FTA - JARC	100,000	45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	19,100,000	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	15,729,477	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	15,729,477	
TransNet Revenue		
TransNet - 40% Operating Support	18,353,000	47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other	11,687,493	47140
Total TransNet Revenue	30,040,493	
State Transit Assistance (STA) Revenue		
STA - Formula	3,632,936	46220
Total STA Revenue	3,632,936	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego	278,000	48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	278,000	
Total Subsidy Revenue	68,780,906	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	68,780,906	
Total Revenue	95,554,092	
Total Expenses	95,554,092	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Rail Operations (San Diego Trolley)</u>		
Operating Revenue		
Passenger Revenue	41,577,585	40100-40990
Advertising Revenue	-	41010-41020
Contract Services Revenue	-	41510-41590
Other Income	704,000	41600-42990
Total Operating Revenue	42,281,585	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance	19,000,000	45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	19,000,000	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	5,798,599	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	5,798,599	
TransNet Revenue		
TransNet - 40% Operating Support	5,000,000	47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	5,000,000	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	29,798,599	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	29,798,599	
Total Revenue	72,080,184	
Total Expenses	72,080,184	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations Consolidated</u>		
Operating Revenue		
Passenger Revenue	30,029,559	40100-40990
Advertising Revenue	-	41010-41020
Contract Services Revenue	-	41510-41590
Other Income	-	41600-42990
Total Operating Revenue	30,029,559	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning	-	45110
FTA 5307/5309 - Preventative Maintenance	12,097,465	45125
FTA - JARC	328,000	45170
FTA 5311 - Rural	287,000	45190
FTA 5311(f) - Rural	200,000	45195
Total Federal Revenue	12,912,465	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	24,476,482	46110
TDA - Article 4.5 (ADA)	4,320,225	46120
TDA - Article 8.0	300,000	46130
Total TDA Revenue	29,096,707	
TransNet Revenue		
TransNet - 40% Operating Support	-	47110
TransNet - Access ADA	766,000	47130
TransNet - SuperLoop, Other	492,834	47140
Total TransNet Revenue	1,258,834	
State Transit Assistance (STA) Revenue		
STA - Formula	-	46220
Total STA Revenue	-	
Other State Revenue		
MediCal	1,600,000	46340
Total Other State Revenue	1,600,000	
Other Local Revenue		
SANDAG - Inland Breeze	500,000	48110
Other - 4S Ranch	-	48115
City of San Diego	181,102	48120
Other Local	77,472	48140
CNG Credits	-	48140
Total Other Local Revenue	758,574	
Total Subsidy Revenue	45,626,580	
Other Funds / Reserves		
Lease/Leaseback Income	-	42115
Contingency Reserves	-	49510
Other Reserves	-	
Carryovers	-	
Total Other Funds / Reserves	-	
Total Non Operating Revenue	45,626,580	
Total Revenue	75,656,139	
Total Expenses	75,656,139	
Net of Revenues over Expense	0	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations - Fixed Route Consolidated</u>		
Operating Revenue		
Passenger Revenue	27,738,976	40100-40990
Advertising Revenue	-	41010-41020
Contract Services Revenue	-	41510-41590
Other Income	-	41600-42990
Total Operating Revenue	27,738,976	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning	-	45110
FTA 5307/5309 - Preventative Maintenance	8,000,000	45125
FTA - JARC	328,000	45170
FTA 5311 - Rural	287,000	45190
FTA 5311(f) - Rural	200,000	45195
Total Federal Revenue	8,815,000	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	21,162,375	46110
TDA - Article 4.5 (ADA)	-	46120
TDA - Article 8.0	300,000	46130
Total TDA Revenue	21,462,375	
TransNet Revenue		
TransNet - 40% Operating Support	-	47110
TransNet - Access ADA	-	47130
TransNet - SuperLoop, Other	492,834	47140
Total TransNet Revenue	492,834	
State Transit Assistance (STA) Revenue		
STA - Formula	-	46220
Total STA Revenue	-	
Other State Revenue		
MediCal	-	46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze	500,000	48110
Other - 4S Ranch	-	48115
City of San Diego	-	48120
Other Local	-	48140
CNG Credits	-	48140
Total Other Local Revenue	500,000	
Total Subsidy Revenue	31,270,209	
Other Funds / Reserves		
Lease/Leaseback Income	-	42115
Contingency Reserves	-	49510
Other Reserves	-	
Carryovers	-	
Total Other Funds / Reserves	-	
Total Non Operating Revenue	31,270,209	
Total Revenue	59,009,185	
Total Expenses	59,009,185	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations - Paratransit Consolidated</u>		
Operating Revenue		
Passenger Revenue	2,290,584	40100-40990
Advertising Revenue	-	41010-41020
Contract Services Revenue	-	41510-41590
Other Income	-	41600-42990
Total Operating Revenue	2,290,584	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning	-	45110
FTA 5307/5309 - Preventative Maintenance	4,097,465	45125
FTA - JARC	-	45170
FTA 5311 - Rural	-	45190
FTA 5311(f) - Rural	-	45195
Total Federal Revenue	4,097,465	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	3,314,107	46110
TDA - Article 4.5 (ADA)	4,320,225	46120
TDA - Article 8.0	-	46130
Total TDA Revenue	7,634,332	
TransNet Revenue		
TransNet - 40% Operating Support	-	47110
TransNet - Access ADA	766,000	47130
TransNet - SuperLoop, Other	-	47140
Total TransNet Revenue	766,000	
State Transit Assistance (STA) Revenue		
STA - Formula	-	46220
Total STA Revenue	-	
Other State Revenue		
MediCal	1,600,000	46340
Total Other State Revenue	1,600,000	
Other Local Revenue		
SANDAG - Inland Breeze	-	48110
Other - 4S Ranch	-	48115
City of San Diego	181,102	48120
Other Local	77,472	48140
CNG Credits	-	48140
Total Other Local Revenue	258,574	
Total Subsidy Revenue	14,356,371	
Other Funds / Reserves		
Lease/Leaseback Income	-	42115
Contingency Reserves	-	49510
Other Reserves	-	
Carryovers	-	
Total Other Funds / Reserves	-	
Total Non Operating Revenue	14,356,371	
Total Revenue	16,646,955	
Total Expenses	16,646,954	
Net of Revenues over Expense	0	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (801 - South Central)</u>		
Operating Revenue		
Passenger Revenue	19,573,221	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	19,573,221	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance	8,000,000	45125
FTA - JARC	128,000	45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	8,128,000	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	11,113,600	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	11,113,600	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	19,241,600	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	19,241,600	
Total Revenue	38,814,821	
Total Expenses	38,814,821	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (802 - JARC Otay)</u>		
Operating Revenue		
Passenger Revenue	671,631	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	671,631	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC	200,000	45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	200,000	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	629,203	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	629,203	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	829,203	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	829,203	
Total Revenue	1,500,834	
Total Expenses	1,500,834	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (820 - East County)</u>		
Operating Revenue		
Passenger Revenue	4,977,196	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	4,977,196	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	5,588,284	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	5,588,284	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	5,588,284	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	5,588,284	
Total Revenue	10,565,480	
Total Expenses	10,565,480	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (830 - Commuter Express)</u>		
Operating Revenue		
Passenger Revenue	1,300,000	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	1,300,000	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	178,277	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0	300,000	46130
Total TDA Revenue	478,277	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze	500,000	48110
Other - 4S Ranch	-	48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	500,000	
Total Subsidy Revenue	978,277	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	978,277	
Total Revenue	2,278,277	
Total Expenses	2,278,277	
Net of Revenues over Expense	-	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (835 - Central)</u>		
Operating Revenue		
Passenger Revenue	1,091,927	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	1,091,927	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	3,226,791	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	3,226,791	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	3,226,791	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	3,226,791	
Total Revenue	4,318,718	
Total Expenses	4,318,718	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (840 - Transit Center Maintenance)</u>		
Operating Revenue		
Passenger Revenue	-	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	-	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	160,813	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	160,813	
TransNet Revenue		
TransNet - 40% Operating Support	-	47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other	-	47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	160,813	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	160,813	
Total Revenue	160,813	
Total Expenses	160,813	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (845 - BRT Superloop)</u>		
Operating Revenue		
Passenger Revenue	-	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	-	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	-	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	-	
TransNet Revenue		
TransNet - 40% Operating Support	-	47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other	120,089	47140
Total TransNet Revenue	120,089	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	120,089	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	120,089	
Total Revenue	120,089	
Total Expenses	120,089	
Net of Revenues over Expense	-	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (846 - I15 Transit Center Maintenance)</u>		
Operating Revenue		
Passenger Revenue	-	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	-	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	-	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	-	
TransNet Revenue		
TransNet - 40% Operating Support	-	47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other	284,725	47140
Total TransNet Revenue	284,725	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	284,725	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	284,725	
Total Revenue	284,725	
Total Expenses	284,725	
Net of Revenues over Expense	-	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (847 - Mid City Transit Center Maintenance)</u>		
Operating Revenue		
Passenger Revenue	-	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	-	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	-	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	-	
TransNet Revenue		
TransNet - 40% Operating Support	-	47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other	88,020	47140
Total TransNet Revenue	88,020	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	88,020	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	88,020	
Total Revenue	88,020	
Total Expenses	88,020	
Net of Revenues over Expense	-	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (880 - Rural)</u>		
Operating Revenue		
Passenger Revenue	125,000	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	125,000	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural	287,000	45190
FTA 5311(f) - Rural	200,000	45195
Total Federal Revenue	487,000	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	265,407	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	265,407	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	752,407	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	752,407	
Total Revenue	877,407	
Total Expenses	877,407	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (850 - ADA Access)</u>		
Operating Revenue		
Passenger Revenue	2,148,089	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	2,148,089	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance	4,097,465	45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	4,097,465	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	3,236,635	46110
TDA - Article 4.5 (ADA)	4,098,531	46120
TDA - Article 8.0		46130
Total TDA Revenue	7,335,166	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA	766,000	47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	766,000	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal	1,600,000	46340
Total Other State Revenue	1,600,000	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego	181,102	48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	181,102	
Total Subsidy Revenue	13,979,733	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	13,979,733	
Total Revenue	16,127,822	
Total Expenses	16,127,822	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (856 - ADA Certification)</u>		
Operating Revenue		
Passenger Revenue	-	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	-	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area		46110
TDA - Article 4.5 (ADA)	221,694	46120
TDA - Article 8.0		46130
Total TDA Revenue	221,694	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	221,694	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	221,694	
Total Revenue	221,694	
Total Expenses	221,694	
Net of Revenues over Expense	0	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Contracted Bus Operations (875 - Coaster Connection (SVCC))</u>		
Operating Revenue		
Passenger Revenue	142,495	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	142,495	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	77,472	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	77,472	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local	77,472	48140
CNG Credits		48140
Total Other Local Revenue	77,472	
Total Subsidy Revenue	154,944	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	154,944	
Total Revenue	297,439	
Total Expenses	297,439	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Chula Vista Transit</u>		
Operating Revenue		
Passenger Revenue	1,550,246	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	1,550,246	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	2,468,915	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	2,468,915	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	2,468,915	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	2,468,915	
Total Revenue	4,019,161	
Total Expenses	4,019,161	
Net of Revenues over Expense	0	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Coronado Ferry</u>		
Operating Revenue		
Passenger Revenue	-	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	-	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area		46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0	189,914	46130
Total TDA Revenue	189,914	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	189,914	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	189,914	
Total Revenue	189,914	
Total Expenses	189,914	
Net of Revenues over Expense	(0)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OPERATIONS

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Administrative Pass Thru</u>		
Operating Revenue		
Passenger Revenue	-	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	-	41600-42990
Total Operating Revenue	-	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	344,180	46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	344,180	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	344,180	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves		
Carryovers		
Total Other Funds / Reserves	-	
Total Non Operating Revenue	344,180	
Total Revenue	344,180	
Total Expenses	344,180	
Net of Revenues over Expense	-	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OTHER ACTIVITIES

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Other Activities - Consolidated</u>		
Operating Revenue		
Passenger Revenue	-	40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	1,124,000	41600-42990
Total Operating Revenue	1,124,000	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning	-	45110
FTA 5307/5309 - Preventative Maintenance	-	45125
FTA - JARC	-	45170
FTA 5311 - Rural	-	45190
FTA 5311(f) - Rural	-	45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area	-	46110
TDA - Article 4.5 (ADA)	-	46120
TDA - Article 8.0	-	46130
Total TDA Revenue	-	
TransNet Revenue		
TransNet - 40% Operating Support	-	47110
TransNet - Access ADA	-	47130
TransNet - SuperLoop, Other	-	47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula	-	46220
Total STA Revenue	-	
Other State Revenue		
MediCal	-	46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze	-	48110
Other - 4S Ranch	-	48115
City of San Diego	-	48120
Other Local	-	48140
CNG Credits	-	48140
Total Other Local Revenue	-	
Total Subsidy Revenue	-	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves	-	49510
Other Reserves	-	
Carryovers	(26,444)	
Total Other Funds / Reserves	(26,444)	
Total Non Operating Revenue	(26,444)	
Total Revenue	1,097,556	
Total Expenses	1,097,556	
Net of Revenues over Expense	-	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OTHER ACTIVITIES

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>Taxicab Administration</u>		
Operating Revenue		
Passenger Revenue		40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	989,000	41600-42990
Total Operating Revenue	989,000	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area		46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	-	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	-	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves	(21,663)	
Carryovers		
Total Other Funds / Reserves	(21,663)	
Total Non Operating Revenue	(21,663)	
Total Revenue	967,337	
Total Expenses	967,337	
Net of Revenues over Expense	-	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
SECTION 9.03 - FUNDING SOURCES BY ACTIVITY
OTHER ACTIVITIES

FUNDING SOURCE DESCRIPTION	AMOUNT	INTERNAL MTS CODE
<u>San Diego and Arizona Eastern Railroad</u>		
Operating Revenue		
Passenger Revenue		40100-40990
Advertising Revenue		41010-41020
Contract Services Revenue		41510-41590
Other Income	135,000	41600-42990
Total Operating Revenue	135,000	
Non Operating/Subsidy Revenue		
Federal Revenue		
FTA 5307 - Planning		45110
FTA 5307/5309 - Preventative Maintenance		45125
FTA - JARC		45170
FTA 5311 - Rural		45190
FTA 5311(f) - Rural		45195
Total Federal Revenue	-	
Transportation Development Act (TDA Revenue)		
TDA - Article 4.0 MTS Area		46110
TDA - Article 4.5 (ADA)		46120
TDA - Article 8.0		46130
Total TDA Revenue	-	
TransNet Revenue		
TransNet - 40% Operating Support		47110
TransNet - Access ADA		47130
TransNet - SuperLoop, Other		47140
Total TransNet Revenue	-	
State Transit Assistance (STA) Revenue		
STA - Formula		46220
Total STA Revenue	-	
Other State Revenue		
MediCal		46340
Total Other State Revenue	-	
Other Local Revenue		
SANDAG - Inland Breeze		48110
Other - 4S Ranch		48115
City of San Diego		48120
Other Local		48140
CNG Credits		48140
Total Other Local Revenue	-	
Total Subsidy Revenue	-	
Other Funds / Reserves		
Lease/Leaseback Income		42115
Contingency Reserves		49510
Other Reserves	(4,781)	
Carryovers		
Total Other Funds / Reserves	(4,781)	
Total Non Operating Revenue	(4,781)	
Total Revenue	130,219	
Total Expenses	130,219	
Net of Revenues over Expense	-	

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
FIVE YEAR FINANCIAL PROJECTIONS
FISCAL YEAR 2015
SECTION 10.01**

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	PROJECTED FY16	PROJECTED FY17	PROJECTED FY18	PROJECTED FY19
TOTAL OPERATING REVENUES	\$ 99,429,430	\$ 104,884,786	\$ 110,477,403	\$ 110,913,000	\$ 112,922,000	\$ 114,974,000	\$ 117,071,000
RECURRING SUBSIDY FUNDING	132,166,026	129,517,031	147,349,094	152,027,400	155,590,400	159,290,400	164,092,400
TOTAL RECURRING REVENUES	\$ 231,595,456	\$ 234,401,817	\$ 257,826,497	\$ 262,940,400	\$ 268,512,400	\$ 274,264,400	\$ 281,163,400
BASE COMBINED OPERATOR TRANSP. SERVICES	\$ 206,607,222	\$ 205,813,574	\$ 218,683,641	\$ 227,338,000	\$ 233,021,000	\$ 238,847,000	\$ 244,818,000
ADMINISTRATIVE EXPENSES	30,255,830	34,271,333	35,630,152	36,877,000	37,799,000	38,744,000	39,713,000
OTHER ACTIVITIES	1,102,266	1,103,742	986,261	1,021,000	1,047,000	1,073,000	1,100,000
TOTAL RECURRING OPERATING EXPENSES	\$ 237,965,318	\$ 241,188,648	\$ 255,300,054	\$ 265,236,000	\$ 271,867,000	\$ 278,664,000	\$ 285,631,000
ANNUAL RECURRING EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	\$ (6,369,862)	\$ (6,786,831)	\$ 2,526,443	\$ (2,295,600)	\$ (3,354,600)	\$ (4,399,600)	\$ (4,467,600)
NON RECURRING REVENUES	13,026,054	8,612,254	(2,526,444)	-	-	-	-
NET DEBT SERVICE/LEASE REVENUE/(EXPENSE)	-	-	-	-	-	-	-
ANNUAL EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	\$ 6,656,192	\$ 1,825,423	\$ (0)	\$ (2,295,600)	\$ (3,354,600)	\$ (4,399,600)	\$ (4,467,600)

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
STATISTICAL SUMMARY
FISCAL YEAR 2015
SECTION 10.02

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	VARIANCE	% CHANGE BUDGET/ AMENDED
PASSENGER REVENUE					
BUS OPERATIONS	28,621,361	27,670,601	26,768,186	(902,415)	-3.3%
RAIL OPERATIONS	35,553,838	40,611,107	41,577,585	966,478	2.4%
CONTRACTED SERVICES - FIXED ROUTE	24,469,119	23,810,039	27,738,976	3,928,936	16.5%
CONTRACTED SERVICES - PARATRANSIT	2,007,302	2,129,309	2,290,584	161,274	7.6%
CHULA VISTA TRANSIT	2,841,619	2,669,010	1,550,246	(1,118,764)	-41.9%
TOTAL PASSENGER REVENUES	93,493,239	96,890,066	99,925,576	3,035,510	3.1%
PASSENGERS					
BUS OPERATIONS	28,931,343	28,938,838	27,917,155	(1,021,683)	-3.5%
RAIL OPERATIONS	29,699,365	39,695,008	40,678,177	983,169	2.5%
CONTRACTED SERVICES - FIXED ROUTE	23,004,666	23,058,894	26,971,312	3,912,418	17.0%
CONTRACTED SERVICES - PARATRANSIT	511,157	530,802	564,389	33,588	6.3%
CHULA VISTA TRANSIT	3,182,453	3,201,380	1,859,464	(1,341,916)	-41.9%
TOTAL PASSENGERS	85,328,984	95,424,922	97,990,497	2,565,575	2.7%
AVERAGE FARE					
BUS OPERATIONS	0.989	0.956	0.959	0.003	0.3%
RAIL OPERATIONS	1.197	1.023	1.022	(0.001)	-0.1%
CONTRACTED SERVICES - FIXED ROUTE	1.064	1.033	1.028	(0.004)	-0.4%
CONTRACTED SERVICES - PARATRANSIT	3.927	4.011	4.059	0.047	1.2%
CHULA VISTA TRANSIT	0.893	0.834	0.834	-	0.0%
TOTAL AVERAGE FARE	1.096	1.015	1.020	0.004	0.4%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
STATISTICAL SUMMARY
FISCAL YEAR 2015
SECTION 10.02

	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	VARIANCE	% CHANGE BUDGET/ AMENDED
REVENUE MILES					
BUS OPERATIONS	8,556,650	8,694,616	9,858,205	1,163,589	13.4%
RAIL OPERATIONS	7,757,337	8,488,071	8,488,071	-	0.0%
CONTRACTED SERVICES - FIXED ROUTE	8,307,035	8,479,610	9,636,222	1,156,612	13.6%
CONTRACTED SERVICES - PARATRANSIT	3,289,872	3,492,409	3,785,778	293,369	8.4%
CHULA VISTA TRANSIT	1,036,512	1,063,758	612,858	(450,900)	-42.4%
TOTAL REVENUE MILES	28,947,406	30,218,464	32,381,134	2,162,670	7.2%
TOTAL MILES					
BUS OPERATIONS	9,399,544	10,124,587	11,448,244	1,323,657	13.1%
RAIL OPERATIONS	7,808,501	8,571,980	8,571,980	-	0.0%
CONTRACTED SERVICES - FIXED ROUTE	10,072,508	10,349,620	11,520,305	1,170,685	11.3%
CONTRACTED SERVICES - PARATRANSIT	4,572,600	4,761,824	5,166,045	404,221	8.5%
CHULA VISTA TRANSIT	1,151,424	1,204,611	686,893	(517,718)	-43.0%
TOTAL MILES	33,004,577	35,012,622	37,393,467	2,380,845	6.8%
REVENUE HOURS					
BUS OPERATIONS	786,875	796,263	816,176	19,913	2.5%
RAIL OPERATIONS	471,959	501,008	501,008	-	0.0%
CONTRACTED SERVICES - FIXED ROUTE	770,824	786,569	915,705	129,136	16.4%
CONTRACTED SERVICES - PARATRANSIT	188,762	192,479	210,294	17,815	9.3%
CHULA VISTA TRANSIT	100,421	103,642	58,923	(44,719)	-43.1%
TOTAL REVENUE HOURS	2,318,841	2,379,961	2,502,106	122,145	5.1%
TOTAL HOURS					
BUS OPERATIONS	834,125	846,197	870,290	24,093	2.8%
RAIL OPERATIONS	476,244	506,496	506,496	-	0.0%
CONTRACTED SERVICES - FIXED ROUTE	826,294	850,599	977,621	127,022	14.9%
CONTRACTED SERVICES - PARATRANSIT	266,275	272,612	296,583	23,971	8.8%
CHULA VISTA TRANSIT	105,977	109,905	62,582	(47,323)	-43.1%
TOTAL HOURS	2,508,915	2,585,809	2,713,572	127,763	4.9%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
STATISTICAL SUMMARY
FISCAL YEAR 2015
SECTION 10.02**

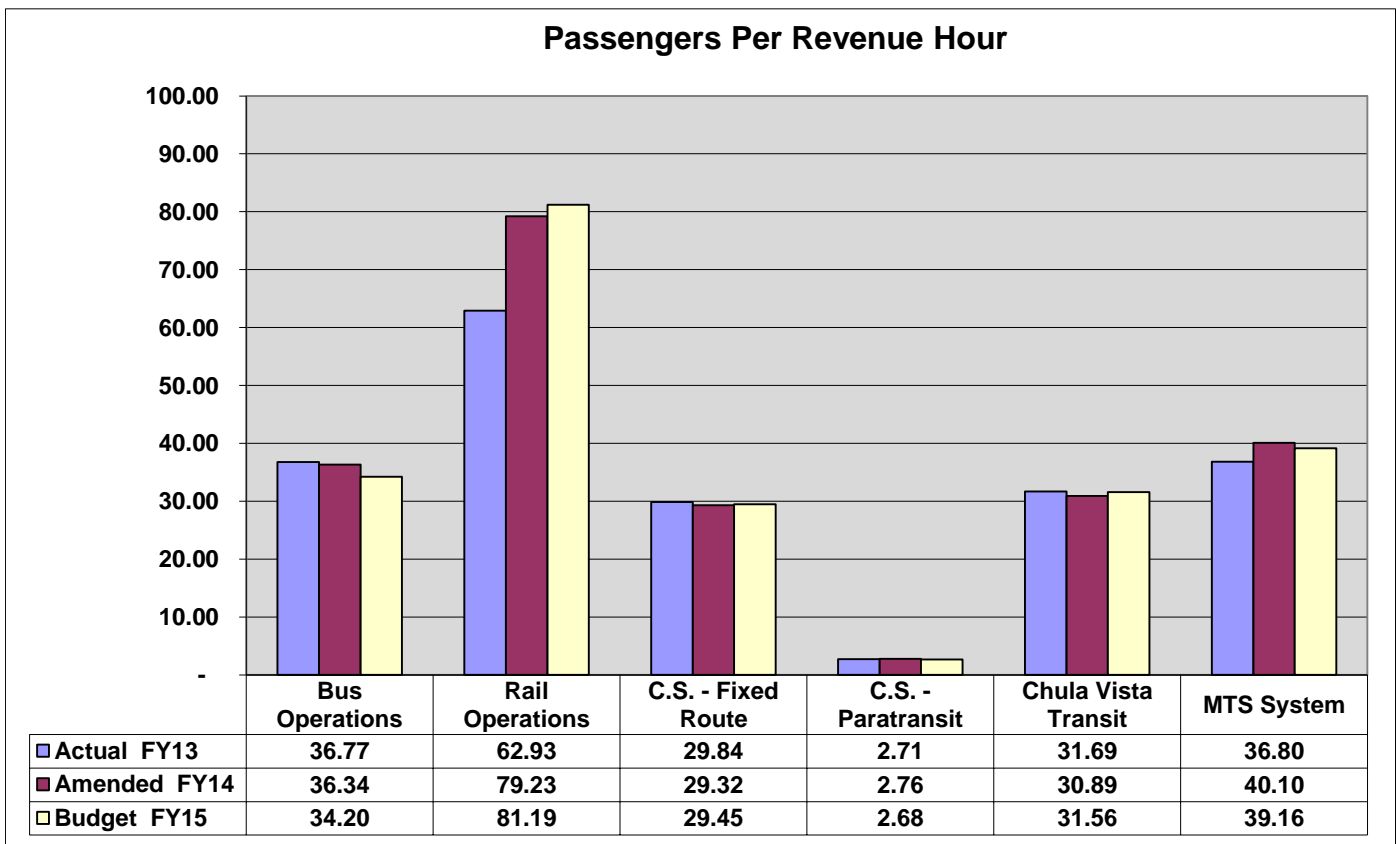
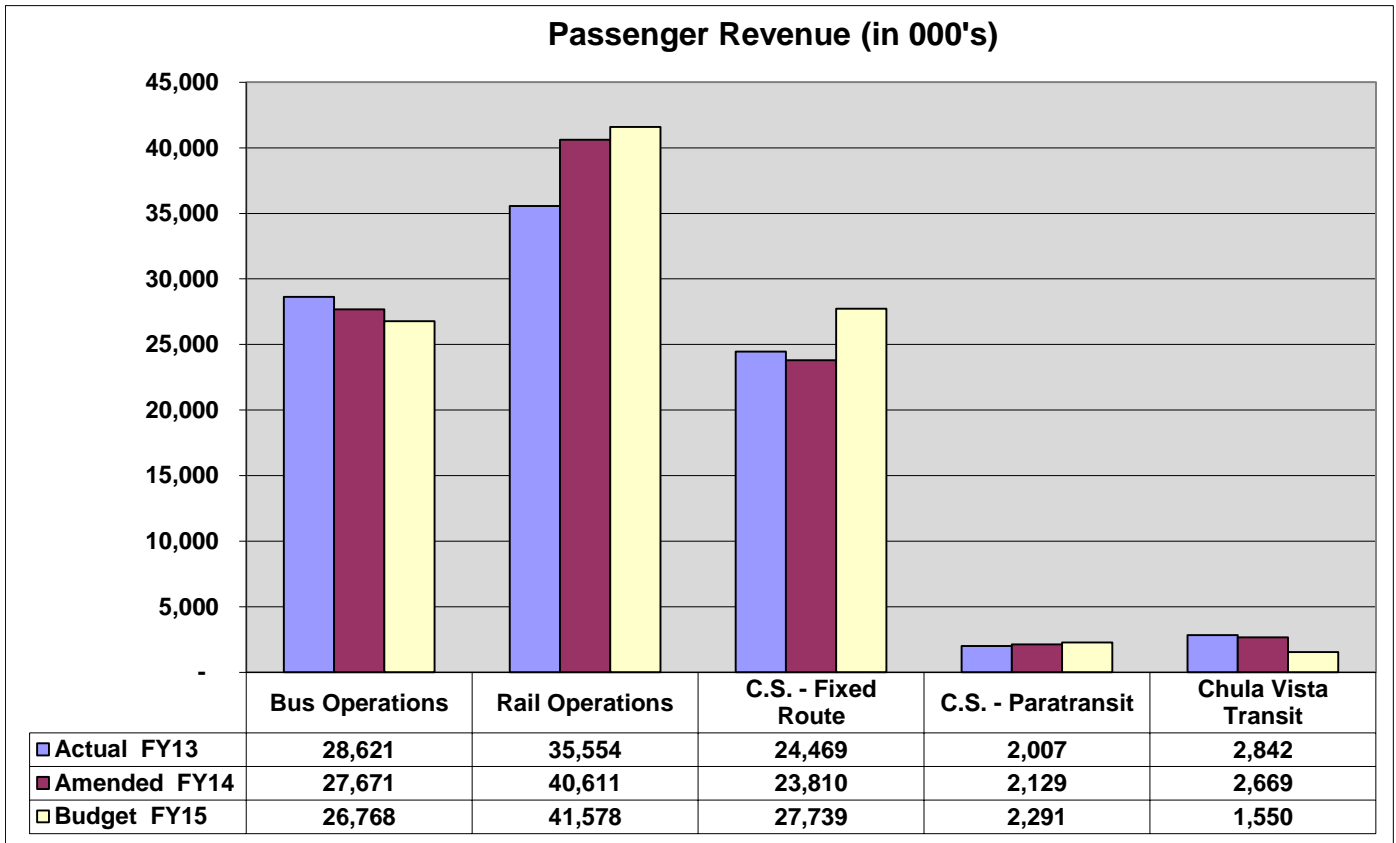
	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	VARIANCE	% CHANGE BUDGET/ AMENDED
TOTAL OPERATING COSTS *					
BUS OPERATIONS	99,690,431	91,778,793	95,554,092	3,775,299	4.1%
RAIL OPERATIONS	64,271,340	68,947,340	72,080,184	3,132,844	4.5%
CONTRACTED SERVICES - FIXED ROUTE	48,067,613	50,527,044	59,009,185	8,482,141	16.8%
CONTRACTED SERVICES - PARATRANSIT	14,504,905	15,339,885	16,646,954	1,307,069	8.5%
CHULA VISTA TRANSIT	5,935,273	6,410,443	4,019,161	(2,391,282)	-37.3%
CORONADO FERRY	147,583	182,610	189,914	7,304	4.0%
ADMINISTRATIVE PASS THROUGH	344,180	344,180	344,180	-	0.0%
TOTAL OPERATING COSTS	232,961,325	233,530,296	247,843,670	14,313,375	6.1%
TOTAL PASSENGERS / REVENUE HOUR					
BUS OPERATIONS	36.8	36.3	34.2	(2.1)	-5.9%
RAIL OPERATIONS	62.9	79.2	81.2	2.0	2.5%
CONTRACTED SERVICES - FIXED ROUTE	29.8	29.3	29.5	0.1	0.5%
CONTRACTED SERVICES - PARATRANSIT	2.7	2.8	2.7	(0.1)	-2.7%
CHULA VISTA TRANSIT	31.7	30.9	31.6	0.7	2.2%
TOTAL PASSENGERS / REVENUE HOUR	36.8	40.1	39.2	(0.9)	-2.3%
TOTAL FAREBOX RECOVERY					
BUS OPERATIONS	28.8%	30.3%	28.1%	-2.1%	-7.0%
RAIL OPERATIONS	55.6%	59.2%	58.0%	-1.2%	-2.1%
CONTRACTED SERVICES - FIXED ROUTE	50.9%	47.1%	47.0%	-0.1%	-0.2%
CONTRACTED SERVICES - PARATRANSIT	14.1%	14.0%	14.0%	0.0%	-0.1%
CHULA VISTA TRANSIT	47.9%	41.6%	38.6%	-3.1%	-7.4%
TOTAL FAREBOX RECOVERY	40.3%	41.6%	40.5%	-1.1%	-2.8%

* Includes the administrative overhead allocation of expenses.

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
STATISTICAL SUMMARY
FISCAL YEAR 2015
SECTION 10.02**

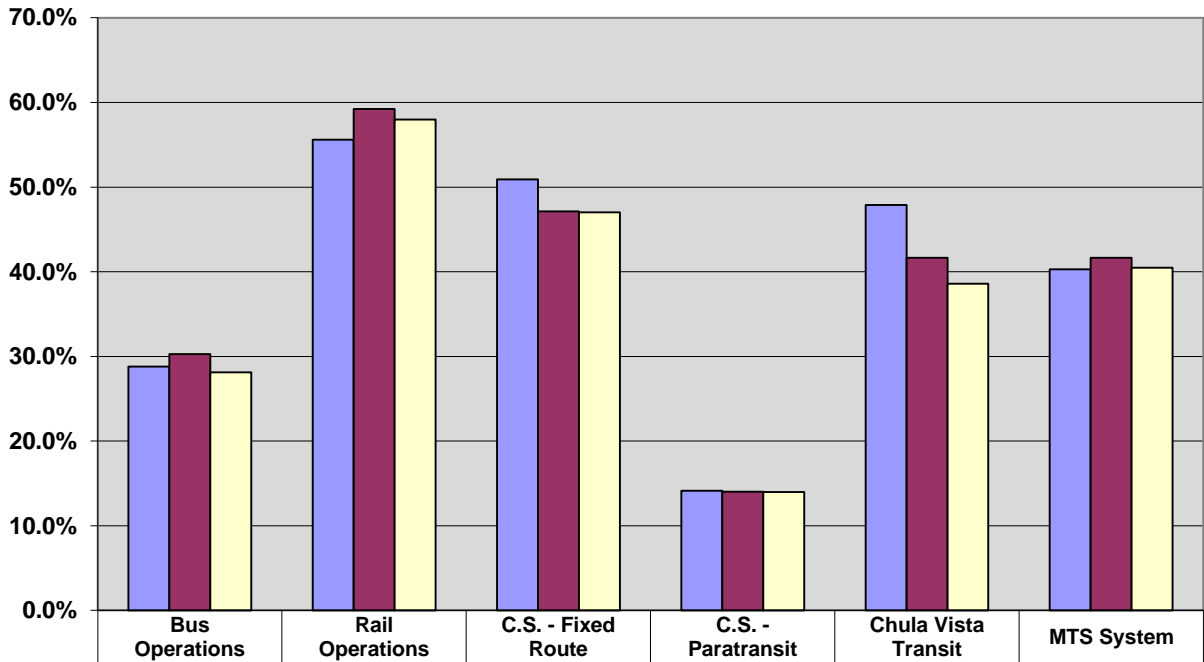
	ACTUAL FY13	AMENDED BUDGET FY14	PROPOSED BUDGET FY15	VARIANCE	% CHANGE BUDGET/ AMENDED
TOTAL OPERATING SUBSIDY					
BUS OPERATIONS	66,063,293	64,103,193	68,780,906	4,677,713	7.3%
RAIL OPERATIONS	28,143,220	27,652,233	29,798,599	2,146,366	7.8%
CONTRACTED SERVICES - FIXED ROUTE	23,598,494	26,717,005	31,270,209	4,553,204	17.0%
CONTRACTED SERVICES - PARATRANSIT	12,497,603	13,210,576	14,356,371	1,145,795	8.7%
CHULA VISTA TRANSIT	3,095,626	3,741,433	2,468,915	(1,272,518)	-34.0%
CORONADO FERRY	173,708	182,610	189,914	7,304	4.0%
ADMINISTRATIVE PASS THROUGH	301,421	344,180	344,180	-	0.0%
TOTAL OPERATING SUBSIDY	133,873,365	135,951,230	147,209,094	11,257,864	8.3%
TOTAL SUBSIDY / PASSENGER					
BUS OPERATIONS	2.28	2.22	2.46	0.25	11.2%
RAIL OPERATIONS	0.95	0.70	0.73	0.04	5.2%
CONTRACTED SERVICES - FIXED ROUTE	1.03	1.16	1.16	0.00	0.1%
CONTRACTED SERVICES - PARATRANSIT	24.45	24.89	25.44	0.55	2.2%
CHULA VISTA TRANSIT	0.97	1.17	1.33	0.16	13.6%
TOTAL SUBSIDY / PASSENGER	1.57	1.42	1.50	0.08	5.4%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
STATISTICAL SUMMARY
FISCAL YEAR 2015
SECTION 10.02**



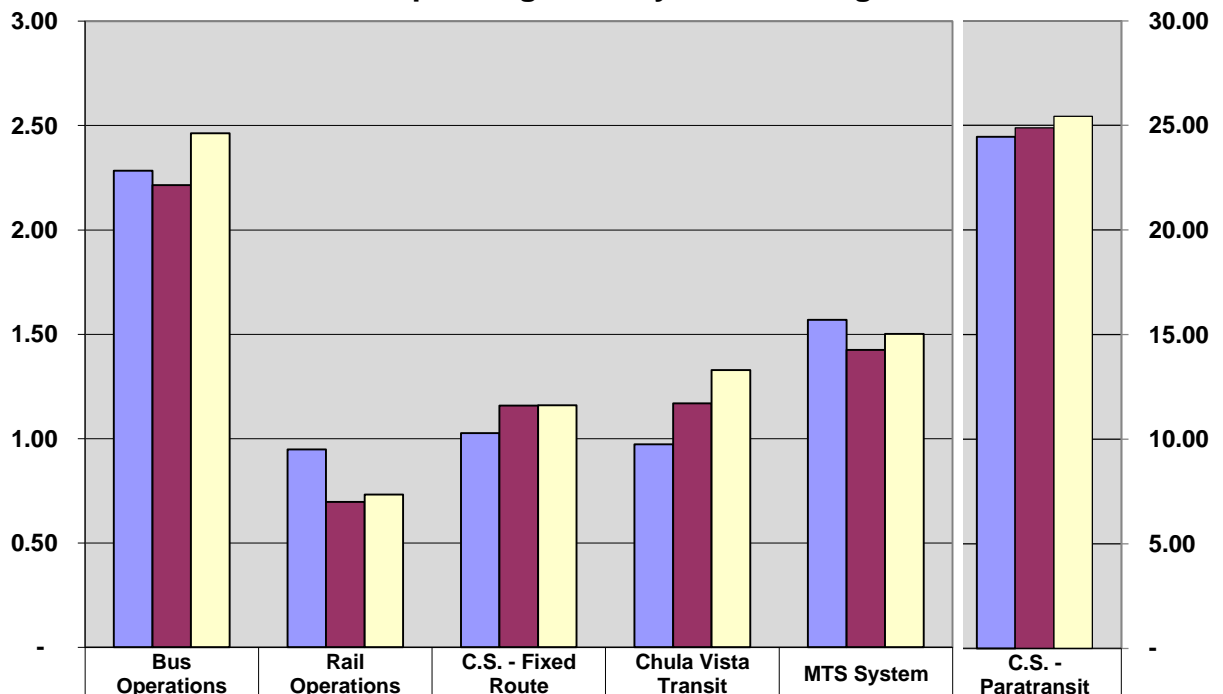
**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
STATISTICAL SUMMARY
FISCAL YEAR 2015
SECTION 10.02**

Farebox Recovery Ratio



Actual FY13	28.8%	55.6%	50.9%	14.1%	47.9%	40.3%
Amended FY14	30.3%	59.2%	47.1%	14.0%	41.6%	41.6%
Budget FY15	28.1%	58.0%	47.0%	14.0%	38.6%	40.5%

Operating Subsidy Per Passenger



Actual FY13	2.28	0.95	1.03	0.97	1.57	24.45
Amended FY14	2.22	0.70	1.16	1.17	1.42	24.89
Budget FY15	2.46	0.73	1.16	1.33	1.50	25.44

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
POSITION INFORMATION (SUMMARY FORMAT)
FISCAL YEAR 2015 PROPOSED BUDGET
SECTION 10.03**

	Midyear Budget	Position	Net Positons Requiring	Proposed	Frozen
	FY 2014	Shifts	Funding Adjs	FY 2015	Positions
	FTE's	FTE's	FTE's	FTE's	FTE's
<u>MTS Administration</u>					
BOD ADMINISTRATION	3.0	0.0	0.0	3.0	0.0
COMPASS CARD	11.0	0.0	0.0	11.0	0.0
EXECUTIVE	3.0	0.0	0.0	3.0	0.0
FINANCE	21.0	0.0	0.0	21.0	0.0
HUMAN RESOURCES	15.0	0.0	0.0	15.0	0.0
INFORMATION TECHNOLOGY	19.0	0.0	0.0	19.0	0.0
LEGAL	1.0	0.0	0.0	1.0	0.0
MARKETING	9.5	0.0	0.0	9.5	0.0
PLANNING	12.0	0.0	0.0	12.0	-1.0
PROCUREMENT	12.0	0.0	0.0	12.0	-1.0
RIGHT OF WAY	3.0	0.0	0.0	3.0	0.0
RISK	4.0	0.0	0.0	4.0	0.0
SECURITY	43.0	0.0	0.0	43.0	0.0
STORES (Admin)	2.0	0.0	0.0	2.0	0.0
STORES (BUS)	13.0	0.0	1.0	14.0	0.0
STORES (RAIL)	8.0	0.0	0.0	8.0	0.0
TELEPHONE INFORMATION SERVICES	21.0	0.0	0.0	21.0	0.0
TRANSIT STORES	6.0	0.0	0.0	6.0	0.0
Subtotal MTS Administration	206.5	0.0	1.0	207.5	-2.0
<u>Bus Operations</u>					
CONTRACT SERVICES	7.5	0.0	1.0	8.5	0.0
EXECUTIVE (BUS)	4.0	0.0	0.0	4.0	0.0
MAINTENANCE	174.0	0.0	12.0	186.0	0.0
MAINTENANCE-FACILITY	5.0	0.0	0.0	5.0	0.0
PASSENGER SERVICES	6.5	0.0	0.0	6.5	-1.0
REVENUE (BUS)	13.0	0.0	0.0	13.0	0.0
SAFETY	1.0	0.0	0.0	1.0	0.0
TRAINING	9.5	0.0	0.0	9.5	0.0
TRANSPORTATION (BUS)	545.0	0.0	15.0	560.0	0.0
Subtotal Bus Operations	765.5	0.0	28.0	793.5	-1.0
<u>Rail Operations</u>					
EXECUTIVE (RAIL)	7.5	0.0	0.0	7.5	0.0
FACILITIES	67.0	0.0	0.0	67.0	-1.0
LIGHT RAIL VEHICLES	88.0	0.0	0.0	88.0	0.0
MAINTENANCE OF WAYSIDE	38.0	0.0	0.0	38.0	0.0
REVENUE (RAIL)	41.2	0.0	0.0	41.2	0.0
TRACK	18.0	0.0	0.0	18.0	-1.0
TRANSPORTATION (RAIL)	210.3	0.0	0.0	210.3	0.0
Subtotal Rail Operations	470.0	0.0	0.0	470.0	-2.0
<u>Other MTS Operations</u>					
TAXICAB	10.0	0.0	0.0	10.0	0.0
Subtotal Other MTS Operations	10.0	0.0	0.0	10.0	0.0
Grand Total	1,452.0	0.0	29.0	1,481.0	-5.0

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
POSITION INFORMATION (DETAILED POSITION FORMAT)
FISCAL YEAR 2015 PROPOSED BUDGET
SECTION 10.04

		Midyear Budget	Position	Net Positons	Proposed	Frozen
	Salary	FY 2014	Shifts	Requiring	FY 2015	Positions
	Grade	(FTE's)	(FTE's)	Funding Adjs	(FTE's)	(FTE's)
<u>MTS Administration</u>						
<u>BOD ADMINISTRATION</u>						
Administrative Assistant I	03	1.0	0.0	0.0	1.0	0.0
Exec Asst GC/Asst Board Clrk	06	1.0	0.0	0.0	1.0	0.0
Internal Auditor	10	1.0	0.0	0.0	1.0	0.0
BOD ADMINISTRATION TOTAL		3.0	0.0	0.0	3.0	0.0
<u>COMPASS CARD</u>						
Compass Card Supervisor	07	1.0	0.0	0.0	1.0	0.0
Customer Serv Asst (Part-Time)	02	3.0	0.0	0.0	3.0	0.0
Customer Service Rep	03	3.0	0.0	0.0	3.0	0.0
Fare Technology Program Manager	11	1.0	0.0	0.0	1.0	0.0
Lead Computer Support Specialist	05	1.0	0.0	0.0	1.0	0.0
Regional Revenue Administrator	05	1.0	0.0	0.0	1.0	0.0
Systems Administrator - Compass	08	1.0	0.0	0.0	1.0	0.0
COMPASS CARD TOTAL		11.0	0.0	0.0	11.0	0.0
<u>EXECUTIVE</u>						
Chief Executive Officer	16	1.0	0.0	0.0	1.0	0.0
Chief of Staff	14	1.0	0.0	0.0	1.0	0.0
Exec Asst CEO / Board Clerk	08	1.0	0.0	0.0	1.0	0.0
EXECUTIVE TOTAL		3.0	0.0	0.0	3.0	0.0
<u>FINANCE</u>						
Chief Financial Officer	15	1.0	0.0	0.0	1.0	0.0
Accounting Assistant	04	2.0	0.0	0.0	2.0	0.0
Admin Assistant II - Finance	05	1.0	0.0	0.0	1.0	0.0
Budget Manager	10	1.0	0.0	0.0	1.0	0.0
Capital Grants Analyst	05	1.0	0.0	0.0	1.0	0.0
Capital Grants Supervisor	08	1.0	0.0	0.0	1.0	0.0
Controller	12	1.0	0.0	0.0	1.0	0.0
Dir Fin Planning & Analysis	12	1.0	0.0	0.0	1.0	0.0
ERP Project Manager	10	1.0	0.0	0.0	1.0	0.0
Financial Analyst	07	1.0	0.0	0.0	1.0	0.0
Payroll Coordinator	05	4.0	0.0	0.0	4.0	0.0
Payroll Manager	09	1.0	0.0	0.0	1.0	0.0
Staff Accountant	06	4.0	0.0	0.0	4.0	0.0
Transit Asset Administrator	06	1.0	0.0	0.0	1.0	0.0
FINANCE TOTAL		21.0	0.0	0.0	21.0	0.0
<u>HUMAN RESOURCES</u>						
Dir of HR & Labor Relations	14	1.0	0.0	0.0	1.0	0.0
Admin Assistant (Copy Center)	03	1.0	0.0	0.0	1.0	0.0
Admin Assistant II - HR	05	1.0	0.0	0.0	1.0	0.0
Benefits & Comp Analyst	07	2.0	0.0	0.0	2.0	0.0
HR Representative II	07	3.0	0.0	0.0	3.0	0.0
Human Resources Analyst	07	1.0	0.0	0.0	1.0	0.0
Human Resources Assistant	03	1.0	0.0	0.0	1.0	0.0
Human Resources Supervisor	08	2.0	0.0	0.0	2.0	0.0
Manager of Human Resources	11	1.0	0.0	0.0	1.0	0.0
Mgr of Organizational Dev.	09	1.0	0.0	0.0	1.0	0.0
Receptionist- MTS	02	1.0	0.0	0.0	1.0	0.0
HUMAN RESOURCES TOTAL		15.0	0.0	0.0	15.0	0.0

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
POSITION INFORMATION (DETAILED POSITION FORMAT)
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		Midyear Budget	Position	Net Positons	Proposed	Frozen
	Salary	FY 2014	Shifts	Requiring	FY 2015	Positions
	Grade	(FTE's)	(FTE's)	Funding Adjs	(FTE's)	(FTE's)
<u>INFORMATION TECHNOLOGY</u>						
Chief Technology Officer	14	1.0	0.0	0.0	1.0	0.0
Applications Development Mgr	10	1.0	0.0	0.0	1.0	0.0
Asst Chief Technology Officer	11	1.0	0.0	0.0	1.0	0.0
Business Systems Analyst	10	4.0	0.0	0.0	4.0	0.0
Computer Support Specialist	05	3.0	0.0	0.0	3.0	0.0
Database Administrator	10	1.0	0.0	0.0	1.0	0.0
Network Administrator	09	1.0	0.0	0.0	1.0	0.0
Network Operations Manager	10	1.0	0.0	0.0	1.0	0.0
Report Development Analyst	09	1.0	0.0	0.0	1.0	0.0
Sr Programmer Analyst	10	1.0	0.0	0.0	1.0	0.0
Systems Administrator	08	4.0	0.0	0.0	4.0	0.0
INFORMATION TECHNOLOGY TOTAL		19.0	0.0	0.0	19.0	0.0
<u>LEGAL</u>						
General Counsel	15	1.0	0.0	0.0	1.0	0.0
LEGAL TOTAL		1.0	0.0	0.0	1.0	0.0
<u>MARKETING</u>						
Dir Marketing & Communications	13	1.0	0.0	0.0	1.0	0.0
Advertising Specialist	07	1.0	0.0	0.0	1.0	0.0
Communications Design Manager	09	1.0	0.0	0.0	1.0	0.0
Communications Designer III	07	2.0	0.0	0.0	2.0	0.0
Digital Design & Content Spec.	07	1.0	0.0	0.0	1.0	0.0
Manager of Marketing	10	1.0	0.0	0.0	1.0	0.0
Marketing Coordinator	05	1.0	0.0	0.0	1.0	0.0
Marketing Intern	01	0.5	0.0	0.0	0.5	0.0
Public Relations Specialist	07	1.0	0.0	0.0	1.0	0.0
MARKETING TOTAL		9.5	0.0	0.0	9.5	0.0
<u>PLANNING</u>						
Director of Planning	12	1.0	0.0	0.0	1.0	-1.0
Assoc Transportation Planner	06	2.0	0.0	0.0	2.0	0.0
Associate Scheduler	06	1.0	0.0	0.0	1.0	0.0
Manager of Planning	10	1.0	0.0	0.0	1.0	0.0
Manager of Scheduling	10	1.0	0.0	0.0	1.0	0.0
Operations Asst - Ride Checker	01	2.5	0.0	0.0	2.5	0.0
Planning Intern	01	0.5	0.0	0.0	0.5	0.0
Sen Transp Plnr/Rail Ops An	09	1.0	0.0	0.0	1.0	0.0
Senior Transportation Planner	09	2.0	0.0	0.0	2.0	0.0
PLANNING TOTAL		12.0	0.0	0.0	12.0	-1.0
<u>PROCUREMENT</u>						
Manager of Procurement	12	1.0	0.0	0.0	1.0	0.0
Buyer	07	1.0	0.0	0.0	1.0	0.0
Contract Specialist	06	1.0	0.0	0.0	1.0	0.0
Contracts Administrator	08	1.0	0.0	0.0	1.0	0.0
Procurement Assistant	05	2.0	0.0	0.0	2.0	-1.0
Procurement Specialist	08	6.0	0.0	0.0	6.0	0.0
PROCUREMENT TOTAL		12.0	0.0	0.0	12.0	-1.0
<u>RIGHT OF WAY</u>						
Manager of Real Estate Assets	12	1.0	0.0	0.0	1.0	0.0
Assistant Right of Way Agent	07	1.0	0.0	0.0	1.0	0.0
Right of Way Engineer	10	1.0	0.0	0.0	1.0	0.0
RIGHT OF WAY TOTAL		3.0	0.0	0.0	3.0	0.0

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
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		Midyear Budget	Position	Net Positons	Proposed	Frozen
	Salary	FY 2014	Shifts	Requiring	FY 2015	Positions
	Grade	(FTE's)	(FTE's)	Funding Adjs	(FTE's)	(FTE's)
<u>RISK</u>						
Liability Claims Supervisor	07	1.0	0.0	0.0	1.0	0.0
Manager of Risk and Claims	10	1.0	0.0	0.0	1.0	0.0
Risk Management Specialist	05	1.0	0.0	0.0	1.0	0.0
Workers' Compensation Analyst	06	1.0	0.0	0.0	1.0	0.0
RISK TOTAL		4.0	0.0	0.0	4.0	0.0
<u>SECURITY</u>						
Dir of Transit System Security	12	1.0	0.0	0.0	1.0	0.0
Clerk Typist/Data Entry TSS	BU	4.0	0.0	0.0	4.0	0.0
Code Compliance Inspector	BU	30.0	0.0	0.0	30.0	0.0
Code Compliance Supervisor	06	5.0	0.0	0.0	5.0	0.0
Deputy Dir of Transit Security	10	1.0	0.0	0.0	1.0	0.0
Mgr of TSS Field Operations	09	1.0	0.0	0.0	1.0	0.0
Security / Crime Analyst	08	1.0	0.0	0.0	1.0	0.0
SECURITY TOTAL		43.0	0.0	0.0	43.0	0.0
<u>STORES (Admin)</u>						
Materials Analyst	05	1.0	0.0	0.0	1.0	0.0
Materials Manager	10	1.0	0.0	0.0	1.0	0.0
STORES (Admin) TOTAL		2.0	0.0	0.0	2.0	0.0
<u>STORES (BUS)</u>						
Asst Manager of Stores (Bus)	08	1.0	0.0	0.0	1.0	0.0
Storeroom Clerks - IAD	BU	7.0	0.0	0.0	7.0	0.0
Storeroom Clerks - KMD	BU	4.0	0.0	1.0	5.0	0.0
Storeroom Supervisor - KMD	07	1.0	0.0	0.0	1.0	0.0
STORES (BUS) TOTAL		13.0	0.0	1.0	14.0	0.0
<u>STORES (RAIL)</u>						
Asst Manager of Stores (Rail)	08	1.0	0.0	0.0	1.0	0.0
Aux Store Supervisor	BU	2.0	0.0	0.0	2.0	0.0
Storekeeper	BU	5.0	0.0	0.0	5.0	0.0
STORES (RAIL) TOTAL		8.0	0.0	0.0	8.0	0.0
<u>TELEPHONE INFORMATION SERVICES</u>						
Sr Tele Info Supervisor	08	1.0	0.0	0.0	1.0	0.0
Tele Info Supervisor	07	2.0	0.0	0.0	2.0	0.0
Telephone Information Clerk	BU	18.0	0.0	0.0	18.0	0.0
TELEPHONE INFORMATION SERVICES TO		21.0	0.0	0.0	21.0	0.0
<u>TRANSIT STORES</u>						
Transit Store Supervisor	07	1.0	0.0	0.0	1.0	0.0
Asst Transit Store Supervisor	06	1.0	0.0	0.0	1.0	0.0
Senior Transit Store Clerk	BU	1.0	0.0	0.0	1.0	0.0
Transit Store Clerk	BU	3.0	0.0	0.0	3.0	0.0
TRANSIT STORES TOTAL		6.0	0.0	0.0	6.0	0.0
Subtotal MTS Administration		206.5	0.0	1.0	207.5	-2.0

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
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		Midyear Budget	Position	Net Positons	Proposed	Frozen
	Salary	FY 2014	Shifts	Requiring	FY 2015	Positions
	Grade	(FTE's)	(FTE's)	Funding Adjs	(FTE's)	(FTE's)
<u>Bus Operations</u>						
<u>CONTRACT SERVICES</u>						
Asst Trans Ops Specialist	06	2.0	0.0	0.0	2.0	0.0
Contract Services Admin	11	1.0	0.0	0.0	1.0	0.0
Intern - Transit Services	01	0.5	0.0	0.0	0.5	0.0
Mgr of BRT & East County Ops	11	1.0	0.0	0.0	1.0	0.0
Mgr of South Bay Operations	11	1.0	0.0	0.0	1.0	0.0
Passenger Facilities Tech.	04	0.0	0.0	1.0	1.0	0.0
Supvr of Passenger Facilities	07	1.0	0.0	0.0	1.0	0.0
Transit Operations Specialist	05	1.0	0.0	0.0	1.0	0.0
CONTRACT SERVICES TOTAL		7.5	0.0	1.0	8.5	0.0
<u>EXECUTIVE (BUS)</u>						
Chief Op Officer-Transit Servs	15	1.0	0.0	0.0	1.0	0.0
Executive Assistant (COO Bus)	06	1.0	0.0	0.0	1.0	0.0
Mgr of Capital Projects (Bus)	12	1.0	0.0	0.0	1.0	0.0
Project Mgr-Capital Projects	10	1.0	0.0	0.0	1.0	0.0
EXECUTIVE (BUS) TOTAL		4.0	0.0	0.0	4.0	0.0
<u>MAINTENANCE</u>						
Admin Asst II - Maintenance	05	1.0	0.0	0.0	1.0	0.0
Asst Mgr of Maintenance - IAD	10	1.0	0.0	0.0	1.0	0.0
Body Shop Apprentice II - KMD	BU	1.0	0.0	0.0	1.0	0.0
Communications Tech - IAD	BU	2.0	0.0	0.0	2.0	0.0
Communications Tech - KMD	BU	1.0	0.0	0.0	1.0	0.0
Dir of Fleet & Facility Maint	13	1.0	0.0	0.0	1.0	0.0
Foreman - IAD	08	9.0	0.0	0.0	9.0	0.0
Foreman - KMD	08	8.0	0.0	1.0	9.0	0.0
Maintenance Analyst	06	1.0	0.0	0.0	1.0	0.0
Maintenance Clerk - KMD	02	1.0	0.0	0.0	1.0	0.0
Manager Of Maintenance KMD	11	1.0	0.0	0.0	1.0	0.0
Mechanic A - IAD	BU	25.0	0.0	0.0	25.0	0.0
Mechanic A - KMD	BU	23.0	0.0	4.0	27.0	0.0
Mechanic Apprentice I - IAD	BU	8.0	0.0	0.0	8.0	0.0
Mechanic Apprentice I - KMD	BU	1.0	0.0	0.0	1.0	0.0
Mechanic Apprentice II - IAD	BU	3.0	0.0	0.0	3.0	0.0
Mechanic B - IAD	BU	2.0	0.0	0.0	2.0	0.0
Mechanic C - IAD	BU	19.0	0.0	0.0	19.0	0.0
Mechanic C - KMD	BU	11.0	0.0	3.0	14.0	0.0
Mgr of Fleet & Facility Maint	11	1.0	0.0	0.0	1.0	0.0
Mgr of Maintenance Training	09	1.0	0.0	0.0	1.0	0.0
Quality Assurance Inspector	07	1.0	0.0	0.0	1.0	0.0
Quality Assurance Supervisor	09	1.0	0.0	0.0	1.0	0.0
Serviceman A - IAD	BU	34.0	0.0	0.0	34.0	0.0
Serviceman A - KMD	BU	16.0	0.0	4.0	20.0	0.0
Sign Truck Operator	BU	1.0	0.0	0.0	1.0	0.0
MAINTENANCE TOTAL		174.0	0.0	12.0	186.0	0.0
<u>MAINTENANCE-FACILITY</u>						
Foreman - IAD	08	1.0	0.0	0.0	1.0	0.0
Mechanic A - Facilities - IAD	BU	2.0	0.0	0.0	2.0	0.0
Mechanic A - Facilities - KMD	BU	2.0	0.0	0.0	2.0	0.0
MAINTENANCE-FACILITY TOTAL		5.0	0.0	0.0	5.0	0.0
<u>PASSENGER SERVICES</u>						
Customer Service Supervisor	06	2.0	0.0	0.0	2.0	0.0
Customer Service Clerk	BU	2.0	0.0	0.0	2.0	-1.0
Manager of Support Services	12	1.0	0.0	0.0	1.0	0.0
Receptionist	02	1.0	0.0	0.0	1.0	0.0
Support Services Assistant	01	0.5	0.0	0.0	0.5	0.0

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
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		Midyear Budget	Position	Net Positons	Proposed	Frozen
	Salary	FY 2014	Shifts	Requiring	FY 2015	Positions
	Grade	(FTE's)	(FTE's)	Funding Adjs	(FTE's)	(FTE's)
PASSENGER SERVICES TOTAL		6.5	0.0	0.0	6.5	-1.0
<u>REVENUE (BUS)</u>						
Asst Rev Technicians - IAD	BU	2.0	0.0	0.0	2.0	0.0
Asst Rev Technicians - KMD	BU	1.0	0.0	0.0	1.0	0.0
Revenue Administrator	08	1.0	0.0	0.0	1.0	0.0
Revenue Processors - IAD	BU	3.0	0.0	0.0	3.0	0.0
Revenue Processors - KMD	BU	2.0	0.0	0.0	2.0	0.0
Revenue Technicians - IAD	BU	2.0	0.0	0.0	2.0	0.0
Revenue Technicians - KMD	BU	2.0	0.0	0.0	2.0	0.0
REVENUE (BUS) TOTAL		13.0	0.0	0.0	13.0	0.0
<u>SAFETY</u>						
Manager of Safety (Bus)	09	1.0	0.0	0.0	1.0	0.0
SAFETY TOTAL		1.0	0.0	0.0	1.0	0.0
<u>TRAINING</u>						
Bus Op Training Instructor	06	6.0	0.0	0.0	6.0	0.0
P/T Bus Op Training Instructor	06	2.5	0.0	0.0	2.5	0.0
Sr Bus Operations Instructor	07	1.0	0.0	0.0	1.0	0.0
TRAINING TOTAL		9.5	0.0	0.0	9.5	0.0
<u>TRANSPORTATION (BUS)</u>						
Admin Asst II - Operations	05	1.0	0.0	0.0	1.0	0.0
Asst Mgr of Trans Comm & Techn	09	1.0	0.0	0.0	1.0	0.0
Bus Operators - F/T	BU	503.0	0.0	11.0	514.0	0.0
Bus Operators - P/T	BU	2.0	0.0	0.0	2.0	0.0
Comm/Ops Supv-Dispatch IAD	08	5.0	0.0	0.0	5.0	0.0
Comm/Ops Supv-Dispatch KMD	08	1.0	0.0	0.0	1.0	0.0
Comm/Ops Supv-Radio	08	10.0	0.0	1.0	11.0	0.0
Director of Transit Operations	13	1.0	0.0	0.0	1.0	0.0
Dispatch Clerk	BU	5.0	0.0	1.0	6.0	0.0
Manager of Service Operations	10	1.0	0.0	0.0	1.0	0.0
Mgr of Trans Comm & Technology	10	1.0	0.0	0.0	1.0	0.0
Service Operations Supervisor	08	12.0	0.0	2.0	14.0	0.0
Trans Div Manager - IAD	10	1.0	0.0	0.0	1.0	0.0
Trans Div Manager - KMD	10	1.0	0.0	0.0	1.0	0.0
TRANSPORTATION (BUS) TOTAL		545.0	0.0	15.0	560.0	0.0
Subtotal Bus Operations		765.5	0.0	28.0	793.5	-1.0

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
POSITION INFORMATION (DETAILED POSITION FORMAT)
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		Midyear Budget	Position	Net Positons Requiring	Proposed	Frozen
	Salary	FY 2014	Shifts	Funding Adjs	FY 2015	Positions
	Grade	(FTE's)	(FTE's)	(FTE's)	(FTE's)	(FTE's)
<u>Rail Operations</u>						
<u>EXECUTIVE (RAIL)</u>						
Chief Operating Officer (Rail)	15	1.0	0.0	0.0	1.0	0.0
Engineering Intern	01	0.5	0.0	0.0	0.5	0.0
Executive Assistant (COO Rail)	06	1.0	0.0	0.0	1.0	0.0
Mgr of Capital Projects (Rail)	12	1.0	0.0	0.0	1.0	0.0
Special Events Coordinator	09	1.0	0.0	0.0	1.0	0.0
System Safety Manager (Rail)	09	1.0	0.0	0.0	1.0	0.0
Systems Engineer (Rail)	11	2.0	0.0	0.0	2.0	0.0
EXECUTIVE (RAIL) TOTAL		7.5	0.0	0.0	7.5	0.0
<u>FACILITIES</u>						
Facilities Manager	10	1.0	0.0	0.0	1.0	0.0
Admin Asst II - Facilities	05	1.0	0.0	0.0	1.0	0.0
Facilities Supervisor	06	5.0	0.0	0.0	5.0	0.0
Serviceperson	BU	60.0	0.0	0.0	60.0	-1.0
FACILITIES TOTAL		67.0	0.0	0.0	67.0	-1.0
<u>LIGHT RAIL VEHICLES</u>						
Superintendent of LRV Maint	12	1.0	0.0	0.0	1.0	0.0
Asst Superintendent LRV	10	1.0	0.0	0.0	1.0	0.0
Clerk Typist/Data Entry LRV	BU	2.0	0.0	0.0	2.0	0.0
LRV Asst Lineman	BU	8.0	0.0	0.0	8.0	0.0
LRV Electromechanic	BU	61.0	0.0	0.0	61.0	0.0
LRV Lineman	BU	7.0	0.0	0.0	7.0	0.0
LRV Maint Supervisor	09	6.0	0.0	0.0	6.0	0.0
LRV Project Coordinator/Analyst	09	1.0	0.0	0.0	1.0	0.0
Training Supervisor - LRV	08	1.0	0.0	0.0	1.0	0.0
LIGHT RAIL VEHICLES TOTAL		88.0	0.0	0.0	88.0	0.0
<u>MAINTENANCE OF WAYSIDE</u>						
Superintendent Wayside Maint	12	1.0	0.0	0.0	1.0	0.0
Asst Superintendent Wayside	10	1.0	0.0	0.0	1.0	0.0
Clerk Typist/Data Entry MOW	BU	1.0	0.0	0.0	1.0	0.0
Training Supervisor - MOW	08	1.0	0.0	0.0	1.0	0.0
Wayside Assistant Lineman	BU	8.0	0.0	0.0	8.0	0.0
Wayside Electromechanic	BU	19.0	0.0	0.0	19.0	0.0
Wayside Lineman	BU	3.0	0.0	0.0	3.0	0.0
Wayside Maintenance Supervisor	09	4.0	0.0	0.0	4.0	0.0
MAINTENANCE OF WAYSIDE TOTAL		38.0	0.0	0.0	38.0	0.0
<u>REVENUE (RAIL)</u>						
Revenue Manager (Rail)	10	1.0	0.0	0.0	1.0	0.0
Clerk Typist/Data Entry REV	BU	2.0	0.0	0.0	2.0	0.0
Collector / Processor	BU	8.0	0.0	0.0	8.0	0.0
Revenue Maintainer II	BU	2.0	0.0	0.0	2.0	0.0
Revenue Maintainer III	BU	12.0	0.0	0.0	12.0	0.0
Revenue Maintenance Supervisor	09	2.0	0.0	0.0	2.0	0.0
Revenue Supervisor	07	2.0	0.0	0.0	2.0	0.0
Ridership Surveyor	BU	5.0	0.0	0.0	5.0	0.0
Special Events Assistant	01	7.2	0.0	0.0	7.2	0.0
REVENUE (RAIL) TOTAL		41.2	0.0	0.0	41.2	0.0

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
POSITION INFORMATION (DETAILED POSITION FORMAT)
FISCAL YEAR 2015 PROPOSED BUDGET
SECTION 10.04**

		Midyear Budget	Position	Net Positons Requiring	Proposed	Frozen
	Salary	FY 2014	Shifts	Funding Adjs	FY 2015	Positions
	Grade	(FTE's)	(FTE's)	(FTE's)	(FTE's)	(FTE's)
<u>TRACK</u>						
Track Supervisor	09	2.0	0.0	0.0	2.0	0.0
Trackperson	BU	16.0	0.0	0.0	16.0	-1.0
TRACK TOTAL		18.0	0.0	0.0	18.0	-1.0
<u>TRANSPORTATION (RAIL)</u>						
Superintendant Transportation	12	1.0	0.0	0.0	1.0	0.0
Asst Superintendent Trans	10	1.0	0.0	0.0	1.0	0.0
Assignments Supervisor	07	4.0	0.0	0.0	4.0	0.0
Central Control Supervisor	09	2.0	0.0	0.0	2.0	0.0
Flagpersons	BU	30.0	0.0	0.0	30.0	0.0
Systems Supervisors	08	14.0	0.0	0.0	14.0	0.0
Train Operator	BU	95.0	0.0	0.0	95.0	0.0
Train Operator - PT	BU	49.3	0.0	0.0	49.3	0.0
Training Supervisor - Trans	08	2.0	0.0	0.0	2.0	0.0
Transportation Controller	08	12.0	0.0	0.0	12.0	0.0
TRANSPORTATION (RAIL) TOTAL		210.3	0.0	0.0	210.3	0.0
Subtotal Rail Operations		470.0	0.0	0.0	470.0	-2.0

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
POSITION INFORMATION (DETAILED POSITION FORMAT)
FISCAL YEAR 2015 PROPOSED BUDGET
SECTION 10.04**

		Midyear Budget	Position	Net Positons Requiring	Proposed	Frozen
	Salary	FY 2014	Shifts	Funding Adjs	FY 2015	Positions
	Grade	(FTE's)	(FTE's)	(FTE's)	(FTE's)	(FTE's)
<u>Other MTS Operations</u>						
<u>TAXICAB</u>						
Taxicab Administration Manager	10	1.0	0.0	0.0	1.0	0.0
Admin Asst II - Taxi	05	1.0	0.0	0.0	1.0	0.0
Office Clerk II	03	1.0	0.0	0.0	1.0	0.0
Regulatory Analyst	06	3.0	0.0	0.0	3.0	0.0
Regulatory Enforcement Supvr	06	1.0	0.0	0.0	1.0	0.0
Regulatory Inspector	05	3.0	0.0	0.0	3.0	0.0
TAXICAB TOTAL		10.0	0.0	0.0	10.0	0.0
Subtotal Other MTS Operations		10.0	0.0	0.0	10.0	0.0
Grand Total		1,452.0	0.0	29.0	1,481.0	-5.0

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
SALARY GRADE RANGES
PROPOSED FISCAL YEAR 2015 BUDGET
SECTION 10.05**

Range	FTE Count	Minimum	Midpoint	Maximum
BU	1,161.3	Bargaining Unit Position, Not Applicable		
01	12.2	\$ 20,567	\$ 26,378	\$ 32,190
02	6.0	\$ 23,652	\$ 30,335	\$ 37,017
03	7.0	\$ 27,200	\$ 34,885	\$ 42,570
04	3.0	\$ 31,280	\$ 40,118	\$ 48,956
05	25.0	\$ 35,972	\$ 46,136	\$ 56,299
06	41.5	\$ 41,512	\$ 53,241	\$ 64,970
07	29.0	\$ 47,531	\$ 60,961	\$ 74,391
08	101.0	\$ 53,356	\$ 69,823	\$ 86,290
09	32.0	\$ 61,093	\$ 79,947	\$ 98,802
10	30.0	\$ 69,951	\$ 91,539	\$ 113,127
11	10.0	\$ 80,093	\$ 104,812	\$ 129,532
12	12.0	\$ 91,707	\$ 120,011	\$ 148,315
13	3.0	\$ 102,985	\$ 137,456	\$ 171,927
14	3.0	\$ 113,284	\$ 151,201	\$ 189,119
15	4.0	\$ 124,612	\$ 166,322	\$ 208,031
16	1.0	\$ 334,922	\$ 334,922	\$ 334,922

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
RESERVE BALANCES
AS OF JUNE 30, 2013
SECTION 10.06**

Title	Amount	Explanation
Contingency	\$ 26,587,701	For ongoing operations, future matching of grants; 12.5% of operating budget per Policy 36
Capital Project Reserve	4,506,718	To hold prior year's revenue for the FY 2014 capital budget
Taxicab Contingency	294,032	For ongoing operations and future capital improvement needs
Insurance	2,000,000	Established for potential future liability claims, minimum \$2 million per Policy 46
Billboard San Diego	133,419	Per agreement with city, used for improvements to right of way
Billboard Chula Vista	1,245,440	Per agreement with city, used for improvements to right of way
SD&AE	1,505,779	Established from 1984 state payments for storm damage, restricted for repair/improvement of line
MTS JPA residual	264,119	Established from proceeds of legal settlement, restricted for repairs to MTS Tower
Land Management	<u>437,884</u>	For repair and maintenance of rental property
	<u><u>\$ 36,975,092</u></u>	

**San Diego Metropolitan Transit System
Authorizing Resolution
Budget Fiscal Year 2015**

Resolution Number 14-7

Resolution Approving the Fiscal Year 2015 Budget

WHEREAS, San Diego Metropolitan Transit System (MTS) staff has coordinated with the staff of San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, Chula Vista Transit and Coronado Ferry (hereafter collectively referred to as MTS Operators) throughout the budget preparation process to ensure consistent budget assumptions; and

WHEREAS, the budgets have been prepared using the budget assumptions approved by the MTS Board of Directors;

NOW THEREFORE, BE IT RESOLVED, by the MTS Board of Directors, hereinafter "Board," as follows:

1. That the budget for fiscal year (FY) 2015, on file with the Clerk of the Board, is hereby adopted (including MTS, SDTC, SDTI, Chula Vista Transit, and Coronado Ferry); and
2. That the Chief Executive Officer is authorized to transfer appropriate amounts up to \$500,000 between object accounts, so long as the total amount authorized to be spent for an object account by the FY 2015 budget is not exceeded by more than \$500,000, the total amount authorized to be spent by the FY 2015 budget is not exceeded, and all such transfers are reported to the Board of Directors in the monthly Budget Monitoring Report; and
3. That the Chief Executive Officer is authorized to approve expenditures up to a maximum of \$100,000; and
4. That the check-signing authority on behalf of the Board shall be governed by MTS Policy No. 41, Signature Authority; and
5. That the annual lease and debt service payments are included in the FY 2015 budget as set forth in Section 7.02; and
6. That the MTS budget establishes absolute spending limits, and that the budgeted expenditures cannot be exceeded without prior written approval of the MTS Board of Directors; and
7. That any budget variances will be reported to the MTS Board of Directors; and

8. That MTS is authorized to withhold monthly subsidy payments to those operators who do not provide the information according to an established schedule; and

9. That the salary grade ranges and position schedules of MTS, SDTC and SDTI as contained in the FY 2015 budget Section 10 are approved.

PASSED AND ADOPTED, by the Board this _____ day of _____ 2014, by the following vote:

AYES:

NAYES:

ABSENT:

ABSTAINING:

Chairman
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

Metropolitan Transit System FY 2015 Budget

**MTS Board of Directors
Public Hearing and
Proposed Board Adoption
June 19, 2014**



1



Fiscal Year 2015 Proposed Budget Highlights

- No changes since the May Board Presentation
- Revenue
 - Continued growth from Operating Revenues and Sales Tax generated revenues
 - TransNet funding for added Bus Rapid Transit (BRT) service
- Expenses
 - Additional costs due to BRT service, including 29 FTEs added
 - Energy costs increasing due to the cost of natural gas
- Lease/Leaseback transactions
 - The operating budget annually reflects both investment income within revenue and debt service costs within expenses
 - For FY15, these amounts increase by \$19.5M, from \$7.6M to \$27.1M
 - For presentation purposes, the revenues and expenses related to the Lease/Leaseback transactions have been excluded



2



Fiscal Year 2015 Proposed Budget Consolidated Revenue (\$000s)

	FY 2014 Amended	FY 2015 Proposed	Var.	Var. %
Passenger Revenue	\$ 96,890	\$ 99,926	\$ 3,036	3.1%
Other Operating Income	7,995	10,552	2,557	32.0%
Total Operating Income	\$ 104,885	\$ 110,477	\$ 5,593	5.3%
Federal	46,249	51,012	4,764	10.3%
TDA	57,780	53,628	(4,153)	-7.2%
Transnet	26,248	36,299	10,051	38.3%
Other	7,638	6,410	(1,228)	-16.1%
Total Subsidy	\$ 137,915	\$ 147,349	\$ 9,434	6.8%
Contingency Reserves	213	(2,526)	(2,739)	-
Total Revenue	\$ 243,012	\$ 255,300	\$ 12,288	5.1%

- Negative Contingency Reserves means reserve balances are being increased
 - MTS Contingency being funded with \$2.5M Other Op Income (Energy Credits)
- Excludes Lease/Leaseback investment income



3



Fiscal Year 2015 Proposed Budget Consolidated Expenses (\$000s)

	FY 2014 Amended	FY 2015 Proposed	Var.	Var. %
Personnel Expenses	\$ 115,957	\$ 120,586	\$ 4,628	4.0%
Outside Services	79,948	86,203	6,255	7.8%
Materials and Supplies	9,566	10,190	624	6.5%
Energy	25,593	28,639	3,046	11.9%
Risk Management	4,870	4,438	(432)	-8.9%
Other	5,255	5,245	(10)	-0.2%
Total Expenses	\$ 241,189	\$ 255,300	\$ 14,111	5.9%

- Excluding BRT, expenses grow by \$7.2M or 2.9%
- Excludes Lease/Leaseback debt service costs



4



Fiscal Year 2015 Proposed Budget Consolidated Revenues less Expenses (\$000s)

	FY 2014 Amended	FY 2015 Proposed	Var.	Var. %
Operating Revenues	\$ 104,885	\$ 110,477	\$ 5,593	5.3%
Subsidy Revenues	137,915	147,349	9,434	6.8%
Reserve Revenues	213	(2,526)	(2,739)	-
Total Revenues	\$ 243,012	\$ 255,300	\$ 12,288	5.1%
Total Expenses	241,189	255,300	14,111	5.9%
Revenues Less Expenses	\$ 1,824	\$ (0)	\$ (1,824)	-

- Excludes Lease/Leaseback investment income and debt service



5



Fiscal Year 2015 Proposed Budget 5 Year Trend (\$000s)

	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Amended	FY 2015 Proposed
Operating Revenues	\$ 92,660	\$ 96,194	\$ 99,429	\$ 104,885	\$ 110,477
Recurring Subsidy Revenues	105,018	118,723	126,109	138,128	147,349
Total Recurring Revenues	\$ 197,678	\$ 214,917	\$ 225,539	\$ 243,012	\$ 257,826
Total Operating Expenses	211,454	219,007	225,298	241,189	255,300
Net Operating Deficit	\$ (13,776)	\$ (4,089)	\$ 240	\$ 1,824	\$ 2,526
Non-recurring Subsidy Revenues	13,594	9,661	6,389	-	(2,526)
Total Revenues Less Expenses	\$ (182)	\$ 5,572	\$ 6,630	\$ 1,824	\$ (0)

No non-recurring revenue usage in FY15

- \$2.5M is contributions to reserves

* Excludes Lease/Leaseback investment income and debt service



6



Fiscal Year 2015 Proposed Budget 5 Year Trend - Rates per Passenger



* Excludes Lease/Leaseback investment income and debt service



7



Fiscal Year 2015 Proposed Budget 5 Year Projection (\$000s)

	FY 2015 Proposed	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Operating Revenues	\$ 110,477	\$ 110,913	\$ 112,922	\$ 114,974	\$ 117,071
Recurring Subsidy Revenues	147,349	152,027	155,590	159,290	164,092
Total Recurring Revenues	\$ 257,826	\$ 262,940	\$ 268,512	\$ 274,264	\$ 281,163
Total Operating Expenses	255,300	265,236	271,867	278,664	285,631
Net Operating Deficit	\$ 2,526	\$ (2,296)	\$ (3,355)	\$ (4,400)	\$ (4,468)
Non-recurring Subsidy Revenues	(2,526)	-	-	-	-
Total Revenues Less Expenses	\$ (0)	\$ (2,296)	\$ (3,355)	\$ (4,400)	\$ (4,468)

Revenue Assumptions:

- Annual operating revenue growth of 1.5%
- TDA/Transnet grows by 4-5% per SANDAG
- Federal revenue remains flat

Expense Assumptions:

- Annual expenses growth of 2.8%
- Pension actuary assumptions
- EE Pension contributions increasing
- Health and Welfare continuing to grow
- Energy rates projected using DOE data



8



Fiscal Year 2015 Proposed Budget Contingency Reserve Balance

- Balance at June 30, 2013: \$26.6 million
- FY14 Amended Budget includes:
 - \$1.8M added to the reserve
 - Projected balance of \$28.4, 11.8% of FY14 Amended MTS Operating Expenses
- FY15 Proposed Budget includes:
 - \$2.5M added to the reserve
 - Plan is to get to 12.5% over the next two fiscal years
 - \$30.9 projected reserve balance would be 12.2% of FY15 Proposed MTS Operating Expenses



9



Fiscal Year 2015 Proposed Budget Staff Recommendations

That the MTS Board of Directors:

1. Hold public hearing, receive testimony, and review and comment on the FY 2015 budget information (Attachment A) presented within this report; and
2. Enact Resolution 14-8 (Attachment B) adopting the operating and capital budget for MTS and approving the operating budgets for SDTC, SDTI, MTS Contract Services, CVT and the Coronado Ferry.



10



REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED



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

DATE	6-19-2014		
Name	Maria Cortez		
Address	4236 Marlborough Ave		
Telephone	619-283-7815		
Organization Represented	Mid city can		
Subject of Your Remarks	FY 15 Budget		
Regarding Agenda Item No.			
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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(PLEASE PRINT)

DATE	6/19/14		
Name	Barbara Nevarez		
Address	4081 # 395th S. Diego CA		
Telephone	619 501-75-77		
Organization Represented	Mid city CAN		
Subject of Your Remarks	FY 15 Budget		
Regarding Agenda Item No.	25		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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AGENDA ITEM NO.

25

REQUEST TO SPEAK FORM

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3

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(PLEASE PRINT)

DATE	6/19/14		
Name	Abdulrahim Mohamed		
Address	4061 39th St		
Telephone			
Organization Represented	Mid-City CAAO		
Subject of Your Remarks	FY 15 Budget		
Regarding Agenda Item No.	25		
Your Comments Present a Position of:	<input type="checkbox"/>	<input checked="" type="checkbox"/> SUPPORT	<input type="checkbox"/> OPPOSITION

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Gave time to speaker # 3

AGENDA ITEM NO.

25

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(PLEASE PRINT)

DATE	6/19/14			Please yield my time to Abdulrahim Mohamed	
Name	Emily Serafy Cox				
Address					
Telephone					
Organization Represented	Mid-City CAN				
Subject of Your Remarks					
Regarding Agenda Item No.	25				
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/>	OPPOSITION	

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gave time to speaker #3

AGENDA ITEM NO.

25

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(PLEASE PRINT) we give our time to Abdul Mohamed

DATE	June 19, 2014		
Name	Angel Hernandez		
Address	4055 Van Dyke Apt #9		
Telephone	(614) 450-5500		
Organization Represented	Mid-city car		
Subject of Your Remarks	FY15 Budget		
Regarding Agenda Item No.	25		
Your Comments Present a Position of:	<input checked="checked" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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gave time to speaker #3

AGENDA ITEM NO.

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(PLEASE PRINT)

I give my time to Abdul Mohamed.

DATE	June 19, 2014		
Name	Yolanda Rodriguez		
Address			
Telephone	(919) 708-4614		
Organization Represented	Mid-city c/w		
Subject of Your Remarks	FY 15 Budget		
Regarding Agenda Item No.	25		
Your Comments Present a Position of:	<input checked="checked" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

4

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(PLEASE PRINT)

DATE	6/19/14		
Name	Deyanira Garcia		
Address	3474 Del Sol Blvd.		
Telephone	(619) 623-0672		
Organization Represented	Mid-City CAN		
Subject of Your Remarks	FY '15 Budget		
Regarding Agenda Item No.	25		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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AGENDA ITEM NO.

25

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

1. INSTRUCTIONS

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(PLEASE PRINT)

DATE	6/19/14		
Name	Jesus Dague		
Address	501 Poylomar St Apt #36 Chula Vista, 91911		
Telephone	(619) 565-3750		
Organization Represented	Mid-City		
Subject of Your Remarks	FY15, Budget		
Regarding Agenda Item No.	25		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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

3. DISCUSSION OF AGENDA ITEMS

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4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

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

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Didn't speak
left meeting

AGENDA ITEM NO.

25

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

25

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

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(PLEASE PRINT)

DATE	6/19/18
Name	Margarita Roman
Address	4648 Kansas St. #1
Telephone	(619) 497-9185
Organization Represented	Mid-City CAN
Subject of Your Remarks	FY '15 Budget
Regarding Agenda Item No.	25
Your Comments Present a Position of:	<input checked="checked" type="checkbox"/> SUPPORT <input type="checkbox"/> OPPOSITION

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ORDER REQUEST RECEIVED

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(PLEASE PRINT)

DATE	6/19/14		
Name	Alondra Zepeda		
Address	3854 Alpha St.		
Telephone	(619) 727-0956		
Organization Represented	San Diego High School / Mid City		
Subject of Your Remarks	Budget		
Regarding Agenda Item No.	25		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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AGENDA ITEM NO.

25

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

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(PLEASE PRINT)

DATE	June 19		
Name	Dallas Murphy		
Address	3013 CST Apt 202 92102 0918		
Telephone	(619) 241-9030		
Organization Represented	San Diego High		
Subject of Your Remarks	Budget		
Regarding Agenda Item No.	25		
Your Comments Present a Position of:	<input checked="checked" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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AGENDA ITEM NO.

25

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

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(PLEASE PRINT)

DATE	June 19, 2014		
Name	Elizabeth Segura		
Address	3799 National Ave. San Diego, CA 92113		
Telephone	(619) 327-6780		
Organization Represented	San Diego High School		
Subject of Your Remarks	Budget		
Regarding Agenda Item No.	25		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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

Agenda Item No. 30

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

SUBJECT:

ENCANTO / 62ND STREET TROLLEY STATION TRANSIT ORIENTED
DEVELOPMENT: DISPOSITION AND DEVELOPMENT AGREEMENT WITH AMCAL
VILLA ENCANTADA FUND, L.P. (KAREN LANDERS AND TIM ALLISON)

RECOMMENDATION:

That the Board of Directors approve the Disposition and Development Agreement and Ground Lease with AMCAL Villa Encantada Fund, L.P. (AMCAL), in substantially the same format as Attachments A and B.

Budget Impact

If the DDA terms are met and the Ground Lease goes into effect, in FY 15 the Ground Lease will generate \$1,035,000 in one-time discretionary revenue for MTS. These funds will be available for future capital improvement program projects.

DISCUSSION:

AMCAL, a California affordable housing developer, has expressed interest in developing the Encanto/62nd Street Trolley Station (Attachment A) for a multi-family affordable-housing development. MTS received a letter dated August 30, 2011, that outlined the proposal. On October 13, 2011, the Board authorized staff to execute an Exclusive Negotiating Agreement (ENA) to open negotiations on final business terms for a potential long term ground lease. The ENA was executed on March 15, 2012, and later amended on October 16, 2012, October 30, 2013, and March 26, 2014 to negotiate the terms of a Disposition and Development Agreement (DDA) and Ground Lease.

MTS staff and AMCAL have been working to finalize the basic business terms and site layout in order to finalize a draft DDA for Board approval. The DDA and Ground Lease are attached.



The DDA gives AMCAL the right to process entitlements for the MTS-owned property and pursue the proposed affordable housing project. The City of San Diego is the lead agency for this project under the California Environmental Quality Act (CEQA). Under the DDA, only after AMCAL obtains all necessary land use approvals, provides evidence of financing and other conditions are met will the Ground Lease with MTS take effect. If AMCAL does not meet the designated conditions within 180 days, the DDA will expire and the property will revert back to MTS.

The project as proposed will include 67 affordable workforce housing units with 95 parking spaces designated for residents' use. 100 ground floor parking spaces will be constructed for exclusive MTS use. 14 additional ground floor parking spaces will serve a 900 square foot commercial unit in the project. The parking lot will be pre-wired to accommodate MTS closed circuit television surveillance equipment. After construction of the project, MTS will be responsible for maintaining the MTS-designated parking area. The Ground Lease gives MTS the option of paying its pro-rata share of maintenance costs directly to AMCAL, or self-performing the work. Appropriate signage at the parking lot entrance and the Encanto/62 Street Trolley Station will identify the parking available for MTS passenger use.

Under the terms of the Ground Lease, AMCAL will make a one-time lump sum payment of \$1,035,000 to MTS for the base term ground lease rent – a 55 year term. The 55 year term is consistent with the covenants required for the various affordable housing funding sources being used to finance the project. Upon expiration of the 55 year base term, AMCAL will have two extension options of 25 years and 19 years, for a total potential term of 99 years. Additional rent will be required for each extension term. Each extension term will require a new appraisal of the land value, with an 8% annual return to MTS, and a Consumer Price Index increase each year.

 for

Paul C. Jablonski
Chief Executive Officer

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

Attachments: A. Site Map
B. Disposition and Development Agreement (Board only due to volume)
C. Ground Lease (Board only due to volume)

Encanto / 62nd Street Station

Att. A, AI 30, 6/19/14



A-1



**DISPOSITION AND DEVELOPMENT AGREEMENT
[Encanto/62nd Street Development]**

By and Among

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
and**

AMCAL VILLA ENCANTADA FUND, L.P.

Dated as of June __, 2014

**DISPOSITION AND DEVELOPMENT AGREEMENT
[Encanto/62nd Street Development]**

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (the "Agreement") dated, for identification purposes only, as of June __, 2014, is made and entered into by and among the SAN DIEGO METROPOLITAN TRANSIT SYSTEM, a public body, corporate and politic ("MTS"), and AMCAL VILLA ENCANTADA FUND, L.P., a California limited partnership (the "Developer"), with reference to the following:

RECITALS

A. **WHEREAS**, the Developer is an experienced owner, developer, and operator of affordable housing for low-income residents

B. **WHEREAS**, MTS owns that certain vacant land located at Akins Avenue and 63rd Street in the City of San Diego, California, and legally described in Exhibit "A" attached hereto (the "Property");

C. **WHEREAS**, the Developer submitted to MTS a development proposal for the acquisition and development of the Property as 67 units of affordable rental housing for very low and low income households with ground floor community space, ground floor retail space, and two levels of on-site parking which will serve residents of the proposed multi-family housing project as well as retail and MTS customers. (the "Project");

D. **WHEREAS**, on March 15, 2012, MTS and the Developer entered into an Exclusive Negotiation Agreement for the negotiation of this Agreement, and amended on September 15, 2012, October 30, 2013 and March 26, 2014; and

E. **WHEREAS**, the parties intend that MTS shall lease the Property to the Developer and for the Developer to the Project thereon.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, MTS and the Developer hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 **Defined Terms.** As used in this Agreement (including in the Recitals above), capitalized terms are defined where first used or as set forth in this Section. Capitalized terms used in an exhibit attached hereto and not defined therein shall also have the meanings set forth in this Section 1.1.

"AHP Loan" has the meaning set forth in Section 7.1(c).

"Building Permit" means all permits issued by the City and required for commencement of construction of the Improvements.

"Certificate of Compliance" has the meaning set forth in Article 13.

"City" means the City of San Diego, California.

"Close of Escrow" means recordation of a memorandum of the Ground Lease and the Senior Loan Security Documents.

"Code" means the Internal Revenue Code of 1986, as amended, including the regulations promulgated thereunder or under any predecessor statute

"Construction Lender" means the first trust deed lender that provides construction financing for the Project.

"Construction Loan" means the construction loan for the Project secured by the Senior Loan Security Documents.

"Construction Loan Closing" means recordation of the Senior Loan Security Documents in the Official Records.

"County" means the County of San Diego, California.

"Escrow" means the escrow through which (a) the Property is ground leased to the Developer, and (b) the Construction Loan Closing is conducted.

"Escrow Holder" means the firm that holds the Escrow.

"Event of Default" has the meaning set forth in Section 16.1.

"Evidence of Financing" has the meaning set forth in Section 7.3.

"FHLB" means the Federal Home Loan Bank of San Francisco.

"Final Construction Documents" means plans, drawings and specifications in sufficient detail to support issuance of a Building Permit for the Project.

"General Contractor" means AMCAL General Contractors, Inc., a California corporation.

"Ground Lease" means the ground lease pursuant to which the Property will be leased by MTS to the Developer.

"Hazardous Materials" means flammable materials, explosives, radioactive materials, hazardous wastes, toxic substances and similar substances and materials, including all substances and materials defined as hazardous or toxic wastes, substances or materials under any applicable law, including, without limitation, the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., and the Comprehensive Environmental Response, Compensation and Liability Act of 1980 42 §§ 9601, et seq., as amended. Hazardous Materials expressly exclude substances typically used in the construction, development, operation and maintenance of an apartment complex provided such substances are used in accordance with all applicable laws.

"Housing Commission" means the San Diego Housing Commission.

"Housing Commission Loan" means the subordinate loan to be made by the Housing Commission to the Developer in an amount and upon terms acceptable to the Developer.

"Housing Commission Loan Closing" means recordation of the Housing Commission Loan Deed of Trust in the Official Records.

"Housing Commission Loan Deed of Trust" means the deed of trust encumbering Developer's leasehold interest in the Property, to be executed by Developer to secure the Housing Commission Loan Note.

"Housing Commission Loan Documents" means, collectively, the Housing Commission Loan Note, the Housing Commission Loan Deed of Trust and any other agreement, document or instrument in connection with the Housing Commission Loan.

"Housing Commission Loan Note" means the promissory note to be executed by Developer in favor of Housing Commission to evidence the obligation of the Developer to repay the Housing Commission Loan.

"Improvements" means the improvements to be made to the Property in accordance with this Agreement, including, without limitation, in accordance with the Scope of Development and the Final Construction Documents.

"Indemnitees" means MTS, San Diego and Arizona Eastern Railway Company, San Diego Trolley, Inc., San Diego Transit Corporation, San Diego and Imperial Valley Railroad, and their officers, employees, representatives and agents.

"Land Use Entitlements" has the meaning set forth in Section 4.1.

"Monetary Lien" has the meaning set forth in Section 6.5(a).

"MTS CEO" means the Chief Executive Officer of MTS or his/her designee.

"Notices" has the meaning set forth in Article 17.

"Official Records" means the Official Records of the County.

"Permitted Encumbrances" means the Senior Loan Security Documents and such other exceptions to title approved by the MTS CEO.

"Person" means any individual or entity, its heirs, executors, administrators, legal representatives, successors and assigns, as the context may require.

"Preliminary Project Budget" has the meaning set forth in Section 7.2(a).

"Preliminary Title Report" has the meaning set forth in Section 6.4.

"Project" has the meaning set forth in Recital "C" above.

"Project Architect" means an architect to be selected by the Developer, subject to the approval of MTS, which approval shall not be unreasonably conditioned, withheld or delayed. MTS has approved Withee Malcolm Architects, LLP as the initial Project Architect.

"Project Documents" means, collectively, this Agreement, the Ground Lease, the Memorandum of Ground Lease, and any other agreement, document or instrument that the Developer and MTS enter into pursuant to this Agreement or in order to effectuate the purposes of this Agreement.

"Project Financing" has the meaning set forth in Section 7.1.

"Property" has the meaning set forth in Recital "B" above.

"Schedule of Performance" means the Schedule of Performance attached hereto as Exhibit "B".

"Senior Lender" means the Construction Lender or the Take-Out lender, as the context requires, and their successors and assigns.

"Senior Loan" means the Construction Loan or the Take-Out Loan as the context requires.

"Senior Loan Security Documents" means the documents and instruments required by the Senior Lender to secure the Senior Loan.

"Survey" has the meaning set forth in Section 6.4.

"Take-Out Lender" means the lending institution that makes the Take-Out Loan and its successors and assigns.

"Take-Out Loan" means the long-term loan made by the Take-Out Lender to the Developer in order to take out the Construction Loan.

"Tax Credits" has the meaning set forth in Section 7.1(a), required to finance the Project.

"Tax Credit Funds" has the meaning set forth in Subdivision 8.4(b)(ii).

"Tax Credit Program" has the meaning set forth in Section 9.7.

"TCAC" means the California Tax Credit Allocation Committee.

"Title Company" means First American Title Insurance Company or such other title insurance company agreed to by the Developer and the MTS CEO.

1.2 **Singular and Plural Terms.** Any defined term used in the plural in this Agreement shall refer to all members of the relevant class and any defined term used in the singular shall refer to any number of the members of the relevant class.

1.3 **Accounting Principles.** Any accounting term used and not specifically defined in this Agreement shall be construed in conformity with, and all financial data required to be submitted under this Agreement shall be prepared in conformity with, generally accepted accounting principles applied on a consistent basis or in accordance with such other principles or methods as are reasonably acceptable to MTS.

1.4 **References and Other Terms.** References herein to Articles, Sections and Exhibits shall be construed as references to this Agreement unless a different document is named. References to subsections shall be construed as references to the same Section in which the reference appears. The terms "including" and "include" mean "including (include) without limitation".

1.5 **Exhibits Incorporated.** All attachments to this Agreement, as now existing and as the same may from time to time be modified, are incorporated herein by this reference.

2. **PARTIES**

2.1 **MTS.** MTS is the San Diego Metropolitan Transit System, also known as the San Diego Metropolitan Transit Development Board as set forth in the

California Public Utilities Code Section 120050, and any successor to its rights, powers and responsibilities. The principal offices of MTS are located at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101.

2.2 Developer. The Developer is AMCAL Villa Encantada Fund, L.P., a California limited partnership c/o AMCAL Multi-Housing Two, LLC, a California limited liability company, and any successor to its rights, powers and responsibilities. The principal offices of the Developer are located at 30141 Agoura Road, Suite 100, Agoura Hills, CA 91301.

3. SCHEDULE OF PERFORMANCE

A Schedule of Performance for the Project is attached hereto as Exhibit "B". The Schedule of Performance sets forth the times by which the parties are to perform certain obligations under this Agreement. The Schedule of Performance may be modified from time to time by written agreement of the Developer and the MTS CEO.

4. LAND USE ENTITLEMENTS

4.1 Application Pending. The parties acknowledge and agree that the development of the Project will require certain discretionary land use entitlements from the City (the "Land Use Entitlements"). Within the time period set forth in the Schedule of Performance, the Developer shall submit an application, naming MTS as owner of the Property and the Developer as the applicant, to the City to obtain the Land Use Entitlements (the "Entitlement Application"). The Entitlement Application shall be subject to the prior review and approval of the MTS CEO. The parties acknowledge and agree that the Developer shall pay all of the out-of-pocket costs and expenses connected with the Entitlement Application and the processing thereof including, without limitation, the application fee charged by City. The Developer agrees that it shall be principally responsible for processing said application through City provided, however, MTS, without any out-of-pocket cost or expense to it, agrees to provide the Developer with all appropriate assistance in processing the Entitlement Application and securing said Land Use Entitlements. The parties acknowledge that the City, as lead agency, will prepare, circulate and certify any documentation necessary to comply with the California Environmental Quality Act with respect to the Project.

5. DESIGN REVIEW PROCESS

5.1 Scope of Development. The Developer shall develop the Property, at its sole cost and expense but subject to the availability to the Developer of the Project Financing, in accordance with the terms of this Agreement. Subject to the terms of this Agreement, the Developer shall develop the Property substantially in conformance with the Scope of Development attached hereto as Exhibit "C".

5.2 City Building and Safety Plan Check. The Developer shall cause the Improvements to be designed substantially in accordance with the Scope of

Development and shall cause the Improvements to be processed through the City's plan check process on a schedule reasonably calculated to permit a Building Permit to issue by the time provided in the Schedule of Performance for the Close of Escrow. No provision of this Agreement shall be construed to be a pre-approval of, or commitment to approve any City permit applied for by the Developer or by any party relating to the Project or the Property.

5.3 Rights of Access and Inspection. Representatives of MTS, including the MTS CEO and his or her designees, shall have the reasonable right of access to the Property on two (2) business days' notice to the Developer, without charges or fees, during normal construction hours and subject to reasonable job safety requirements as may be established by Developer during the performance of construction of the Project contemplated by this Agreement, for the purpose of reviewing the Developer's progress in commencing and diligently pursuing construction of the Project to completion as required by this Agreement.

5.4 Developer Right to Terminate. Prior to the Close of Escrow, the Developer may terminate this Agreement by fifteen (15) business days' notice to MTS if the Developer has been unable, by the time provided in the Schedule of Performance, to obtain the City's approval of the Final Construction Documents for the Project and obtain the Building Permit.

5.5 Project Architect. The MTS CEO shall have the right to approve any replacement for the Project Architect.

6. PROPERTY INVESTIGATION

6.1 Due Diligence Period; Inspection and Access.

(a) **Due Diligence Period.** The "Due Diligence Period" shall mean the period beginning on the later of (i) the date of this Agreement, and (ii) the date on which MTS delivers to the Developer the last of the Due Diligence Documents, and ending at 5:00 p.m. Pacific Time on the date which is one hundred eighty (180) days thereafter.

(b) **Due Diligence Investigation.** The Developer shall conduct its investigation of the Property during the Due Diligence Period. This investigation (the "Due Diligence Investigation") may include, in the Developer's sole and absolute discretion: a physical inspection of the Property, including, but not limited to, inspection and examination of soils, environmental factors, hazardous substances, archeological information relating to the Property, geological, engineering and other tests; a review and investigation of zoning, permits and entitlements; review of all governmental matters affecting the Property; and review of such other matters pertaining to an investment in, and development of, the Property as the Developer deems advisable. Such due diligence shall be conducted at the Developer's sole expense. The Developer shall notify MTS of its disapproval of the Due Diligence Investigation.

(c) **Access/Conditions.** The Developer and its representatives shall obtain a Right of Entry Permit to enter the Property to conduct its Due Diligence Investigation. Adequate transit parking shall be maintained at all times during the Due Diligence period. This right of entry shall be subject to the following conditions:

(i) The Developer shall be authorized to perform environmental testing and sampling at the Property at all times prior to the Close of Escrow. The Developer shall provide MTS with the results of any environmental testing or sampling it performs. MTS shall be solely responsible for reporting the results of such testing or sampling to any governmental agency with jurisdiction, to the extent such reporting is required by law. The Developer shall also be authorized to communicate with any governmental agency having jurisdiction over the Property regarding the environmental condition of the Property or any other matter, and with any private or public entity which may be responsible for the remediation of any environmental condition affecting the Property.

(ii) The Developer shall not permit any mechanics' or other liens to be filed against the Property as a result of the Developer exercising its right of entry and the Developer, at its sole cost, shall cause any liens so filed to be removed within twenty (20) days after the Developer receives notice of filing, by bond or otherwise.

(iii) Promptly after any physical inspection of the Property, the Developer, at its sole cost, shall restore the Property substantially to the condition that existed immediately prior to such inspection, provided, however, that the Developer shall have no obligation to mitigate any existing environmental condition on the Property.

6.2 **MTS Disclosures.**

(a) **Delivery of Documents.** Within three (3) business days after the date of this Agreement, MTS shall deliver to the Developer copies of all documents in MTS's possession or control relating to the Property (collectively, the "Due Diligence Documents").

(b) **Review of Other Documents.** In addition to the Developer's right to receive the Due Diligence Documents, the Developer and its representatives shall have the right of access to MTS's records during reasonable business hours to inspect, review, catalog and copy all files, books and records maintained by MTS or its affiliates or agents, wherever located, relating to the Property.

(c) **No Waiver.** MTS agrees that the rights of access and the disclosures provided in this Section 6.2 shall not relieve MTS of any of its obligations under this Agreement, or under applicable law, nor shall they constitute a waiver by the Developer of the same.

6.3 **Approval/Disapproval of Due Diligence Investigation.** During the Due Diligence Period, the Developer may terminate this Agreement for any or no reason in the Developer's sole and absolute discretion upon written notice to MTS. If the Developer approves of the results of its Due Diligence Investigation, in the exercise of the Developer's sole and absolute discretion, then the Developer shall deliver written notice (the "Approval Notice") to MTS no later than the expiration of the Due Diligence Period. If the Developer fails to deliver the Approval Notice to MTS prior to the expiration of the Due Diligence Period, then the Developer shall be deemed to have disapproved the results of its Due Diligence Investigation, whereupon this Agreement shall terminate.

6.4 **Preliminary Title Report and Survey.** Within five (5) business days after the date of this Agreement, the Developer shall obtain a preliminary title report or commitment for title insurance (the "Preliminary Title Report"), dated no earlier than sixty (60) days before the date hereof, covering the Property and issued by Title Company, together with a legible copy of each document, map and survey referred to in the Preliminary Title Report. In addition, at the Developer's option and expense, the Developer may obtain a survey of the Property (the "Survey").

6.5 **Approval/Disapproval of Title.** The Developer may approve or disapprove of the exceptions shown on the Preliminary Title Report or any matter shown on the Survey for any reason in the Developer's sole and absolute discretion by the end of the Due Diligence Period.

(a) **Monetary Liens.** At its expense, MTS shall remove at or before the Close of Escrow all monetary liens (collectively, "Monetary Liens") including without limitation: (i) all delinquent taxes, bonds and assessments and interest and penalties thereon; and (ii) all other monetary liens, whether or not shown on the Preliminary Title Report (including judgment and mechanics' liens, whether or not liquidated, and mortgages and deeds of trust, with MTS being fully responsible for any fees or penalties incurred in connection therewith). Monetary Liens shall not include a lien for non-delinquent general real property taxes prorated in accordance with this Agreement.

(b) **Approval/Disapproval of Title.** The Developer shall approve or disapprove of the Preliminary Title Report and the Survey (if applicable) and any exceptions to title shown thereon or therein (other than the Monetary Liens) in the exercise of the Developer's sole and absolute discretion by the end of the Due Diligence Period. If the Developer disapproves, then the Developer may either (i) terminate this Agreement by giving MTS written notice of termination, or (ii) give MTS a written notice (the "Disapproval Notice") identifying the disapproved title matters which the Developer will require to be removed or cured at or prior to Close of Escrow (the "Disapproved Exceptions"). Failure to give either notice approving the Preliminary Title Report and the Survey or the Disapproval Notice shall be deemed to constitute the Developer's election to terminate this Agreement. With respect to any Disapproved Exceptions, other than the Monetary Liens, and any exceptions created after the date of

this Agreement, MTS shall notify the Developer in writing within five (5) days after MTS's receipt of the Disapproval Notice whether MTS will cause the Disapproved Exceptions to be removed or cured at or prior to Close of Escrow. If MTS elects not to remove or cure all Disapproved Exceptions, then the Developer may, at its option by notice to MTS given within ten (10) days after receipt of MTS's notice, elect to: (i) subject to satisfaction of the other closing conditions for the benefit of the Developer, close the purchase of the Property and take title subject to the Disapproved Exceptions which MTS elects not to remove or cure; or (ii) terminate this Agreement. Failure of the Developer to give such notice within such ten-day period shall be deemed an election to terminate this Agreement.

(c) **Failure to Cure.** If any Disapproved Exceptions that MTS is required to or has elected to remove or cure, or any Monetary Liens, or exceptions to title created after the date hereof without the written consent of the Developer have not been removed prior to Close of Escrow, or provision for their removal at the Close of Escrow has not been made to the Developer's satisfaction, the Developer may elect, in its sole discretion, to: (i) close the purchase of the Property and take title subject to the Disapproved Exceptions which have not been removed; (ii) close the purchase of the Property and cure or remove the Disapproved Exceptions which have not been removed at MTS's cost and expense; or (iii) terminate this Agreement.

7. FINANCING FOR THE PROJECT

7.1 **Financing Plan.** It is contemplated that the Developer will finance the Project through a combination of:

- (a) Developer equity, consisting of equity raised by the sale to reputable investors of the Tax Credits;
- (b) the Senior Loan from a reputable institutional lender; and
- (c) the Housing Commission Loan

(collectively, the "Project Financing"). In addition to the foregoing, the Developer may apply for a loan from an institutional lender contracting with the FHLB pursuant to its Affordable Housing Program (the "AHP Loan"). If the Developer successfully obtains the AHP Loan, the AHP Loan shall thereafter become part of the Project Financing. The Developer may also apply for funding from the California Department of Housing and Community Development through the Infill Infrastructure Grant Program and/or the Transit Oriented Development Housing Program. If the Developer successfully obtains funding from either the Infill Infrastructure Grant Program or the Transit Oriented Development Housing Program, those funds shall thereafter become part of the Project Financing.

7.2 **Preliminary Project Budget.** Attached hereto as Exhibit "D" are the following preliminary budgetary materials for the Project:

- (a) Preliminary Project Budget;
- (b) Sources and Uses of Funds Statement;
- (c) Cash Flow Projection; and
- (d) First Year Operating Budget.

Until the Construction Loan Closing, the Developer, if, as and when additional information becomes available, shall promptly revise these budgetary materials to reflect the best information then available to Partnership, and shall submit the revised documents to the MTS CEO.

7.3 Final Project Budget. Prior to the Construction Loan Closing, MTS CEO, the Developer and the third-party lenders and/or investors providing the Project Financing shall agree on the final Project Budget.

7.4 Financing Commitments. The Developer shall use its best efforts to obtain, by the earliest reasonable date, financing for the Project, including, without limitation, (a) applying to lenders at the earliest reasonable opportunity for the Senior Loan, (b) applying to the Housing Commission at the earliest reasonable opportunity for the Housing Commission Loan, and (c) timely filing, in the first TCAC 9% application round after the receipt of the Land Use Entitlements, an application for a preliminary reservation of Tax Credits with TCAC. The Developer shall be entitled to submit at least three successive applications for 9% Tax Credits with TCAC. Not later than the time provided in the Schedule of Performance, the Developer shall submit to MTS CEO preliminary commitments for the Project Financing. MTS agrees, without any obligation to incur any out-of-pocket cost or expense, to provide the Developer with all appropriate assistance in applying for any of the Project Financing.

7.5 Developer Rights to Terminate.

(a) **Failure to Obtain Tax Credits.** Prior to the Construction Loan Closing, the Developer may terminate this Agreement by giving thirty (30) days' notice to MTS if, despite having made commercially reasonable efforts, it has been unable by the time provided in the Schedule of Performance to obtain an allocation of Tax Credits, or obtain the Tax Credit Funds, in each case in such amounts and on such terms as are reasonably acceptable to the Developer.

(b) **Failure to Obtain Other Project Financing.** Prior to the Construction Loan Closing, the Developer may terminate this Agreement by giving thirty (30) days' notice to MTS if, despite having made commercially reasonable efforts, it has been unable by the time provided in the Schedule of Performance to obtain the Senior Loan and/or the Housing Commission Loan on terms and conditions reasonably acceptable to the Developer.

7.6 **MTS Right to Terminate.** Prior to the Construction Loan Closing, MTS may terminate this Agreement by giving thirty (30) days' notice to the Developer if the Developer fails to obtain the Project Financing by the time set forth in the Schedule of Performance. Notwithstanding the foregoing, if the Developer obtains the Project Financing during said thirty (30)-day notice period, MTS's notice of termination shall be deemed nullified thereby.

8. **CONVEYANCE OF THE PROPERTY**

8.1 **Agreement.** MTS, subject to the conditions set forth in Section 8.4, agrees to ground lease to the Developer, and the Developer, subject to the condition set forth in Section 8.5, agrees to ground lease from MTS, the Property pursuant to the "Ground Lease" in substantially the form attached hereto as Exhibit "E" as said form may be modified by the mutual agreement of the Developer and the MTS CEO.

8.2 **Escrow.** Conveyance of the Property pursuant to the Ground Lease shall be made through the Escrow. This Agreement shall constitute escrow instructions to the Escrow Holder. MTS and Developer shall execute such escrow instructions as are consistent with this Agreement and as may be reasonably required by the Escrow Holder.

8.3 **Term of Escrow.** The Escrow shall close concurrent with the Construction Loan Closing.

8.4 **Conditions for the MTS's Benefit.** MTS's obligation to ground lease the Property to the Developer pursuant to the Ground Lease shall be subject to satisfaction of the following conditions precedent:

(a) **Land Use Entitlements.** The Developer has secured and possesses the Land Use Entitlements for the Project, including compliance with the California Environmental Quality Act.

(b) **Evidence of Financing.** The MTS CEO has received the following "Evidence of Financing":

(i) **Senior Loan.** True and complete copies of the Senior Loan documents.

(ii) **Housing Commission Loan**. True and complete copies of the Housing Commission Loan documents.

(iii) **Tax Credit Financing**. True and complete copies of an amended and restated agreement of limited partnership of the Developer pursuant to which a tax credit investor is admitted as a limited partner to the Developer and agrees to contribute the Tax Credit Funds to the Developer.

(c) **Construction Contract**. MTS has received a true and complete copy of a contract by and between the Developer and the General Contractor pursuant to which the General Contractor has agreed to construct the Improvements.

(d) **Organizational Documents**. The MTS CEO shall have received a copy of such portions of the organizational documents (e.g., partnership agreement, limited liability company operating agreement) of the Developer as the MTS CEO deems reasonably necessary to document the power and authority of the organization to perform its obligations under this Agreement.

(e) **Building Permit**. The Building Permit for the Improvements has been issued or is ready to issue upon only payment of a sum certain.

(f) **Work to Commence**. The MTS CEO shall be reasonably satisfied that the work of the Improvements will commence not later than thirty (30) days after the Close of Escrow.

(g) **Insurance**. MTS has received satisfactory evidence that the insurance required pursuant to Exhibit "F" is in full force and effect.

(h) **Representations and Warranties**. The representations of the Developer contained in this Agreement shall be correct in all material respects as of the Close of Escrow as though made on that date and, if requested by the MTS CEO, MTS shall have received a certificate to that effect signed by the Developer.

(i) **No Default**. No Event of Default by the Developer shall then exist, and no event shall then exist which, with the giving of notice or the passage of time or both, would constitute an Event of Default by the Developer and, if requested by the MTS CEO, MTS shall have received a certificate to that effect signed by the Developer.

8.5 Covenants of the Developer. The Developer covenants and agrees to use best efforts to satisfy, by the time provided in the Schedule of Performance, any and all of the conditions set forth in Section 8.4 that (a) the Developer has not

elsewhere in this Agreement expressly covenanted and agreed to satisfy, and (b) the satisfaction of which is entirely within the reasonable control of the Developer.

8.6 **Condition for the Developer's Benefit.** The Developer's obligation to ground lease the Property from MTS shall be subject to satisfaction of the following conditions precedent:

(a) **Title Insurance.** Title Company is prepared to issue its ALTA owner's form policy of title insurance, with liability in the amount of the total of the equity raised from the Tax Credits plus the principal amounts of all loans obtained for the Project, including, without limitation, the Senior Loan and Housing Commission Loan, showing leasehold title to the Property and fee title the improvements located thereon vested in the Developer, subject only to the lien of the Construction Loan Security Documents and the Housing Commission Loan Security Documents and such other exceptions as the Developer has previously notified MTS were acceptable to the Developer (the "Developer Title Policy").

(b) **Land Use Entitlements.** The Developer has secured and possesses the Land Use Entitlements for the Project.

(c) **Satisfaction of Contingencies.** The Developer has approved all of the Developer's contingencies set forth in Article 6 of this Agreement.

(d) **Evidence of Financing.** The Developer has received and approved the following "Evidence of Financing":

(i) **Senior Loan.** True and complete copies of the Senior Loan documents.

(ii) **Housing Commission Loan.** True and complete copies of the Housing Commission Loan documents.

(iii) **Tax Credit Financing.** True and complete copies of an amended and restated agreement of limited partnership of the Developer pursuant to which a tax credit investor is admitted as a limited partner to the Developer and agrees to contribute the Tax Credit Funds to the Developer.

(e) **Building Permit.** The Building Permit for the Improvements has been issued or is ready to issue upon only payment of a sum certain.

8.7 **Developer Right to Terminate.** Prior to the Close of Escrow, the Developer may terminate this Agreement by giving thirty (30) days' notice to MTS if, despite having made its best efforts, it has been unable, by the time provided in the

Schedule of Performance, to satisfy or obtain a waiver of any of the conditions set forth in Section 8.4.

8.8 MTS Right to Terminate. Prior to the Close of Escrow, MTS may terminate this Agreement by giving thirty (30) days' notice to the Developer if, by the time provided in the Schedule of Performance, the Developer has failed to satisfy or obtain waiver of any of the conditions set forth in Section 8.4. Notwithstanding the foregoing, (a) if the Developer, during said thirty (30)-day notice period, satisfies said conditions, then the MTS notice of termination shall be deemed nullified thereby, and (b) MTS shall have no right to terminate this Agreement for the Developer's failure to satisfy the condition set forth in Subdivision 8.4(f) if such failure is due to the fault of MTS.

8.9 Waiver of Conditions. The conditions set forth in Section 8.4 are for MTS's benefit only and the MTS CEO may waive all or any part of such rights by notice to the Developer and the Escrow Holder. The conditions set forth in Section 8.6 are for the Developer's benefit only and the Developer may waive all or any part of such right by notice to MTS and the Escrow Holder.

9. AFFORDABILITY OF PROJECT

As more particularly provided in the Ground Lease, for a period of fifty-five (55) years from the issuance of a Certificate of Occupancy, the dwelling units in the Project shall be rented to families whose incomes do not exceed the incomes required by the Federal Tax Credits. Without limiting the generality of the foregoing, the dwelling units in the Project shall be rented to families whose incomes do not exceed sixty percent (60%) of area median income.

10. PHYSICAL CONDITION OF PROPERTY

10.1 The Developer acknowledges and agrees that, upon the Close of Escrow, it is acquiring the Property solely in reliance on its own investigation, and that no representations and/or warranties of any kind whatsoever, express or implied, have been made by MTS, or by its officers, employees, representatives or agents. The Developer further acknowledges and agrees that, as of the Close of Escrow, the Developer will be acquiring the Property on an "AS IS" condition with all faults and conditions then existing in and on the Property, whether known or unknown; provided that the foregoing shall not constitute a release of MTS under any statute or common law theory. Notwithstanding the foregoing, MTS acknowledges and agrees that neither this Section 10.1, nor any other term, provision or condition of this Agreement obligates the Developer, as between it and MTS, and prior to the Close of Escrow, to remediate, or to incur any cost to remediate, any Hazardous Materials discovered by the Developer on the Property prior to the Close of Escrow. In the event that Hazardous Materials are so discovered, disposition of the situation shall be governed by the conditions set forth in Section 10.2.

10.2 If, following expiration of the Due Diligence Period but prior to the Close of Escrow, the Developer discovers Hazardous Materials on, under or about the Property, then the Developer, subject to the condition set forth below, shall have the right, prior to the Close of Escrow, to terminate this Agreement by thirty (30) days' notice to MTS. The Developer's right to terminate this Agreement shall be subject to the condition precedent that the Developer first have submitted to MTS any and all information then available to the Developer as to the nature and scope of the Hazardous Materials discovered and the cost estimated to remediate it, if any such cost estimate exists.

11. CLOSE OF ESCROW; EXPENSES

11.1 **Documents to be Delivered.** Upon receipt by the Escrow Holder of:

- (a) the Memorandum of Ground Lease; and
- (b) all other funds and documents required to close the Escrow in accordance with this Agreement.

and when the conditions precedent described in Sections 8.4 and 8.6 have been satisfied or waived in writing by the MTS CEO, the Escrow Holder shall, in the following order, record in the Official Records:

- (i) the Memorandum of Ground Lease; and
- (ii) such other documents required to close the Escrow in accordance with this Agreement.

11.2 **Expenses of the Developer.** The Developer shall pay: (a) any and all documentary transfer taxes and recording fees arising from leasehold conveyance of the Property from MTS to the Developer by the Ground Lease, (b) the Escrow fee, (c) the premium for Developer Title Policy, and (d) all such other costs and expenses related to the Escrow and not expressly provided for herein.

11.3 **Instruction to Escrow Holder Regarding Waiver of Transfer Taxes and Recording Fees.** The Escrow Holder is hereby instructed to seek such waivers and exemptions from transfer taxes and recording fees as are available pursuant to Revenue and Taxation Code Section 11922 and Government Code Section 6103, respectively.

11.4 **Broker's Commissions.** The Developer represents and warrants that it has not engaged any broker, agent or finder in connection with this Agreement, and the Developer agrees to indemnify, protect, hold harmless, and defend the Indemnitees from any claim by any brokers, agents or finders retained by Developer. The MTS represents and warrants that it has not engaged any broker, agent or finder in

connection with this Agreement, and the Developer agrees to indemnify, protect, hold harmless, and defend the Indemnitees from any claim by any brokers, agents or finders retained by Developer.

12. OTHER ESCROW INSTRUCTIONS

12.1 **Funds in Escrow.** All funds received in the Escrow shall be deposited by the Escrow Holder in a general escrow account with any state or national bank doing business in the State of California and reasonably approved by the MTS CEO and the Developer, and such funds may be combined with other escrow funds of the Escrow Holder. All disbursements shall be made on the basis of a thirty (30) day month.

12.2 **Failure to Close.** If the Escrow is not in condition to close on or before the time established in the Schedule of Performance, any party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, demand the return of its money, papers, or documents from the Escrow Holder. No demand for return shall be recognized until fifteen (15) days after the Escrow Holder (or the party making such demand) shall have mailed copies of such demand to the other party. Objections, if any, shall be raised by written notice to the Escrow Holder and to the other party within the 15-day period, in which event the Escrow Holder is authorized to hold all money, papers and documents until instructed by mutual agreement of the parties or, upon failure thereof, by a court of competent jurisdiction. If no such demands are made, the Escrow shall be closed as soon as possible.

If objections are raised in the manner provided above, the Escrow Holder shall not be obligated to return any such money, papers or documents except upon the written instructions of both the MTS CEO and the Developer, or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction. If no such objections are made within said 15-day period, the Escrow Holder shall immediately return the demanded money, papers or documents.

12.3 **Amendments.** Any amendment to these Escrow instructions shall be in writing and signed by the MTS CEO or MTS counsel and the Developer or Developer counsel. At the time of any amendment, the Escrow Holder shall agree to carry out its duties as the Escrow Holder under such amendment.

12.4 **Notices.** All Notices from the Escrow Holder to MTS or the Developer shall be given in the manner provided in Article 16.

12.5 **Liability.** The liability of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under Sections 12.1, 12.2 and 12.3.

13. RESERVED

14. GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS

14.1 **Developer's Formation, Qualification and Compliance.** The Developer (a) is validly existing and in good standing under the laws of the State of California, (b) has all requisite authority to conduct its business and own and lease its properties, (c) has all requisite authority to execute and perform its obligations under this Agreement.

14.2 **Litigation.** The Developer represents and warrants that there are no material actions, lawsuits or proceedings pending or, to the best of the Developer's knowledge, threatened against or affecting the Developer, the adverse outcome of which could have a material adverse affect on the Developer's ability to perform its obligations under this Agreement.

15. INDEMNIFICATION

15.1 **Nonliability of MTS.** The Developer acknowledges and agrees that:

(a) MTS neither undertakes nor assumes any responsibility to review, inspect, supervise, approve (other than for aesthetics) or inform the Developer of any matter in connection with the Project, including matters relating to: (i) architects, contractors, subcontractors and materialmen, or the workmanship of or materials used by any of them, or (ii) the progress of the Project and its conformity with the plans and specifications prepared by the Developer's consultants; and the Developer shall rely entirely on its own judgment with respect to such matters and acknowledge that any review, inspection, supervision, approval or information supplied to the Developer by MTS in connection with such matters is solely for the protection of MTS and that neither the Developer nor any third party is entitled to rely on it;

(b) Notwithstanding any other provision of this Agreement: (i) MTS is not a partner, joint venturer, alter-ego, manager, controlling person or other business associate or participant of any kind of the Developer and MTS does not intend to ever assume any such status; and (ii) MTS shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Developer;

(c) MTS shall not be directly or indirectly liable or responsible for any loss or injury of any kind to any person or property resulting from any construction on, or occupancy or use of, the Property by the Developer whether arising from: (i) any defect in any building, grading, landscaping or other onsite or offsite improvement undertaken by the Developer; (ii) any act or omission of the Developer or any of the Developer's agents, employees, contractors, licensees or invitees; or (iii) following the Close of Escrow, any accident on the Property or any fire or other casualty or hazard thereon not caused by MTS; and

(d) By accepting or approving anything required to be performed or given to under this Agreement, including any certificate, financial statement, survey, appraisal or insurance policy, MTS shall not be deemed to have warranted or represented the sufficiency or legal effect of the same, and no such acceptance or approval shall constitute a warranty or representation by MTS to anyone.

15.2 **Indemnity**. Except with respect to Hazardous Materials found to exist on the Property as of the date of this Agreement, from and after the Close of Escrow, the Developer shall indemnify, hold harmless and defend (with counsel reasonably satisfactory to the MTS CEO) the Indemnitees from and against any and all losses, costs, claims, expenses, damages and liabilities (including, without limitation, reasonable attorneys' fees and court costs) directly or indirectly arising from, related to, or as the result of (a) the death of any person on the Property, (b) damage, injury or loss to any person on the Property, or (c) damage or injury to any property occurring or resulting directly or indirectly from the use, occupancy or development of the Property pursuant to this Agreement, the activities of Developer or its officers, directors, employees, agents, servants or contractors, or from any other cause, except to the extent caused by the Indemnitees' negligence or willful misconduct. This indemnity shall survive termination of this Agreement.

16. DEFAULTS AND REMEDIES

16.1 **Event of Default**. Any of the following events or occurrences with respect to either party shall constitute a material breach of this Agreement and, after the expiration of any applicable cure period, shall constitute an "Event of Default" by such party:

(e) The failure by any party to pay any amount in full when it is due under this Agreement, if the failure has continued for a period of fifteen (15) days after the party entitled to payment demands in writing that the other party cure that failure.

(f) The failure by any party to perform any other obligation under this Agreement, including, without limitation, the other Project Documents, if the failure has continued for a period of thirty (30) days after demand in writing that such party cure the failure. If, however, by its nature, the failure cannot reasonably be cured within thirty (30) days, such party may have such longer period of time as is reasonably necessary to cure the failure, provided, however, that such party commence said cure within said thirty (30)-day period, and thereafter diligently prosecute said cure to completion.

16.2 **No Waiver**. Except as otherwise expressly provided in this Agreement, any failure or delay by any party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default, or of any such rights or remedies,

or deprive any such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

16.3 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by any party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by another party.

17. NOTICES

All notices, consents, demands, approvals and other communications (the "Notices") that are given pursuant to this Agreement shall be in writing to the appropriate party and shall be deemed to have been fully given when delivered, including delivery by commercial delivery service, or if deposited in the United States mail, postage prepaid, when received or refused. All Notices shall be addressed as follows:

If to Developer: AMCAL Villa Encantada Fund, L.P.
 c/o AMCAL Multi-Housing Two, LLC
 30141 Agoura Road, Suite 100
 Agoura Hills, CA 91301
 Attention: Arjun Nagarkatti, President

If to MTS: San Diego Metropolitan Transit System
 1255 Imperial Avenue, Suite 1000
 San Diego, California 91355
 Attention: General Counsel

Addresses for notice may be changed from time to time by notice to all other parties. Notwithstanding that Notices shall be deemed given when delivered, the nonreceipt of any Notice as the result of a change of address of which the sending party was not notified shall be deemed receipt of such Notice.

18. ASSIGNMENT

18.1 Generally Prohibited. Except as otherwise expressly provided to the contrary in this Agreement, the Developer may not assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the MTS CEO, which consent may be withheld in his/her reasonable discretion. Any such assignment or delegation without such consent shall, at MTS's option, be void.

19. ADMINISTRATION

Following approval of this Agreement by MTS, this Agreement shall be administered and executed on behalf of MTS by the MTS CEO. The MTS CEO shall have the authority to issue, approvals, consents, interpretations, waive terms and conditions, and enter into amendments of this Agreement and the attachments (including, without limitation, to the Schedule of Performance and the Ground Lease) provided that such actions do not substantially change the uses or development permitted of the Property. All other waivers or amendments shall require the formal consent of MTS.

20. MISCELLANEOUS

20.1 **Counterparts**. This Agreement may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

20.2 **Prior Agreements; Amendments; Consents**. This Agreement contains the entire agreement among the parties with respect to the Property, and all prior negotiations, understandings and agreements are superseded by this Agreement. No modification of this Agreement (including waivers of rights and conditions) shall be effective unless in writing and signed by the party against whom enforcement of such modification is sought, and then only in the specific instance and for the specific purpose given.

20.3 **Governing Law**. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California. Assuming proper service of process, the Developer and MTS waive any objection regarding personal or in rem jurisdiction and agree that venue shall be proper in the County of San Diego, California.

20.4 **Severability of Provisions**. No provision of this Agreement that is held to be unenforceable or invalid shall affect the remaining provisions, and to this end all provisions of this Agreement are hereby declared to be severable.

20.5 **Headings**. Article and section headings are included in this Agreement for convenience of reference only and shall not be used in construing this Agreement.

20.6 **Time of the Essence**. Time is of the essence of this Agreement.

20.7 **Conflict of Interest**. No member, official or employee of MTS shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to this Agreement which is prohibited by law.

20.8 **Warranty Against Payment of Consideration**. The Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

20.9 **Nonliability of MTS Officials and Employees.** No member, official or employee of MTS shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by MTS or for any amount which may become due to the Developer or successor, or on any obligation under the terms of this Agreement.

20.10 **Submission of Documents and Other Matters for Approval.** Whenever this Agreement requires either party to submit documents or other matters to the other party for approval, and there is no time specified herein for such approval, the submitting party may submit a letter requiring approval or rejection by the other party of the documents or matter submitted within ten (10) days after submission, and unless rejected within the stated time such documents or matter shall be deemed approved. Except where such approval is expressly reserved to the sole discretion of the approving party, all approvals required hereunder by either party shall be reasonable and not unreasonably withheld, conditioned or delayed.

20.11 **Force Majeure.** In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; litigation beyond the reasonable control of a party; unusually severe weather; inability, despite best efforts, to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier beyond the reasonable control of a party; acts of the other party; acts or the failure to act of any public or governmental entity (except that acts or the failure to act of MTS shall not excuse performance by MTS); or any other acts or causes beyond the reasonable control of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Force Majeure shall serve also to extend the time by which any condition, for the benefit of either party, shall be satisfied under this Agreement.

20.12 **Project Name.** The marketing name for the Project shall be "Villa Encantada" or such other name as the MTS CEO and the Developer may agree.

20.13 **Term of this Agreement.** Unless terminated prior thereto pursuant to the terms hereof, this Agreement shall terminate upon the Close of Escrow and the execution and delivery of the Ground Lease.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the dates hereinafter respectively set forth.

“Developer”

AMCAL VILLA ENCANTADA FUND, L.P., a California
limited partnership

By: AMCAL Multi-Housing Two, LLC,
a California limited liability company,
its administrative general partner

By: _____
Arjun Nagarkatti, President

(Signatures continued of following page)

"MTS"

SAN DIEGO METROPOLITAN TRANSIT SYSTEM, a
public body, corporate and politic

By: _____
Paul C. Jablonski, Chief Executive Officer

APPROVED AS TO FORM:

Karen F. Landers, General Counsel

EXHIBITS

- "A" - Legal Description of the Property
- "B" - Schedule of Performance
- "C" - Scope of Development
- "D" - Preliminary Project Budget
- "E" - Ground Lease
- "F" - Insurance Requirements
- "G" - Right of Entry Permit

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

That certain real property located in the City of San Diego, State of California described as follows:

Parcel A: APN 549-071-39

All of Lot 20 in Block 3 of Encanto Heights in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1063, filed in the Office of the County Recorder of San Diego County, October 22, 1907.

Parcel B:

Parcel 1: APN 549-071-21

Lot 19, Block 3, Encanto Heights, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1063, filed in the Office of the County Recorder of San Diego County, October 22, 1907.

Parcel 2: APN 549-071-18

Lot 9 and that portion of Lot 10, Block 3, Encanto Heights, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1063, filed in the Office of the County Recorder of San Diego County, June 6, 1907, said portion of Lot 10 being described as follows:

Beginning at the Northeast corner of said Lot 10;
Thence Southerly along the Easterly line of said Lot, a distance of 73.00 feet;
Thence Northwesterly in a straight line to the Northwest corner of said Lot;
Thence Easterly along the Northerly line of said Lot to the point of beginning.

Parcel C: APN 549-071-38

All of Lot 10, Block 3, Encanto Heights, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1063, filed in the Office of the County Recorder of San Diego County, June 6, 1907.

Excepting therefrom that portion described as follows

Beginning at the Northeast corner of said Lot 10;
Thence Southerly along the Easterly line of said Lot, a distance of 73.00 feet;
Thence Northwesterly in a straight line to the Northwest corner of said Lot;
Thence Easterly along the Northerly line of said Lot to the point of beginning.

EXHIBIT "B"

SCHEDULE OF PERFORMANCE

<u>Task/Event</u>	<u>Time for Performance</u>
1. <u>Disposition and Development Agreement (DDA).</u> Parties shall execute the DDA.	July 31, 2014
2. <u>Land Use Entitlements.</u> Developer shall apply for Land Use Entitlements.	June 30, 2014
3. <u>Land Use Entitlements.</u> Developer shall obtain Land Use Entitlements.	January 31, 2015
4. <u>Developer Application to TCAC.</u> Pursuant to Section 7.3, Developer shall apply to TCAC for an allocation of Tax Credits.	March 10, 2015
6. <u>Evidence of Financing.</u> Developer shall submit Evidence of Financing to MTS.	Not later than 180 days after a TCAC Reservation of Tax Credits.
7. <u>Building Permit Plan Check.</u> Developer shall submit Construction Drawings for Plan Check.	Not later than 60 days after a TCAC Reservation of Tax Credits.
8. <u>Commencement of Construction.</u> The Developer shall commence construction.	Not later than 30 days after the satisfaction of the conditions set forth in Section 8.4.
9. <u>Completion of Construction.</u> The Developer shall complete construction.	Not later than 24 months after commencement of construction.

If the Developer fails to satisfy any obligation by the deadline set forth above, the Developer shall not be in default under this Agreement unless the Developer has first been

given written notice of such failure and an opportunity to cure pursuant to Section 16.1(b). Any cure by the Developer within the period set forth by Section 16.1(b) shall constitute a full and complete cure of the failure, notwithstanding the fact that the deadline established herein was not first met by the Developer.

EXHIBIT "C"

SCOPE OF DEVELOPMENT

The Developer shall construct or cause to be construct the "Project" which consist of the following:

Sixty Seven (67) multifamily rental apartment units constructed above a two-level parking structure. Approximately 900 square feet of ground floor retail rental space.

Amenities and accommodations related to the Project, including, without limitation, a community room, and related facilities for the benefit of the residents of the Project.

Parking facilities consisting of approximately Two Hundred Nine (209) parking spaces in the Parking Garage, including (a) approximately Ninety Five (95) parking spaces located within a subterranean level of the Parking Garage for the exclusive use of residents, (b) approximately Fourteen (14) parking spaces located on the ground floor of the Parking Garage for residents, guests and tenants of the Project, and (c) approximately One Hundred (100) parking spaces located on the ground floor of the Parking Garage for use of Board, its bus and trolley park-and-ride patrons of the Trolley Station

EXHIBIT "D"
TO BE DETERMINED
PRELIMINARY PROJECT BUDGET

PRELIMINARY PROJECT BUDGET	
Cost Item	Project Cost
Acquisition	
<i>Land Cost</i>	
Land Closing Cost	25,000
Remedial work, demolition	21,768
<i>Off Site Development</i>	442,135
New Construction	
Onsites/Common Area	3,133,724
<i>Structures</i>	
Direct Building Construction	12,872,701
Construction Contingency	823,516
General Requirements	691,754
Contractor Overhead	899,279.91
Contractor Profit	899,278.91
Total:	19,784,157
Architectural Fees	
Design	550,000
Supervision	-
Survey & Engineering	570,000
Construction Interest and Fees	
Constr'n Loan Origination Fee	223,199
Constr'n Loan Interest Reserve	491,038
Closing Costs	45,000
Insurance	247,030
Title and Recording	20,000
Prepaid MTS Lease	1,035,000
Permanent Financing	
Loan Origination Fee	36,030
Permanent Loan Closing Costs	25,000
SDHC Closing Costs and Legal	98,000
Legal Fees	
Legal and Audit (Construction)	100,000
Reserves	
Operating Reserves	161,826
Appraisal Costs & Mkt Study	18,000
Other	
<i>TCAC Fees</i>	
Application Fee	2,000

Alloc./Reserv. Fee	69,348
Compliance Monitoring Fee	27,060
<i>Permit Processing Fees</i>	
Onsite (impact) Fees, Permits	2,090,668
Bldg. Permit Fees	300,562
Marketing	53,600
Furnishings/Appliances	50,200
Green Consultant Fees	70,000
Soft cost contingency	314,178
Developer Costs	
Developer Overhead/Profit	1,300,000
Other: Non-profit Partner	100,000
Total Project Costs	27,806,897

Sources of Funds			
Construction Sources		Permanent Sources	
Source	Amount	Source	Amount
Construction Loan	\$ 17,855,933	Permanent Loan (1st Trust Deed)	\$ 3,603,041
San Diego Housing Commission	\$ 5,400,000	San Diego Housing Commission	\$ 6,000,000
Federal Tax Credit Equity	\$ 4,550,964	Federal Tax Credit Equity	\$ 18,203,856
Total	\$ 27,806,897	Total	\$ 27,806,897

Use of Funds	
Uses	Amount
Acquisition	\$ 25,000
New Construction	\$ 19,784,157
Architectural and Engineering	\$ 1,208,000
Finance and Legal	\$ 2,320,298
Reserves	\$ 161,826
Permits	\$ 300,562
Impact Fees	\$ 2,090,668
TCAC Fees	\$ 98,408
Marketing and Furnishing	\$ 103,800
Soft Cost Contingency	\$ 314,178
Developer Costs	\$ 1,400,000
Total	\$ 27,806,897

Cash Flow**Villa Encantada**

	Inflation Factor	Year 1 2017	Year 2 2018	Year 3 2019	Year 4 2020	Year 5 2021	Year 6 2022	Year 7 2023	Year 8 2024	Year 9 2025
INCOME										
Income from Rents	2.50%	711,180	728,960	747,183	765,863	785,010	804,635	824,751	845,370	866,504
Other Income (laundry)	2.50%	14,472	14,834	15,205	15,585	15,974	16,374	16,783	17,203	17,633
TOTAL GROSS POTENTIAL REVENUE		725,652	743,793	762,388	781,448	800,984	821,009	841,534	862,572	884,136
Vacancy TCAC @ 5%		36,283	37,190	38,119	39,072	40,049	41,050	42,077	43,129	44,207
TOTAL NET RENTAL INCOME		689,369	706,604	724,269	742,375	760,935	779,958	799,457	819,444	839,930
EXPENSES										
TOTAL OPERATING EXPENSES		366,874	379,011	391,573	404,574	418,031	431,958	446,373	461,293	476,735
NET OPERATING RENTAL INCOME		322,496	327,593	332,696	337,801	342,904	348,000	353,084	358,151	363,195
MANDATORY DEBT SERVICE										
1st Trust Deed 30 years		280,431	280,431	280,431	280,431	280,431	280,431	280,431	280,431	280,431
Debt Coverage Ratio		1.15	1.17	1.19	1.20	1.22	1.24	1.26	1.28	1.30
FORECASTED CASH AVAILABLE		42,064	47,161	52,264	57,369	62,472	67,568	72,651	77,718	82,763
RESIDUAL RECEIPTS OBLIGATIONS:										
Priority Fees (limited as shown):	0.00%	\$ 15,000	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]
Distributed for Priority Asset Mgt. Fee		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Available to Soft Lender and Admin GP		27,064	32,161	37,264	42,369	47,472	52,568	57,651	62,718	67,763
Split >>> 50%										
San Diego Housing Commission										
Beginning Balance	\$ 6,000,000	6,000,000	6,166,468	6,335,382	6,506,812	6,680,831	6,857,520	7,036,962	7,219,245	7,404,464
Interest Accrued	3.00%	180,000	184,994	190,061	195,204	200,425	205,726	211,109	216,577	222,134
Payments Ratio >>> 100%		13,532	16,080	18,632	21,185	23,736	26,284	28,826	31,359	33,881
Ending Balance		6,166,468	6,335,382	6,506,812	6,680,831	6,857,520	7,036,962	7,219,245	7,404,464	7,592,716
Available to Admin GP (Incentive Mgt Fees)		13,532	16,080	18,632	21,185	23,736	26,284	28,826	31,359	33,881

Year 10 2026	Year 11 2027	Year 12 2028	Year 13 2029	Year 14 2030	Year 15 2031	Year 16 2032	Year 17 2033	Year 18 2034	Year 19 2035	Year 20 2036	Year 21 2037	Year 22 2038
888,166	910,371	933,130	956,458	980,369	1,004,879	1,030,001	1,055,751	1,082,144	1,109,198	1,136,928	1,165,351	1,194,485
18,074	18,525	18,989	19,463	19,950	20,449	20,960	21,484	22,021	22,571	23,136	23,714	24,307
906,240	928,896	952,118	975,921	1,000,319	1,025,327	1,050,960	1,077,234	1,104,165	1,131,769	1,160,064	1,189,065	1,218,792
45,312	46,445	47,606	48,796	50,016	51,266	52,548	53,862	55,208	56,588	58,003	59,453	60,940
860,928	882,451	904,512	927,125	950,303	974,061	998,412	1,023,373	1,048,957	1,075,181	1,102,061	1,129,612	1,157,852
492,717	509,259	526,379	544,099	562,439	581,421	601,067	621,401	642,446	664,228	686,773	710,106	734,257
368,211	373,193	378,133	383,026	387,865	392,640	397,346	401,972	406,511	410,953	415,288	419,506	423,596
280,431	280,431	280,431	280,431	280,431	280,431	280,431	280,431	280,431	280,431	280,431	280,431	280,431
1.31	1.33	1.35	1.37	1.38	1.40	1.42	1.43	1.45	1.47	1.48	1.50	1.51
87,779	92,760	97,701	102,594	107,432	112,208	116,913	121,540	126,078	130,520	134,855	139,073	143,163
[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]
15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
72,779	77,760	82,701	87,594	92,432	97,208	101,913	106,540	111,078	115,520	119,855	124,073	128,163
7,592,716	7,784,108	7,978,752	8,176,764	8,378,270	8,583,402	8,792,300	9,005,112	9,221,996	9,443,116	9,668,650	9,898,782	10,133,709
227,781	233,523	239,363	245,303	251,348	257,502	263,769	270,153	276,660	283,293	290,059	296,963	304,011
36,389	38,880	41,350	43,797	46,216	48,604	50,957	53,270	55,539	57,760	59,928	62,037	64,082
7,784,108	7,978,752	8,176,764	8,378,270	8,583,402	8,792,300	9,005,112	9,221,996	9,443,116	9,668,650	9,898,782	10,133,709	10,373,638
36,389	38,880	41,350	43,797	46,216	48,604	50,957	53,270	55,539	57,760	59,928	62,037	64,082

Year 23 2039	Year 24 2040	Year 25 2041	Year 26 2042	Year 27 2043	Year 28 2044	Year 29 2045	Year 30 2046
1,224,347	1,254,956	1,286,330	1,318,488	1,351,450	1,385,236	1,419,867	1,455,364
24,915	25,537	26,176	26,830	27,501	28,189	28,893	29,616
1,249,262	1,280,493	1,312,506	1,345,318	1,378,951	1,413,425	1,448,761	1,484,980
62,463	64,025	65,625	67,266	68,948	70,671	72,438	74,249
1,186,799	1,216,469	1,246,880	1,278,052	1,310,004	1,342,754	1,376,323	1,410,731
759,252	785,122	811,898	839,611	868,294	897,981	928,707	960,508
427,547	431,346	434,982	438,441	441,710	444,773	447,616	450,223
280,431	280,431	280,431	280,431	280,431	280,431	280,431	280,431
1.52	1.54	1.55	1.56	1.58	1.59	1.60	1.61
147,114	150,914	154,550	158,009	161,277	164,340	167,183	169,790
[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]	[15,000]
15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
132,114	135,914	139,550	143,009	146,277	149,340	152,183	154,790
10,373,638	10,618,791	10,869,398	11,125,705	11,387,972	11,656,472	11,931,496	12,213,350
311,209	318,564	326,082	333,771	341,639	349,694	357,945	366,400
66,057	67,957	69,775	71,504	73,138	74,670	76,092	77,395
10,618,791	10,869,398	11,125,705	11,387,972	11,656,472	11,931,496	12,213,350	12,502,355
66,057	67,957	69,775	71,504	73,138	74,670	76,092	77,395

I. Annual Residential Operating Expenses (Reg. Section 10327(f))**Villa Encantada**General Administrative

Advertising	\$ 5,000
Legal	\$ 1,408
Accounting/Audit	\$ 9,125
Security	\$ 24,011
Other - Fax, supplies, phone, internet	\$ 27,336
Total General Administrative	

\$ 66,880

Management Fee

\$ 28,140

Utilities

Electricity	\$ 20,904
Gas	\$ 16,817
Other - Utils	\$ 0
Total Utilities	
Total Water/Sewer/Trash	

\$ 37,721

\$ 36,247

Payroll/Payroll Taxes

On-site Manager	\$ 43,680
Maintenance Personnel	\$ 35,360
Other - Payroll	\$ 20,155
Total Payroll/Payroll Taxes	
Total Insurance	

\$ 99,195

\$ 6,718

Maintenance

Painting	\$ 2,158
Repairs	\$ 10,400
Other	\$
Exterminating	\$ 1,195
Grounds	\$ 9,866
Elevator	\$ 9,632
Other - Maint	\$ 0
Total Maintenance	

\$ 33,251

Other (specify)

Subscriptions, newspapers, bus. lic. fees	\$ 13,571
Total Other	

\$ 13,571

*** TOTAL ANNUAL RESIDENTIAL OPERATING EXPENSES**

\$ 321,724

**** TOTAL NUMBER OF UNITS IN PROJECT**

67

ANNUAL OPERATING EXPENSES PER UNIT (divide */)**

\$ 4,802

TOTAL 3-MONTH OPERATING RESERVE (Reg. Section 10327(c)(8)(C))

\$ 161,826

TOTAL SERVICE AMENITIES BUDGET

\$ 15,000

TOTAL RESERVE FOR REPLACEMENT

\$ 20,100

TOTAL REAL ESTATE TAXES

\$ -

SDHC Monitoring Fee

\$ 10,050

EXHIBIT "E"
GROUND LEASE

EXHIBIT "F"

INSURANCE REQUIREMENTS

During the Term of this Lease, Lessee at its sole cost and expense shall:

1. Keep or cause to be kept a policy or policies of insurance against loss or damage to the Improvements on the Premises (including without limitation the Trolley Parking Facilities) resulting from fire, windstorm, hail, lightning, vandalism, malicious mischief, and such other perils ordinarily included in extended coverage casualty insurance policies. All such policies shall be endorsed to include coverage for the costs of demolition of the Improvements and the clearing and restoration of the Premises in the event of damage, destruction or condemnation if the Improvements are not fully restored. In addition, if Lessee carries coverage voluntarily for additional causes (such as earthquake, riot, civil commotion, or other), such coverage shall be treated in all respects as the policy or policies required to be kept under this Subparagraph 1, for so long as Lessee continues to voluntarily carry such coverage. All insurance hereunder shall be maintained in an amount not less than one hundred percent (100%) of the full insurable value of the Improvements as defined in **Section 1003 of the Ground Lease** (such value to include amounts spent for construction of the Improvements, architectural and engineering fees, and inspection and supervision).

2. Maintain or cause to be maintained public liability insurance naming Board and all entities (including San Diego Transit Corporation, San Diego Trolley, Inc., and San Diego & Arizona Eastern Railway Co.) controlling, controlled by or under common control with Board, together with their respective contractors, agents, officers, employees, invitees and licensees and such other parties as the Board may designate from time to time as additional insureds, to protect against loss from liability imposed by law as a result of the acts or omissions of Lessee, its agents, servants or employees for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever in, on or about the Premises or the Improvements; to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, as a result of the acts or omissions of Lessee, its agents, servants or employees alleged to be suffered by any person or persons whomsoever, resulting directly or indirectly from any act or activities of Lessee or under its control or direction arising from the use and occupancy by Lessee under the Lease of the Premises and the Improvements; and also to protect against loss from liability imposed by law for damages to any property of any person caused directly or indirectly by or from the acts or activities of Lessee under this Lease in connection with the Premises, the Improvements, or Lessee or its sublessees, or any person acting for Lessee or under its control or direction.

Such public liability insurance shall also protect Board and such additional insureds against incurring any legal cost in defending claims for alleged loss insured under such policy. Such public liability insurance shall be maintained in full force and effect during the entire term of this Lease in an amount of at least Three Million Dollars (\$3,000,000) Adjusted for Inflation, combined single limit, provided solely for the Project.

Lessee agrees that provisions of this paragraph as to public liability insurance shall not be construed to limit in any way the extent to which Lessee may be held responsible for the payment of damages to persons or property resulting from Lessee's activities, or the activities of any other person or persons for which Lessee is otherwise responsible.

3. Maintain or cause to be maintained workers' compensation insurance issued by an insurance carrier authorized under the laws of the State of California for workers' compensation and employer's liability under the Workers' Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance shall cover all persons employed by Lessee in connection with the Premises and the Improvements, and shall cover full liability for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of, any person incurring or suffering injury or death in connection with the Premises and the Improvements, or the operation thereof by Lessee.

4. During the course of any alteration, construction or reconstruction, including, without limitation, during the period of the construction of the Improvements, builders risk insurance for the amount of the completed value on an all-risk form including "course of construction" coverage, (including earthquake and flood if required by any Permitted Mortgagee) insuring the interests of Board, Lessee and Permitted Mortgagee as their interests may appear. The Permitted Mortgagee shall be named as lender loss payee, and the Board and the Lessee shall be named as additional loss payees. The insurer shall waive all rights of subrogation against Board. Lessee shall also require its general contractor to carry such insurance. Lessee shall confirm that the proximity of the Premises to a railroad does not result in policy exclusions that would result in the denial of coverage for claims on the Premises. In such an event, Lessee shall cause such exclusions to be removed from all applicable policies, or shall procure a separate Railroad Protective insurance policy with Board as the name insured.

5. Such other insurance on or in connection with the Project as the Board may reasonably require, which at the time is commonly obtained in connection with properties similar in type of building size, use and location to the Project and which is available at commercially reasonable rates.

GROUND LEASE

by and between

SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD,
a California public agency

“Board”

And

AMCAL VILLA ENCANTADA FUND, L.P.,
a California limited partnership

“Lessee”

GROUND LEASE

THIS GROUND LEASE ("Lease") is made as of _____, 201__ (the "Effective Date") by and between the **SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD**, a California public agency also known as the Metropolitan Transit System (the "Board"), and **AMCAL VILLA ENCANTADA FUND, L.P.**, a California limited partnership ("Lessee").

I. [§ 100] SUBJECT OF LEASE

A. [§ 101] Parties to the Lease

1. [§ 102] The Board. The "Board" is a California public agency organized and existing under the laws of the State of California. The principal office of the Board is located at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101-7490. "Board" as used in this Lease includes the Board and any assignee of or successor to its rights, powers and responsibilities. The Board owns certain real property located at Akins Avenue and 63rd Street in the City of San Diego (the "City"), State of California, and legally described in Exhibit A attached hereto (the "Premises").

2. [§ 103] Lessee. "Lessee" is AMCAL VILLA ENCANTADA FUND, L.P., a California limited partnership. The administrative general partner is AMCAL Multi-Housing Two LLC, a California limited liability company ("AMCAL"). The principal office of the Lessee and AMCAL is 30141 Agoura Road, Suite 100, Agoura Hills, CA 91301. Wherever the term "Lessee" is used herein, such term shall also include any permitted assignee or successor in interest as herein provided.

B. [§ 104] The DDA

This Lease is made pursuant to and in accordance with that certain Disposition and Development Agreement between the Board and Lessee dated as of June __, 2014 (the "DDA"). This Lease was entered into at Close of Escrow under the DDA. Lessee's duties and obligations under this Lease are separate and independent from its duties and obligations under the DDA, and a breach by the Lessee under the DDA shall not be deemed a breach under this Lease.

C. [§ 105] RESERVED

D. [§ 106] The Project

The purpose of this Lease is to provide for the lease of the Premises to Lessee and the development and operation on the Premises by Lessee, at its sole cost and expense, of a transit oriented, multi-family affordable housing development consisting of:

1. Sixty seven (67) multifamily rental apartment units constructed above a two-level parking structure (the "Parking Garage");
2. Approximately 900 square feet of ground floor retail rental space (the "Retail Space");

3. Amenities and accommodations related to the Project, including, without limitation, a community room, and related facilities for the benefit of the residents of the Project;

4. Parking facilities consisting of approximately Two-Hundred Nine (209) parking spaces in the Parking Garage, including (a) approximately Ninety Five (95) parking spaces, located within a subterranean level of the Parking Garage for the exclusive use of residents, (b) approximately Fourteen (14) parking spaces located on the ground floor of the Parking Garage for residents, guests and tenants of the Project, and (c) approximately One Hundred (100) parking spaces in the Transit Parking Facilities (defined in Section 108(2) below) for the-use of Board, its bus and trolley park-and-ride patrons of the Trolley Station; and

5. Extension (to the extent necessary) of off-site sanitary sewer, electrical, water, storm drain, telephone, cable and gas facilities required to serve the improvements described in **Sections 106(1) - (4)** above (collectively, the "Project").

A "Site Plan" for the Project is attached hereto as Exhibit B. The improvements to be made by Lessee to the Premises as part of the Project (the "Improvements"), are more particularly described and defined in **Section 400** below and in the Scope of Development attached hereto as Exhibit C and the "Final Construction Drawings and Related Documents" described on Exhibit D attached hereto. The "Project" shall include any subsequent construction on the Premises following the construction of the Improvements.

E. **[§ 107] Reserved**

F. **[§ 108] The Transit Station and Transit Parking**

1. Trolley Station. The Board owns and operates the Encanto/62nd Street Trolley Station and trolley right of way (the "Trolley Station") located immediately south of Akins Avenue and across from the Premises as illustrated and designated on the Site Plan. Nothing in this Lease shall restrict or impair in any way the Board's rights or discretion to operate, use, transfer, close or redevelop the Trolley Station for such purposes as the Board determines from time to time in its sole discretion.

2. Trolley Parking Facilities.

(a) Trolley Parking. The provision of parking for the Trolley Station on the Premises and access to the Trolley Station from the Trolley Parking Facilities is material consideration to the Board for the Lease. At the commencement of the Lease, approximately One Hundred Sixty Three (163) surface parking spaces for the park and ride patrons of the Trolley Station are located on the Premises. These existing parking spaces will be removed in connection with the development of the Project and replaced by Lessee with trolley parking facilities consisting of: (i) One Hundred (100) parking spaces in a mix of disabled and standard size spaces approved by the Board on the ground floor level of the Parking Garage; and (ii) separately metered utilities (other than fire sprinkler systems) in types and quantities approved by the Board, all as depicted on the Site Plan and described in the Final Construction Drawings and Related Documents. The planned Trolley Parking Facilities are depicted and further described on Exhibit A-2 attached.

(b) Trolley Parking Facilities Defined. The term “**Trolley Parking Facilities**” when used in this Lease shall have the following meaning:

(1) After receipt of a certificate of occupancy for the Project, the Trolley Parking Facilities will include One Hundred (100) spaces in the ground floor of the Parking Garage (the “Board Spaces”). The ground floor of the Parking Garage will also include approximately Fourteen (14) parking spaces for use by the residents and commercial tenants of the Premises.

(2) The “Trolley Parking Areas” shall extend to and include the right to use the interior surfaces of all adjoining walls, floors and ceilings (including without limitation the right to paint and attach signs, partitions, walls, equipment, utilities, etc. to such adjoining walls, floors and ceilings, so long as no structural damage is caused to the Improvements), and the outlets of all utility installations serving the Trolley Parking Areas.

(3) The then existing physical boundaries of the Trolley Parking Areas, whether in its original state or reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries rather than the boundaries expressed in any plans, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the plans and those of the building.

The Board shall at all times have the rights of access and utilities to, and support of, the Trolley Parking Areas. The Trolley Parking Areas shall not be part of the Premises.

(c) Trolley Parking Access. The term “**Trolley Parking Access**” shall mean the vehicular and pedestrian ingress and egress between the Trolley Parking Facilities to be provided by those driveways and walkways shown on the Final Construction Plans and Related Drawings to be constructed by Lessee on the Premises as a part of the Improvements that are either (i) designated as “Trolley Parking Pedestrian Access” or “Trolley Parking Vehicular Access” on the Ground Floor Site Plan; or (ii) contiguous to any of the Trolley Parking Facilities.

(d) Trolley Parking Utilities. The term “**Trolley Parking Utilities**” shall mean the utilities serving the Trolley Parking Areas, including (i) those installed by Lessee pursuant to the Final Construction Drawings and Related Documents and (ii) any utilities subsequently installed by Board, at its sole expense, to serve the Trolley Parking Areas (provided that the Board shall be responsible at its sole expense for the repair of any damages to the Improvements caused by such installation).

(e) Exclusive Trolley Parking Easement Defined. The term “**Exclusive Trolley Parking Easement**” shall collectively mean the following easements reserved to the Board and excluded from the leasehold estate created by this Lease in the Premises, which easements are reserved by the Board together with the right to transfer, assign or sublet these easements in gross in whole or in part to others:

(1) an exclusive easement for the use of the Trolley Parking Area, from and after receipt of a certificate of occupancy for the Project including installation of related equipment;

(2) a non-exclusive easement for utility purposes for the Trolley Parking Utilities on the Trolley Parking Area (in the locations where such utilities are actually installed), from and after receipt of a certificate of occupancy for the Project; and

(3) a non-exclusive easement for the support of the Trolley Parking Areas.

The Exclusive Trolley Parking Easement is subject to the non-exclusive uses of the Trolley Parking Facilities by the Lessee described in **Section 501(2)(b)** below and the restrictions described in **Section 501(2)(e)** below.

G. **[§ 109] Title**

Title to the leasehold estate created by this Lease was conveyed in the condition required by the DDA. The Board shall not at any time during the Term (defined below) of this Lease place any additional encumbrances against the Premises (including without limitation any mortgages, deeds of trust, liens, leases, easements, licenses or other encumbrances) except for encumbrances which (a) are expressly made subject and subordinate to this Lease, the rights of Lessee and its subtenants and any current or future Permitted Mortgagees (defined below) hereunder, or (b) are expressly required or permitted by this Lease.

H. **[§ 110] Condition of the Premises**

1. **"AS IS" Condition.** The interests conveyed by this Lease in the Premises and all improvements thereon are conveyed in an "AS IS" condition, with no warranty, express or implied by the Board as to the condition of the soil (or water), its geology, or the presence of known or unknown faults or as to the condition of the improvements. It shall be the sole responsibility of Lessee, at Lessee's expense, to investigate and determine the soil (and water) condition of the Premises (including improvements) and the suitability of the Premises (including improvements) for the development to be constructed by Lessee. If the soil (or water) condition of the Premises, or any part thereof, is not in all respects entirely suitable for the use or uses to which the Premises and improvements will be put, then it is the sole responsibility and obligation of Lessee to take such action as may be necessary to place the Premises and the soil (and water) condition thereof (including improvements) in all respects in a condition entirely suitable for the development of the Premises.

2. **Release.** Lessee hereby waives, releases, remises, acquits and forever discharges Board, its directors, officers, employees, and agents, successors and assigns, of and from any and all suits, causes of action, legal or administrative proceedings, claims, demands, actual damages, punitive damages, losses, costs, liabilities, interest, attorneys' fees and expenses of whatever kind and nature, in law or in equity, known or unknown, which Lessee shall or may have or acquire or possess in any way directly or indirectly connected with, based upon, or arising out of, (a) Board's use, maintenance, ownership and operation of the Premises prior to the Effective Date of Lease; or (b) the condition (including structural fitness), status, quality, nature, contamination or environmental state of the Premises as of the Effective Date. It is the intention of this Lease that any and all responsibilities and obligations of Board, and any and all rights or claims of Lessee against Board, its successors and assigns and affiliated entities, arising by virtue of the physical or environmental condition of the Premises as of the Effective Date are by this

release provision declared null and void and of no present or future effect as to such parties. Lessee agrees as to the matters released to waive the benefits of Section 1542 of the CIVIL CODE of the State of California, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

Lessee's Initials

Board's Initials

II. [§ 200] LEASE OF THE PREMISES

A. [§ 201] Lease

For and in consideration of the rents, conditions, covenants and agreements set forth herein, Board hereby leases the Premises and Lessee does hereby take and lease the Premises from Board, subject to the terms, covenants and conditions of this Lease.

B. [§ 202] Term of the Lease

The term of this Lease (the “**Term**”) shall commence upon the Effective Date of Lease (defined below), and, if not sooner terminated as provided in this Lease, shall expire at midnight on the earlier of: (a) _____, and (b) the last day of the calendar month immediately succeeding the fifty-fifth (55th) anniversary of the “**Occupancy Date**”(as hereafter defined). For example, if the Effective Date of Lease occurs on _____, and the Occupancy Date occurs on _____, then the last day of the Term would be _____. The term “**Occupancy Date**” shall mean the date on which the certificate of occupancy or other document authorizing occupancy has been issued by the City for the last residential unit in the Project. Within thirty (30) days after the Occupancy Date occurs, Board and Lessee shall enter into an addendum to this Lease confirming such date and the corresponding date for expiration of the initial Term. Neither the failure nor refusal of either Board or Lessee to enter into said addendum shall in any manner impair this Lease or the effectiveness or enforceability of the matters intended to be confirmed by said addendum.

C. [§ 203] Extension Terms

Lessee shall have the right to extend the Term for up to forty-four additional years, for a total of ninety-nine years, in two options as follows: **First Extension Term** – 25 Years (Year 55 to 79); **Second Extension Term** – 19 Years (Year 80 to 99).

D. [§ 204] Exercise of Option to Extend

1. The options to extend provided for in Section 203 shall be exercised only by an unconditional written notice from Lessee (the "Exercise Notice") received by Board no later than one (1) year before the expiration of the Term. If Board does not timely receive

Lessee's Exercise Notice in accordance with the immediately preceding sentence, Lessee's option to extend the Term shall immediately lapse, and there shall be no further right to extend the Term. The options to extend the Term shall be exercisable by Lessee on the express condition that Lessee shall not be in breach or default under the Lease beyond the expiration of any applicable notice and cure period at the time of the delivery of the Exercise Notice. If Lessee is in breach or default under the Lease beyond the expiration of any applicable notice and cure period at the time of the delivery of the Exercise Notice, the Exercise Notice shall be totally ineffective. If Lessee is in breach or default under the Lease beyond the expiration of any applicable notice and cure period on the date the Extension Term is to commence, the Extension Term shall not commence and this Lease shall expire at the end of the current Term.

2. Notwithstanding the foregoing, Lessee may, by written notice delivered to Board no later than thirty (30) days after determination of the Fair Market Value of the Parcels pursuant to Section 304(6) below, give written notice of Lessee's election to revoke the Extension Notice for the Extension Term. If no written notice of revocation is delivered by Lessee to Board during such thirty (30) day period, then the right to revoke the Extension Notice shall expire and be of no further force or effect.

3. Lessee and Board shall execute an amendment to the Lease confirming the exercise of each Extension Term and the Base Rent payable during such Extension Term within forty-five (45) days following determination of the Base Rent for such Extension Term.

E. [§ 205] Base Rent for Extension Term

Within ten (10) days after receipt an Extension Notice from Lessee, the process to determine the Fair Market Value for the Parcels during the Extension Term shall be commenced and shall thereafter be completed in the time and manner provided in Section 304 below. Unless Lessee timely delivers a revocation of its Extension Notice, then the Term shall be Extension to include the Extension Term for which the Extension Notice is delivered; and the Base Rent payable during such Extension Term shall be determined in accordance with Section 304 below.

III. [§ 300] RENT

A. [§ 301] Manner of Payment

Lessee covenants and agrees to pay Rent (defined below) as and when required by this Lease to Board, at Board's address set forth in **Section 102** hereof or at such place or to such person as Board may designate in writing by notice to Lessee from time to time, in such coin or currency of the United States as shall, at the time of payment, be legal tender for the payment of all debts, public or private. As used herein, "**Rent**" means all monetary amounts payable by Lessee under this Lease, including without limitation Base Rent.

B. [§ 302] Base Rent

Concurrently with the Effective Date, Lessee shall pay to the Board a one-time capitalized lease payment in the amount of One Million Thirty Five Thousand Dollars (\$1,035,000) (the "**Base Rent**"). During the Extension Terms, Base Rent shall be payable annually, in advance, beginning on the Effective Date of each Lease Year thereafter during the

Term. As used herein, "Lease Year" means that period of twelve (12) consecutive months which begins on the Effective Date or an anniversary of the Effective Date and which falls within the Term, to and including the last day of the Term.

C. **[§ 303] No Subsidy or Assistance**

Board agrees that nothing contained in this Lease constitutes financial assistance or a subsidy by Board to Lessee in connection with the Project and that the Rent and other consideration to be paid and obligations agreed to be performed by the Lessee under the Lease represents not less than the full fair market rental value of the Premises and full consideration for the Lease.

D. **[§ 304] Adjustments to Base Rent Upon Extension of Term**

1. **Adjustment Dates.** Base Rent shall be adjusted on the following dates (each an "Adjustment Date") to the amounts described in Subsections (b), (c) and (d) below, as applicable:

- (a) on the first day of the First Extension Term; and
- (b) on the first day of the Second Extension Term.

If the adjustment to Base Rent has not been determined by the applicable Adjustment Date, then Lessee shall continue to pay Base Rent in the amount payable immediately prior to the Adjustment Date until determination of the adjustment, at which time any adjustment in the Base Rent resulting from the calculations made pursuant to this Section 304 shall be made retroactively and paid within thirty (30) days after such determination.

2. **Rent for First Extension Term.**

(a) **First Extension Term Rent.** The initial Base Rent payable by Lessee during the First Extension Term shall be eight percent (8%) of the Fair Market Land Value of the Premises determined in accordance with Section 304(6) below.

(b) **Consumer Price Index (CPI) Adjustments.** The Base Rent payable upon commencement of the First Extension Term shall be adjusted on the fifth (5th) anniversary of the commencement of the First Extension Term and every five (5) years thereafter during the First Extension Term (each a "CPI Adjustment Date") in accordance with Section 304(e) below; provided that in no event will a CPI Adjustment increase the Base Rent by more than fifteen percent (15%) of the amount of Base Rent payable immediately prior to the CPI Adjustment.

3. **Rent for Second Extension Term.**

(a) **Initial Base Rent.** The initial Base Rent payable by Lessee during the Second Extension Term shall be eight percent (8%) of the Fair Market Value of the Parcels determined in accordance with Section 304(6) below.

(b) **CPI Adjustments.** The Base Rent payable upon commencement of the Second Extension Term shall be adjusted on the fifth (5th) anniversary of the commencement

of the Second Extension Term and every five (5) years thereafter during the Second Extension Term (each a "CPI Adjustment Date") in accordance with Section 304(e) below; provided that in no event will a CPI Adjustment increase the Base Rent by more than fifteen percent (15%) of the amount of Base Rent payable immediately prior to the CPI Adjustment.

4. Reserved.

5. CPI Adjustment Calculation. The "CPI Adjustment" shall increase the Base Rent payable from and after each CPI Adjustment Date to reflect the percentage increase, if any, in the "Index" (as defined in Section 1326 below) over the preceding five (5) year period by dividing (i) the monthly Index most recently published before the CPI Adjustment Date for which the adjustment is being computed (the "Current Index") by the amount of the Index published for the month which is five (5) years prior to the date of the Current Index.

6. Determination of Fair Market Land Value of the Premises.

(a) Definition of Fair Market Land Value of the Premises. "Fair Market Land Value of the Premises" shall mean the price at which the Premises would be sold for cash by a willing and knowledgeable seller not compelled to sell, to a willing and knowledgeable buyer not compelled to buy, if the Parcels were: (A) vacant; (B) unimproved, but with all off-site and on-site improvements required to put the Parcels in a "finished" condition ready for the construction of the Project in place; (C) unencumbered except for (i) the Board's exclusive right to use one hundred (100) parking spaces in the parking structure on the Premises; (D) free and clear of this Lease and all mortgages or deeds of trust; and (E) available for development for the "highest and best use" then permitted by this Lease. The costs of construction of one hundred (100) parking spaces for the Board's use shall not be considered in determining Fair Market Land Value of the Premises.

(b) Appraisal to Determine Fair Market Land Value. The Fair Market Land Value of the Premises shall be determined as follows:

(1) Not earlier than nine (9) months and not later than six (6) months prior to an Adjustment Date, the parties shall each by written notice to the other appoint one (1) appraiser who is a licensed MAI Appraiser, or a member of the American Institute of Real Estate Appraisers or any successor thereto, or a member of the Society of Real Estate Appraisers, or any successor thereto, in each case with at least ten (10) years' full-time experience in San Diego County appraising commercial real estate and has performed appraisals of not less than three (3) facilities substantially similar to the Project in the five (5) years preceding the date on which the appraisal under this Lease is to be made. Each such appraiser shall determine the Fair Market Land Value of the Premises based upon the factors enumerated in Section 304 (f) (1) above and complete and submit his or her written appraisal to Board and Lessee within sixty (60) days after the appointment of both such appraisers. If the higher appraised Fair Market Land Value of the Premises in such two (2) appraisals is not more than one hundred ten percent (110%) of the lower appraised Fair Market Land Value of the Premises, then the Fair Market Land Value of the Premises shall be the average of the two (2) appraised rental values. If it is not, however, then the appraisers so named shall have fifteen (15) days to designate a third appraiser with similar qualifications. If the two appraisers are unable timely to agree on the third appraiser, then either Board or Lessee, by giving prior written notice to the

other party, shall have thirty (30) days to request and obtain appointment of such a qualified appraiser by applying to the Superior Court of the State of California for the County of San Diego. The third appraiser, however selected, shall be a person who has not acted in any capacity for either party.

(2) If a third appraiser is necessary, the third appraiser shall conduct an independent appraisal of the Premises to determine the Fair Market Land Value of the Premises based upon the factors enumerated in Section 304 (f) (1) above and complete and submit his or her written appraisal to Board and Lessee within sixty (60) days after his or her appointment. The Fair Market Land Value of the Premises shall be the average of the two (2) of the three (3) appraised Fair Market Land Value of the Premises that are closest to each other. The Fair Market Land Value of the Premises, determined in accordance with this Subsection, shall be conclusive and binding upon Board and Lessee.

(3) When submitting his or her appraisal, each appraiser shall certify that: (i) he or she has personally inspected the Premises and all properties used as comparisons; (ii) he or she has no past, present or contemplated future interest in the Improvements or the Premises or the leasehold estate, or any part thereof; (iii) the compensation to be received by him or her from any source for making the appraisal is solely in accordance with this Lease; (iv) he or she has followed the instructions as set forth in Subsection (b); (v) neither the appraiser's employment to make the appraisal nor his or her compensation therefor is contingent upon reporting a predetermined value, or a value within a predetermined range of values; (vi) he or she is an appraiser who is a licensed MAI Appraiser, or a member of the American Institute of Real Estate Appraisers or any successor thereto, or a member of the Society of Real Estate Appraisers, or any successor thereto, in each case with at least ten (10) years' full-time experience in San Diego County appraising commercial real estate and has performed appraisals of not less than three (3) facilities substantially similar to the Project in the five (5) years preceding the date on which the appraisal to be made under this Lease is to be made; and (vii) the appraisal was prepared in conformity with the standards of professional practice common in the real estate appraisal industry.

(4) Board and Lessee shall each pay the fee and expenses charged by its appraiser plus one-half (½) of the fee and expenses charged by the neutral third appraiser.

7. Retroactive Adjustment. If the Fair Market Land Value of the Premises has not been determined by the applicable Adjustment Date, then Lessee shall continue to pay annual Base Rent in effect for the prior Lease Year until such time as Fair Market Land Value of the Premises has been determined, at which time the adjustment in the Base Rent shall be made retroactively and paid within ten (10) days after such determination.

IV. [§ 400] DEVELOPMENT OF THE PREMISES

A. [§ 401] General

Lessee, at its sole cost and expense, shall construct or cause to be constructed the Project and all of the Improvements, in full conformity with this Lease, the Scope of Development, the

“**Construction Schedule**” attached hereto as Exhibit F, and the Final Construction Drawings and Related Documents.

B. [§ 402] **Reserved**

C. [§ 403] **Evidence of Financing and Project Commitments**

Lessee shall report regularly as requested by the Board on its financing for the development on the Premises. The reports may be oral, or shall be in writing if requested by the Board. The reports shall explain in reasonable detail the status of the financing approved by the Board under the DDA, and the pre-leasing activity which has been achieved. The information in the reports shall remain confidential to the extent permitted by law, recognizing without limitation that the reports are subject to review by responsible officials and employees of the Board.

Lessee shall provide or cause to be provided to the Board any additional evidence reasonably required by the Board from time to time to establish that the following items are current and in full force and effect:

1. A current certified financial statement or statements covering the last two (2) years, or other financial statements or forms of financial confirmation, in such form reasonably satisfactory to the Board.

2. To the extent not previously provided, copies of the contracts between: (a) Lessee and the general contractor for the construction of improvements upon the Premises (the “**General Construction Contract**”), and (b) the general contractor and all Major Subcontractors. (“**Major Subcontractors**” for purposes hereof shall be those subcontractors whose work exceeds five percent (5%) of the total construction contract costs.) Such contracts shall contain retention provisions requiring withholding of a minimum of five percent (5%) of payments due to the general contractor and subcontractors until the contractual obligations of such entities are fully completed as to any phase identified in such contract. Such contracts shall also contain, to the Board's reasonable satisfaction, adequate indemnification, insurance and other contractual provisions as may reasonably be required to protect the Board and any other provisions required by this Lease to be contained in such contracts, and shall be certified by Lessee to be true and correct copies thereof. Lessee shall duly perform and observe all of its obligations under the General Construction Contract.

3. To the extent not previously provided, evidence reasonably satisfactory to the Board that Lessee has obtained all “Required Land Use Approvals” (as defined in the DDA) and any other permits, approvals and authorizations of any type required for the design, development, construction, use and operation of the Project and that all such permits, approvals and authorizations remain in full force and effect.

4. To the extent not previously provided, evidence satisfactory to the Board that Lessee has obtained all easements, encroachment agreements, licenses and other off-site rights required for the development, construction, use and operation of the Project.

D. [§ 404] **Construction Plans, Drawings and Related Documents**

Lessee has prepared and the Board has approved the Final Construction Drawings and Related Documents for the Project, including all Improvements.

E. **[§ 405] Board Approval of Material Changes**

1. The Board shall have the right of review (including, but not limited to, architectural review) and approval of any “**Material Change**” (as hereinafter defined) in the Final Construction Drawings and Related Documents. If Lessee desires to make any Material Change in the Final Construction Drawings and Related Documents, Lessee shall submit the proposed change to the Board for its approval, which shall not be unreasonably withheld. The Board shall approve, conditionally approve or disapprove such proposed change as provided in this Section and in the manner and within the time period provided in **Subsection 405(2)** below.

2. A “Material Change” shall mean any change to the Final Construction Drawings and Related Documents which (a) results in more than a Three Million Dollar (\$3,000,000) change in the guaranteed maximum price (“**Guaranteed Maximum Price**”) set forth in the approved general construction contract between Lessee and AMCAL General Contractor, Inc. (“**General Contractor**”) providing for the construction of the Improvements; (b) materially and adversely impacts the Trolley Parking Facilities in any material way; or (c) requires an amendment to any discretionary approval previously issued by the City for the Project. The Board shall respond to any request for approval of a Material Change within ten (10) Business Days after receipt of such request, and, if the Board fails to respond within such ten (10) Business Day period, such requested Material Change shall be deemed approved. In the event the request for approval of a Material Change requires formal approval at a properly noticed Board of Directors meeting, the deadline to respond shall be extended to the next regularly scheduled Board of Directors meeting that is more than seven (7) Business Days away from date Board actually received the request for approval of a Material Change.

3. The Board neither undertakes nor assumes nor shall it have any responsibility or duty to Lessee or to any third party to review, inspect, supervise, pass judgment upon or inform Lessee or any third party of any matter in connection with the development or construction of the Project, whether with respect to the quality, adequacy or suitability or the plans, any labor, service, equipment or material furnished to the Project, any person furnishing the same or otherwise. Lessee and all third parties shall rely upon its or their own judgment with respect to such matters, neither Lessee nor any third party is entitled to rely on any review, inspection, supervision, exercise of judgment or information supplied to Lessee or to any third party by the Board in connection with this Lease.

F. **[§ 406] Cost of Construction**

The cost of developing the Premises and constructing all improvements thereon shall be borne by Lessee. The Board and Lessee shall each pay the costs necessary to administer and carry out their respective responsibilities and obligations under this Lease.

G. **[§ 407] Construction Schedule**

1. Lessee shall begin construction of the Project within thirty (30) days following the Effective Date and shall use its diligent, good faith efforts to complete the

construction of the Project no later than the third (3rd) anniversary of the Effective Date, subject to extension for "Enforced Delay" (as defined in **Section 1209** below). Such completion shall be evidenced by the issuance of certificates of occupancy (or equivalent) by the City for the respective improvements. Lessee shall have the right to request an extension of these time periods from the Board.

2. Lessee has prepared a construction schedule (the "**Construction Schedule**") which is attached hereto as Exhibit F, specifying the dates when the major elements and components of the work to be performed thereunder are currently scheduled for completion, looking to completion of the construction on or before the date specified above. In the event that any material change occurs in the Construction Schedule by reason of delay or otherwise, Lessee shall prepare a revised Construction Schedule and submit it to the Board within fifteen (15) days after Lessee first has confirmed the delay.

3. Not less than monthly, during periods of construction, Lessee shall submit to the Board a report summarizing the progress of construction, any change in the status of all necessary governmental approvals required in connection with the construction work, the status and degree of the completion of the work, and any confirmed delays under the Construction Schedule submitted to the Board pursuant to the preceding paragraph. The reports shall include a reasonable number of construction photographs taken since the last report submitted by Lessee.

4. Board acknowledges that the existing Trolley Parking on the Premises will be unavailable to Trolley Station patrons during a portion of the Construction Period set forth in Section 404 (1) above. However, Lessee agrees to use its best efforts to phase its construction so that the Premises will be without publicly available Trolley Parking Facilities for no more than 16 months.

H. **[§ 408] Indemnification; Insurance**

To the fullest extent permitted by law, Lessee shall indemnify, protect, defend and hold harmless the Board and its officers, employees and agents, from and against all liability, loss, damage, costs, or expenses of any kind (including court costs and attorneys' fees) arising from or as a result of any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall occur on or adjacent to the Premises and which shall be directly or indirectly caused by any acts done thereon or any errors or omissions of Lessee, its agents, employees and contractors, or any of them, including but not limited to, claims of negligent or defective design or construction, regardless of whether any such liability occurs before or after issuance of the Certificate of Compliance. These indemnity obligations shall survive the expiration or termination of this Lease. Lessee's obligations under this Section exclude only claims, losses or liability which is due to the sole negligence or willful misconduct of Board or its officers, employees and agents.

During the period of construction on the Premises and until such time as the Board has issued a final Certificate of Compliance under **Section 415** for all improvements to be constructed by Lessee pursuant to this Lease, Lessee shall have and maintain the insurance policies set forth in **Section 1002**. All policies, endorsements, certificates and binders shall be subject to approval by the Risk Manager of the Board.

I. [§ 409] Antidiscrimination During Construction; Equal Opportunity

Lessee, for itself and its successors and assigns agrees that in the construction of the improvements on the Premises provided for in this Lease:

1. Lessee shall not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Lessee shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

2. Lessee shall, in all solicitations or advertisements for employees placed by or on behalf of Lessee, state that all qualified applicants shall receive consideration for employment without regard to race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status.

3. Lessee shall cause the foregoing provisions to be inserted in all contracts for any work covered by this Lease so that such provisions shall be binding upon each contractor and subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

4. The requirements of this Section 409 shall at all times comply with state and federal law, including but not limited to, the California Fair Employment and Housing Act, the California Unruh Civil Rights Act, the Civil Rights Act of 1964, and the Americans' with Disabilities Act, as they may be amended during the term of this Lease.

J. [§ 410] Local, State, and Federal Laws

Lessee shall carry out the construction of the Improvements on the Premises in conformity with all applicable laws, including all applicable federal and state labor standards. Board and Lessee do not believe that the Project is subject to prevailing wage requirements; however, Lessee shall cause its contractors to pay prevailing wages for the construction of the Project if and to the extent required by applicable law. Notwithstanding the foregoing, if formal written demand is made on Lessee for the payment of prevailing wage on the construction of the Project, and Lessee determines in its sole good faith discretion that it will be unable to resolve such demand in Lessee's favor, within a time period acceptable to Lessee or the Permitted Mortgagee funding construction of the Project, then Lessee, with the written consent of the Permitted Mortgagee shall have the right to terminate the Lease by delivery to the Board of a written notice of termination ("Termination Notice"); provided that Lessee restores the

Premises, at the sole cost and expense of Lessee, to a functional equivalent not less than that existing as of the Effective Date (the “**Restoration**”), no later than six (6) months following Lessee's delivery of the Termination Notice, which six (6) month period shall be extended by Enforced Delays. Upon the lien free completion by Lessee of the Restoration and acceptance of the Restoration by the Board, the Lease and the rights and obligations of Lessee and the Board shall terminate and be of no further force or effect except for those sections of this Lease which provide that they will survive the expiration or termination of this Lease.

K. [§ 411] City and Other Governmental Board Permits

1. Before commencement of any work or improvement upon the Premises, Lessee shall secure or shall cause to be secured, all Required Land Use Approvals, any and all permits, approvals or certificates which may be required by the City or any other governmental agency with jurisdiction over the Premises or over the construction, development or work contemplated under this Lease.

2. The Board shall cooperate with Lessee and provide all proper assistance to Lessee in securing these permits and certificates and any other approvals required for the Project in order to meet the time periods set forth in the Construction Schedule; provided that the Board shall not be required to incur any expense in connection with providing any such assistance.

L. [§ 412] Rights of Access

For the purposes of assuring compliance with this Lease, representatives of the Board shall have the reasonable right of access to the Premises without charges or fees and at normal construction hours during the period of construction for the purposes of this Lease, including, but not limited to, the inspection of the work being performed in constructing the Project. Such right to enter shall be subject to Board's compliance with all site control and safety procedures established by Lessee and/or the General Contractor. Such representatives of the Board shall be those who are so identified in writing by the Board. The Board hereby indemnifies Lessee and holds it harmless from any damage or liability caused solely by Board or its representatives and arising out of this right of access.

M. [§ 413] Taxes, Assessments, Encumbrances and Liens

Prior to recordation of a Certificate of Compliance for the Project pursuant to Section 415 of this Lease, Lessee shall not place or allow to be placed on the Premises, or any portion thereof, any mortgage, trust deed, encumbrance or lien not authorized by this Ground Lease, and Lessee shall remove, or shall have removed, any levy or attachment made on the Premises, or any portion thereof, or shall assure the satisfaction thereof within a reasonable time. Nothing herein contained shall be deemed to prohibit Lessee from contesting the validity or amounts of any tax, assessment, encumbrance or lien, nor to limit the remedies available to Lessee with respect thereto, provided such contest does not subject the Premises, or any portion thereof, to forfeiture or sale, as more fully set forth in **Section 611**.

N. [§ 414] Sale of the Project

Except as otherwise expressly provided in this Lease, Lessee shall not under any circumstances be entitled to sell any portion of its ownership interest in the Project prior to the issuance of a Certificate of Compliance by Board, without the prior written consent of the Board, which may be granted or withheld in the sole and absolute discretion of Board.

Following the issuance of a Certificate of Compliance, Lessee shall be entitled to sell its interest in any or all of the Project to the extent allowed and in accordance with the terms and provisions of **Section 800** *et seq.*

If, contrary to the provisions of this Lease, Lessee does assign this Lease or any of the rights herein, or does sell, transfer, convey or assign any portion of its ownership interest in the Project or any part of the Premises or the improvements thereon, in addition to all other legal and equitable remedies the Board may be entitled to, the Board shall be entitled to recover from Lessee the total consideration received by Lessee for such sale, transfer, conveyance or assignment. Said consideration shall belong and be paid to the Board and until so paid the Board shall have a lien on Lessee's interest in the Premises for such amount.

Nothing in this **Section 414** shall apply to, limit or restrict the assignment and conveyance of Lessee's right title and interest in the Lease and in the Project to a Permitted Mortgagee or its affiliate in connection with the realization by a Permitted Mortgagee on its security, whether by foreclosure or by deed/assignment in lieu of foreclosure, nor apply to, limit or restrict the assignment and conveyance of Lessee's interest in the Lease and in the Project by the Permitted Mortgagee or its affiliate following such foreclosure or deed/assignment in lieu of foreclosure.

O. **[§ 415] Certificate of Compliance**

Promptly after completion of all construction and development of the Project to be completed by Lessee upon the Premises, and the completion of all construction and development of the Trolley Parking Facilities, and the repair any damages pursuant to **Section 402(4)**, all in compliance with the terms of this Lease, the Board shall furnish Lessee with a Certificate of Compliance upon written request therefor by Lessee. Such Certificate of Compliance shall be in such form as to permit it to be recorded in the Office of the County Recorder of San Diego County.

A Certificate of Compliance shall be, and shall so state, conclusive determination of satisfactory completion of the construction required by this Lease upon the Premises and of full compliance with the terms hereof.

The Board shall not unreasonably withhold or delay any Certificate of Compliance. If the Board refuses or fails to furnish a Certificate of Compliance for the Premises after written request from Lessee, the Board shall, within ten (10) days of the next regularly scheduled Board meeting after such written request, provide Lessee with a written statement of the reasons the Board refused or failed to furnish a Certificate of Compliance. The statement shall also contain the Board's opinion of the action Lessee must take to obtain a Certificate of Compliance. If the reason for such refusal is confined to the immediate unavailability of specific items or materials for landscaping, the Board will issue its Certificate of Compliance upon the posting of a bond by Lessee with the Board in an amount representing a fair value of the work not yet completed.

Such Certificate of Compliance shall not constitute evidence of compliance with or satisfaction of any obligation of Lessee to any holder of a mortgage or any insurer of a mortgage securing money loaned to finance the improvements or any part thereof. Such Certificate of Compliance is not notice of completion as referred to in California CIVIL CODE Section 3093.

P. [§ 416] Construction of Trolley Parking Facilities

Lessee, at its sole cost and expense, shall design, obtain all permits and entitlements for, and construct the Trolley Parking Facilities in accordance with the approved Final Construction Drawings and Related Documents in the time and manner provided for in **Section 407**. The Trolley Parking Facilities shall be constructed to a standard at least equivalent to the other parking provided for the Project.

V. [§ 500] USE OF THE PREMISES AND THE IMPROVEMENTS

A. [§ 501] Use of the Premises and the Improvements

1. Permitted Use. Lessee shall have the right and Lessee covenants and agrees to develop the Premises, make the Improvements and use the Premises, in accordance with the provisions of this Lease, for the operation of the Project (as defined in **Section 106** above) and for no other purposes.

2. Operation, Management and Use of the Trolley Parking Facilities.

(a) After receipt of a certificate of occupancy for the Trolley Parking Area, Board shall at all times have exclusive use of (except as specifically noted below in **Section 501(2)(b)**) and control over the operation, management and use of all of the Trolley Parking Areas. Board shall at all times have the right to install signage, gates, security guards and other access control measures within the Trolley Parking Areas to restrict access to the persons authorized by the Board to enter the Trolley Parking Areas.

(b) Neither Lessee nor its subtenants nor any other residents or users of the Project nor their respective family members, employees, customers, contractors, agents, guests or invitees shall have any right to enter or use any part of the Trolley Parking Areas, except as specifically noted below in this **Section 501(2)(b)** and **Section 705(2)(c)**. Of the One Hundred Fourteen (114) parking spaces within the ground floor of the Parking Garage, One Hundred (100) shall be designated for the exclusive use of the Board, the remaining Fourteen (14) spaces shall be designated for the use of retail employees and patrons, residential guests, and employees of the residential management company. Notwithstanding the preceding sentence, Lessee, its tenants and other persons authorized by Lessee to enter the Premises shall have the non-exclusive right to use the following areas within or adjacent to the Trolley Parking Areas for the described purposes only:

(1) The pedestrian walkways and the driveways within the ground floor of the Parking Garage for pedestrian and vehicular ingress and egress by Lessee's contractors, maintenance personnel and utility providers to access the machine rooms, elevator lobbies, electrical rooms, trash compactors and multiple point of entry ("MPOE") rooms for fire safety, telephone, cable, low voltage and related facilities (collectively, the "**Maintenance and**

Utility Rooms”), which ingress and egress shall be limited to access reasonably required for the operation, maintenance, repair and replacement by Lessee or the applicable utility provider of the equipment in the Maintenance and Utility Rooms.

(c) Lessee shall, at Lessee's expense, notify all of its subtenants of these restrictions on parking in the Trolley Parking Areas by (i) including a notice in a written addendum to its sublease (in a form approved by the Board), and (ii) including a notice in any periodic newsletters or other communications then sent by Lessee to its subtenants from time to time. Lessee shall, at Board's request and expense, cooperate reasonably with the Board's efforts to prevent Lessee's subtenants, any other residents or users of the Project, and their respective family members, employees, customers, contractors, agents, guests and invitees from parking in the Trolley Parking Areas.

(d) Lessee shall notify its retail subtenants that they do not have any parking rights included with their subleases but that they may lease parking spaces from the Board for their use. The Board agrees to make a reasonable number of parking spaces in the Trolley Parking Areas available to Lessee's retail subtenants for rent at a price and on terms as reasonably determined by the Board from time to time.

(e) Nothing in this Lease shall restrict or impair in any way the Board's rights or discretion to operate, manage, use, transfer, close or rehabilitate the Trolley Parking Areas for such purposes as the Board determines from time to time in its sole discretion; provided, however, that Board shall not change the use of the Trolley Parking Areas from parking uses to another use which would materially adversely affect the operation, structural integrity, maintenance, access, value, marketability or desirability of the Project.

3. Limitation on Access to Project by Trolley Patrons. The trolley patrons shall have no right to enter or use any part of the Premises except for: (a) the Trolley Parking Areas; (b) all driveways, ramps, walkways and any stairways that extend between the Trolley Parking Areas; and (c) all exterior walkways on the ground levels of the Premises. Board shall at all times have full rights for access and utilities to and support of the Trolley Parking Areas and to access the mechanical, electrical and MPOE rooms within the Project that serve the Trolley Parking Facilities. Lessee shall at all times have the right to install signage, gates, security guards and other access control measures to restrict access to all other portions of the Premises to the tenants and other persons authorized by the Lessee to enter the Premises.

B. [§ 502] Change in Use

1. Lessee shall have the right from time to time to request that the Board approve a change in use of the Premises from a residential multi-family development with ancillary commercial space to some other use. The Board shall not unreasonably withhold its approval to such request, provided that the proposed new use is a transit-oriented and pedestrian-oriented development. It shall be reasonable for the Board to impose as a condition to its consent to a proposed change in use that this Lease be amended in such respects as the Board may reasonably require to address any new considerations brought about by the proposed new use of the Premises, including, without limitation, an increase in the Rent payable under the Lease to reflect the increase, if any, in the Fair Market Value of the Premises resulting from the change in

permitted use. In no event shall Rent be decreased. A change in the use of the Retail Space shall not be deemed a change in use of the Premises.

2. A condominium conversion of the Project shall be considered a change in use. Lessee shall not sell any residential or retail units as condominiums, or separately finance and encumber any residential or retail units, without the prior written consent of the Board, which consent may be withheld by the Board in its sole discretion. In connection with any such approval, the Board shall have the right to require an amendment to this Lease to compensate for the loss in Rent resulting from such sales. All costs incurred by Board to determine whether or not to approve a change in use (including any costs incurred by Board for the amendment of this Lease required by such request) shall be paid by Lessee.

C. [§ 503] Management of the Premises and the Improvements

The Premises and the Improvements (exclusive of the Trolley Parking Facilities) shall be managed or caused to be managed by Lessee in a prudent and businesslike manner. Board shall have the right of approval (which approval shall not be unreasonably withheld or delayed) over any prospective management agent of the Project or any part thereof at all times during the Term of this Lease. Board hereby approves FPI Property Management, Inc. as the initial management agent of the Premises.

D. [§ 504] Obligation to Refrain from Discrimination

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information of that person in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises or the Improvements, and Lessee itself or any person or entity claiming under or through it shall not establish or permit any such practice or practices of discrimination, or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Premises or the Improvements.

E. [§ 505] Form of Nondiscrimination and Nonsegregation Clauses

All deeds, leases or contracts pertaining to the rental, sale or lease of the Premises, the Improvements, or any portion thereof, shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information of that person in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee itself or any person claiming under or through it,

establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land.”

2. In leases: “The lessee covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through it, and this lease is made and accepted upon and subject to the following conditions:

There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information of that person, in the leasing, subleasing, transferring, use, or enjoyment of the land herein leased nor shall the lessee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees in the land herein leased.”

3. In contracts: “There shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information of that person in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land.”

No such language is required to be included in the documents evidencing or securing a Permitted Mortgage.

F. [§ 506] Rights of Access for Construction, Repair and Maintenance of the Trolley Parking Facilities

The Board reserves the right to enter the Premises or any part thereof at all reasonable times and with as little interference to other activities on the Premises as possible for the purposes of maintenance, repair or service of any utilities or other facilities located on the Premises which serve the Trolley Parking Facilities, including without limitation any utility improvements. Any such entry shall be made only after reasonable notice to Lessee, and the Board shall indemnify, defend and hold harmless Lessee from any claims or liabilities pertaining

to any such entry or work. Any damage or injury to the Premises or to the improvements thereon resulting from such entry shall be promptly repaired at the sole expense of the Board.

G. **[§ 507] Quiet Enjoyment**

Subject to **Sections 412 and 506**, the Board covenants and agrees that Lessee, by keeping and performing the covenants herein contained, shall at all times during the Term of this Lease peaceably and quietly have, hold and enjoy the Premises and the Improvements, without unreasonable hindrance or interruption by Board or Board's agents, or by any other person or persons lawfully claiming by, through or under Board.

VI. **[§ 600] LAWS, UTILITIES AND TAXES**

A. **[§ 601] Compliance With Laws**

1. Lessee shall, at its sole cost and expense, comply with and shall require any Operator of the Project and any occupants or sublessees of the Project (other than the Board and any users of the Trolley Parking Facilities) to comply with:

(a) All federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations and ordinances (herein sometimes collectively referred to as "law") affecting the Premises or the Improvements thereon, or any part thereof, or the use thereof, including those which require the making of any structural, unforeseen or extraordinary changes to the Premises or the Improvements, whether or not any such statutes, laws, rules, orders, regulations or ordinances which may be hereafter enacted were within the contemplation of the parties at the time of execution of this Lease, or involve a change of policy on the part of the governmental body enacting the same; and

(b) All rules, orders and regulations of the National Board of Fire Underwriters or other bodies exercising similar functions in connection with the prevention of fire or the correction of hazardous conditions which apply to the Premises and the Improvements constructed thereon; provided, however, that nothing in this **Section 601** shall be construed to require Lessee to meet the standards of any future law which by its terms does not then apply to the Premises, the Improvements thereon or the use, operation or occupancy thereof (for example, changes in building codes that apply prospectively and do not require alterations of existing structures).

B. **[§ 602] Utilities**

Lessee agrees to pay or cause to be paid, as and when they become due and payable, all charges for water, gas, light, heat, telephone, electricity, garbage, refuse and all other utility and communication services rendered or used on or about the Premises or the Improvements (exclusive of the Trolley Parking Facilities) at all times during the Term of this Lease.

C. **[§ 603] Impositions (Including Taxes and Assessments)**

1. **[§ 604] Payment Generally.** Subject to the provisions of **Section 609** and other limitations in **Sections 600 through 611**, Lessee agrees to pay or cause to be paid, as and

when they become due and payable, and before any fine, penalty, interest or cost may be added thereto, or become due or be imposed by operation of law for the nonpayment thereof, all taxes, assessments, franchises, excises, licenses and permit fees, and other governmental levies and charges, general and special, ordinary and extraordinary, unforeseen and foreseen, of any kind and nature whatsoever which at any time during the Term of this Lease may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or in respect of, or become a lien on: (a) the Premises, the Improvements, or any part thereof; (b) the rent and income received by Lessee from subtenants, guests or others for the use or occupation of all or any part of the Premises or the Improvements thereon; or (c) the transactions contemplated herein or any document to which Lessee is a party, creating or transferring an interest or estate in the Premises. [Notwithstanding the foregoing, the Board shall reasonably cooperate with the Lessee from time to time throughout the term of this Lease to apply for exemption of the Trolley Parking Facilities from assessment and taxation.] Notwithstanding the foregoing, the Board acknowledges that the Lessee may seek an exemption from real property taxes pursuant to Section 214(g) of the California Revenue and Taxation Code. All such taxes, franchises, excises, licenses and permit fees, and other governmental levies and charges shall herein be referred to as “**Impositions**”, and any of the same shall herein be referred to as an Imposition. Any Imposition relating to a fiscal period of the taxing authority, a part of which period is included within the Term of this Lease and a part of which is included in a period of time before the Effective Date or after the expiration of the Term of this Lease, shall (whether or not such Imposition shall be assessed, levied, confirmed, imposed upon, or become a lien upon the Premises or the Improvements thereon, or shall become payable, during the Term of this Lease) be adjusted between Board and Lessee, and Lessee shall pay that portion of such Imposition relating to that part of such fiscal period occurring before the expiration of the Term of this Lease, and Board shall pay the remainder thereof, if any.

2. [§ 605] Payment of Impositions in Installments. If, by law, any Imposition may at the option of the payer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Lessee may exercise the option to pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments and, in such event, shall pay such installments as may become due during the Term of this Lease as the same become due and before any fine, penalty, further interest or cost may be added thereto; provided, however, that the amount of any installments of any such Imposition which will be the responsibility of Lessee pursuant to **Section 604** above, and which are to become due and payable after the expiration of the Term of this Lease, shall be deposited with Board for such payment on or before the date which is sixty (60) days prior to the date of such expiration; it being understood that installments payable for the period subsequent to the expiration of the Lease are not the responsibility of Lessee as provided in **Section 604**.

3. [§ 606] Board Right to Cure. Subject to the provisions of **Section 609**, if Lessee, in violation of the provisions of this Lease, shall fail to pay and to discharge any Imposition before its delinquency, Board may (but shall not be obligated to) pay or discharge it, and the amount paid by Board and the amount of all costs, expenses, interest and penalties connected therewith, including attorneys' fees, together with interest at an annual rate which is the lesser of three percent (3%) over the prime rate published in the western edition of the Wall Street Journal on the date payment is made by Board, or the highest annual rate which may lawfully be charged and collected under applicable law, from the date payment is made by

Board, shall be deemed to be and shall be payable by Lessee as additional Rent and shall be paid to Board by Lessee on demand.

4. [§ 607] Tax Receipts. Lessee shall furnish to Board, on or before the date when any Imposition would become delinquent, official receipts of the appropriate taxing authority or other evidence satisfactory to Board evidencing payment thereof.

5. [§ 608] Limits of Tax Liability. The provisions of this Lease shall not be deemed to require Lessee to pay municipal, county, state or federal income or gross receipts or excess profits taxes assessed against Board, or municipal, county, state or federal capital levy, estate, succession, inheritance, gift, or transfer taxes of Board, or corporation franchise taxes imposed upon any corporate owner of the fee of the Premises; except, however, that Lessee shall pay all taxes assessed by any governmental authority upon the value of the Lessee's possessory interest in the Premises and the Improvements thereon or by virtue of any operation by Lessee conducted on or out of the Premises and the Improvements. It is agreed that in the event the State of California or any taxing authority thereunder changes or modifies the system of taxing real estate so as to tax the rental income from real estate in lieu of or in substitution (in whole or in part) for the real estate taxes and so as to impose a liability upon Board for the amount of such tax, then Lessee shall be liable under this Lease for the payment of the taxes so imposed during the Term of this Lease to the extent of the Board's liability therefor, including any renewal thereof, to the same extent as though the alternative tax was a tax upon the value of the Premises and the Improvements.

6. [§ 609] Permitted Contests. Lessee shall have the right to contest the validity or the amount in part or in full, of any Imposition which it is obligated to pay under the provisions of this Lease. Lessee agrees that all such proceedings shall be commenced within the period allowed by law after any contested item is imposed and shall be prosecuted to final adjudication with reasonable dispatch. Nothing herein shall be construed to limit or prevent Board from opposing any such contest which may be instituted by Lessee hereunder.

Lessee shall give Board prompt notice in writing of any such contest at least twenty (20) Business Days before any delinquency occurs if Lessee intends to withhold payment of the Imposition pending determination of the contest or at least twenty (20) Business Days before institution of any contest if Lessee intends to contest such Imposition subsequent to payment thereof. Lessee may only exercise its right to contest an Imposition hereunder while withholding payment thereof if (i) the subject legal proceedings shall operate to prevent the collection of the Imposition so contested, or the sale of the Premises, the Improvements, or any part thereof, to satisfy the same, or (ii) if Lessee shall, prior to the date such Imposition is due and payable, have given such reasonable security as may be required by Board from time to time in order to insure the payment of such Imposition to prevent any sale, foreclosure or forfeiture of the Premises, the Improvements, or any part thereof, by reason of such nonpayment. In the event of any such contest and the final determination thereof adversely to Lessee, Lessee shall, before any further fine, interest, penalty or cost may be added thereto for nonpayment thereof, pay fully and discharge the amounts involved in or affected by such contest, together with any penalties, fines, interest, costs and expenses that may have accrued thereon or that may result from any such contest by Lessee and, after such payment and discharge by Lessee, Board will promptly return to Lessee such security as Board shall have received in connection with such contest.

Any such proceedings to contest the validity or amount of any Imposition or to recover any Imposition paid by Lessee shall be prosecuted by Lessee at Lessee's sole cost and expense; and Lessee shall indemnify, protect, defend and hold harmless Board against any and all claims, losses, liabilities, damages, costs or expenses of any kind, including, but not limited to, reasonable attorneys' fees and expenses, which may be imposed upon or incurred by Board in connection therewith.

7. [§ 610] Notice of Possessory Interest; Payment of Taxes and Assessments on Value of Entire Property. In accordance with California REVENUE AND TAXATION CODE §107.6(a), Board states that by entering into this Lease, a possessory interest subject to property taxes may be created. Lessee or any other party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest.

Without limiting the foregoing, in the event the Premises or the Improvements thereon, or any possessory interest therein, should at any time be subject to ad valorem taxes or assessments levied, assessed or imposed on such property, Lessee shall pay taxes and assessments upon the assessed value of the entire property, and not merely upon the assessed value of its leasehold interest; provided, however, that Lessee shall have no obligation to pay any ad valorem taxes or assessments levied, assessed or imposed on any possessory interest in the Trolley Parking Facilities.

D. [§ 611] Other Liens

Lessee shall not, directly or indirectly, create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, encumbrance or charge on or pledge of the Premises, the Improvements or any part thereof, or Lessee's interest therein, or the Base Rent or other sums payable by Lessee under this Lease, (including, but not limited to, the liens of mechanics, laborers, materialmen, suppliers or vendors for work or materials alleged to be done or furnished in connection with the Premises, the Improvements, and any other improvements thereon), other than any Permitted Mortgage as is permitted pursuant to **Section 900 *et seq.***, and other than liens or encumbrances created by Board in accordance with **Section 109**. Lessee shall notify Board promptly of any lien or encumbrance which has been created on or attached to the Premises or the Improvements, or to Lessee's leasehold estate therein, whether by act of Lessee or otherwise, but other than such liens or encumbrances created by Board, and Lessee shall remove, or shall have removed, any lien, encumbrance, levy or attachment made on the Premises, or any portion thereof, or shall assure the satisfaction thereof within a reasonable time. Nothing herein contained shall be deemed to prohibit Lessee from contesting in good faith the validity or amounts of any tax, assessment, encumbrance or lien, nor to limit the remedies available to Lessee with respect thereto, provided such contest does not subject the Premises, or any portion thereof, to forfeiture or sale and Lessee posts a bond or other security in form and amount reasonably acceptable to the Board. The existence of any mechanic's, laborer's, materialmen's, supplier's or vendor's lien, or any right in respect thereof, shall not constitute a violation of this Section if payment is not yet due upon the contract or for the goods or services in respect of which any such lien has arisen.

Board shall not, directly or indirectly, create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, encumbrance, charge or pledge of the Premises, which is or may be superior to Lessee's interest therein or the nonpayment of which

would impair Lessee's rights therein, except as expressly required or permitted by **Section 109** above.

VII. [§ 700] OWNERSHIP OF AND RESPONSIBILITY FOR IMPROVEMENTS AND PERSONAL PROPERTY

A. [§ 701] Ownership During Term

1. [§ 702] Improvements. All Improvements constructed on the Premises by Lessee as permitted or required by this Lease shall, during the Term of this Lease, be and remain the property of Lessee, and Board shall not have title thereto; provided, however, that, except as otherwise provided in this Lease with respect to Damage and Destruction (**Section 708**), Eminent Domain (**Section 1100**) and Alterations (**Section 707**), Lessee shall have no right to waste, destroy, demolish or remove the Improvements; and provided further that Lessee's rights and powers with respect to the Improvements are subject to the terms and limitations of this Lease.

For purposes of this Lease, the Improvements shall include (without limitation) all of those building components, furnishings, fixtures and equipment necessary for operation of the basic building systems and parking facilities, such as, but not limited to, chillers, boilers, plumbing, sanitary fixtures and central air cooling systems, security systems, electrical distribution systems, telephone, computer, fiber optic, and other cable systems that are affixed to the Premises or Improvements so as to result in damage to the Improvements (not repaired by Lessee), or impairment of the use of the Improvements, upon removal thereof. Board and Lessee covenant for themselves and all persons claiming under or through them that the Improvements are real property.

2. [§ 703] Personal Property. All personal property located on the Premises shall remain the property of Lessee, and Board shall not have title thereto. Personal property shall include all furnishings, fixtures and equipment which are not affixed to the Premises or the Improvements thereon so as to result in damage to the Improvements, or impairment of the use of the Improvements, upon removal thereof.

B. [§ 704] Ownership at Termination

Lessee shall not be required or permitted to remove the Improvements at the expiration or sooner termination of the Term of this Lease. Lessee shall remove the personal property at the expiration or sooner termination of the Term of this Lease. Any personal property owned by Lessee and not removed by Lessee within thirty (30) days after expiration or sooner termination of the Lease, shall, at the election of Board, and without compensation to Lessee: (i) become Board's property, free and clear of all claims to or against them by Lessee or any third person, firm or entity; (ii) be disposed of or destroyed by Board; or (iii) at Lessee's cost and expense, be placed in storage on behalf of Lessee, for such time as Board shall deem appropriate or until reclaimed by Lessee, whichever is sooner. Upon termination of this Lease, whether by expiration of the Term or otherwise, the Improvements on the Premises shall, without compensation to Lessee, then become Board's property, free and clear of all claims to or against them by Lessee or any third person, firm or entity. Notwithstanding anything in this **Section 704** to the contrary, Lessee shall have no right to remove any Improvements, and Board shall not

have the right to remove the same and shall not acquire title thereto, if Board enters into a new lease pursuant to **Section 902**. Lessee shall indemnify, defend, protect and hold harmless Board from and against any and all liability, loss, damage, cost or expense (including attorneys' fees and court costs) arising from any claims with respect to the ownership or any interest in the Improvements (except claims arising due to Board's actions) or from Board's exercise of the rights conferred by this **Section 704**.

C. **[§ 705] Maintenance and Repair of Improvements**

1. **Lessee's Maintenance of Improvements.** Subject to the provisions of this Lease concerning condemnation, alterations, damage and destruction, Lessee agrees to maintain or cause to be maintained in good order, repair and operation the Premises and the Improvements, including all furnishings, fixtures and equipment of Lessee thereon or therein throughout the Term of this Lease without expense to Board, and to perform or cause to be performed all repairs and replacements necessary to maintain and preserve the Premises and the Improvements, including furnishings, fixtures and equipment of Lessee, in a decent, safe and sanitary condition, in compliance with applicable laws, and equal in value, quality and use to the condition of the Improvements, including furnishings, fixtures and equipment of Lessee, as originally constructed or installed, reasonable wear and tear excepted; and Board shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the Project. Lessee hereby expressly waives all right to make repairs at Board's expense under Sections 1941 and 1942 of the California CIVIL CODE, as either or both may from time to time be amended, replace or restated. Any subsidence of soil or soil condition causing damage or destruction to the Premises or the Improvements shall be treated as a casualty in accordance with **Sections 708 and 709**. All landscaping required to be planted as part of the Project shall be maintained in a healthy condition.

2. **Maintenance and Repair of Trolley Parking Facilities.**

(a) Subject to the provisions of this Lease concerning condemnation, damage and destruction, Lessee agrees to provide janitorial services and to maintain (or cause to be maintained) the Trolley Parking Facilities in good order and repair throughout the Term of the Lease, and to perform or cause to be performed all repairs and replacements necessary to maintain and preserve the Trolley Parking Facilities in a decent, safe and sanitary condition, in compliance with applicable laws, and at least equivalent in value, quality and use to the condition of: (i) the Trolley Parking Facilities, as originally constructed or installed, reasonable wear and tear excepted, and (ii) the other parking facilities in the Project (the "**Apartment Parking Facilities**"). Lessee agrees to retain the same independent contractor (or contractors) to maintain both the Trolley Parking Facilities and the Apartment Parking Facilities with the expectation that the Board and Lessee will each benefit from uniform maintenance standards and economies of scale.

(b) Lessee's obligations under **Section 705(2)(a)** shall include the structural elements of the Trolley Parking Facilities (including, without limitation, the foundations, slabs, columns, beams and parking decks above) (the "**Structural Elements of the Parking Garage**"), all fire sprinkler systems and any other building systems shared by the Trolley Parking Facilities and the rest of the Project (the "**Shared Building Systems**"), and any

repairs to or replacements of portions of the Parking Garage that are the result of defects in the design or construction of the Parking Garage ("**Construction Defects**").

(c) Board hereby grants to the Lessee, and the Lessee's agents and employees, a license to enter the Trolley Parking Facilities at all reasonable times for the purpose of maintaining, repairing and replacing the Trolley Parking Facilities. Such entry shall be at the sole risk and expense of the Lessee and the Lessee shall defend, indemnify and hold the Board harmless from all damages, liabilities, claims, costs and expenses resulting from Lessee's entering onto the Trolley Parking Facilities, except to the extent caused by the sole negligence or willful misconduct of the Board or its officers, employees agents, and trolley patrons.

(d) Notwithstanding **Section 705(2)(a)** above, the Board may elect by delivery of not less than sixty (60) days prior written notice to Lessee, to assume and take over the maintenance and repair of the Trolley Parking Facilities (other than Structural Elements of the Parking Garage, Shared Building Systems, and Construction Defects, which shall all remain the responsibility of Lessee) as of the date specified in such written notice, in which case the Board shall cause the Trolley Parking Facilities (other than Structural Elements of the Parking Garage, Shared Building Systems, and any Construction Defects) to be maintained and repaired in a decent, safe and sanitary condition, in compliance with applicable laws, at its sole cost and expense, from and after the date specified in such notice.

3. Costs of Maintenance of Trolley Parking Facilities.

(a) Except as provided in **Section 705(3)(f)** below, the Board's share of all costs incurred by Lessee to retain an independent contractor (or contractors) to maintain, repair and/or replace the Trolley Parking Facilities (collectively, the "**Parking Garage Maintenance Costs**") shall be equal to 87.72% of the cost to maintain the ground level of the Parking Garage. This percentage is determined based on One Hundred and Fourteen (114) total parking spaces on the ground floor of the Parking Garage, of which One Hundred (100) are dedicated for the exclusive use of the Board ($100/114 = 87.72$). The Board's allocable share of the Parking Garage Maintenance Costs shall be referred to as the "**Trolley Parking Maintenance Costs.**"

(b) The Parking Garage Maintenance Costs shall include the costs to require that such independent contractor maintain for the benefit of the Lessee and the Board as additional insureds, commercial general liability insurance to insure against any and all liability, loss, damage, cost or expenses arising from any claims with respect to the maintenance, repair and replacements of the Trolley Parking Facilities performed by such contractor, with liability limits of not less than Two Million Dollars (\$2,000,000), Adjusted for Inflation.

(c) Should the Board elect to take over the maintenance and repair of the Trolley Parking Facilities pursuant to **Section 705(2)(d)** above, the Board shall have no further responsibility for Parking Garage Maintenance Costs incurred by Lessee from and after the date the Board takes over the maintenance and repair of the Trolley Parking Facilities.

(d) The Parking Garage Maintenance Costs shall not include, and Lessee shall be solely responsible for, all costs and expenses of the maintenance, repair and replacement of: (i) the Structural Elements of the Parking Garage; (ii) all Shared Building

Systems; and (iii) any Construction Defects. The actual expenses incurred by the Lessee to repair damage to the Structural Elements of the Parking Garages or Shared Building Systems caused by the Board, its officers, employees or agents shall be paid by the Board to the Lessee within thirty (30) days following presentation of written demand and reasonable supporting documentation. In the event damage is caused by trolley patrons or other parties authorized by the Board to use the Trolley Parking Facilities, Lessee and Board shall cooperate and share with the other party any information it may have about the third party who caused such damage so that the Board or Lessee may recover the costs from the responsible party.

(e) Within ninety (90) days after the end of each calendar year, Lessee shall provide the Board with a certified statement, together with supporting paid invoices and paid receipts and other materials setting forth the Trolley Parking Maintenance Costs. Lessee shall maintain separate books and records with respect to the Trolley Parking Maintenance Costs. Board shall have the right, at any time and from time to time upon reasonable notice to Lessee, and at Board's expense, to have an employee of the Board or a public or non-profit entity affiliated with the Board review and examine Lessee's records relating to the Trolley Parking Maintenance Costs for any given period. In addition, Board shall have the right, at any time upon reasonable notice to Lessee and at Board's sole expense, to have Lessee's records relating to the Trolley Parking Maintenance Costs for any given Lease Year audited by a disinterested, reputable firm of certified public accountants (compensated on an hourly basis) who are actively engaged in the practice of their profession and who are to be selected by Board. The following limitations shall apply to each such review and examination or audit: (a) any such review and examination or audit shall be conducted during normal business hours at the offices where such records are routinely maintained by Lessee; (b) a review and examination or audit shall be conducted not more than twice in any Lease Year; and (c) any review and examination or audit shall be conducted so as to minimize interference with Lessee's business operations, to the extent reasonably possible. If Board does not request an audit within three (3) years after receipt of Lessee's annual statement, then, except in any case where the Board reasonably suspects fraud or intentional misrepresentation of the Trolley Parking Maintenance Costs, such statement shall be conclusively presumed to be accurate and Board shall have no right to require an audit with respect to the period covered by such statement.

4. Reserved.

5. Security. The Board shall provide such security services for the Trolley Parking Facilities as the Board may from time to time provide at the Board's other similarly situated trolley station parking facilities; provided, however, that it is expressly understood that such security services shall be for the sole benefit of the Board, its employees and trolley patrons and not for Lessee, its investors, lenders, tenants, or the occupants and visitors of the Project. Lessee and its tenants shall provide security for the Project at least comparable to that customarily provided for similar multifamily residential developments; provided however, that it is expressly understood that such security services shall be for the sole benefit of the Lessee, its employees and tenants, and not for the Board or for trolley patrons. Board and Lessee recognize that provisions of security services cannot prevent or protect against all criminal acts. Neither Board nor Lessee shall be responsible for the criminal acts of a third party. Board and Lessee shall use reasonable efforts to coordinate security services at the Premises to ensure for the consistent operation of the Premises.

D. **[§ 706] Waste**

Lessee shall not commit or suffer to be committed any voluntary or permissive waste of the Premises or the Improvements, or any part thereof.

Subject to Section 705(2)(d) hereof, Lessee agrees to keep or cause to be kept the Premises and the Improvements clean and clear of refuse and obstructions and to promptly dispose of all garbage, trash and rubbish.

E. **[§ 707] Additional Construction, Alterations and Repairs**

1. **General Construction Standards.** All additional construction after the issuance of the Certificate of Compliance, alteration or repair work permitted herein shall be accomplished expeditiously and diligently. Lessee shall pay (or cause to be paid) all costs and expenses associated therewith. Lessee shall take all reasonably necessary measures to minimize any damage, disruption or inconvenience caused by such work and make adequate provision for the safety and convenience of all persons affected thereby. Lessee shall repair, at its own cost and expense, any and all damage caused by such work and shall restore the area upon which such work is performed to a condition which is equal to or better than the condition which existed prior to the beginning of such work. Dust, noise and other effects of such work shall be controlled using the best accepted methods customarily utilized in order to control such deleterious effects associated with construction projects in a populated or developed area.

2. **Board's Approval of Plans.** Board's rights of approval with respect to any construction work undertaken prior to Board's issuance of the Certificate of Compliance shall be governed by the provisions of **Section 400 *et seq.*** Following completion of the construction of the Project pursuant to this Lease and issuance of said Certificate of Compliance, any construction or remodeling undertaken by Lessee on the Premises or the Improvements shall be governed by the following:

(a) Lessee shall have the right, following issuance of said Certificate of Compliance, without Board's consent (but subject to all other provisions of this Lease), to undertake any construction, reconstruction or alterations of the Project which will not (a) change the use of the Project to a non-permitted use; (b) materially reduce the value of the Improvements; (c) adversely affect the Trolley Parking Facilities; or (d) materially change the pre-existing location, design, height, bulk, architecture or exterior appearance (exclusive of color) of the Improvements on the Premises. Without limiting the generality of the foregoing, any construction, reconstruction or alteration which would create an exterior building facade not conforming with the elements of the original construction for the Project shall be deemed "material" for the purposes of this Section.

(b) If Lessee at any time following issuance of said Certificate of Compliance desires to undertake any construction, reconstruction or remodeling on the Project which is not exempt from Board's approval as provided in Subsection (a) above (a "**Material Alteration**"), Lessee shall, prior to commencement of the Material Alteration, prepare or cause to be prepared, at its sole expense, and submit to Board for its review and written approval, preliminary plans for the Material Alteration showing, without limitation, scaled elevations, scaled floor plans, design concepts, dimensions, material selection, colors, signing (if any) and

such additional information as is reasonably necessary for Board to make an informed decision on such submission. Board shall approve or disapprove such submitted preliminary plans within thirty (30) days of receipt of complete preliminary plans meeting the requirements of this Subsection, and such approval shall be in the reasonable discretion of Board. Failure of Board to specify any objection to such preliminary plans or make a proposal that would add to or change the preliminary plans within such 30-day period shall be deemed to be an approval. If the preliminary plans are approved by Board, Lessee shall prepare or cause to be prepared, at its sole cost and expense, and submit to Board for its review and written approval, final plans and specifications developed from the approved preliminary plans, which approval shall not be withheld, provided that the final plans and specifications are in conformity with the approved preliminary plans and are in compliance with existing building codes and other laws, regulations and ordinances. Board shall approve or disapprove the final plans and specifications within thirty (30) days of receipt of complete final plans and specifications. Failure of Board to specify any objection to such final plans and specifications or make a proposal that would add to or change the final plans and specifications within such 30-day period shall be deemed an approval.

(c) Each document submitted for Board's review pursuant to Subsection (b) above shall contain a cover page prominently listing the date mailed, the required return date and a statement to the effect that the document will be deemed approved by Board pursuant to Subsection (b) unless written objection thereto is given within the time period herein specified.

(d) No material changes to the approved plans and specifications for a Material Alteration shall be made without the prior written approval of Board, which approval shall not be unreasonably withheld or delayed, and shall be deemed approved if not rejected as set forth in Section 707(2)(b) hereof.

3. Use of Plans. Any contracts entered into after the Effective Date of Lease for a Material Alteration with any architect, other design professional or any general contractor shall provide, in form and substance reasonably satisfactory to Board, for the assignment thereof to Board as security to Board for Lessee's performance hereunder, and Board shall be furnished with any such agreement, together with the further agreement of the parties thereto, that if this Lease is terminated due to Lessee's default, Board may use any plans and specifications to which Lessee is then entitled pursuant to any such contract without payment of any further sums to any party thereto. Board's rights to said contracts and plans shall be subordinate to those of a Permitted Mortgagee.

4. Compliance With Construction Documents and Laws; Issuance of Permits. All improvements on the Premises shall be constructed in strict compliance with any construction documents approved by Board under this Lease and also in strict compliance with all applicable local, state and federal laws and regulations. Lessee shall have the sole responsibility for obtaining all necessary permits and shall make application for such permits, directly to the person or governmental agency having jurisdiction.

5. Construction Safeguards. Lessee shall erect and properly maintain at all times, as required by the conditions and the progress of work performed by Lessee, all necessary safeguards for the protection of workers and the public.

6. Conditions to Commencement of Material Alteration. In no event shall Lessee commence any Material Alteration on the Premises until the following conditions have been satisfied or waived by Board, in addition to other conditions and requirements imposed by this Lease:

(a) Board has approved Lessee's final plans and specifications for the Material Alteration or such final plans and specifications have been deemed approved pursuant to **Section 707(2)(b)** above;

(b) Lessee has obtained financing and equity capital necessary for the full payment of construction of the Material Alteration, together with any required operating capital, if any;

(c) Lessee has obtained building permits and all other governmental approvals necessary for the construction of the Material Alteration; and

(d) Lessee has entered into complete and binding contracts with its contractor or contractors for the construction of the Material Alteration, which contracts have been approved by Board to the extent such contracts exceed \$500,000.

Lessee shall promptly provide the Board with such evidence as the Board may reasonably request that such conditions have been satisfied.

7. Board's Cooperation. Board shall cooperate with and assist Lessee in every reasonable way in Lessee's efforts to obtain all governmental consents, approvals, permits or variances which may be required for the performance of any construction permitted under the terms of this Lease. Such cooperation shall include, without limitation, Board's joinder in any application for any such consent, approval, permit or variance where joinder therein by the owner of the Premises is required by law, but such cooperation shall not require Board to incur any costs in connection therewith.

8. Rights of Access. Representatives of Board shall have the reasonable right of access to the Premises and any improvements thereon without charges or fees, at normal construction hours during the period of construction of any Material Alteration, for the purposes of ascertaining compliance with the terms of this Lease, including, but not limited to, the inspection of the construction work being performed, provided that such representatives shall be those who are so identified in writing by Board, shall be accompanied by Lessee's representatives if Lessee so desires, and shall comply with Lessee's contractor's reasonable rules for the construction site. Board shall indemnify Lessee and hold it harmless from any damage to the extent caused by the gross negligence or willful misconduct of Board or any representatives of Board during any inspection pursuant to this Subsection.

9. Notice of Completion. Upon completion of any construction, Lessee shall file or cause to be filed in the Official Records of the County of San Diego a Notice of Completion (the "**Notice of Completion**") with respect to the improvements, and Lessee shall deliver to Board, at no cost to Board, two (2) sets of the final as-built plans and specifications of the Material Alteration.

10. Protection of Board. Nothing in this Lease shall be construed as constituting the consent of Board, expressed or implied, to the performance of any labor or the furnishing of any materials or any specific improvements, alterations of or repairs to the Premises or the Improvements thereon, or any part thereof, by any contractor, subcontractor, laborer or materialman, nor as giving Lessee or any other person any right, power or authority to act as agent of or to contract for, or permit the rendering of, any services or the furnishing of any materials in such manner as would give rise to the filing of mechanics' liens or other claims against the fee of the Premises or the Improvements thereon. Board shall have the right at all reasonable times to post, and keep posted, on the Premises or the Improvements any notices which Board may deem necessary for the protection of Board and of the Premises and the Improvements thereon from mechanics' liens or other claims. In addition, but subject to **Section 609** hereof, Lessee shall make, or cause to be made, prompt payment of all monies due and legally owing to all persons doing any work or furnishing any materials or supplies to Lessee or any of its contractors or subcontractors in connection with the Premises and the Improvements thereon.

F. **[§ 708] Damage or Destruction**

Lessee agrees to give notice to Board of any fire or other damage that may occur on the Premises or the Improvements where the repair costs are estimated to exceed Two Million Dollars (\$2,000,000) as "**Adjusted for Inflation**" for the prior Lease Year, such notice to be given within ten (10) days of such fire or damage. Subject to the provisions of **Section 709**, if the Improvements shall be damaged or destroyed by any casualty (i) where the cost of restoration will not exceed fifty percent (50%) of the full insurable value of the Improvements as defined in **Section 1003**; and (ii) which is required to be insured against by the terms of this Lease or is actually insured against; and (iii) where the net insurance proceeds for restoration or rebuilding are sufficient to restore the Improvements, then Lessee agrees to make full repair of said damage and to restore the Improvements to the condition which existed prior to said damage with such alterations or changes thereto as are required by then current building codes or are approved by Board, provided that Board shall not unreasonably withhold or delay such approval. If Board's approval is so required, Lessee shall submit plans and specifications related thereto for Board's reasonable approval. If the Improvements shall be damaged or destroyed by any casualty where the cost of restoration will exceed the amount referred to in clause (i) above or where the casualty is not required to be insured against by the terms of this Lease and is not actually insured against or where the net insurance proceeds for restoration are insufficient to restore the Improvements, Lessee shall have the election to (x) restore the Improvements in the same manner as provided above; or (y) if the damage or destruction is by reason of an uninsured casualty, place the remaining Improvements in a clean, attractive, safe condition (which shall include, without limitation, the demolition and removal from the Premises of any portion of the Improvements which are not to be restored) and in compliance with all applicable laws and regulations and continue the Lease in effect without abatement or reduction of Rent payable under the Lease; or (z) terminate this Lease (unless termination is prohibited by Lessee's Permitted Mortgagee). Lessee shall deliver written notice to the Board no later than thirty (30) days following the settlement of the insurance proceeds but in any event within one hundred twenty (120) days from the damage notifying the Board of Lessee's election of the alternative described in clause (x), (y) or (z) in the preceding sentence. If Lessee fails to timely deliver to Board written notice of Lessee's election, then Lessee shall be presumed to have elected to

continue the Lease and restore the Improvements to the extent of available insurance proceeds. If Lessee elects to terminate, Lessee shall comply with all of the following conditions:

1. The net insurance proceeds shall be disbursed and applied as set forth in **Section 1006**.
2. Lessee shall deliver possession of the Premises and remaining Improvements to Board and shall quitclaim to Board all right, title and interest in the Premises and the remaining Improvements, if any.

As used herein, the term “**net insurance proceeds**” means the gross insurance proceeds paid by an insurer for loss or damage to the Improvements on the Premises less any and all reasonable costs and expenses (including, but not limited to, reasonable attorneys’ fees) incurred by Lessee to recover said proceeds. Lessee agrees promptly to commence and prosecute to completion the settlement of insurance proceeds with respect to any event of damage or destruction of the Improvements. “Net insurance proceeds” shall include (and not be reduced by) any insurance proceeds applied by a Permitted Mortgagee (or its agent) to the payment of obligations secured by a Permitted Mortgage.

Lessee agrees that preliminary steps toward performing repairs, restoration or replacement of the Improvements or portions thereof shall be commenced by Lessee within forty-five (45) days after settlement of insurance proceeds, but in any event within one hundred eighty (180) days after the event causing such damage or destruction and the required repairs, restoration or replacement shall be completed within a reasonable time thereafter.

Lessee agrees that, notwithstanding any other provision of this Lease, upon any event of damage or destruction to the Improvements, Lessee shall at its sole cost and expense (whether or not insurance proceeds are available therefor and whether or not Lessee terminates or intends to terminate this Lease but subject to reimbursement from insurance proceeds if and when available) immediately take such actions and undertake and complete such work as is necessary to assure the safe condition of the damaged Improvements pending the ultimate disposition of the Improvements. In any instance where Lessee may elect to terminate this Lease rather than restore the Improvements pursuant to this **Section 708** (or **709** below), if Lessee does not terminate this Lease, Lessee shall either restore the Improvements pursuant to subsection (x) of the applicable Section or place the remaining Improvements in a clean, attractive, safe condition pursuant to subsection (y) of the applicable Section, consistent with Lessee's election pursuant to this **Section 708** or **Section 709** below.

G. [§ 709] Damage or Destruction During Final Years of Term

Notwithstanding **Section 708** to the contrary, in the event of major damage or destruction (as defined in this Section) to the Improvements during the last seven (7) years of the Term of this Lease as the same may be extended as provided herein, Lessee shall have the election to (x) restore the Improvements as provided in **Section 708**, (y) if the damage or destruction is by reason of an uninsured casualty, place the remaining Improvements in a clean, attractive, safe condition (which shall include, without limitation, the demolition and removal from the Premises of any portion of the Improvements which are not to be restored) and in compliance with all applicable laws and regulations and continue the Lease in effect without abatement or reduction

in Rent; or (z) to terminate this Lease (unless termination is prohibited by Lessee's Permitted Mortgagee) provided Lessee complies with all of the following conditions:

1. Lessee shall give Board notice of termination as a result of such damage or destruction within forty-five (45) days after settlement of insurance proceeds, but in any event within one hundred eighty (180) days after the event causing such damage or destruction.

2. The net insurance proceeds shall be disbursed and applied as set forth in **Section 1006**.

3. Lessee shall deliver possession of the Premises and remaining Improvements to Board and shall quitclaim to Board all right, title and interest in the Premises and the remaining Improvements, if any.

Major damage or destruction to the Improvements, as used in this Section, means such damage or destruction that the cost of restoration will exceed fifty percent (50%) of the full insurable value of the Improvements (as defined in **Section 1003**), which percentage amount shall be reduced monthly on a pro rata basis over the above-referenced seven (7) year period. For example, if the damage occurs three (3) years prior to the end of the Term, major damage or destruction shall mean the cost of restoration in excess of thirty percent (30%) of the full insurable value of the Improvements.

H. **[§ 710] Liens; Indemnification**

Lessee agrees to hold Board and the Premises and Improvements free and harmless, and indemnify Board against, all claims, liabilities, liens, damages, costs and expenses, for labor and materials in connection with all construction, repairs or alterations undertaken by or on behalf of Lessee on the Premises or the Improvements and the cost of defending against such claims, including reasonable attorneys' fees. Board shall have the right to post and maintain on the Premises and the Improvements any notices of non-responsibility provided for under applicable law.

I. **[§ 711] Environmental Requirements**

1. Lessee shall not, without the Board's prior written consent, use, store, generate, dispose or otherwise allow any "**Hazardous Substances**" (as defined below) in, on, under or around the Premises or the Improvements; provided, however, that the Board's consent shall not be required for Lessee's use and storage of Hazardous Substances which are reasonably necessary in connection with the construction, operation, maintenance or repair of the Project, such as reasonable and customary quantities of cleaners, pool chemicals, and fuel in vehicles used on the Premises, products which are commonly and legally sold by retail stores, and materials commonly and legally used in construction materials for projects like the Project.

2. Lessee shall comply with all rules, laws and regulations relating to Hazardous Substances which Lessee uses, stores or allows in, on, or about the Premises or the Improvements.

3. Lessee shall not cause the unlawful release, deposit, discharge or disposal of any Hazardous Substances in, on, under or around the Premises or the Improvements.

4. Lessee shall not permit the unlawful release, deposit, discharge or disposal of any Hazardous Substances in, on, or under the Premises or the Improvements by its subtenants or any other residents or users of the Project or their respective invitees, agents, employees or contractors.

5. No above ground or underground storage tanks shall be installed on the Premises without Board's prior express written approval, which may be withheld in the Board's sole and absolute discretion.

6. Lessee shall be responsible for posting on the Premises and the Improvements (including the Trolley Parking Facilities) any signs required by any state, federal or local law, including, without limitation, Section 25249.6 of the California HEALTH AND SAFETY CODE and regulations promulgated pursuant thereto, but not including any such signs as may be uniquely required for public parking in the Trolley Parking Facilities and not required for the balance of the Project. Lessee shall also complete and file any business response plans or inventories required by any state, federal or local law, including, without limitation, Chapter 695 of the California HEALTH AND SAFETY CODE and regulations promulgated pursuant thereto. Lessee shall concurrently file a copy of any such business response plan or inventory with Board.

7. Lessee shall promptly notify Board of any release of Hazardous Substances in, on, under or about the Premises or the Improvements of which Lessee obtains knowledge, and of the receipt of any pertinent notices or communications from any governmental authority. Lessee shall promptly remove any vehicles or equipment which may cause contamination in, on, under or about the Premises or the Improvements, and shall clean up any resulting contamination.

8. Lessee shall indemnify, defend, protect and hold harmless the Board and its officers, employees, and agents from any claims, liabilities, losses, injuries, damages, costs or expenses (including without limitation, attorneys' fees and the cost of any cleanup, testing, remediation, removal or disposal of Hazardous Substances) relating to or arising out of any Hazardous Substances released, deposited, discharged or disposed in, on, under or around the Premises or the Improvements, or any part thereof, by Lessee, its tenants, or their contractors, employees, agents or assigns or arising as a result of a violation of the provisions of this **Section 711**. The obligations of this Subsection 7 shall survive the expiration or earlier termination of this Lease.

9. Lessee hereby releases the Board and its officers and employees from any claims, liability, injury, damage, costs or expenses (including without limitation, attorneys' fees and the cost of any cleanup, testing, remediation, removal or disposal of Hazardous Substances) relating to or arising out of any Hazardous Substances released, deposited, discharged or disposed onto, under or around the Premises or the Improvements, excepting only any Hazardous Substance released, deposited, discharged or disposed onto, under or around the Premises or the Improvements solely by Board or its officers or employees after the Effective Date. The obligations of this paragraph shall survive the expiration or termination of this Lease.

Lessee agrees as to the matters released to waive the benefits of Section 1542 of the CIVIL CODE of the State of California, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

Lessee's Initials

Board's Initials

The obligations of this Subsection shall survive the expiration or earlier termination of this Lease.

10. The term “**Hazardous Substances**”, when used in this Lease, shall mean any hazardous waste or hazardous substance as defined in any federal, state, or local statute, ordinance, rule, or regulation applicable to the property, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Title 42 UNITED STATES CODE 9601 9662), the Resource Conservation and Recovery Act (Title 42 UNITED STATES CODE 6901 6992k), the Carpenter Presley Tanner Hazardous Substance Account Act (California HEALTH AND SAFETY CODE 25300 25395), and the Hazardous Waste Control Law (California HEALTH AND SAFETY CODE 25100 25250.25). “Hazardous Substances” shall also include asbestos or asbestos-containing materials, radon gas, petroleum or petroleum fractions, whether or not defined as a hazardous waste or hazardous substance in any such statute, ordinance, rule, or regulation.

VIII. [§ 800] ASSIGNMENT, SUBLETTING, TRANSFER

A. [§ 801] Definitions

1. “**Material Entity Interest Transfer**” means any direct or indirect transfer of or creation of any ownership interest in Lessee (or of any owner of an interest in Lessee) or change in proportion thereof, however described, by any method or means (other than such transfers or changes occasioned by the death or incapacity of any individual) which would (i) result in the change of a general partner, manager, controlling member or controlling shareholder of Lessee; or (ii) otherwise result in a change in the control of Lessee. Notwithstanding the foregoing, neither (x) a transfer of a limited partner’s interest in Lessee, nor (y) the removal of a general partner of Lessee by a limited partner of Lessee for cause pursuant to the organizational documents of Lessee shall be deemed a Material Entity Interest Transfer.

2. “**Lease Interest Transfer**” means any direct or indirect total or partial sublease (other than an “**Operating Sublease**”, as hereafter defined), assignment, sale, conveyance, or transfer in any other mode or form by Lessee of any rights or interest in the Lease, the Project, the Premises or the Improvements, however described, by any method or means (other than such changes occasioned by the death or incapacity of any individual).

3. **“Operating Sublease”** means a sublease of this Lease to a party actually intending to occupy a residential or commercial unit on the Premises.

4. **“Transfer”** means a Lease Interest Transfer or a Material Entity Interest Transfer.

5. **“Transferee”** shall mean the recipient of a Lease Interest Transfer or a Material Entity Interest Transfer.

B. [§ 802] Conditions for Transfer

1. Transfers Limited.

(a) Lessee shall not be entitled to make and shall not permit any Transfer except to the extent allowed and in accordance with the terms and provisions in this **Section 802**.

(b) Lessee shall not make or permit any Lease Interest Transfer without the prior written approval of Board, which approval shall not be unreasonably withheld or delayed if (i) the proposed Transferee or its management has sufficient experience in the development, operation and management of residential apartment projects comparable to the Project (or other use approved by the Board pursuant to **Section 502**), and (ii) the proposed Transferee is financially qualified to perform all the agreements, undertakings, and covenants of this Lease and all other agreements entered into by Lessee which relate to the development, management, operation, maintenance, and restoration of the Premises and of the Improvements.

(c) Lessee shall not, without the prior written approval of Board, make or permit Material Entity Interest Transfer. The Board's approval of a Material Entity Interest Transfer shall not be unreasonably withheld or delayed if (i) the proposed Transferee or its management has sufficient experience in the development, operation and management of residential apartment projects comparable to the Project (or other use approved by the Board pursuant to **Section 502**), (ii) after such transfer the Lessee would be financially qualified to perform all the agreements, undertakings, and covenants of this Lease and all other agreements entered into by Lessee which relate to the development, management, operation, maintenance, and restoration of the Premises and of the Improvements, and (iii) the ownership structure resulting from the Entity Interest Transfer (including that of its constituent members, partners or shareholders) is not so complex or otherwise structured in a way as to circumvent or make the provisions of this Article VIII unreasonably difficult or burdensome to administer or enforce.

(d) Lessee shall promptly notify Board of any and all changes whatsoever in the identity of the parties in ownership or control of Lessee or the degree thereof, of which it (or any of its partners, members, shareholders, or any of their officers or employees) have been notified or otherwise have knowledge or information. Any agreements and documents effectuating any Transfer shall be subject to the approval of Board in connection with its approval of the Transfer. Any entity formation agreements and documents related to a Transfer shall be subject to review by a representative of the Board (in a reasonable manner designed to preserve their confidentiality, which shall include the requirement of a confidentiality agreement in substantially the same form is required of Lessee's auditors as a condition to the review and

audit of the books and records of the Lessee and the Fund) in connection with its approval of the Transfer. For purposes of administering the restrictions on Transfer, Lessee shall provide the Board with an annual certification, in such form and with such content as the Board may reasonably require, of all direct and indirect ownership interests in Lessee.

(e) To assist Board in determining whether or not the proposed Transferee is so qualified, Lessee shall furnish to Board at no expense to Board, prior to that Transfer, detailed and complete financial statements of the proposed Transferee, prepared by a certified public accountant reasonably satisfactory to Board, together with detailed and complete information about the business of the proposed Transferee, including its experience in operating residential apartment projects, the use to be made of the Premises and the Improvements by the proposed Transferee, projections by the proposed Transferee of the sources of funds to be used to pay any indebtedness that the proposed Transferee will assume or take subject to, or agree to pay, in connection with the Transfer, and other claims on and requirements for those funds, together with any other information Board may reasonably require to assist Board in determining whether or not the proposed Transferee is so qualified. To the greatest extent permitted by law, if Lessee provides Board with any proprietary financial information relating to a proposed Transferee, Board shall not, without Lessee's prior written consent, disclose or make any such financial information available to the public.

(f) No later than twenty (20) Business Days following receipt by the Board of Lessee's written request for approval of a Transfer and the applicable information on such Transferee listed in **Section 802(i)(e)** above, the Board shall notify Lessee, in writing, that either (a) the Board approves the Transferee; or (b) the Board disapproves the Transferee and stating the Board's reasons for disapproval of the Transferee. If the Board fails to respond to Lessee within such twenty (20) Business Day period, the Board shall be deemed to have approved such Transfer.

(g) No Lease Interest Transfer shall be effective unless such Transferee agrees with Lessor in writing to assume the rights and obligations thereby transferred and to keep and perform all covenants, conditions and provisions of this Lease which are applicable to the rights acquired.

(h) Lessee shall not, without the prior written approval of Board, which Board may grant or withhold in its sole discretion, subdivide the Premises or the Improvements or make any partial Transfer of Lessee's interest in this Lease, the Premises and the Improvements except as provided in the next sentence. Lessee shall have the right: (i) to enter into Operating Subleases for the sublease of residential units and retail space within the Improvements as expressly provided in this **Section 802**. Any Transfer made contrary to the terms of this Section shall be null and void.

2. Grant of Easements. In addition, Board shall not unreasonably withhold approval of any easements to facilitate the operation of the Premises or the Improvements consistent with the terms of this Lease. Board agrees that Lessee may grant such access, utility and other easements as are reasonably necessary to develop and operate the Project, and Board agrees to provide its written consent to such easements and to subject Board's fee interest thereto if required by the easement holder. Board further agrees to subject Board's fee interest thereto if required by the easement holder so long as: (a) the easement would not interfere with the use of

the Trolley Parking Facilities, and (b) any potential costs, liabilities or affirmative obligations imposed by such easement which would extend beyond the Term of the Lease are approved by the Board in its sole discretion. Lessee hereby agrees to assume for the Term of the Lease and agrees to indemnify, protect, defend and hold the Board harmless from and against any costs, liabilities or affirmative obligations imposed by any such easement during the Term of the Lease.

3. Exception for Permitted Mortgages. The limitations on Transfer contained in this **Section 802** shall not be deemed to apply to or prevent, nor shall Board's approval be required under this Section in connection with the granting of any security interest or Permitted Mortgage expressly described in this Lease (it being understood that the granting of a Permitted Mortgage shall not be considered a Transfer pursuant to this **Section 802**, but shall be governed solely by the provisions of **Section 900**), nor the exercise by any Permitted Mortgagee of its right to foreclose its Permitted Mortgage by power of sale or judicial foreclosure or to acquire Lessee's leasehold interest by deed in lieu thereof; nor any Transfer of this Lease by a Permitted Mortgagee having acquired Lessee's interest in this Lease as a result of its rights under the Permitted Mortgage or under **Section 900**, or by any owner of the leasehold estate whose interest shall have been acquired by, through or under any Permitted Mortgage or shall have been derived immediately from any holder thereof, as provided in **Section 901**. Provided, however, that the limitations on Transfer contained in this **Section 802** shall apply to any Permitted Mortgagee which acquires its interest in the Premises or Improvements other than by the exercise of its rights pursuant to the Permitted Mortgage or deed in lieu of foreclosure.

4. Exception for Operating Subleases. The limitations on Transfer contained in this **Section 802** shall not be deemed to apply to any Operating Sublease, and in connection therewith the approval of Board shall not be required, provided the following provisions are complied with:

(a) The term of any Operating Sublease shall not extend more than twelve (12) months in the case of a residential sublease or ten (10) years in the case on a non-residential sublease, and in no event beyond the Term of this Lease.

(b) Any and all subleases shall be subject and subordinate to this Lease, and any amendments hereto. Lessee's form of sublease shall be subject to Board approval, which shall not be unreasonably withheld.

(c) Each sublease shall contain provisions, in form and content reasonably satisfactory to Board:

(1) in the case of a non-residential sublease:

a. requiring the sublessee to execute and deliver upon demand, without charge therefor, such instruments in recordable form evidencing subordination of the sublease to this Lease as may be required by Board; and

b. providing that in the event of termination of the Lease for any reason, including, without limitation, a voluntary surrender by Lessee, or in the event of any reentry or repossession of the premises by Board may, at its option, either (i) terminate the sublease or (ii) take over all of the right, title and interest of Lessee under the

sublease, and sublessee's right of possession pursuant to the terms of the sublease shall not be disturbed, but nevertheless requiring that sublessee will in writing attorn to Board. The agreement of attornment shall provide, among other things, that (iii) Board shall not be (A) responsible to the sublessee under the sublease except for obligations accruing subsequent to the date of such attornment, (B) liable for any previous act or omission of Lessee under the sublease, (C) subject to any defense or offset previously accrued in favor of the sublessee against Lessee, (D) bound by any previous modification of the sublease made without Board's written consent, (E) be bound for any previous prepayment by Sublessee of more than one month's rent or any security deposits of sublessee except those actually received by Board, and (iv) the sublessee, in the event of the termination of this Lease, at Board's election will enter into a new lease with Board on the same terms and conditions as the existing sublease and for the balance of the term thereof;

(2) in the case of a residential sublease, including the following statements in the Operating Sublease:

"This Lease is a sublease. Landlord leases the land beneath the Premises under a Ground Lease originally between the San Diego Metropolitan Transit Development Board as the lessor and AMCAL Villa Encantada Fund, L.P. as the lessee. Landlord is the current holder of the lessee's interest under such Ground Lease. This Lease is subject to the Ground Lease."

(3) disclosing the proximity of the Trolley Station and Trolley Parking, requiring the subtenant assume the risk and annoyances of living near such activities and uses and waiving all claims against the Board and its officers and employees arising out of the Trolley Station and Trolley Parking; and

(4) clearly prohibiting parking in the Trolley Parking Facilities.

(d) The Board agrees to enter into an agreement of subordination, recognition and non-disturbance ("**Non-Disturbance Agreement**") on a commercially reasonable form with the sublessee under each retail Operating Sublease that requires Lessee to deliver such a Non Disturbance Agreement as a condition to entering into the retail Operating Sublease, so long as (i) the Operating Sublease satisfies the requirements of this **Section 802**; and (ii) both the Operating Sublease and the Non Disturbance Agreement are on commercially reasonable terms and conditions. Lessee shall submit to the Board a copy of the proposed form of retail Operating Sublease and Non Disturbance Agreement and reasonable documentation supporting the qualification of the Operating Sublease under clauses (i) and (ii) of the preceding sentence, along with Lessee's request to the Board to enter into the Non Disturbance Agreement (collectively, the "**Recognition Request**"). The Board shall enter into each Non Disturbance Agreement within fifteen (15) Business Days following receipt from Lessee of a complete Recognition Request, or respond in writing within such fifteen (15) Business Day period with any changes to the form of Non Disturbance Agreement required for the Board's approval and execution.

(e) Lessee shall, promptly after written request from Board (but not more frequently than quarterly), provide written notice to Board of the name and mailing address

of all sublessees and shall, on demand, permit Board to examine and copy each of the Operating Subleases.

(f) Lessee shall not accept, directly or indirectly, more than one month's prepaid rent from any sublessee; provided that such restriction shall not apply to cleaning, security or other deposits customarily collected by landlords of residential properties and retail properties, as applicable.

IX. [§ 900] MORTGAGES

A. [§ 901] Permitted Mortgages

Lessee shall have the right, at any time and from time to time during the Term of this Lease, to mortgage, pledge, deed in trust, assign rents, issues and profits, or collaterally assign its interest in this Lease and the Premises (and the subleases, Improvements, Trade Equipment and personal property), and to assign or pledge assignment of the same, as security for a debt for the construction, or interim or permanent financing of the Project. The holder of any such mortgage, pledge or other encumbrance, and the beneficiary of any such deed of trust or assignment shall be a "**Permitted Mortgagee**" and the mortgage, pledge, deed of trust, assignment or other instrument shall be a "**Permitted Mortgage**," upon and subject to each and all of the following terms and conditions:

1. Before the issuance of the Certificate of Compliance, the principal amount of a Permitted Mortgage shall not exceed eighty-five percent (85%) of the fair market value of the Lessee's interests under this Lease and the Premises, including the subleases, Improvements, Trade Equipment and personal property. After the issuance of the Certificate of Compliance, the principal amount of a Permitted Mortgage shall not exceed ninety percent (90%) of the fair market value of the Lessee's interests under this Lease and the Premises, including the subleases, Improvements, Trade Equipment and personal property. The fair market value of Lessee's interests under this Lease shall be determined by an appraisal conducted on behalf of the proposed Permitted Mortgagee by a disinterested real estate appraiser having the qualifications for appraisers required by law and the proposed Permitted Mortgagee's underwriting criteria and shall include the value of any tax credits associated with the Project. The appraisal shall be delivered to the Board not later than the proposed effective date of the Permitted Mortgage. The applicable limit of the principal amount of a Permitted Mortgage (i.e., either 85% or 90%, as specified above) shall be referred to as the "**Maximum Loan to Value**." The Maximum Loan to Value calculation shall not include any so-called residual receipts financing.

2. A Permitted Mortgage shall cover (i) a pledge or assignment of an interest in Lessee, or (ii) all of Lessee's interest in the Lease, and the Premises, and may encumber the subleases, Improvements, the Trade Equipment, the personal property on the Premises, and the rents, issues and profits therefrom. A Permitted Mortgage shall cover no interest in any other property or secure any obligations not directly related to the construction or permanent financing of the Project (the foregoing is not intended to preclude the use of letters of credit or other security enhancements so long as such security enhancements secure no other obligations).

3. In no event shall any Permitted Mortgage apply to, or encumber in any way whatsoever, (a) the Board's fee title to the Premises, or (b) any Base Rent, and any and all other sums payable hereunder to or on behalf of Board.

4. No such Permitted Mortgage shall be binding upon Board in the enforcement of its rights and remedies herein and by law provided, unless and until the proposed Permitted Mortgagee has delivered to the Board written notice of the proposed Permitted Mortgage, together with (a) such information as Board may reasonably require to establish that the proposed Permitted Mortgage and proposed Permitted Mortgagee meet the requirements of this Lease, and (b) the address of the Permitted Mortgagee to which notices may be sent. The Permitted Mortgagee shall deliver to the Board a certified copy of the original Permitted Mortgage bearing the date and book and page of recordation thereof and a certified copy of the original note secured by such Permitted Mortgage as soon as they are available. In the event of a proposed assignment of a Permitted Mortgage, such assignment shall not be binding upon Board unless and until complies with the requirements set forth above in this **Section 901(4)**.

5. More than one Permitted Mortgage may be outstanding at any one time in connection with this Lease as long as the aggregate principal amount outstanding on all mortgages, deeds of trust, pledges of interests in Lessee, assignments and other liens on Lessee's interests (whether or not Permitted Mortgages) does not exceed the Maximum Loan to Value of the fair market value of the Lessee's interests under this Lease and the Premises, including the subleases, Improvements, Trade Equipment and personal property. In the event of any dispute among multiple Permitted Mortgagees, the Board shall have the right in all cases to respond only to the Permitted Mortgagee whose interest is most senior (as determined by any major national title company selected by the Board). Any conflicting instructions, requests or demands from a junior Permitted Mortgagee shall, at the Board's option, be null and void and of no force or effect. However, the Board shall accept the cure of a monetary default by Lessee tendered by a junior Permitted Mortgagee in a timely manner.

6. No Permitted Mortgage shall secure any non-monetary obligations which are not directly related to the Project, except for (a) those related to the financial condition, identity or organizational structure of the Lessee or its constituents or guarantors; and (b) those non-monetary obligations which are then typical to project-related financings and do not relate to any other project with which the Lessee may be involved.

7. The Board has consented to the recording of {Insert Permitted Soft Debt} against Lessee's leasehold interest in the Premises. Notwithstanding the requirements of this **Section 901**, {Insert Permitted Soft Debt} shall be a Permitted Mortgage and the Agency shall be a Permitted Mortgagee with respect to the {Insert Permitted Soft Debt}.

8. A Permitted Mortgage shall contain provisions permitting the disposition and application of the insurance proceeds and condemnation awards in the manner provided in this Lease.

9. [Reserved.]

10. All rights acquired by said Permitted Mortgagee under said Permitted Mortgage shall be subject to each and all of the covenants, conditions and restrictions set forth in

this Lease, and to all rights of Board thereunder, none of which covenants, conditions and restrictions is or shall be waived by Board by reason of the giving of such Permitted Mortgage (except as may be modified by an estoppel certificate or other similar instrument signed by the Board for the benefit of the Permitted Mortgagee). Notwithstanding any foreclosure of any such Permitted Mortgage, Lessee shall remain liable for the payment of the Base Rent reserved in this Lease and the performance of all of the terms, covenants and conditions of this Lease which by the terms hereof are to be carried out and performed by Lessee.

11. The Permitted Mortgage (or agreement between the Board and the Permitted Mortgagee concerning a Permitted Mortgage) shall provide that the Permitted Mortgagee shall by registered or certified mail give notice to Board of the occurrence of any event of default under the Permitted Mortgage; provided, however, that the failure to do so shall have no adverse effect on the Permitted Mortgagee.

12. Lessee shall not enter into any Permitted Mortgage as permitted hereunder (or any extension, modification, change or amendment to any previously approved Permitted Mortgage) that would result in the Permitted Mortgage no longer meeting the standards listed above in this **Section 901**, without the prior written approval of Board. Board shall not unreasonably withhold its approval if such Permitted Mortgage (or modification thereof, if applicable) complies with each and all of the terms and conditions referred to in paragraphs 1 through 11, inclusive, of this **Section 901**, and is otherwise consistent with this Lease. Board agrees to approve or disapprove a proposed Permitted Mortgage (or modification thereof, if applicable) within fifteen (15) Business Days, and within the time, if any, provided for such approval in the Permitted Mortgage loan documents (provided that such documents allow Board a reasonable time to review the loan documents). In the event Board disapproves a matter, Board shall provide its objections in writing to Lessee, indicating the reason for its disapproval. Any approval by Board shall extend only to the documents and matters actually submitted to Board for review and approval. Once Board has approved a matter, Board shall not subsequently disapprove the same matter, but approval by Board of one matter shall not be construed to be approval of any other matter not specifically approved by Board.

All costs incurred by Board to determine whether or not to approve or to otherwise provide assistance to Lessee as may be reasonably necessary to close any proposed Permitted Mortgage shall be paid by Lessee. The determination of such costs, the procedure for payment thereof, and all other terms and conditions related thereto shall be as set forth in **Section 805** for a Transfer, and Lessee shall comply with **Section 805** as applicable to any Permitted Mortgage in like manner as to a Transfer. This paragraph shall not apply to the initial construction and permanent financing for the Project or {Insert Permitted Soft Debt}.

Notwithstanding anything in this Lease to the contrary, if Lessee encumbers its leasehold estate by way of a Permitted Mortgage as permitted herein, and should Board be advised in writing of the name and address of the Permitted Mortgagee as provided above, then this Lease shall not be terminated or canceled on account of any breach or default by Lessee in the performance of the terms, covenants or conditions hereof until Board shall have complied with the provisions of **Section 902** as to the Permitted Mortgagee's right to cure and to obtain a new lease.

B. [§ 902] Rights and Obligations of Permitted Mortgagees

If Lessee, or Lessee's successors or assigns, shall mortgage the leasehold interest herein demised in accordance with **Section 901**, then, as long as any such Permitted Mortgage shall remain unsatisfied of record, the following provisions shall apply:

1. Board will not accept a cancellation or surrender of, or materially modify, this Lease without the prior consent in writing of the Permitted Mortgagee. Board's right to terminate this Lease shall be subject to the rights of the Permitted Mortgagee as more specifically described in this Lease.

2. If a Permitted Mortgagee shall notify the Board of its name and address in writing, no Notice of Default (as defined in **Section 1207(2)**) given by Board to Lessee shall be deemed to have been duly given unless and until a copy thereof has been mailed to the Permitted Mortgagee by registered or certified mail at the address registered with Board. Board shall send to each Permitted Mortgagee copies of all other notice provided by Board under this Lease; provided, however, that the failure to do so shall have no adverse effect on the Board's rights.

3. In the event Lessee shall be in default hereunder, the Permitted Mortgagee shall, within the period and otherwise as herein provided, have the right (but not the obligation) to remedy such default, or cause the same to be remedied, and Board shall accept such performance by or at the instigation of such Permitted Mortgagee as if the same had been done by Lessee. The Permitted Mortgagee shall have thirty (30) days after the expiration of any applicable cure period given to Lessee upon notice to Lessee to remedy the default or cause the same to be remedied. Such additional thirty (30) day period shall be extended if the default is other than the payment of money and such that it is not practicable to cure within such thirty (30) day period, if the Permitted Mortgagee commences such cure within said thirty (30) day period and diligently prosecutes such cure to completion. For purposes of the preceding sentence, if a Permitted Mortgagee elects to commence judicial or non-judicial foreclosure, the commencement of judicial or non-judicial foreclosure proceedings by the Permitted Mortgagee shall be deemed the commencement of a cure. Lessee hereby constitutes and appoints the Permitted Mortgagee Lessee's agent and attorney in fact with full power, in Lessee's name, place and stead, and at Lessee's cost and expense, to enter upon the Premises and the Improvements, and perform all acts required to be performed herein or in any sublease made hereunder by Lessee.

4. While any such Permitted Mortgage remains unsatisfied of record, and an event or events shall occur which shall entitle Board to terminate this Lease, and if before the expiration of thirty (30) days after the date of service of notice of termination under this Lease (a "**Notice of Termination**") such Permitted Mortgagee shall have paid to Board all Base Rent and other payments herein provided for then in default, and shall have complied or shall be engaged in complying with all other requirements of this Lease, if any, then in default, and with which such Permitted Mortgagee is capable of complying, Board shall not be entitled to terminate this Lease and any notice of termination theretofore given shall be void and of no effect.

5. In the event of the termination of this Lease prior to the natural expiration of the then current Term of this Lease for any reason, Board shall mail by registered or certified mail to the Permitted Mortgagee written Notice of Termination, together with a statement of any and all sums which would at that time be due under this Lease then known to Board. Such

Permitted Mortgagee shall thereupon have the option to obtain a new lease in accordance with and upon the following terms and conditions:

(a) Upon the written request of the Permitted Mortgagee within sixty (60) days after service of the Notice of Termination, Board shall (i) enter into a new lease of the Premises and the Improvements with such Permitted Mortgagee, or its designee, as provided in clause (b) of this subparagraph 5, and (ii) execute a quitclaim deed in favor of the Permitted Mortgagee with respect to the Improvements; it being understood that the Permitted Mortgagee shall hold title to the Improvements subject to the terms of the new lease referred to above.

(b) Such new lease shall be effective as of the date of termination of this Lease and shall be for the remainder of the Term of this Lease, at the Base Rent and upon the agreements, terms, covenants and conditions thereof. Any such new lease entered into with the Permitted Mortgagee shall have the same priority as this Lease and shall be prior to any lien or encumbrance on the fee interest. Concurrent with or before the execution of such new lease, the lessee named therein shall pay any and all sums which would at the time of the execution thereof be due under this Lease but for the termination as aforesaid, and shall fully otherwise remedy any existing defaults under this Lease which are reasonably susceptible of cure by such new lessee, and shall pay all expenses, including but not limited to, reasonable attorneys' fees, court costs and disbursements incurred by Board in connection with such defaults and termination, the recovery of possession of the Premises and the preparation, execution and delivery of such new lease; with respect to any default which cannot be cured by such lessee until it obtains possession, such lessee shall have a reasonable time after it obtains possession to cure such default.

(c) The provisions of this Subsection shall survive the termination, rejection or disaffirmance of this Lease and shall continue in full force and effect thereafter to the same extent as if this Subsection were a separate and independent contract made by the Board, Lessee and such Permitted Mortgagee and, from the effective date of such termination, rejection or disaffirmance of this Lease to the date of execution and delivery of such new lease, such Permitted Mortgagee may use and enjoy the Premises without hindrance by Lessor or any person claiming by, through or under the Board.

6. If Board elects to terminate this Lease pursuant to any right of termination resulting from Lessee's being in default of any provision of this Lease, then any Permitted Mortgagee, in addition to all other rights herein granted such Permitted Mortgagee, shall have the right to be subrogated to any and all rights of Lessee with respect to curing of any default and shall also have the right to postpone and extend the specified date for termination of this Lease fixed by Board in a notice given pursuant to applicable provisions of this Lease, for a period of not more than six (6) months (subject to extension as provided below), provided such Permitted Mortgagee shall:

(a) concurrent with or before the Permitted Mortgagee gives Board notice of its exercise of the right to postpone or extend the specified date for termination of this Lease, cure all defaults which may be cured by the payment of a sum of money and undertake to cure any other existing default of Lessee, excepting the vacation or dismissal of any pending bankruptcy, insolvency, reorganization, arrangement, composition, readjustment, liquidation,

dissolution or similar relief under the then applicable bankruptcy act or other similar federal and state statutes or laws or other default not capable of being cured by the Permitted Mortgagee;

(b) continue to pay the Base Rent and all other sums payable hereunder to or on behalf of Board, and perform all other obligations of Lessee that are required pursuant to this Lease, during any extension period(s); and

(c) promptly thereafter initiate steps to acquire Lessee's interest in this Lease by foreclosure of its mortgage or otherwise.

Such right shall be exercised by the Permitted Mortgagee giving Board notice of the exercise of the same prior to the time of termination fixed in Board's Notice of Termination. If, before the date specified for the termination of this Lease as extended by such Permitted Mortgagee, (1) the Permitted Mortgagee shall have obtained possession, and if (2) an assumption in writing of performance and observance of covenants and conditions herein contained on Lessee's part to be performed shall be delivered to Board by the Permitted Mortgagee, then and in such event the default under this Lease shall be removed and the Lease shall not be canceled. If the Permitted Mortgagee is unable, after due diligence, to acquire Lessee's interest in this Lease within the first six (6) month extension period, the Permitted Mortgagee may obtain an additional six (6) month extension upon notice to Board prior to the expiration of the initial six (6) month extension.

7. Any payment to be made or action to be taken by a Permitted Mortgagee hereunder as a prerequisite to obtaining a new lease or keeping this Lease in effect shall be deemed properly to have been made or taken by the Permitted Mortgagee if such payment is made or action taken by a permitted nominee, agent or assignee of the right of such Permitted Mortgagee.

8. The parties hereto shall give the Permitted Mortgagee notice of any condemnation proceedings affecting the Premises or the Improvements. The Permitted Mortgagee shall have the right to intervene and be made a party to any such condemnation proceedings and the parties hereto do hereby consent that the Permitted Mortgagee may be made such party or intervenor.

9. No Permitted Mortgagee nor any owner of the leasehold estate whose interest shall have been acquired by, through or under any Permitted Mortgage or shall have been derived immediately from any holder thereof shall become personally liable under the agreements, terms, covenants or conditions of this Lease unless and until such time as the Permitted Mortgagee or such owner becomes the owner of the leasehold estate and then only those liabilities which accrue during the period as it remains the owner of the leasehold estate. Upon any assignment of this Lease by the Permitted Mortgagee or any owner of the leasehold estate whose interest shall have been acquired by, through or under any Permitted Mortgage or shall have been derived immediately from any holder thereof, the assignor shall be relieved of any further liability which may accrue hereunder from and after the date of such assignment provided that the assignee shall execute and deliver to Board a recordable instrument of assumption wherein such assignee shall assume the rights and obligations of Lessee and agree to perform and observe all covenants and conditions and provisions in this Lease from and after the effective date of such assignment as they are applicable to Lessee.

10. Anything herein contained to the contrary notwithstanding, the provisions of this **Section 902** shall inure only to the benefit of the holder of a Permitted Mortgage.

11. The rights granted herein to a Permitted Mortgagee shall be enforceable by it. In the event any action or proceeding is brought to enforce or interpret the provisions hereof or to seek damages or performance or declare the rights of the parties hereto or such Permitted Mortgagee, the prevailing party including such Permitted Mortgagee, if prevailing, shall be entitled to reasonable attorneys' fees, costs and expenses.

12. Nothing herein contained shall require any Permitted Mortgagee or its designee as a condition of the exercise of any rights hereunder or in order to comply with the provisions of **Section 800** or as a condition of entering into the new lease provided for herein to cure any non-monetary default of Lessee not reasonably susceptible of being cured by such Leasehold Mortgagee or its designee.

13. The following defaults, if any, relating to the prior Lessee shall be deemed cured upon the acquisition of the leasehold interest by a Permitted Mortgagee (or assignee thereof): (i) attachment, execution or other judicial levy upon the leasehold estate hereunder, (ii) assignment of the leasehold estate hereunder for the direct or indirect benefit of creditors of said Lessee, (iii) judicial appointment of a receiver or similar officer to take possession of the leasehold estate hereunder or the Premises, (iv) filing any petition by, for or against Lessee under any chapter of the Federal Bankruptcy Act, or (v) any other default which is of such a nature as to not be reasonably curable by a Mortgagee or the transferee. Any such deemed cure shall be for the sole benefit of the Permitted Mortgagee (or assignee thereof); the prior Lessee shall not be released from any liability it may have for such matters.

C. **[§ 903] [Reserved]**

D. **[§ 904] Completion of Construction**

Nothing contained in this Lease shall be deemed to permit or authorize such Permitted Mortgagee to undertake or continue the construction or completion of the Improvements (beyond the extent necessary to conserve or protect the Improvements or construction already made) without first having expressly assumed the Lessee's obligations to the Lessor by written agreement satisfactory to the Lessor. The Lessor shall not unreasonably withhold approval of such assumption. The Permitted Mortgagee in that event must agree to complete the Improvements in the manner provided in this Lease, and submit evidence satisfactory to the Lessor that it has the qualifications and financial responsibility necessary to perform such obligations. Any such Permitted Mortgagee properly completing the Improvements shall be entitled, upon written request made to the Lessor, to a Certificate of Compliance in the manner provided in this Lease.

E. **[§ 905] Non-Merger**

There shall be no merger of this Lease, or of the leasehold estate created thereby, with the fee estate in and to the Premises by reason of the fact that this Lease or the leasehold estate created thereby, or any interest in either thereof, may be held directly or indirectly by or for the account of any person who shall own the fee estate in and to the Premises or any portion thereof,

and no such merger shall occur unless and until all persons at the time having any interest in this Lease or the leasehold estate, including the Permitted Mortgagee and the holder of any mortgage upon the fee estate in and to the Premises shall join in a written instrument effecting such merger.

F. [§ 906] Board Cooperation; Estoppel Certificate

Board covenants and agrees that it will act and fully cooperate with Lessee in connection with Lessee's right to grant a Permitted Mortgage as provided above. At the request of Lessee or any proposed or existing Permitted Mortgagee, Board shall promptly execute and deliver any documents or instruments reasonably requested to evidence, acknowledge or perfect the rights of the Permitted Mortgagee as herein provided. Board shall deliver a Ground Lessor's Estoppel and Consent in substantially the form of Exhibit H attached ("**Form of Estoppel**") to any Permitted Mortgage; provided that (i) the Board shall be entitled to revise the Form of Estoppel, if necessary, to include those revisions required to reflect the current state of facts, such as the status of this Lease and Lessee's performance hereunder; and (ii) the Form of Estoppel shall be completed with the information required to identify the Permitted Mortgagee, the Administrative Agent, if any, the provisions in the latest Ground Leasehold Mortgage defining a "Default" and to cause the dollar amount appearing in Section 1(a) of Exhibit "B" to the Estoppel to be Adjusted for Inflation. Any such certificate may be conclusively relied upon by any Permitted Mortgagee or Transferee of Lessee's interest in this Lease.

X. [§ 1000] INDEMNIFICATION AND INSURANCE

A. [§ 1001] Indemnification and Release

1. To the fullest extent permitted by law, Lessee shall indemnify, protect, defend and hold harmless the Board and its officers, employees and agents, from and against all liability, loss, damage, costs, or expenses of any kind (including attorneys' fees and costs of suit) arising from or as a result of any breach of this Lease by Lessee, any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall occur on or adjacent to the Premises and which shall be directly or indirectly caused by any acts done thereon or any errors or omissions of Lessee, its agents, employees and contractors, or any of them, including but not limited to, claims of negligent or defective design or construction of the Project, regardless of whether any such liability occurs before or after issuance of the Certificate of Compliance, or arising out of or in connection with the use or occupancy of the Premises and the Improvements by Lessee or any other person under Lessee, or any nuisance made or suffered by Lessee thereon, or subject to Section 705(2)(c) hereof, any failure by Lessee to keep the Premises and the Improvements in a safe condition; and Lessee shall reimburse Board for all its costs and expenses (including reasonable attorneys' fees and costs of suit) incurred in connection with the defense of any such claims, and will hold all goods, materials, furnishings, fixtures, equipment, machinery and other property whatsoever on the Premises at the sole risk of Lessee and save Board harmless from any loss or damage thereto by any cause whatsoever. These indemnity obligations shall survive the expiration or earlier termination of this Lease. Notwithstanding anything to the contrary set forth in this **Section 1001**, this indemnity by Lessee specifically excludes all liability, loss, damage, costs and expenses of any kind (including attorneys' fees and costs of suit) arising from or as a result of any breach of this Lease by the Board, or any accident, injury, loss or damage caused to any person or property which is due to

the sole negligence or willful misconduct of Board or its officers, employees and agents, or any person or entity authorized by the Board to use the Trolley Parking Facilities or any part thereof, including without limitation the trolley patrons.

2. Lessee hereby waives, releases, remises, acquits and forever discharges Board, its directors, officers, employees, and agents, successors and assigns, of and from any and all suits, causes of action, legal or administrative proceedings, claims, demands, actual damages, punitive damages, losses, costs, liabilities, interest, attorneys' fees and expenses of whatever kind and nature, in law or in equity, known or unknown, which Lessee shall or may have or acquire or possess in any way directly or indirectly connected with, based upon, or arising out of any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall occur on or adjacent to the Premises which is not caused by (a) a breach of this Lease by the Board or (b) the sole negligence or willful misconduct of Board or its officers, directors, employees or agents.

Lessee agrees as to the matters released to waive the benefits of Section 1542 of the CIVIL CODE of the State of California, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

Lessee's Initials

Board's Initials

B. [§ 1002] Required Insurance

During the Term of this Lease, Lessee at its sole cost and expense shall:

1. Keep or cause to be kept a policy or policies of insurance against loss or damage to the Improvements on the Premises (including without limitation the Trolley Parking Facilities) resulting from fire, windstorm, hail, lightning, vandalism, malicious mischief, and such other perils ordinarily included in extended coverage casualty insurance policies. All such policies shall be endorsed to include coverage for the costs of demolition of the Improvements and the clearing and restoration of the Premises in the event of damage, destruction or condemnation if the Improvements are not fully restored. In addition, if Lessee carries coverage voluntarily for additional causes (such as earthquake, riot, civil commotion, or other), such coverage shall be treated in all respects as the policy or policies required to be kept under this Subparagraph 1, for so long as Lessee continues to voluntarily carry such coverage. All insurance hereunder shall be maintained in an amount not less than one hundred percent (100%) of the full insurable value of the Improvements as defined in **Section 1003** (such value to include amounts spent for construction of the Improvements, architectural and engineering fees, and inspection and supervision).

2. Maintain or cause to be maintained public liability insurance naming Board and all entities (including San Diego Transit Corporation, San Diego Trolley, Inc., and San Diego & Arizona Eastern Railway Co.) controlling, controlled by or under common control

with Board, together with their respective contractors, agents, officers, employees, invitees and licensees and such other parties as the Board may designate from time to time as additional insureds, to protect against loss from liability imposed by law as a result of the acts or omissions of Lessee, its agents, servants or employees for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever in, on or about the Premises or the Improvements; to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, as a result of the acts or omissions of Lessee, its agents, servants or employees alleged to be suffered by any person or persons whomsoever, resulting directly or indirectly from any act or activities of Lessee or under its control or direction arising from the use and occupancy by Lessee under the Lease of the Premises and the Improvements; and also to protect against loss from liability imposed by law for damages to any property of any person caused directly or indirectly by or from the acts or activities of Lessee under this Lease in connection with the Premises, the Improvements, or Lessee or its sublessees, or any person acting for Lessee or under its control or direction.

Such public liability insurance shall also protect Board and such additional insureds against incurring any legal cost in defending claims for alleged loss insured under such policy. Such public liability insurance shall be maintained in full force and effect during the entire term of this Lease in an amount of at least Three Million Dollars (\$3,000,000) Adjusted for Inflation, combined single limit, provided solely for the Project.

Lessee agrees that provisions of this paragraph as to public liability insurance shall not be construed to limit in any way the extent to which Lessee may be held responsible for the payment of damages to persons or property resulting from Lessee's activities, or the activities of any other person or persons for which Lessee is otherwise responsible.

3. Maintain or cause to be maintained workers' compensation insurance issued by an insurance carrier authorized under the laws of the State of California for workers' compensation and employer's liability under the Workers' Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance shall cover all persons employed by Lessee in connection with the Premises and the Improvements, and shall cover full liability for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of, any person incurring or suffering injury or death in connection with the Premises and the Improvements, or the operation thereof by Lessee.

4. During the course of any alteration, construction or reconstruction, including, without limitation, during the period of the construction of the Improvements, builders risk insurance for the amount of the completed value on an all-risk form including "course of construction" coverage, (including earthquake and flood if required by any Permitted Mortgagee) insuring the interests of Board, Lessee and Permitted Mortgagee as their interests may appear. The Permitted Mortgagee shall be named as lender loss payee, and the Board and the Lessee shall be named as additional loss payees. The insurer shall waive all rights of subrogation against Board. Lessee shall also require its general contractor to carry such insurance. Lessee shall confirm that the proximity of the Premises to a railroad does not result in policy exclusions that would result in the denial of coverage for claims on the Premises. In such an event, Lessee shall cause such exclusions to be removed from all applicable policies, or shall procure a separate Railroad Protective insurance policy with Board as the name insured.

5. Such other insurance (or other terms with respect to any insurance required pursuant to this **Section 1002**, including without limitation amounts of coverage or deductibles) on or in connection with the Project as the Board may reasonably require, which at the time is commonly obtained in connection with properties similar in type of building size, use and location to the Project and which is available at commercially reasonable rates.

C. [§ 1003] Definition of “Full Insurable Value”

The term “full insurable value”, as used in **Section 1002** and elsewhere in this Lease, shall mean the actual replacement cost excluding the cost of excavation, foundation and footings below the ground level of the Improvements. To ascertain the amount of coverage required, Lessee shall cause the full insurable value to be determined from time to time by appraisal by the insurer or by any appraiser mutually acceptable to Board and Lessee, not less often than once each three (3) years; except that no such appraisals shall be required if the policy is written on a “replacement cost” basis.

D. [§ 1004] General Insurance Provisions

1. All insurance provided for under **Section 1002** of this Lease shall be for the benefit of Lessee, Board (and as to the insurance provided for in Subsection 2 of **Section 1002** above, the additional insureds described therein) and any Permitted Mortgagee.

2. All insurance provided for under **Section 1002** shall be periodically reviewed by the parties for the purpose of mutually increasing or decreasing the minimum limits of such insurance, from time to time, to amounts which may be reasonable and customary for similar facilities of like size and operation and in the same location as the Premises.

3. All insurance provided for under **Section 1002** shall be effected under policies issued by insurers licensed or permitted to do business in the State of California and reasonably approved by Board. Board may not withhold approval of any insurer having a rating of A-X (with stable outlook) or better in Best Insurance Guide, or if Best Insurance Guide is no longer in existence, a similar or comparable rating.

4. Any insurance required to be maintained by Lessee pursuant to **Section 1002** may be taken out under a blanket insurance policy or policies covering other premises or properties, and other named or additional insureds in addition to the parties hereto; provided, however, that any such policy or policies of blanket insurance, or supplemental written certification from the insurers under such policies, shall specify therein the amount of insurance allocated to the coverage required under **Section 1002** (except that no such allocation shall be required if coverage is provided on a “blanket limit” basis) and provided further, that in all other respects, any such blanket policy shall comply with the other provisions of **Section 1002**.

5. All certificates of insurance shall provide that such certificates and the policies related thereto shall not be canceled or materially changed without at least thirty (30) days' prior written notice to Board.

6. All insurance policies shall provide that there shall be no exclusion from coverage for cross liability among the named insureds.

7. Certificates of insurance and copies of each required policy and endorsement shall be deposited with Board together with appropriate evidence of payment of the current premiums therefor; and, at least thirty (30) days prior to expiration of any such policy, certificates of renewal policies be so deposited.

E. [§ 1005] Failure to Maintain Insurance

If Lessee fails or refuses to procure or maintain insurance as required by this Lease to be procured and maintained by Lessee, Board shall have the right, at Board's election, to procure and maintain the insurance described in **Section 1002** for the benefit of Lessee, Board and any Permitted Mortgagee. The premiums paid by Board shall be treated as supplemental Rent due from Lessee, to be paid on the first day of the month following the date on which the premiums were paid. Board shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s) which shall include Lessee, Board and any Permitted Mortgagee.

F. [§ 1006] Disposition of Insurance Proceeds Resulting from Loss or Damage to Improvements

All proceeds of insurance with respect to loss or damage to the Improvements to be maintained and repaired by Lessee during the term of this Lease shall be payable, under the provisions of the policy of insurance, jointly to Lessee and Board and, except as provided below, said proceeds shall constitute a trust fund to be used for the repair, restoration or reconstruction of the Improvements in accordance with the provisions of **Section 708 or 709**. To the extent that such proceeds exceed the cost of such repair, restoration or reconstruction, then such proceeds shall be divided as follows:

1. If the event causing loss or damage to the Improvements occurs on or prior to the fifty-fifth (55th) anniversary of the Effective Date of Lease, the entire amount by which such proceeds exceed the cost of such repair, restoration or reconstruction shall belong to Lessee.

2. If the event causing loss or damage to the Improvements occurs after the fifty-fifth (55th) anniversary of the Effective Date of Lease, the amount which shall belong to Lessee shall be the amount by which such proceeds exceed the cost of such repair, restoration or reconstruction, multiplied by a fraction: the numerator of the fraction shall be the number of years in the Lease Term, as the same may have been extended (if duly extended) minus the number of anniversaries of the Effective Date of Lease which have occurred prior to the event of loss or damage to the Improvements, and the denominator of the fraction shall be the number of years in the Lease Term, as the same may have been extended (if duly extended). The balance of such proceeds shall belong to Board. Provided, however, that within the period during which there is an outstanding Permitted Mortgage as described in **Section 900**, such proceeds shall be made payable jointly to the Permitted Mortgagee, if any, Lessee and Board and, except as provided below, shall be disposed of jointly by the parties as a trust fund to be applied to the repair, restoration and reconstruction of the damaged or destroyed Improvements. To the extent that such proceeds exceed the cost of such repair, restoration or reconstruction, then such proceeds shall be divided as follows:

(a) If the event causing loss or damage to the Improvements occurs on or prior to the fifty-fifth (55th) anniversary of the Effective Date of Lease, the entire amount by which such proceeds exceed the cost of such repair, restoration or reconstruction shall belong to Lessee and any Permitted Mortgagee as their respective interests may appear.

(b) If the event causing loss or damage to the Improvements occurs after the fifty-fifth (55th) anniversary of the Effective Date of Lease, the amount which shall belong to Lessee and any Permitted Mortgagee as their respective interests may appear shall be the amount by which such proceeds exceed the cost of such repair, restoration or reconstruction, multiplied by a fraction, the numerator of the fraction shall be the number of years in the Lease Term, as the same may have been extended (if duly extended) minus the number of anniversaries of the Effective Date of Lease which have occurred prior to the event causing loss or damage to the Improvements, and the denominator of the fraction shall be the number of years in the Lease Term, as the same may have been extended (if duly extended). The balance of such proceeds shall belong to Board.

3. Provided further, that within the period during which there is an outstanding Permitted Mortgage, as described in **Section 900**, at the request of any Permitted Mortgagee with respect to any particular casualty resulting in damage or destruction exceeding Fifty Thousand Dollars (\$50,000) Adjusted for Inflation in the aggregate, such proceeds shall be payable to a bona fide institutional lender ("**Insurance Trustee**"), as trustee, selected by the Permitted Mortgagee and approved by Lessee and Board, which approval shall not be unreasonably withheld, to be disbursed as required by the provisions of this **Section 1006**. Subject to the terms of any Permitted Mortgage in effect at the time an Insurance Trustee is appointed, such Insurance Trustee is hereby made and constituted a trustee to hold such proceeds and to deposit such proceeds in its own banking department or elsewhere, at its sole discretion, and to pay out such proceeds as provided in this Lease. The Insurance Trustee shall not be obligated hereunder in any manner except to receive and pay out any money that is received by it as such trustee, together with such interest, if any, as is paid by the Insurance Trustee at the time upon like trusts of like amount. As between Board and Lessee, such interest on trust funds shall be deemed to be the income of and disbursed to the party entitled thereto in accordance with the terms of this Lease, to be held by the Insurance Trustee subject to the terms and conditions of the trust. The Insurance Trustee is authorized to retain from the trust fund a reasonable amount (approved by Board and Lessee) for its services in connection with the trust.

4. In the event this Lease is terminated by mutual agreement of Board and Lessee and the Permitted Mortgagee under any Permitted Mortgage, or as a result of Lessee's election to terminate this Lease as provided in **Section 708 or 709**, as the case may be, and the Improvements are not repaired, restored or reconstructed, the net insurance proceeds shall be made payable jointly to Lessee, Board and the Permitted Mortgagee of any outstanding Permitted Mortgage, if any, or the Insurance Trustee, if required, and shall be applied as follows:

(a) First, if there is an outstanding Permitted Mortgage, as allowed under **Section 900**, such proceeds shall be applied first to discharge the debt secured by the Permitted Mortgage.

(b) Then, the remaining insurance proceeds, at the election of Board, which election shall be made within six (6) months after the parties mutually agree to terminate

this Lease or Board receives notice of Lessee's election to terminate this Lease, as the case may be, shall be used either:

(1) To demolish the remaining Improvements and clear the Premises to a neat and safe condition; or

(2) To remove the rubble from the damaged Improvements and leave the remaining damaged Improvements in a neat, clean and safe condition; or

(3) To remove the rubble and any portion of the damaged Improvements specified by Board from the remaining Improvements and leave the remaining Improvements in a neat, clean and safe condition.

To secure the performance of such work, that portion of such remaining insurance proceeds equal to one hundred fifteen percent (115%) of the estimated cost of the work described in clause (1), (2) or (3) of **Subsection 1006(4)(b)**, whichever shall be greater, shall be held by Board and Lessee jointly (and deposited in an interest bearing account, which interest shall belong to and be payable as it accrues and becomes available as provided in Subsection 3 below) and such funds shall be expended for the specified work when Board has made its election, after which the balance, if any, shall be paid as set forth in Subsection 3 below. The estimated cost of the work described in clauses (1), (2) and (3) above shall be determined by Board and Lessee each putting the work referred to in clauses (1), (2) and (3) out to bid to not less than four (4) reputable contractors licensed by the State of California, within sixty (60) days of the parties mutually agreeing to terminate this Lease or Board receiving notice of Lessee's election to terminate this Lease. The bids shall be for the cost of immediate construction and the contractors shall not be informed of the reasons for which the bids are being solicited. The job shall be open for bid for a period not to exceed thirty (30) days. The three (3) lowest of the four (4) bids obtained by the parties with respect to the work described in clauses (1), (2) and (3) separately shall be averaged and such averages shall be deemed the estimated cost of the work described in clauses (1), (2) and (3), respectively. The balance of any remaining insurance proceeds over and above the one hundred fifteen percent (115%) set aside shall be paid immediately as set forth in **Subsection 1006(6)** below.

(c) Then, any insurance proceeds remaining shall be paid as follows:

(1) If the event causing loss or damage to the Improvements occurs on or prior to the fifty-fifth (55th) anniversary of the Effective Date of Lease, the entire amount by which such proceeds exceeds the allocations described in Subsections 1 and 2 above shall belong to Lessee.

(2) If the event causing loss or damage to the Improvements occurs after the fifty-fifth (55th) anniversary of the Effective Date of Lease, the amount which shall belong to Lessee shall be the amount by which such proceeds exceeds the allocations described in Subsections 1 and 2 above, multiplied by a fraction: the numerator of the fraction shall be the number of years in the Lease Term, as the same may have been extended (if duly extended) minus the number of anniversaries of the Effective Date of Lease which have occurred prior to the event causing damage or loss to the Improvements, and the denominator of

the fraction shall be the number of years in the Lease Term, as the same may have been extended (if duly extended). The balance of the proceeds shall belong to Board.

Lessee hereby waives any claim against Board for any loss covered by insurance of the type specified in **Section 1002**; only to the extent that such waiver is permitted under its policies of insurance and will not cause to be voided any coverage thereunder, and Lessee shall obtain from its insurance company or companies a waiver of any right of subrogation that it may have against Board.

XI. [§ 1100] EMINENT DOMAIN

In the event that the Premises or any part thereof is taken for public purposes by condemnation, or transferred under a threat of condemnation (a “**Taking**”), the Board and Lessee agree to the following:

1. If all of the Premises and Improvements are taken, the Lease shall terminate as of the effective date of any order for prejudgment possession, or the date title transfers to the condemning agency, whichever is earlier (the “**Date of Taking**”).

2. If only a portion of the Premises is taken, then the Lessee may terminate the entire Lease, as provided for under Code of Civil Procedure Section 1265.130.

3. If only a portion of the Premises is taken, and if this Lease is not terminated pursuant to **Section 1100(2)** above, then:

(a) the Base Rent owed to the Board shall be reduced by multiplying the Base Rent in effect on the date of the Taking by a fraction, the numerator of which is the value of the Premises after the Taking, and the denominator of which is the value of the Premises before the Taking;

(b) this Lease shall terminate and end as to the portion of the Premises so taken as of the Date of Taking, but shall continue in full force and effect as to the portion of the Premises not so taken.

(c) Promptly after a partial Taking, at Lessee's expense and in the manner specified in provisions of this Lease relating to maintenance, repairs and alterations, Lessee shall restore the Improvements so as to place them in a condition suitable for the uses and purposes for which the Premises is leased subject to the provisions of this **Section 1100**. Lessee shall use its portion of the award (to the extent such award is not required to be paid to a Permitted Mortgagee pursuant to a Permitted Mortgage) to restore the Improvements in accordance with plans and specifications approved in writing by Board, which approval shall not be unreasonably withheld or delayed. In the event Lessee fails to restore the Improvements, Board may terminate this Lease pursuant to **Section 1210** of this Lease.

4. The Board and the Lessee shall cooperate reasonably and in good faith to maximize the overall amount of the award or compensation paid as a result of any taking of all or a portion of the Premises (“**Award**”). Notwithstanding the termination of the Lease as to all or any portion of the Premises subject to the Taking, the Award shall be allocated proportionately

between the Board and Lessee commensurate with the value of their respective interests in the taken Premises as follows:

(a) To Lessee:

(1) The "fair condemnation value" (defined as "fair market value" as that term is used under Code of Civil Procedure section 1263.320) of its leasehold estate at the time of the Taking, and subject to the Board's interests stated below; and

(2) The fair condemnation value of the Improvements, if any, at the time of the Taking, so long as not duplicative of the value of the leasehold estate, subject to the Board's reversionary interest in the Improvements; and

(3) Any "Severance Damages" (defined as Injury to the Remainder, under Code of Civil Procedure section 1263.420) attributable to the Improvements, subject to the Board's reversionary interest in the Improvements; and

(4) Any allocation to the Lessee applicable under subsection (c) below.

(b) To the Board:

(1) If the taking occurs during the Extension Terms, the present value, at the time of the Taking, of the Board's expected rental revenues over the remaining term of the Lease, and

(2) The present value, at the time of the Taking, of the Board's reversionary interest in the Premises and Improvements; and

(3) The fair condemnation value of the Exclusive Trolley Parking Easement; and

(4) Any Severance Damages attributable to the Premises and the Board's reversionary interest in the Improvements; and

(5) Any allocation to the Lessor applicable under subsection (c) below.

(c) In the event that at the time of the Taking, the value of the Premises at its highest and best use "as though vacant" exceeds the value of the Premises "as improved", for apportionment purposes, any consideration of the value of the Premises for purposes of this **Section 1100** shall be as though the Premises are vacant and available for their highest and best use, and the value of the Premises so valued will be allocated between the parties commensurate with the remaining time left under the Lease for Lessee's occupation of the Premises. In such event, the Lessee's apportioned value of the Premises "as though vacant" will be determined by multiplying the "as though vacant" value of the Premises by a fraction, the numerator of which is the number of years remaining in the Lease Term at the time of Taking (including any extension options), and the denominator of which shall be all years of the Lease Term (Including any extension options).

(d) As used herein, the term "Award" excludes the following, and shall not be subject to allocation as between the Board and Lessee:

(1) Any amounts paid as relocation benefits under Government Code sections 7620, et seq., Title 25 California Code of Regulations Sections 6000, et seq., or any other applicable provision of state, federal, or local law, which benefits shall be the exclusive property of the party entitled to claim them;

(2) Any severance damage resulting from the taking of any property or property interest of the Board which is not a part of the Premises, or any damages for any compensable loss of business goodwill of the Board under Code of Civil Procedure section 1263.510, or any other applicable provision of state, federal, or local law, which damages shall be the exclusive property of the Board; and

(3) Any damages for Lessee's loss of business goodwill under Code of Civil Procedure section 1263.510, or any other applicable provision of state, federal, or local law, which damages shall be the exclusive property of the Lessee.

5. Notwithstanding the foregoing provisions of this Section, either party may, in its discretion and without affecting the validity and existence of this Lease, transfer its interests in the Premises in lieu of condemnation to any authority entitled to and having threatened to exercise the power of eminent domain. In the event of such transfer by a party, that party shall retain its right to recover from said condemning authority the award with respect to its interest in the Premises taken by the condemning authority in the manner provided in Subsection 4 above.

XII. [§ 1200] DEFAULTS, REMEDIES AND TERMINATION

A. [§ 1201] Defaults – General

Subject to the extensions of time set forth in **Section 1209**, failure or delay by either party to perform any term or provision of this Lease constitutes a default under this Lease. The party who fails or delays must promptly commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

In the event of any default, the injured party shall give written notice of default ("**Notice of Default**") to the party in default, specifying the default complained of by the injured party. Failure or delay in giving Notice of Default shall not constitute a waiver of any obligation, requirement or covenant required to be performed hereunder. Except as otherwise expressly provided in this Lease, any failures or delays by either party in asserting any rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of the right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. Any cure of any default tendered by a partner and/or member of any party hereto shall be accepted or rejected on the same basis as if tendered by the defaulting party.

B. [§ 1202] Legal Actions

1. [§ 1203] Institution of Legal Actions. In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Lease following occurrence of an “Event of Default” (as defined in **Section 1207** below). Such legal actions must be instituted in the Superior Court of the County of San Diego, State of California, in any other appropriate court in that county, or in the Federal District Court in the Southern District of California.

2. [§ 1204] Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Lease.

3. [§ 1205] Acceptance of Service of Process. In the event that any legal action is commenced by Board against the Lessee, service of process on Lessee shall be made by personal service upon the Lessee, or in such other manner as may be provided by law, and shall be valid whether made within or without the State of California.

C. [§ 1206] Rights and Remedies are Cumulative

Except with respect to rights and remedies which are expressly declared to be exclusive in this Lease, the rights and remedies of any non-defaulting party are cumulative and the exercise of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the defaulting party.

D. [§ 1207] Events of Default

1. The occurrence of any one or more of the following (after expiration of any applicable cure period as provided in **Section 1207(2)**) shall, at the sole option of Board, constitute an “**Event of Default**” under this Lease:

(a) a failure by Lessee to make any payment of Base Rent, on the date the payment is due, regardless of the reason for such failure;

(b) a failure by Lessee to make any payment of any monetary obligation under this Lease on other than those listed in **Section 1207(1)(a)** above on the date the payment is due;

(c) a failure by Lessee duly to perform and observe, or a violation or breach of, any other provision hereof not otherwise specifically mentioned in this **Section 1207(1)**;

(d) Lessee shall (i) voluntarily be adjudicated bankrupt or insolvent, (ii) seek or consent to the appointment of a receiver or trustee for itself or for the Premises, (iii) file a petition seeking relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, (iv) make a general assignment for the benefit of creditors, or (v) be unable to pay its debts as they mature;

(e) a court shall enter an order, judgment or decree appointing, without the consent of Lessee, a receiver or trustee for it or for any of the Premises or approving a petition filed against Lessee which seeks relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, and such order, judgment or decree shall remain undischarged or unstayed ninety (90) days after it is entered;

(f) the Premises shall have been abandoned;

(g) Lessee shall be liquidated or dissolved or shall begin proceedings towards its liquidation or dissolution; or

(h) the estate or interest of Lessee in any of the Premises shall be levied upon or attached in any proceeding and such estate or interest is about to be sold or transferred or such process shall not be stayed, vacated or discharged within ninety (90) days after it is made.

2. If the default consists of the failure to pay an amount under clause (a) of **Section 1207(1)**, the applicable cure period shall be ten (10) Business Days from the date on which notice of such failure (a "**Notice of Default**") is given. If the default consists of the failure to pay any other monetary obligation under clause (b) of **Section 1207(1)**, the applicable cure period shall be fifteen (15) Business Days from the date on which the Notice of Default is given. If the default consists of any other matter described under **Section 1207(1)**, the applicable cure period shall be thirty (30) days from the date on which the Notice of Default is given; however, if the default is curable but cannot reasonably be cured within such thirty (30) day period, the cure period shall be extended for the period reasonably required to cure the default, provided that Lessee shall commence to cure the default within the said thirty (30) day period and shall actively, diligently and in good faith proceed with and continue the curing of the default until it shall be fully cured.

3. In the event Lessee disputes the existence of a non-monetary Event of Default described in a Notice of Default (a "**Disputed Non-Monetary Default**"), Lessee may make demand for non-binding mediation by notifying the Board in writing, prior to expiration of the cure period specified in **Section 1207(2)** above. In such event, the Board and Lessee agree to participate in non-binding mediation administered by a mediator chosen by the parties. A single mediator shall be selected with knowledge of the subject matter of the Disputed Non-Monetary Default. The mediator shall be a qualified retired judge or other professional mediator with at least five (5) years mediation experience. In the event the parties cannot agree on a single mediator, each party shall select a mediator and those two mediators together shall select a mediator to conduct the mediation. The mediation shall be held within thirty (30) days of the date the demand for mediation is delivered by the Lessee to the Board. The mediation shall be considered settlement negotiations for the purpose of all state and federal rules protecting disclosures made during such conferences from later discovery or use in evidence. The parties hereto agree that the provisions of California Evidence Code Section 1152 shall apply to any mediation conducted hereunder. All conduct, statements, promises, offers, view and opinions, oral or written, made during the mediation by any party or a party's agent, employee or attorney shall not be subject to discovery or admissible for any purpose, including impeachment, in any litigation, arbitration or other proceeding involving the parties. The mediator's fees and costs shall be divided equally among the parties.

E. [§ 1208] Remedies and Damages Upon Default

1. If an Event of Default shall have occurred and is continuing, Board shall have the right, at its sole option, then or at any time thereafter, to exercise its remedies and to collect damages from Lessee in accordance with this **Section 1208**, subject in all events to applicable law, without demand upon or notice to Lessee except as otherwise provided in **Section 1207(2)** and this **Section 1208**.

(a) Board may give Lessee notice of Board's intention to terminate this Lease on a date specified in such notice. Upon such date, this Lease, the estate hereby granted and all rights of Lessee hereunder shall expire and terminate. Upon such termination, Lessee shall promptly surrender and deliver possession of the Premises to Board in accordance with **Section 1307**. If Lessee does not so surrender and deliver possession of the Premises, Board may re-enter and repossess the Premises, with or without legal process, by peaceably entering the Premises and changing locks or by summary proceedings, ejectment or any other lawful means or procedure. Upon or at any time after taking possession of the Premises, Board may, by peaceable means or legal process, remove any Persons or property therefrom. Board shall be under no liability for or by reason of any such entry, repossession or removal. Notwithstanding such entry or repossession, Board may collect the damages set forth in **Section 1208(3)**.

(1) If Lessee has timely demanded mediation of a Disputed Non-Monetary Default pursuant to **Section 1207(3)**, Board agrees not to terminate this Lease in the event of an alleged non-monetary Event of Default (i.e., an Event of Default under **Section 1207(1)(c)** through **Section 1207(1)(h)**, inclusive) unless: (A) Board has participated in a non-binding mediation of the alleged non-monetary Event of Default in accordance with the procedures set forth in **Section 1207(3)**, and (B) Lessee does not immediately after the conclusion of the mediation commence and diligently pursue to completion the cure of any Disputed Non-Monetary Default that is still alleged by the Board following conclusion of the mediation.

(2) In the event this Lease terminates pursuant to this Section 1200 DEFAULTS, REMEDIES AND TERMINATION, or earlier termination pursuant to the terms hereof, Lessee shall not be entitled to recover any portion of the Base Rent already paid to Board under Sections 302 or 304.

(b) After repossession of the Premises pursuant to **Section 1208 (1)(a)** above, Board shall have the right to relet any of the Premises to such Lessee or Lessees, for such term or terms, for such rent, on such conditions and for such uses as Board in its sole discretion may determine, and collect and receive any rents payable by reason of such reletting. Board may make such alterations in connection with such reletting as it may deem advisable in its sole discretion. Notwithstanding any such reletting, Board may collect the damages set forth in **Section 1208(3)**.

2. In addition to its other rights under this Lease, Board has the remedy described in California CIVIL CODE Section 1951.4 which provides substantially as follows: Board may continue the Lease in effect after Lessee's breach and abandonment and recover the Rent as it becomes due. In accordance with California CIVIL CODE Section 1951.4 (or any successor statute), Lessee acknowledges that in the event Lessee breaches this Lease and

abandons the Premises, this Lease shall continue in effect for so long as Board does not terminate Lessee's right to possession, and Board may enforce all of its rights and remedies under this Lease, including the right to recover the Rent as it becomes due under this Lease. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of Board to protect Board's interest under this Lease shall not constitute a termination of Lessee's right to possession.

3. If Board elects to terminate this Lease upon the occurrence of an Event of Default, Board may collect from Lessee damages computed in accordance with the following provisions in addition to Board's other remedies under this Lease:

(a) the worth at the time of award of any unpaid Rent which has been earned at the time of such termination; plus

(b) the worth at the time of award of the amount by which any unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided; plus

(c) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Lessee proves could be reasonably avoided; plus

(d) any other reasonable cost necessary to compensate Board for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom including, without limitation, brokerage commissions, the cost of repairing and reletting the Premises and reasonable attorneys' fees; plus

(e) at Board's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable state law. Damages shall be due and payable from the date of termination.

For purposes of clauses (a) and (b) of this Section, the "worth at the time of award" shall be computed by adding interest at the maximum legal rate to the past due Rent. For the purposes of clause (c) of this **Section 1208(3)**, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%).

4. Board may elect not to terminate Lessee's right to possession of the Premises, in which event this Lease will continue in full force and effect as long as Board does not terminate Lessee's right to possession and Board may continue to enforce all of its rights and remedies under this Lease, including the right to collect all Rent as it becomes due. Board may elect to enter the Premises and relet them, or any part of them, to third parties for Lessee's account. Lessee shall be liable immediately to Board for all costs Board incurs in reletting the Premises, including, but not limited to, brokers' commissions, expenses of cleaning and remodeling the Premises required by the reletting, attorneys' fees and like costs. Reletting can be for a period shorter or longer than the remaining Term of this Lease and for the entire Premises or any portion thereof. Lessee shall pay to Board the Rent due under this Lease on the dates the

Rent is due, less the Rent Board actually collects from any reletting. Except as provided in the preceding sentence, if Board relets the Premises or any portion thereof, such reletting shall not relieve Lessee of any obligation hereunder. Notwithstanding the above, no act by Board allowed by this **Section 1208(4)** shall terminate this Lease unless Board notifies Lessee in writing that Board elects to terminate this Lease.

5. Notwithstanding anything to the contrary herein contained, in lieu of or in addition to any of the foregoing remedies and damages, Board may exercise any remedies and collect any damages available to it at law or in equity. If Board is unable to obtain full satisfaction pursuant to the exercise of any remedy, it may pursue any other remedy which it has hereunder or at law or in equity.

6. If any Law shall validly limit the amount of any damages provided for herein to an amount which is less than the amount agreed to herein, Board shall be entitled to the maximum amount available under such Law.

7. No termination of this Lease, repossession or reletting of the Premises, exercise of any remedy or collection of any damages pursuant to this **Section 1208** shall relieve Lessee of any obligations which by their terms survive the expiration of the Term or earlier termination of this Lease.

8. WITH RESPECT TO ANY REMEDY OR PROCEEDING OF BOARD HEREUNDER, LESSEE WAIVES ANY RIGHT TO A TRIAL BY JURY. Lessee agrees that this Lease constitutes a written consent to waiver of trial by jury pursuant to the provisions of California CODE OF CIVIL PROCEDURE Section 631 and Lessee does hereby appoint Board its true and lawful attorney-in-fact, which appointment is coupled with an interest, and Lessee does hereby authorize and empower Board, in the name, place and stead of Lessee, to file this Lease with the clerk or judge of any court of competent jurisdiction as statutory written consent to waiver of trial by jury.

Lessee's Initials

Board's Initials

9. Upon the occurrence of any Event of Default, Board shall have the right (but no obligation) to perform any act required of Lessee hereunder and, if performance of such act requires that Board enter the Premises, Board may enter the Premises for such purpose.

10. No failure of Board (i) to insist at any time upon the strict performance of any provision of this Lease or (ii) to exercise any option, right, power or remedy contained in this Lease shall be construed as a waiver, modification or relinquishment thereof. A receipt by Board of any sum in satisfaction of any monetary obligation with knowledge of the breach of any provision hereof shall not be deemed a waiver of such breach, and no waiver by Board of any provision hereof shall be deemed to have been made unless expressed in a writing signed by Board.

11. Lessee hereby waives and surrenders, for itself and all those claiming under it, including creditors of all kinds, (i) any right and privilege which it or any of them may have under any present or future Law to redeem any of the Premises or to have a continuance of

this Lease after termination of this Lease or of Lessee's right of occupancy or possession pursuant to any court order or any provision hereof, and (ii) the benefits of any present or future Law which exempts property from liability for debt or for distress for rent.

12. Except as otherwise provided herein, all remedies are cumulative and concurrent and no remedy is exclusive of any other remedy. Each remedy may be exercised at any time an Event of Default has occurred and is continuing and may be exercised from time to time. No remedy shall be exhausted by any exercise thereof.

F. [§ 1209] Enforced Delay in Performance for Causes Beyond Control of Party

For the purposes of any of the provisions of this Lease, neither Board nor Lessee, as the case may be, nor any successor in interest (including, without limitation, Lessee's Permitted Mortgagee or any successor in interest of said Permitted Mortgagee), shall be considered in breach of, or default in, its obligations under this Lease (exclusive of any obligation to pay money) as a result of the enforced delay in the performance of such obligations due to causes beyond its reasonable control and without its fault or negligence, including, but not limited to any law, regulation, ordinance or order of any public Board, acts of public agencies, acts of God, acts of the public enemy, acts of the federal government, acts of the other party (including but not limited to delays in performing such other party's obligations pursuant to this Lease), fires, floods, epidemics, quarantine restrictions, strikes, labor disputes, a subcontractor walking off the job without excuse, freight embargoes, acts of terrorism, inability to obtain materials or supplies or unusually severe weather or delays of contractors or subcontractors due to such causes (any of the above, an "Enforced Delay"); it being the purpose and intent of this provision that in the event of the occurrence of any such Enforced Delay, the time or times for performance of the obligations of Board or Lessee, as the case may be, shall be extended for the period of such Enforced Delay. The party seeking the benefit of the provision of this Section shall promptly notify the other party in writing of such Enforced Delay and of the causes thereof, the extension of time for performance shall run from thirty (30) days prior to the date on which such notice is given, but in no event earlier than the date of commencement of the cause.

G. [§ 1210] Non-Recourse as to Board

Anything contained herein to the contrary notwithstanding, any claim based on or with respect to any liability of the Board under this Lease shall be enforced only against the Premises and the Board's interest in this Lease and not against any other assets, properties or funds of (i) the Board, (ii) any director, officer, general partner, shareholder, limited partner, beneficiary, employee or agent of the Board or any general partner of the Board or any of its general partners (or any legal representative, heir, estate, successor or assign of any thereof), (iii) any predecessor or successor partnership or corporation (or other entity) of the Board or any of its general partners, shareholders, officers, directors, employees or agents, either directly or through the Board or its general partners, shareholders, officers, directors, employees or agents or any predecessor or successor partnership or corporation (or other entity), or (iv) any person affiliated with any of the foregoing, or any director, officer, employee or agent of any thereof.

XIII. [§ 1300] GENERAL PROVISIONS

A. [§ 1301] Notices, Demands and Communications between the Parties

Unless otherwise specifically provided herein, all formal notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly delivered upon personal delivery, or by Federal Express (or similar reputable express delivery service), or by facsimile transmission with verification of receipt or email (if designated by a party) and back-up copy mailed the same day, or as of the second Business Day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

For the Board: Chief Executive Officer
Metropolitan Transit Development Board
1255 Imperial Avenue, Suite 1000
San Diego, California 92101-7490
Telephone: (619) 231-1466

with copies to:

General Counsel
Metropolitan Transit Development Board
1255 Imperial Avenue, Suite 1000
San Diego, California 92101-7490
Telephone: (619) 557-4512

For the Lessee: AMCAL Villa Encantada Fund, L.P.
30141 Agoura Road, Suite 100
Agoura Hills, CA 91301
Attn: Arjun Nagarkatti
Facsimile: (818) 889-9158

with a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 70th Floor
Los Angeles, CA 90071
Attn: Kyle Arndt, Esq.
Facsimile: (213) 239-0410

And

{Insert Tax Credit Equity Investor}

Addresses for notice may be changed by written notice sent in the manner provided above.

B. [§ 1302] Time of Essence

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Lease.

C. [§ 1303] Conflict of Interests

No member, official or employee of the Board shall have any personal interest, direct or indirect, in this Lease nor shall any such member, official or employee participate in any decision relating to the Lease which affects his or her personal interests or the interests of any corporation, partnership or association in which he, or she is, directly or indirectly, interested.

D. **[§ 1304] Warranty Against Payment of Consideration for Agreement**

The Lessee warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Lease.

E. **[§ 1305] Nonliability of Board Officials and Employees**

No member, official or employee of Board shall be personally liable to Lessee, or any successor in interest to Lessee, in the event of any default or breach by Board or for any amount which may become due to Lessee or successor, or on any obligations under the terms of this Lease.

F. **[§ 1306] No Partnership**

Nothing contained in this Lease and no acts of Board or Lessee shall be deemed or construed to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between Board and Lessee other than that of lessor and lessee.

G. **[§ 1307] Surrender of Property**

Upon the expiration or earlier termination of this Lease pursuant to the terms hereof, it shall be lawful for Board to re-enter and repossess the Premises and the Improvements thereon without process of law, and Lessee, in such event, does hereby waive any demand for possession thereof, and agrees to surrender and deliver the Premises and the Improvements thereon, peaceably to Board immediately upon such expiration or termination in good order, condition and repair, except for reasonable wear and tear, but subject, however to the provisions of **Section 1100** of this Lease regarding eminent domain and **Sections 708 and 709** of this Lease regarding damage and destruction.

H. **[§ 1308] Severability**

If any term, covenant, condition or provision of this Lease, or the application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this Lease, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

I. **[§ 1309] Binding Effect**

Subject to the provisions of this Lease restricting or prohibiting assignment, this Lease, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

J. **[§ 1310] Captions**

The captions contained in this Lease are for convenience of reference and shall not be construed to limit or extend the meaning of any part of this Lease.

K. **[§ 1311] Entire Agreement**

This Lease, together with any other written document referred to herein, embody the entire agreement and understanding between the parties regarding the subject matter hereof, and any and all prior or contemporaneous oral or written representations, agreements, understandings or statements shall be of no force and effect.

L. **[§ 1312] Modifications**

No modification, waiver or discharge of this Lease shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver or discharge is or may be sought. Any material amendments to this Lease must be approved by the Board's Board of Directors. Non-material amendments to this Lease (including, without limitation, amendments required by Lessee's lenders and/or equity investors) may be approved by the Board's Chief Executive Officer or his/her designee.

M. **[§ 1313] Approvals**

All consents or approvals to be given by Lessee or Board shall not be unreasonably withheld or delayed unless this Lease expressly provides for the discretion of the party in giving such consent or approval. Approval or disapproval shall be given within the time set forth in this Lease or, if no time is given, within fifteen (15) Business Days. Unless otherwise expressly provided herein, the Chief Executive Officer of the Board or his/her designee shall have the authority to issue all approvals and disapprovals on behalf of the Board required or allowed hereunder.

N. **[§ 1314] Inspection of Books and Records**

The Board has the right at all reasonable times to inspect the books and records of the Lessee pertaining to the Premises, the Improvements and the Project as pertinent to the purposes of this Lease, subject to [Section 308] above.

O. **[§ 1315] Gender, Number**

Whenever the context requires, the use herein of (i) the neuter gender includes the masculine and the feminine, and (ii) the singular number includes the plural.

P. **[§ 1316] Business Days**

"**Business Day**" shall mean any day which is not a Saturday, Sunday or federal bank holiday. If the last day for performance of an act falls upon a day that is not a Business Day, such last day shall be the next following regular Business Day.

Q. **[§ 1317] Recitals; Exhibits; Attachments**

The recitals set forth above and all attached exhibits and attachments are incorporated by reference into this Lease as if fully set forth herein.

R. **[§ 1318] Authority of Signatories**

Each signatory and party hereto hereby warrants and represents to the other party that it has legal authority and capacity and direction from its principal to enter into this Lease, and that all resolutions and other actions have been taken so as to enable said signatory to enter into this Lease.

S. **[§ 1319] Attorneys' Fees and Legal Expenses**

Should any party hereto institute any action or proceeding in court or any arbitration or similar proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any provision of this Lease or for any other judicial remedy, the prevailing party(ies) shall be entitled to receive from the losing party(ies) all reasonable attorneys' fees and all court costs in connection with said proceedings.

T. **[§ 1320] Preparation of Lease**

No inference, assumption or presumption shall be drawn from the fact that a party or its attorney prepared or drafted this Lease. It shall be conclusively presumed that both parties participated equally in the preparation and drafting of this Lease.

U. **[§ 1321] Counterparts**

This Lease may be executed in any number of counterparts, each of which shall be original and all of which shall constitute one and the same document.

V. **[§ 1322] Certificates**

At any time and from time to time, each party ("**Responding Party**") agrees to sign and deliver to the other party ("**Requesting Party**") within ten (10) days after receipt of written request therefor a statement certifying that (a) this Lease is unmodified and in full force and effect (or, if such is not the case, so stating and setting forth any modifications), (b) that, to the Responding Party's knowledge, the Requesting Party is not in breach hereunder (or, if such is not the case, so stating and setting forth any alleged breaches), and (c) any other information reasonably related to the status of this Lease. Such certification may be conclusively relied on by the Requesting Party, any Permitted Mortgagee, any equity investor of Lessee, and any title insurance company insuring title to the Premises.

W. **[§ 1323] Successors and Assigns**

Subject to the provisions of this Lease restricting or prohibiting assignment, this Lease shall be binding on and inure to the benefit of the successors and assigns of the respective parties.

X. **[§ 1324] Joint and Several Liability**

If any party consists of more than one person or entity, the liability of each such person or entity signing this Lease shall be joint and several.

Y. [§ 1325] No Third Party Beneficiaries

This Lease has been made and is made solely for the benefit of the Board and the Lessee and their respective successors and permitted assigns, and, to the extent provided herein, any Permitted Mortgagee. Nothing in this Lease is intended to confer any rights or remedies under or by reason of this Lease on any persons other than the parties to it, any Permitted Mortgagee, and their respective successors and permitted assigns. Nothing in this Lease is intended to relieve or discharge the obligation or liability of any third persons to any party to this Lease.

Z. [§ 1326] Adjusted for Inflation

Whenever this Lease provides for a dollar amount to be "Adjusted For Inflation," then upon the request of either Board or Lessee made not more frequently than every five (5) years during the Term (including any extension), the specified dollar amount shall be adjusted by the percentage increase in the Index (as defined below) published nearest preceding the Effective Date of this Lease and the date when the request for the adjustment was made; provided, however, that in no event shall such dollar amount be reduced below that originally specified in this Lease or as previously adjusted hereby.

"Index" means the "Consumer Price Index--All Urban Consumers--Los Angeles/Anaheim/Riverside, California" compiled by the U.S. Department of Labor, Bureau of Labor Statistics, based on 1982-1984=100 (the "Base"). If the Base should hereafter be changed, then the new base shall be converted to the Base, and the base as so converted shall be used. If a substantial change is made in the Index, the revised Index shall be used, subject to such adjustments as may be reasonably required in order to make the revised Index comparable to the prior Index. If the Bureau of Labor Statistics ceases to publish the Index, then the successor or most nearly comparable Index, as mutually approved by the Board and Lessee (which approvals shall not be unreasonably withheld) shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

AA. [§ 1327] Memorandum of Lease

This Lease shall not be recorded. A Memorandum of this Lease, in the form of Exhibit G attached, was recorded at Close of Escrow by the Board and Lessee. Upon expiration or earlier termination of this Lease, Lessee shall execute, acknowledge and deliver to the Board for recording a quitclaim deed to the Premises.

BB. [§ 1328] Closing Version of the Lease

Six (6) duplicate counterpart original copies of this Lease are being executed by the parties. These duplicate originals of the Lease are in the same form as the Lease delivered through Escrow at Close of Escrow under the DDA (the "**Closing Version of the Lease**"), other than: (i) the word processing of handwritten and typewritten inserts, (ii) the correction of the date at the end of **Section 312(5)(d)(2)**, and (iii) the repagination of the Lease to a traditional format instead of using inserted pages. These duplicate originals of the Lease shall supersede

and replace the Closing Version of the Lease for all purposes. Each party agrees to destroy or mark the signed original copies of the Closing Version of the Lease as superseded by this Lease.

“Board”

San Diego Metropolitan Transit Development
Board, a California public agency also known as the
San Diego Metropolitan Transit System

By: _____

Paul Jablonski
Chief Executive Officer

APPROVED AS TO FORM:

By: _____

Its _____

“Lessee”

AMCAL Villa Encantada Fund, L.P.,
a California limited partnership

By: AMCAL Multi-Housing Two, LLC,
a California limited liability company,
its administrative general partner

By:

Arjun Nagarkatti
President

Exhibit A

Legal Description of the Premises

That certain real property located in the City of San Diego, State of California described as follows:

Parcel A: APN 549-071-39

All of Lot 20 in Block 3 of Encanto Heights in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1063, filed in the Office of the County Recorder of San Diego County, October 22, 1907.

Parcel B:

Parcel 1: APN 549-071-21

Lot 19, Block 3, Encanto Heights, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1063, filed in the Office of the County Recorder of San Diego County, October 22, 1907.

Parcel 2: APN 549-071-18

Lot 9 and that portion of Lot 10, Block 3, Encanto Heights, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1063, filed in the Office of the County Recorder of San Diego County, June 6, 1907, said portion of Lot 10 being described as follows:

Beginning at the Northeast corner of said Lot 10;
Thence Southerly along the Easterly line of said Lot, a distance of 73.00 feet;
Thence Northwesterly in a straight line to the Northwest corner of said Lot;
Thence Easterly along the Northerly line of said Lot to the point of beginning.

Parcel C: APN 549-071-38

All of Lot 10, Block 3, Encanto Heights, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 1063, filed in the Office of the County Recorder of San Diego County, June 6, 1907.

Excepting therefrom that portion described as follows

Beginning at the Northeast corner of said Lot 10;
Thence Southerly along the Easterly line of said Lot, a distance of 73.00 feet;
Thence Northwesterly in a straight line to the Northwest corner of said Lot;
Thence Easterly along the Northerly line of said Lot to the point of beginning.

Exhibit A-2

Ground Floor Site Plan

[Attached]

Exhibit B

Site Plan

[Attached]

Exhibit C

Scope of Development

The Developer shall construct or cause to be construct the "Project" (as described in the foregoing DDA) in accordance with the "Final Construction Drawings and Related Documents" (as defined in the Ground Lease) for the Project, a list of which plans is attached to the Ground Lease as Exhibit "D" and which consist of the following:

Exhibit D

Final Construction Plans and Drawings

[Attached]

Exhibit F
Construction Schedule

[Attached]

Exhibit G

Form of Memorandum of Lease

Recording Requested By:

When Recorded, Mail To:

AMCAL Villa Encantada Fund, L.P.
30141 Agoura Road, Suite 100
Agoura Hills, CA 91301
Attn: Arjun Nagarkatti

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE (this “**Memorandum**”) is made and entered into as of the ____ day of _____, 201__ (“Effective Date”), *[date of Close of Escrow under the DDA to be inserted by Escrow Holder]*, between THE SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD, a California public agency also known as the San Diego Metropolitan Transit System (the “**Board**”) and AMCAL VILLA ENCANTADA, L.P., a California limited partner (“**Lessee**”).

1. Lease of Premises. Board hereby leases the Premises to Lessee and Lessee does hereby take and lease the Premises from Board located in the City of San Diego, County of San Diego, State of California, legally described on Exhibit “A” attached hereto and incorporated herein by reference (the “**Premises**”) pursuant to and on the terms and provisions of that certain Ground Lease dated as of the Effective Date (the “**Lease**”). The provisions of the Lease are incorporated into this Memorandum by this reference as if set out in full herein.

2. Initial Term. The initial term of the lease shall commence on the Effective Date and shall expire upon the 55th anniversary of the Effective Date.

3. Purpose of Memorandum. This Memorandum is prepared and executed for the purpose of recordation and in no way modifies the terms and provisions of the Lease. In the event of any inconsistency between the terms of the Lease and the terms of this Memorandum, the terms of the Lease shall prevail.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Ground Lease as of the day and year first above written.

“Board”

San Diego Metropolitan Transit Development Board, a California public agency also known as the San Diego Metropolitan Transit System

By: _____

Paul Jablonski
Chief Executive Officer

APPROVED AS TO FORM:

By: _____

Its: _____

“Lessee”

AMCAL Villa Encantada Fund, L.P.,
a California limited partnership

By: AMCAL Multi-Housing Two, LLC,
a California limited liability company,
its administrative general partner

By: _____

Arjun Nagarkatti
President

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On _____, _____, before me, _____,
Notary Public in and for said State, personally appeared _____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the
person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

WITNESS my hand and official seal.

Signature

(Seal)

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On _____, _____, before me, _____,
Notary Public in and for said State, personally appeared _____,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the
person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s)
acted, executed the instrument.

WITNESS my hand and official seal.

Signature

(Seal)

Exhibit H
Form of Estoppel

[Attached]

EXHIBITS

EXHIBIT A-1:	Description of the Premises
EXHIBIT A-2:	Ground Floor Site Plan
EXHIBIT B:	Site Plan
EXHIBIT C	Scope of Development
EXHIBIT D:	Final Construction Plans and Drawings
EXHIBIT F:	Construction Schedule
EXHIBIT G:	Memorandum of Lease
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Item No. 30

**ENCANTO / 62nd STREET
TROLLEY STATION
TRANSIT ORIENTED DEVELOPMENT**

**Disposition and Development Agreement with
Villa Encantada Fund, L.P.**

June 19, 2014



①

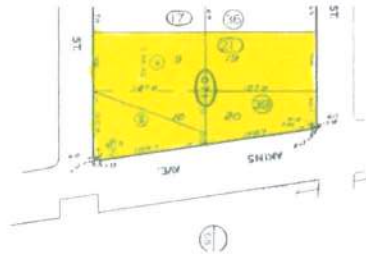
Encanto / 62nd Street Station



②

Encanto / 62nd Street Station

- City of San Diego
- 1.67 acres
- 171 Total Parking Spaces
- Bus Stops on Imperial Avenue
- SEDC interest in coordination with the Imperial Avenue Corridor Master Plan



3

Encanto / 62nd Street Station



4

Development Proposal

- Redevelopment of Underutilized Parking Lot
- “Smart Growth,” Transit Oriented Development
 - Next to Encanto/62nd Street Trolley Station
- Mixed-use Development:
 - Affordable family housing
 - MTS parking
 - Ground floor retail space
 - Ground floor community room and office



5

Building Elevations

South Elevation



6

Development Status

- City Staff reviews on-going
- Encanto Community Planning Group approval complete
- Next steps:
 - MTS approval
 - City completion of CEQA
 - City Planning Commission approval
 - City Housing Commission approval (financing)



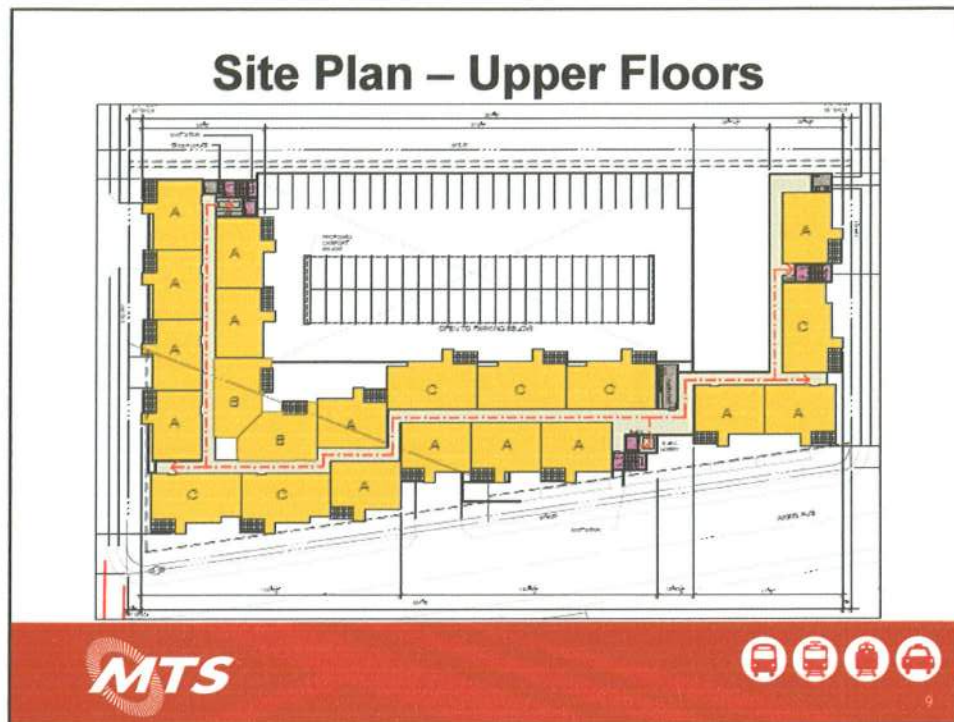
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Development Proposal

- 67 affordable workforce housing units
 - 45 2-bedroom
 - 22 3-bedroom
- 3,350 sq. ft. community room & leasing office
- 900 sq. ft. ground floor retail space (coffee shop)
- Residential parking in subterranean garage
- MTS and retail parking in street level garage
 - 100 trolley patron parking spaces (signage to be included)
 - 14 retail parking spaces



8



9

DDA and Ground Lease Highlights

- **One-time Ground Lease payment in advance:**
 - \$1,035,000
 - Base Lease Term of 55 years (term of affordable housing covenant)
- **Market adjustments for extended lease terms**
 - Extension Term lease rate = annual return of 8% of land value
 - 25 years (year 56-80); 19 years (year 81-99)
 - After lease: full MTS ownership of property and improvements
- **Continued right to control 100 parking spaces**
 - MTS shares in pro-rata costs to maintain parking lot area
- **Wired for MTS security cameras**
- **MTS and residential security to patrol (as deemed appropriate)**

MTS



10

10

Recommendations

- Executive Committee recommends approval

That the Board of Directors:

1. Approve the Disposition and Development Agreement (DDA)
2. Approve the form of the Ground Lease (to take effect upon the terms of the DDA being satisfied)
3. Authorize the CEO to execute Ground Lease according to DDA terms.

*DDA and Ground Lease in substantially the same format as provided in Att. A and B. Authorize CEO and General Counsel to make non-material changes to documents to protect MTS interests.



11

(11)

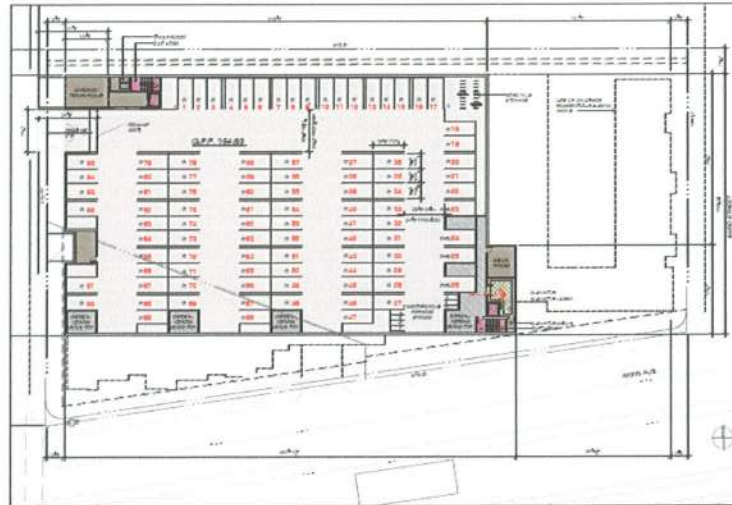
Landscape Plan



12

(12)

Subterranean Garage



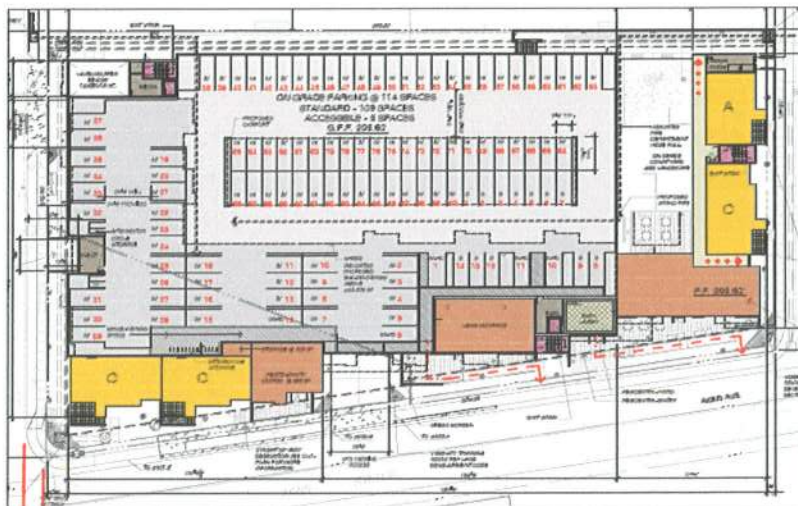
MTS



13

13

Site Plan – Ground Floor



MTS



14

14

Building Elevations

West Elevation



15

15

Building Elevations

North Elevation



16

16

Building Elevations

East Elevation



17

17

Development Proposal

- Indoor and Outdoor Community Space
 - Community room
 - Computer lab
 - Staff offices
 - Outdoor play area for children
 - Barbeque and outdoor dining area
- Security cameras and lighting



18

18



Metropolitan Transit System

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

Agenda Item No. 31

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

SUBJECT:

SALE OF SURPLUS REAL PROPERTY: 8650 TECH WAY IN THE CITY OF SAN
DIEGO (KAREN LANDERS AND TIM ALLISON)

RECOMMENDATION:

That the Board accept Dan Floit's offer to purchase 8650 Tech Way in the City of San Diego and authorize the Chief Executive Officer to enter any and all agreements to finalize the transaction for the terms outlined in the offer letter.

Budget Impact

Sale of the property would generate \$3,700,000 in one-time discretionary revenue to MTS.

DISCUSSION:

MTS is the owner of a 1.57 acre property in the Kearny Mesa neighborhood of the City of San Diego, located at 8650 Tech Way (Attachment A). MTS acquired the property by grant deed in 2003 from the original developers of the Spectrum Center Development. The property was originally contemplated as a transit center site. However, MTS planning staff has determined that the site is not in a location that will work for a future transit center. Therefore, the property is considered excess land and is available for sale. The proceeds of any sale would be deposited in the MTS general fund and available for future MTS capital improvement program projects.

Over the years, MTS had varied interest in the site for use, lease, and sale, that didn't mature to an executed agreement. With the more recent turnaround in the real estate market, MTS had been approached for a sale of the property. Staff brought previous proposals to the Executive Committee and was instructed to increase its marketing



efforts to see if other interest could be generated. Since December 2013, the property has been posted for sale on the site, marketed on internet industry standard listings site (CoStar), and discussed with several larger brokerage firms that have a strong interest in Kearny Mesa.

The outcome of the marketing brought forward several offers. The highest offer was from CB Richard Ellis, Inc. as the broker representing Mr. Dan Floit (Attachment B). The offer includes the following material terms:

Purchase Price: \$3,700,000

Feasibility Review Period: 30 days

Non-Refundable Deposit (after Feasibility Review Period): \$100,000

Close of Escrow: 90 days

Closing Costs: *MTS to pay:* documentary transfer taxes, CLTA title insurance policy, ½ escrow fee, usual Seller's document drafting and recording charges

Buyer to pay: ½ escrow fee, ALTA title insurance policy and survey, usual Buyer's document drafting and recording charges.

Today's action would authorize the Chief Executive Officer to sign the Letter of Intent dated June 10, 2014 (Attachment B) and execute all documents necessary to complete the sale of the property.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Tim Allison, 619.595.4903, tim.allison@sdmts.com
Karen Landers, 619.557.4512, karen.landern@sdmts.com

Confidential Attachment: A. Site Map
B. Offer Letter dated June 10, 2014

Tech Way – Kearny Mesa



A-1



Jim N. Neil
Senior Vice President
Brokerage Services
Investment Properties

CBRE

CB RICHARD ELLIS

CB Richard Ellis, Inc.
4365 Executive Drive, Suite 900
San Diego, CA 92121-2127

T 858 646 4785
F 858 546 3985

jim.neil@cbre.com
www.cbre.com

June 10, 2014

Mr. Pierre Saladin
METROPOLITAN TRANSIT SYSTEM
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101
VIA EMAIL

RE: Offer to purchase site at 8650 Tech Way, San Diego, CA

Dear Mr. Saladin:

The purpose of this Letter of Intent ("Letter of Intent") is to set forth the primary terms and conditions upon which Dan Floit or assignee ("Buyer") would be willing to purchase the property located at 8650 Tech Way, San Diego, California.

1. **Property to be Purchased:** The property to be purchased consists of a 1.57-acre rough graded site including fee simple title to the land.
2. **Purchase Price:** The purchase price to be paid for the Property shall be \$3,700,000 ("Purchase Price"). Within three (3) business days after the date (the "Execution Date") on which both the Buyer and Seller have executed the Purchase Agreement (contract signing), Buyer will make an earnest money deposit into escrow in the amount of \$100,000. The total amount of the earnest money deposited shall constitute liquidated damages which shall be the sole remedy of the Seller in the event of purchaser's default under the Purchase Agreement. At the closing of the transaction, the Deposit shall be credited towards the Purchase Price.
3. **Feasibility Review Period:** Buyer shall have thirty (30) days from the execution date to conduct its studies, surveys, and investigations regarding the Property, which matters shall be determined by Buyer in its sole and absolute discretion ("Feasibility Review Period"). On or before conclusion of Buyer's feasibility period, Buyer shall signal Buyer's waiver of contingencies and the earnest money deposit of \$100,000 shall become non-refundable.
4. **Close of Escrow:** Buyer shall have ninety (90) days from contract signing to close escrow.
5. **Allocation of Fees and Costs:**

Seller will pay:

- A. All County documentary transfer taxes;
- B. The fee for a CLTA title insurance policy;
- C. One half of Escrow Agent's escrow fee; and
- D. The usual Seller's document drafting and recording charges.

Mr. Pierre Saladin
June 10, 2014
Page 2 of 3

Buyer will pay:

- A. One half of Escrow Agent's escrow fee;
- B. The additional fee for an ALTA title insurance policy and survey if necessary; and
- C. The usual Buyer's document drafting and recording charges.

The Escrow Agent shall prorate these fees and costs between the parties at the close of escrow.

- 6. **Title Insurance:** The title company shall, upon the close of escrow, issue to Buyer a CLTA form of owner's policy of title insurance.
- 7. **Assignment:** Buyer shall have the right to assign its interest under this Letter of Intent and the Purchase Agreement to any entity in which Buyer has a controlling or majority interest. All other assignments shall require the prior consent of Seller, which consent shall not be unreasonably withheld.
- 8. **Brokerage Commission:** Buyer to pay real estate brokerage commission through escrow in the amount of two and one half (2.50%) percent of the gross sales price to Jim Neil of CBRE, INC. upon successful close of escrow to represent Buyer.
- 9. **Escrow Holder and Title Company:** Chicago Title and Escrow shall serve as escrow holder and title company. Title rep: Jaime Nalley. Escrow officer: Annemarie LoCoco.
- 10. **Preparation of Purchase Agreement:** Within Seven (7) days following Seller's acceptance of the terms and conditions contained herein, Seller shall prepare and deliver to Buyer, for review and execution, a Purchase Agreement ("Purchase Agreement") incorporating the terms and conditions of this Letter of Intent. Seller and Buyer agree to use their best efforts and to act in good faith to enter into a Purchase Agreement as soon as possible on the terms which the parties have agreed to in this Letter of Intent and such other terms and conditions of the purchase and sale as may be required by either party. If issues arise during preparation of the Purchase Agreement and Escrow Instructions, which are not capable of mutual satisfaction, this letter shall become null and void.

THIS LETTER IS NOT INTENDED AS, AND DOES NOT CONSTITUTE, A BINDING AGREEMENT BY ANY PARTY, NOR AN AGREEMENT BY ANY PARTY TO ENTER INTO A BINDING AGREEMENT, BUT IS MERELY INTENDED TO SPECIFY SOME OF THE PROPOSED TERMS AND CONDITIONS OF THE TRANSACTION CONTEMPLATED HEREIN. EACH PARTY HERETO FULLY UNDERSTANDS THAT NO PARTY SHALL HAVE ANY LEGAL OBLIGATIONS TO THE OTHER, OR WITH RESPECT TO THE PROPOSED TRANSACTION, UNLESS AND UNTIL ALL OF THE TERMS AND CONDITIONS OF THE PROPOSED TRANSACTION HAVE BEEN NEGOTIATED AND AGREED TO BY ALL PARTIES AND SET FORTH IN A DEFINITIVE PURCHASE AGREEMENT WHICH HAS BEEN SIGNED AND DELIVERED BY ALL PARTIES. THE ONLY LEGAL OBLIGATIONS WHICH ANY PARTY SHALL HAVE SHALL BE THOSE CONTAINED IN SUCH DEFINITIVE PURCHASE AGREEMENT REFERRED TO ABOVE.

Mr. Pierre Saladin
June 10, 2014
Page 3 of 3

Please indicate your acceptance of the foregoing by executing a copy of this Letter of Intent and returning it to my attention, on or before **5:00 PM, Friday, June 27, 2014**. If a copy of this Letter of Intent is not received by the undersigned by the time specified above, the terms set forth in this Letter of Intent shall be null and void.

Respectfully Submitted,



Jim Neil
Senior Vice President
(858) 646-4785

The undersigned has read, reviewed, and accepted the terms of the foregoing Letter of Intent.

SELLER:

By: _____

Date: _____

BUYER:

By: _____

Date: 10 June 2014

Item No. 31

Sale of Surplus Real Property:

***8650 Tech Way
San Diego, CA***

Buyer: Dan Floit

June 19, 2014



①

Vicinity Map



②



(3)

Tech Way – Kearny Mesa

- 1.57 acres
- Community Commercial
- New Century Center Masterplan – CA with a .50 FAR



(4)

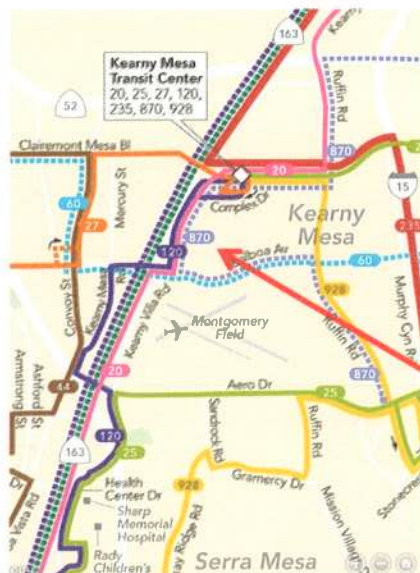
Surplus Property Finding

- Property originally granted to MTS in 2003 for a transit center site.
- Unrestricted grant deed to MTS.
- MTS Planning staff determined that the site is not in a location that will work for a future transit center.
 - Not in a location to serve major MTS routes or future routes.
 - Need served by Kearny Mesa Transit Center @ Complex Drive/Clairemont Mesa Blvd
 - MTS already has maintenance/dispatch divisions in Kearny Mesa
 - Kearny Mesa Division (San Diego Transit)
 - Copley Park Place (minibus and MTS Access)



5

Proximity to MTS Transit Routes



8650 Tech Way



6

Marketing of Property

- Unsolicited offers received
- Marketed on CoStar
- Sign posted on property
- Marketed to large brokerage firms with strong interest in Kearny Mesa area



7

⑦

Highest Offer

- CBRE on behalf of Dan Floit
- Purchase price \$3,700,000 (approx. \$54/sq ft)
- Subject to:
 - 30 day feasibility review period
 - \$100,000 deposit
 - after 30 days = non-refundable
 - 90 day total escrow
 - MTS to pay typical seller costs
 - Floit to pay typical buyer costs



8

⑧

Recommendation

That the Board of Directors:

1. Accept Dan Floit's offer to purchase 8650 Tech Way
2. Authorize the CEO to execute any and all agreements necessary to finalize the transaction/sale according to the terms outlined in the offer letter.



⑨

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

Agenda Item No. 32

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

SUBJECT:

FIXED-ROUTE BUS SERVICES – CONTRACT AMENDMENT (BILL SPRAUL AND LARRY MARINESI)

RECOMMENDATION:

That the Board of Directors:

- a) Authorize the Chief Executive Officer (CEO) to execute Amendment 4 to MTS Doc. No. B0453.0-06 (in substantially the same format as Attachment A), with Veolia Transportation Services, Inc. (Veolia). This allows the purchase of up to twenty-five (25) model year 2007 Blue Bird 4500 diesel powered express commuter coaches (Commuter Coach) and associated spare parts under the current Fixed Route Bus Services agreement; and
- b) Authorize an additional \$2,754,000 in contract spending authority to accommodate this procurement. This will increase the available contract spending authority from the current \$372,015,453.32 (including all previous amendments), to a new total of \$374,769,453.32.

Budget Impact

The total cost of this Amendment 4 will not exceed \$2,754,000.00, inclusive of taxes. Funding will be through the FY 2015 CIP 11310 (MTS Bus Replacement) using 100% TDA allocations.

	Direct Costs	Quantity	
Commuter Coach	\$100,000.00	25	\$2,500,000.00
Spare Parts	\$ 50,000.00		\$ 50,000.00
<i>Subtotal (Direct Costs)</i>			<i>\$2,550,000.00</i>
	Taxes		
Vehicle Tax 8%	\$ 8,000.00	25	\$ 200,000.00
Spare Parts Tax 8%	\$ 4,000.00		\$ 4,000.00
<i>Subtotal (Taxes)</i>			<i>\$ 204,000.00</i>
GRAND TOTAL			\$2,754,000.00



DISCUSSION:

The current contractor for fixed route bus services, Veolia, owns and operates twenty-five (25) diesel powered 2007 Blue Bird coaches as part of the MTS Fixed Route Bus Services agreement. The March 2006 competitive procurement resulted in the current contract that requires proposers to provide MTS with California Air Resource Board (CARB) compliant commuter vehicles as a purchase option. The contract further provides that MTS can exercise this option to purchase the vehicles at any time during contract performance.

At the end of the current contract, each bus will have approximately five years of useful life remaining. Each coach is already branded with the MTS color scheme and logo, is equipped with MTS-owned radios, automated vehicle location systems, automatic passenger counting technology, fare box and an on-board video surveillance system. Each vehicle has been maintained in accordance with MTS's maintenance standards and is currently running in revenue service.

With the current operating contract ending in June 2015, MTS must secure replacement vehicles to sustain Premium Express service. Staff explored the purchase of brand new equivalent buses, but concluded that the availability in the current market is severely limited and prices are expensive. Alternatively, staff explored the purchase of existing buses that are already in service with MTS at the current base price of \$100,000 per vehicle, and recommends this as a more cost effective solution.

A handwritten signature in cursive script that reads "Sharon Cooney" followed by a small "Per" to the right.

Paul C. Jablonski
Chief Executive Officer

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

Attachments: A. Draft MTS Amendment No. B0453.4-06

MTS Doc. No. B0453.4-06

June 19, 2014

Mr. Duane Eskierka
Regional Vice President
Veolia Transportation
3650A Main Street
Chula Vista, CA 91911

Subject: AMENDMENT NO. 4 TO THE METROPOLITAN TRANSIT SYSTEM (MTS)
CONTRACT NO. B0453.0-06; MTS FIXED-ROUTE BUS SERVICE

Dear Mr. Eskierka:

This document shall serve as Amendment No. 4 (Amendment) of our agreement for Fixed-Route Bus Services as further described below.

SCOPE OF SERVICES

MTS has elected to exercise the option to purchase up to twenty-five (25) Blue Bird 4500 express coaches currently operating in service for the MTS Premium Express routes and potential spare parts on-hand.

The sale price of each vehicle will not exceed \$100,000.00 and will be subject to final inspection and acceptance by MTS staff. An allocation of up to \$50,000.00 will be available in the event there are spare parts on-hand, for a total price of up to \$2,550,000.00.

DELIVERY ADDRESS

Metropolitan Transit System
Attention: Julio Ortiz, Dir. Of Maintenance
100 16th Street
San Diego, CA 92101

PAYMENT

As a result of this Amendment, the total contract value may increase as much as \$2,550,000.000 from \$372,015,453.32 to \$374,565,453.32.

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

Sincerely,

Agreed:

Paul C. Jablonski
Chief Executive Officer

Duane Eskierka, Regional Vice President
Veolia Transportation, Inc.
Date: _____

**Fixed-Route Contract Amendment
Blue Bird Commuter Coach Purchase
(Larry Marinesi / Bill Spraul)**

MTS Board of Directors
June 19, 2014



1



**Fixed-Route Contract Amendment
Initial Fixed-Route Award**

- **Competitive RFP: Fixed Route Services**
 - 5½ Year Base Period and 3 Option Years
 - Beginning July 2007 through June 2015
 - Awarded to Veolia Transportation Services, Inc.
 - Total Award of Approximately \$345 million
 - Contract required proposers to provide California Air Resource Board (CARB) compliant commuter vehicles to support Premium Express service
 - Includes MTS option of purchasing these vehicles during contract term
 - Veolia proposed and supplied 26 - 2007 diesel-powered Blue Bird coaches (CARB Compliant)



2



Fixed-Route Contract Amendment



3



Fixed-Route Contract Amendment Commuter Bus Details

- **Commuter Buses Details**
 - Expected Bus Life: up to 15 years
 - Remaining Life: up to 8.5-years
 - Branded with MTS and Rapid color scheme and logo
 - Equipped with MTS equipment:
 - Radios
 - RTMS - Automated Vehicle Location (AVL) system
 - Automatic Passenger Counting (APC) technology
 - Farebox technology
 - On-board video surveillance system
 - Buses have been maintained in accordance with MTS' standards and will be subject to MTS inspection and repair prior to purchase



4



Fixed-Route Contract Amendment Commuter Bus Details / Negotiation

- **Commuter Bus Fleet Details**
 - Original cost to Veolia: \$411,066 per vehicle
 - Total up-front Veolia cost = \$10,687,716
 - MTS paid variable rate / mile based upon straight line amortization schedule
- **Review of amortization tables (straight-line) and negotiations with Veolia**
 - MTS negotiated purchase price per bus from Veolia = \$100,000
 - MTS can purchase up to 25 vehicles = \$2,500,000 total purchase price
 - New comparable replacement vehicles = approximately \$800,000
 - Limited vendors and capabilities



5



Fixed-Route Contract Amendment Upcoming Fixed Route Services RFP

- **Upcoming Fixed Route Services RFP**
 - Issued in June 2014
 - 6 year base and 6 option years
 - New contract effective date: July 2015
- **Benefits of Procuring Existing Commuter Vehicles**
 - Provides competitors for upcoming fixed route services RFP an “even playing field” as MTS owns all buses
 - MTS will incorporate replacement vehicles as part of our normal MTS Fleet Plan
 - Removes variable rate / mile in RFP for a “fixed cost”
 - Removes variability in the final price of the vehicles based upon miles driven.



6



Fixed-Route Contract Amendment Summary

	Direct Costs	Quantity	Extended Costs
Commuter Coach	\$ 100,000	Up to 25	\$ 2,500,000
Spare Parts	\$ 50,000		\$ 50,000
		<i>Subtotal</i>	\$ 2,550,000
Vehicle Tax (8%)	\$ 8,000	Up to 25	\$ 200,000
Spare Parts Tax (8%)	\$ 4,000		\$ 4,000
		<i>Subtotal</i>	\$ 204,000
		Grand Total	\$ 2,754,000



7



Fixed-Route Contract Amendment Recommendation

- That the Board of Directors:
 - Authorize the Chief Executive Officer (CEO) to execute Amendment 4 to MTS Doc. No. B0453.0-06 (in substantially the same format as Attachment A), with Veolia Transportation Services, Inc. (Veolia). This allows the purchase of up to twenty-five (25) model year 2007 Blue Bird 4500 diesel powered express commuter coaches (Commuter Coach) and associated spare parts under the current Fixed Route Bus Services agreement; and
 - Authorize an additional \$2,754,000 in contract spending authority to accommodate this procurement. This will increase the available contract spending authority from the current \$372,015,453.32 (including all previous amendments), to a new total of \$374,769,453.32.



8



**Fixed-Route Contract Amendment
Blue Bird Commuter Coach Purchase
(Larry Marinesi / Bill Spraul)**

MTS Board of Directors
June 19, 2014



9





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

Agenda Item No. 33

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

SUBJECT:

TAXICAB CONTRACTS RENEWAL (SHARON COONEY)

RECOMMENDATION:

That the Board of Directors:

- 1) approve the draft "Ninth Amendment to Agreement for Administration of Taxicab and Other For-Hire Vehicle Regulations Between San Diego Metropolitan Transit System and City of San Diego" (in substantially the same format in Attachment A), and
- 2) approve a five-year extension of existing agreements for Taxicab Administration with the cities of Santee, El Cajon, La Mesa, Poway, Lemon Grove, and Imperial Beach (in substantially the same format as in Attachment B).

Budget Impact

None with this action.

DISCUSSION:

MTS first contracted to administer and regulate taxicabs and for-hire vehicles with the City of San Diego in 1988, the cities of El Cajon, Imperial Beach, Lemon Grove, and Santee in 1990, the City of Poway in 1991, and the City of La Mesa in 1999. All of the cities' Taxicab Administration agreements are set to expire on July 1, 2014. The draft agreement with the City of San Diego (Attachment A) was negotiated and approved by its Council on June 10, 2014.

The draft agreements with the other six cities (Attachment B) have been forwarded to each city for separate consideration. In the event that those six city agreements are not able to



be finalized by July 1, MTS will continue to administer taxicabs on their behalf unless a city communicates its desire to immediately take over for-hire vehicle regulation. Any substantive changes to the draft agreements requested by those cities will be presented to the Board at a subsequent meeting for its approval.

Sharon Cooney for

Paul C. Jablonski
Chief Executive Officer

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

- Attachments:
- A. Draft Ninth Amendment to Agreement for Administration of Taxicab and Other For-Hire Vehicle Regulations Between San Diego Metropolitan Transit System and City of San Diego
 - B. Draft Amendments to Agreements for Administration of Taxicab and Other For-Hire Vehicle Regulations Between San Diego Metropolitan Transit System and the Cities of Santee, El Cajon, La Mesa, Poway, Lemon Grove, and Imperial Beach

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

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

RECITALS

- A. MTS is authorized under Section 120266, Chapter 2, Division 11 of the California Public Utilities Code (PUC), to enter into contracts to regulate transportation services within a city in its area of jurisdiction;
- B. CITY is within MTS's jurisdiction created January 1, 1976, under Section 120050, et seq., Chapter 2, Division 11 of the PUC;
- C. Pursuant to a series of agreements beginning on July 1, 1988, City has contracted with MTS to regulate taxicabs and other for-hire vehicles and services such as charter vehicles, sight-seeing vehicles, nonemergency medical vehicles, low speed vehicles (LSV), and jitney vehicles pursuant to PUC Section 120266 and in accordance with MTS Ordinance No. 11, "An Ordinance Providing for the Licensing and Regulating of Transportation Services Within the City" ("Ordinance No. 11");
- D. Ordinance No. 11 is based on San Diego Municipal Code, Chapter 7, Article 5, Divisions 1 through 6, "Paratransit Code", which provided for CITY regulation prior to 1988, and was repealed in 1989;
- E. Under this agreement, CITY continues to set the fundamental public policy pursuant to regulation of taxicabs and other for-hire vehicles and services through Council Policy 500-02, which, upon approval of the MTS Board, shall be incorporated into Ordinance No. 11;
- F. MTS does not desire to expand its regulatory role to include oversight of the taxicab permit holder and subcontractor (e.g., lease drivers) relationships;
- G. The current agreement between CITY and MTS for MTS regulation of taxicabs and other for-hire vehicles and services expires on June 30, 2014; and
- H. CITY and MTS desire to extend the agreement (MTS Doc. No. G0225.0-95 to G0225.8-95) through June 30, 2019.

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

1. MTS will administer and enforce its taxicab and other for-hire vehicles Ordinance policies, and regulations as in effect on July 1, 2014, and as thereafter from time to time amended by MTS, and thereby regulate such taxicab and other for-hire vehicles and transportation services rendered within the CITY's corporate limits during the period of July 1, 2014 through June 30, 2019, pursuant to PUC Section 120266. CITY or MTS may terminate this agreement at any time with 12 months' notice.
2. MTS will collect and administer all such regulatory fees, fines, and forfeitures as now or hereafter provided by the Ordinance No. 11 policies and regulations. PUC section 120266, subdivision (b) requires MTS to levy the fees necessary to recover the full cost of regulating vehicles and services under this agreement.
3. MTS will not alter a fundamental policy or regulation in accordance with Ordinance No. 11 without prior approval of the CITY. Any CITY-proposed change to Ordinance No. 11 shall similarly require the approval of the MTS Board. Proposed policy changes shall indicate the expected source of funding for their implementation and include an analysis of cost.
4. MTS shall not be required to be a party to contracts between holders of taxicab permits in the CITY and their subcontractors/lease drivers. In the event that the CITY determines that it is in the public's best interest to create a new forum for resolution of disputes between lease drivers and permit holders, the CITY may operate a dispute resolution center or create some other mechanism for processing these types of disputes. During the term of this agreement MTS shall not perform this function.
5. The CITY agrees to indemnify, defend and hold harmless MTS, its agents and officers from and against any liability that it may incur as a result of its administration and enforcement of Ordinance 11, regulations and policies thereunder, during the period of this Agreement.
6. The CITY and MTS may supplement this agreement by written amendment.
7. In full accordance of all other provisions in this agreement, items of policy that shall be investigated and addressed by the CITY and MTS through Ordinance 11 changes during the term of this agreement shall include: the setting of a maximum vehicle age and/or mileage; the requirement that permit holders issue copies of leases, contracts, and receipts to lessees, and maintain records of receipts for lease payments; and the appropriate process for permit transfers. Proposals on these subjects will be reviewed by the MTS Taxicab Advisory Committee and the CITY Public Safety and Livable Neighborhoods Committee and then forwarded to the MTS Board and, if applicable, the CITY Council, for approval.

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

Dated this _____ day of _____ 2014.

THE CITY OF SAN DIEGO

SAN DIEGO METROPOLITAN TRANSIT
SYSTEM

Kevin Faulconer
Mayor

Paul C. Jablonski
Chief Executive Officer

WE HEREBY APPROVE the form of the foregoing Agreement.

City Attorney

Office of the General Counsel

Date: _____

Date: _____

DRAFT

MTS Doc. No. T0047.6-90
TAXI 590.12 (SANTEE)

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

THIS AGREEMENT is entered into by and between the City of Santee, a municipal corporation, 10601 Magnolia Avenue, Santee, CA (herein called "CITY"), and the San Diego Metropolitan Transit System, a public agency, 1255 Imperial Avenue, Suite 1000, San Diego, CA (herein called "MTS"), in view of the following recitals, which are a substantive part of this Agreement:

RECITALS

- A. MTS is authorized under Section 120266, Chapter 2, Division 11 of the California Public Utilities Code (PUC) to enter into contracts to regulate transportation services within a city in its area of jurisdiction;
- B. CITY is within MTS's jurisdiction created January 1, 1976, under Section 120050, et seq., Chapter 2, Division 11 of the PUC;
- C. CITY regulated taxicab and other for-hire vehicles in accordance with the Santee Municipal Code, Sections 12.301 through 21.322;
- D. CITY desires that MTS regulate taxicabs and other for-hire vehicles and services such as charter vehicles, sight-seeing vehicles, nonemergency medical vehicles, and jitney vehicles pursuant to PUC Section 120266 and in accordance with MTS Ordinance No. 11, "An Ordinance Providing for the Licensing and Regulating of Transportation Services Within the City";
- E. CITY and MTS entered into an agreement for the period of July 1, 1990, through June 30, 1995; a first amendment to that agreement for the period of July 1, 1995, through June 30, 1998; a second amendment to that agreement for the period of July 1, 1998, through June 30, 2003; a third amendment to that agreement for the period of July 1, 2003, through June 30, 2008; a fourth amendment to that agreement for the period of July 1, 2008, through June 30, 2013; a fifth amendment to that agreement for the period of July 1, 2013, through June 30, 2014;
- F. CITY and MTS now desire to enter into an agreement to extend the period from July 1, 2014, through June 30, 2019; and

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

1. MTS will administer and enforce its taxicab and other for-hire vehicles Ordinance policies, and regulations as in effect on July 1, 2014, and as thereafter from time to time amended by MTS, and thereby regulate such taxicab and other for-hire vehicles and transportation services rendered wholly within the CITY's corporate limits during the period of July 1, 2014, through June 30, 2019, pursuant to PUC Section 120266.
2. MTS will collect and administer all such regulatory fees, fines, and forfeitures as now or hereafter provided by the MTS Taxicab and Other For-Hire Vehicles Ordinance No. 11 policies, and regulations.
3. The CITY Manager and MTS Chief Executive Officer may supplement this agreement by executing a Memorandum of Understanding relative to administrative and operating procedures of taxicab and other for-hire vehicles regulation, and to provide for reimbursable staff and legal support services.

IN WITNESS THEREOF, this sixth amendment to the agreement is executed by the CITY acting by and through its City Manager pursuant to Council Resolution No. _____, and by MTS acting through its Chief Executive Officer.

Dated this _____ day of _____, 2014.

THE CITY OF SANTEE

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Pedro Orso-Delgado
City Manager (Acting)

Paul C. Jablonski
Chief Executive Officer

WE HEREBY APPROVE the form of the foregoing Agreement.

City Attorney

Office of the General Counsel

Date: _____

Date: _____

Attest: _____

DSundh/Taxicab
AMENDMENT-6.CITY OF SANTEE
6.5.14

DRAFT

MTS Doc. No. T0053.6-90
TAXI 590.4 (EL CAJON)

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

THIS AGREEMENT is entered into by and between the City of El Cajon, a municipal corporation, 200 E. Main Street, El Cajon, CA (herein called "CITY"), and the San Diego Metropolitan Transit System, a public agency, 1255 Imperial Avenue, Suite 1000, San Diego, CA (herein called "MTS"), in view of the following recitals, which are a substantive part of this Agreement:

RECITALS

- A. MTS is authorized under Section 120266, Chapter 2, Division 11 of the California Public Utilities Code (PUC), to enter into contracts to regulate transportation services within a city in its area of jurisdiction;
- B. CITY is within MTS's jurisdiction created January 1, 1976, under Section 120050, et seq., Chapter 2, Division 11 of the PUC;
- C. CITY regulated taxicab and other for-hire vehicles in accordance with the El Cajon Municipal Code, Chapter 5.68;
- D. CITY desires that MTS regulate taxicabs and other for-hire vehicles and services such as charter vehicles, sight-seeing vehicles, nonemergency medical vehicles, and jitney vehicles pursuant to PUC Section 120266 and in accordance with MTS Ordinance No. 11, "An Ordinance Providing for the Licensing and Regulating of Transportation Services Within the City";
- E. CITY and MTS entered into an agreement for the period of July 1, 1990, through June 30, 1995; a first amendment to that agreement for the period of July 1, 1995, through June 30, 1998; a second amendment to that agreement for the period of July 1, 1998, through June 30, 2003; a third amendment to that agreement for the period of July 1, 2003, through June 30, 2008; a fourth amendment to that agreement for the period of July 1, 2008, through June 30, 2013; a fifth amendment to that agreement for the period of July 1, 2013, through June 30, 2014;
- F. CITY and MTS now desire to enter into an agreement to extend the period from July 1, 2014, through June 30, 2019; and

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

1. MTS will administer and enforce its taxicab and other for-hire vehicles Ordinance policies and regulations as in effect on July 1, 2014, and as thereafter from time to time amended by MTS, and thereby regulate such taxicab and other for-hire vehicles and transportation services rendered wholly within the CITY's corporate limits during the period of July 1, 2014, through June 30, 2019, pursuant to PUC Section 120266.

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

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

IN WITNESS THEREOF, this sixth amendment to the agreement is executed by the CITY acting by and through its City Manager pursuant to Council Resolution No. _____, and by MTS acting through its Chief Executive Officer.

Dated this _____ day of _____, 2014.

THE CITY OF EL CAJON

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Douglas Williford
City Manager

Paul C. Jablonski
Chief Executive Officer

WE HEREBY APPROVE the form of the foregoing Agreement.

City Attorney

Office of the General Counsel

Date: _____

Date: _____

Attest: _____

DSundh/Taxicab
AMENDMENT-6.CITY OF EL CAJON
6.5.14

DRAFT

MTS Doc. No. G0501.4-99
TAXI 590.6 (LA MESA)

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

THIS AGREEMENT is entered into by and between the City of La Mesa, a municipal corporation, 8130 Allison Avenue, La Mesa, CA (herein called "CITY"), and the San Diego Metropolitan Transit System, a public agency, 1255 Imperial Avenue, Suite 1000, San Diego, CA (herein called "MTS"), in view of the following recitals, which are a substantive part of this Agreement:

RECITALS

- A. MTS is authorized under Section 120266, Chapter 2, Division 11 of the California Public Utilities Code (PUC), to enter into contracts to regulate transportation services within a city in its area of jurisdiction;
- B. CITY is within MTS's jurisdiction created January 1, 1976, under Section 120050, et seq., Chapter 2, Division 11 of the PUC;
- C. CITY regulated taxicab and other for-hire vehicles in accordance with the La Mesa Municipal Code, Sections 6.24.030, 6.24.080, and 6.24.110;
- D. CITY desires that MTS regulate taxicabs and other for-hire vehicles and services such as charter vehicles, sight-seeing vehicles, nonemergency medical vehicles, and jitney vehicles pursuant to PUC Section 120266 and in accordance with MTS Ordinance No. 11, "An Ordinance Providing for the Licensing and Regulating of Transportation Services Within the City";
- E. CITY and MTS entered into an agreement for the period of July 1, 1999, through June 30, 2003; a first amendment to that agreement for the period of July 1, 2003, through June 30, 2008; a second amendment to that agreement for the period of July 1, 2008, through June 30, 2013; a third amendment for the period of July 1, 2013, through June 30, 2014;
- F. CITY and MTS now desire to enter into an agreement to extend the period from July 1, 2014, through June 30, 2019; and

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

1. MTS will administer, and enforce its taxicab and other for-hire vehicles Ordinance policies, and regulations as in effect on July 1, 2014, and as thereafter from time to time amended by MTS, and thereby regulate such taxicab and other for-hire vehicles and transportation services rendered wholly within the CITY's corporate limits during the period of July 1, 2014, through June 30, 2019, pursuant to PUC Section 120266.

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

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

IN WITNESS THEREOF, this fourth amendment to the agreement is executed by the CITY acting by and through its City Manager pursuant to Council Resolution No. _____, and by MTS acting through its Chief Executive Officer.

Dated this _____ day of _____, 2014.

THE CITY OF LA MESA

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

David E. Witt
City Manager

Paul C. Jablonski
Chief Executive Officer

WE HEREBY APPROVE the form of the foregoing Agreement.

City Attorney

Office of the General Counsel

Date: _____

Date: _____

Attest: _____

DSundh/Taxicab
AMENDMENT-4.CITY OF LA MESA
6.5.14

DRAFT

MTS Doc. No. G0078.6-91
TAXI 590.9 (POWAY)

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

THIS AGREEMENT is entered into by and between the City of Poway, a municipal corporation, 13325 Civic Center Drive, Poway, CA (herein called "CITY"), and the San Diego Metropolitan Transit System, a public agency, 1255 Imperial Avenue, Suite 1000, San Diego, CA (herein called "MTS"), in view of the following recitals, which are a substantive part of this Agreement:

- A. MTS is authorized under Section 120266, Chapter 2, Division 11 of the California Public Utilities Code (PUC) to enter into contracts to regulate transportation services within a city in its area of jurisdiction;
- B. CITY is within MTS's jurisdiction created January 1, 1976, under Section 120050, et seq., Chapter 2, Division 11 of the PUC;
- C. CITY regulated taxicab and other for-hire vehicles in accordance with the Poway Municipal Code, Chapter 5.20;
- D. CITY desires that MTS regulate taxicabs and other for-hire vehicles and services such as charter vehicles, sight-seeing vehicles, nonemergency medical vehicles, and jitney vehicles pursuant to PUC Section 120266 and in accordance with MTS Ordinance No. 11, "An Ordinance Providing for the Licensing and Regulating of Transportation Services Within the City";
- E. CITY and MTS entered into an agreement for the period of July 1, 1991, through June 30, 1995; a first amendment to that agreement for the period of July 1, 1995, through June 30, 1998; a second amendment to that agreement for the period of July 1, 1998, through June 30, 2003; a third amendment to that agreement for the period of July 1, 2003, through June 30, 2008; a fourth amendment to that agreement for the period of July 1, 2008, through June 30, 2013; a fifth amendment to that agreement for the period of July 1, 2013, through June 30, 2014;
- F. CITY and MTS now desire to enter into an agreement to extend the period from July 1, 2014, through June 30, 2019; and

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

1. MTS will administer, and enforce its taxicab and other for-hire vehicles Ordinance policies, and regulations as in effect on July 1, 2014, and as thereafter from time to time amended by MTS, and thereby regulate such taxicab and other for-hire vehicles and transportation services rendered wholly within the CITY's corporate limits during the period of July 1, 2014, through June 30, 2019, pursuant to PUC Section 120266.

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

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

IN WITNESS THEREOF, this sixth amendment to the agreement is executed by the CITY acting by and through its City Manager, and by MTS acting through its Chief Executive Officer.

Dated this _____ day of _____, 2014.

THE CITY OF POWAY

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Daniel Singer
City Manager

Paul C. Jablonski
Chief Executive Officer

WE HEREBY APPROVE the form of the foregoing Agreement.

City Attorney

Office of the General Counsel

Date: _____

Date: _____

Attest: _____

DSundh/Taxicab
AMENDMENT-6.CITY OF POWAY
6.5.14

DRAFT

MTS Doc. No. T0049.7-90
TAXI 590.7 (LEMON GROVE)

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

THIS AGREEMENT is entered into by and between the City of Lemon Grove, a municipal corporation, 3232 Main Street, Lemon Grove, CA (herein called "CITY"), and the San Diego Metropolitan Transit System, a public agency, 1255 Imperial Avenue, Suite 1000, San Diego, CA (herein called "MTS"), in view of the following recitals, which are a substantive part of this Agreement:

RECITALS

- A. MTS is authorized under Section 120266, Chapter 2, Division 11 of the California Public Utilities Code (PUC), to enter into contracts to regulate transportation services within a city in its area of jurisdiction;
- B. CITY is within MTS's jurisdiction created January 1, 1976, under Section 120050, et seq., Chapter 2, Division 11 of the PUC;
- C. CITY regulated taxicab and other for-hire vehicles in accordance with the Lemon Grove Municipal Code, Chapter 5.64;
- D. CITY desires that MTS regulate taxicabs and other for-hire vehicles and services such as charter vehicles, sight-seeing vehicles, nonemergency medical vehicles, and jitney vehicles pursuant to PUC Section 120266 and in accordance with MTS Ordinance No. 11, "An Ordinance Providing for the Licensing and Regulating of Transportation Services Within the City";
- E. CITY and MTS entered into an agreement for the period of July 1, 1990, through June 30, 1991; a first amendment to that agreement, correcting Section 1 to reflect the intention that the period was from July 1, 1990, through June 30, 1995; a second amendment to that agreement for a period of July 1, 1995, through June 30, 1998; a third amendment to that agreement for a period of July 1, 1998, through June 30, 2003; a fourth amendment to that agreement for a period of July 1, 2003, through June 30, 2008; a fifth amendment to that agreement for a period of July 1, 2008, through June 30, 2013; a sixth amendment to that agreement for a period of July 1, 2013, through June 30, 2014;

F. CITY and MTS now desire to enter into an agreement to extend the period from July 1, 2014, through June 30, 2019; and

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

1. MTS will administer and enforce its taxicab and other for-hire vehicles Ordinance policies, and regulations as in effect on July 1, 2014, and as thereafter from time to time amended by MTS, and thereby regulate such taxicab and other for-hire vehicles and transportation services rendered wholly within the CITY's corporate limits during the period of July 1, 2014, through June 30, 2019, pursuant to PUC Section 120266.

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

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

IN WITNESS THEREOF, this seventh amendment to the agreement is executed by the CITY acting by and through its City Manager pursuant to Council Resolution No. _____, and by MTS acting through its Chief Executive Officer.

Dated this _____ day of _____, 2014.

THE CITY OF LEMON GROVE

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Graham Mitchell
City Manager

Paul C. Jablonski
Chief Executive Officer

WE HEREBY APPROVE the form of the foregoing Agreement.

City Attorney

Office of the General Counsel

Date: _____

Date: _____

Attest: _____

DSundh/Taxicab

DRAFT

MTS Doc. No. T0048.6-90
TAXI 590.5 (IMPERIAL BEACH)

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

THIS AGREEMENT is entered into by and between the City of Imperial Beach, a municipal corporation, 825 Imperial Beach Boulevard, Imperial Beach, CA (herein called "CITY"), and the San Diego Metropolitan Transit System, a public agency, 1255 Imperial Avenue, Suite 1000, San Diego, CA (herein called "MTS"), in view of the following recitals, which are a substantive part of this Agreement:

RECITALS

- A. MTS is authorized under Section 120266, Chapter 2, Division 11 of the California Public Utilities Code (PUC), to enter into contracts to regulate transportation services within a city in its area of jurisdiction;
- B. CITY is within MTS's jurisdiction created January 1, 1976, under Section 120050, et seq., Chapter 2, Division 11 of the PUC;
- C. CITY regulated taxicab and other for-hire vehicles in accordance with the Imperial Beach Municipal Code, Chapter 4.44;
- D. CITY desires that MTS regulate taxicabs and other for-hire vehicles and services such as charter vehicles, sight-seeing vehicles, nonemergency medical vehicles, and jitney vehicles pursuant to PUC Section 120266 and in accordance with MTS Ordinance No. 11, "An Ordinance Providing for the Licensing and Regulating of Transportation Services Within the City";
- E. CITY and MTS entered into an agreement for the period of July 1, 1990, through June 30, 1995; a first amendment to that agreement for the period of July 1, 1995, through June 30, 1998; a second amendment to that agreement for the period of July 1, 1998, through June 30, 2003; a third amendment to that agreement for the period of July 1, 2003, through June 30, 2008; a fourth amendment to that agreement for the period of July 1, 2008, through June 30, 2013; a fifth amendment to that agreement for the period of July 1, 2014, through June 30, 2019;
- F. CITY and MTS now desire to enter into an agreement to extend the period from July 1, 2014, through June 30, 2019; and

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

1. MTS will administer and enforce its taxicab and other for-hire vehicles Ordinance policies, and regulations as in effect on July 1, 2014, and as thereafter from time to time amended by MTS, and thereby regulate such taxicab and other for-hire vehicles and transportation services rendered wholly within the CITY's corporate limits during the period of July 1, 2014, through June 30, 2019, pursuant to PUC Section 120266.

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

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

IN WITNESS THEREOF, this sixth amendment to the agreement is executed by the CITY acting by and through its City Manager pursuant to Council Resolution No. _____, and by MTS acting through its Chief Executive Officer.

Dated this _____ day of _____, 2014.

THE CITY OF IMPERIAL BEACH

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

City Manager

Paul C. Jablonski
Chief Executive Officer

WE HEREBY APPROVE the form of the foregoing Agreement.

City Attorney

Office of the General Counsel

Date: _____

Date: _____

Attest: _____

DSundh/Taxicab
AMENDMENT-6.CITY OF IMPERIAL BEACH
6.5.14

San Diego Transportation Association



June 19, 2014

Chairman Harry Mathis & MTS Board Members
Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

Re: Taxicab Contracts Renewal (Item 33)

Dear Chairman Mathis & MTS Board Members:

The more than 600 MTS taxi permit holders in our membership encourage you to support the Staff Recommendation to APPROVE both actions associated with the Taxicab Contracts Renewal.

We thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Hueso", is written over a light blue horizontal line.

Tony Hueso, President
San Diego Transportation Association

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

1

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

1. INSTRUCTIONS

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(PLEASE PRINT)

DATE	6/19/2014		
Name	Mikail Hussein		
Address	4265 Fairmount Ave #180 SDS 2/05		
Telephone	618 255 7355		
Organization Represented	UTWSD		
Subject of Your Remarks	Taxicab Contract Renewal		
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input type="checkbox"/>	SUPPORT	<input checked="" type="checkbox"/> OPPOSITION

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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

3. DISCUSSION OF AGENDA ITEMS

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(PLEASE PRINT)

DATE	JUNE 19		
Name	MICHEL ANDERSON		
Address	2531 STATE ST. STE. G		
Telephone	SD 92101 (619) 232-0045		
Organization Represented	SAN DIEGO TRANSPORTATION ASSN.		
Subject of Your Remarks	APPROVE TAXICAB 5-YR CONTRACT		
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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AGENDA ITEM NO.

33

REQUEST TO SPEAK FORM

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(PLEASE PRINT)

I would like to give my 3 minutes to
Michel Anderson.

DATE	6/19/2014		
Name	Akbar Majid		
Address	3473 Kurtz St. SD, CA 92110		
Telephone	619-398-2333		
Organization Represented			
Subject of Your Remarks			
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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(PLEASE PRINT)

I WOULD LIKE TO GIVE MY
TIME TO MR. MICHEL ANDERSON

DATE	6/19/14		
Name	ANTHONY PALMERI		
Address	3473 KURTZ ST SD CA 92110		
Telephone	239-8061		
Organization Represented	YELLOW RADIO SERVICE		
Subject of Your Remarks			
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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(PLEASE PRINT)

I WOULD LIKE TO GIVE MY TIME TO MR ANDERSON

DATE	6-19-14		
Name	CRAIG ROWE		
Address	1704 CACTUS RD SD 92154		
Telephone	619 661-0107		
Organization Represented	RED CAB OF SD INC.		
Subject of Your Remarks			
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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(PLEASE PRINT)

Gave time to speaker #2

DATE	6-19-14		
Name	TOM ILESO		
Address	2660 IMPERIAL AVE		
Telephone	619 231-1144		
Organization Represented	USA CAB		
Subject of Your Remarks	MTS CONTRACT WITH CITY		
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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I like to give my time to Mr.
Michael Anderson.

(PLEASE PRINT)

DATE	06/19/14		
Name	Misghina Gebrehiwet		
Address	6960 Long Lake Ct., Lemon Grove, CA 91905		
Telephone	619 200 8950		
Organization Represented	Friendly Cab		
Subject of Your Remarks	33		
Regarding Agenda Item No.			
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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(PLEASE PRINT)

I like to give my time to
Mr. Michael Anderson

DATE	6/19-14		
Name	PESS HAYE GORDENHILL		
Address	6190 DAWSON AVE		
Telephone	619 208-9936		
Organization Represented			
Subject of Your Remarks	33		
Regarding Agenda Item No.			
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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*I like to give my time to
to Mr Michael Anderson*

(PLEASE PRINT)

DATE	6-17-14		
Name	BERKE TADEG		
Address	4866 MUFFLOGANLY VISTA LN. SAN DIEGO CA 92102		
Telephone	(619) 886 2295		
Organization Represented	DEYO CAB.		
Subject of Your Remarks			
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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(PLEASE PRINT)

*I would like to give my
time to Mr. Michael Anderson*

DATE	7-19-14		
Name	GEORGE ABRAHAM		
Address	11175 Breckenridge Dr S.D. CA 92131		
Telephone	619-972-0611		
Organization Represented	BRITCON cab		
Subject of Your Remarks			
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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(PLEASE PRINT)

*I like to give my time
to Mr Michael Anderson*

DATE	6/19/14		
Name	Tsegai Gebregziabher		
Address	6517 Brooklyn Ave, SD CA 92114		
Telephone	619 - 920-8294		
Organization Represented	ERITREAN CAB		
Subject of Your Remarks			
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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AGENDA ITEM NO.

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(PLEASE PRINT)

I would like to give my time to
Mr. Micheal Anderson.

DATE			
Name	KASSAHUN DESTA		
Address	5588 LAS ALTURAS TERRACE		
Telephone	619-252-8734		
Organization Represented	Silver Taxi		
Subject of Your Remarks			
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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(PLEASE PRINT)

Give time to speaker #2

DATE	6/19/14
Name	Bernard Heilemichael
Address	8813 HERALD ST
Telephone	609 261 9329
Organization Represented	TAXI
Subject of Your Remarks	
Regarding Agenda Item No.	
Your Comments Present a Position of:	<input checked="checked" type="checkbox"/> SUPPORT <input type="checkbox"/> OPPOSITION

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(PLEASE PRINT)

DATE	June 19, 2014		
Name	MARCO TANBAYAY		
Address	229 16th Street #116		
Telephone	(619) 231-1144 TAXI LEASE CAB 973		
Organization Represented	Driver Rep The Lease		
Subject of Your Remarks	5 year contract with S.D. City		
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input checked="" type="checkbox"/>	SUPPORT	<input type="checkbox"/> OPPOSITION

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(PLEASE PRINT)

DATE	7/19/14		
Name	TAMRAT LANKEBO		
Address	12549 PATHOS LN San Diego		
Telephone	619-808-9685		
Organization Represented	COT-O		
Subject of Your Remarks	33		
Regarding Agenda Item No.			
Your Comments Present a Position of:	<input type="checkbox"/>	SUPPORT	<input checked="" type="checkbox"/> OPPOSITION

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AGENDA ITEM NO.

33
~~33~~

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(PLEASE PRINT)

DATE	6/19/14		
Name	Sarah Saez		
Address	4265 Fairmount Ave.		
Telephone	774-392-0377		
Organization Represented	United Taxi Workers of San Diego		
Subject of Your Remarks	Taxi Contract		
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input type="checkbox"/>	SUPPORT	<input checked="" type="checkbox"/> OPPOSITION

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"Indeed, profit-taking has occurred on a grand scale in San Diego's taxicab permit market during the past six years" - True North Research

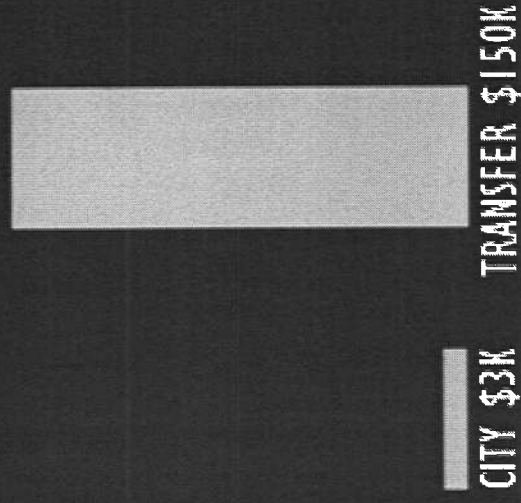
TAXI INDUSTRY ECONOMICS

Taxi Permits are sold on
the "open market" for

50X

their original price of
\$3,000 from the City

Taxi Permit Sale Prices



"Taxi permits are sold tax-free on the underground market for more than \$150,000, even though they're considered public property." - KPBS



LEFT MEETING

AGENDA ITEM NO.

23

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

17

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

1. INSTRUCTIONS

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

(PLEASE PRINT)

Does not wish to speak

DATE	6/19/2014
Name	ABEBE ANTALLO
Address	4265 Fairmount Ave. #1, SD. CA 92105
Telephone	(619) 255-7355
Organization Represented	UTW SD
Subject of Your Remarks	Taxi cab Renewal
Regarding Agenda Item No.	33
Your Comments Present a Position of:	<input type="checkbox"/> SUPPORT <input checked="" type="checkbox"/> OPPOSITION

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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

3. DISCUSSION OF AGENDA ITEMS

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

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

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

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



AGENDA ITEM NO.

33

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

18

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

1. INSTRUCTIONS

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

(PLEASE PRINT)

DATE	June 19, 2014		
Name	IAN SERUELO		
Address	5392 Caminito Velazquez SD 92129		
Telephone	281 458 2462		
Organization Represented	United Taxi Workers		
Subject of Your Remarks	Removal of of paragraph #		
Regarding Agenda Item No.	33		
Your Comments Present a Position of:	<input type="checkbox"/>	SUPPORT	<input checked="" type="checkbox"/> OPPOSITION

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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San Diego, CA 92101-7490
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Agenda Item No. 45

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

June 19, 2014

SUBJECT:

OPERATIONS BUDGET STATUS REPORT FOR APRIL 2014 (LUKE KROMER)

RECOMMENDATION:

That the Board of Directors receive the MTS operations budget status report for April 2014.

Budget Impact

None at this time.

DISCUSSION:

This report summarizes MTS's operating results for April 2014 compared to the amended fiscal year 2014 budget. Attachment A-1 combines the operations, administration and other activities results for April 2014. Attachment A-2 details the April 2014 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 April 2014 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 April 2014, MTS net-operating income favorable variance totaled \$84,000 (0.1%). Operations produced a \$100,000 (-0.1%) unfavorable variance and the administrative/other activities areas were favorable by \$184,000.

MTS COMBINED RESULTS

Revenues. Year-to-date combined revenues through April 2014 were \$87,464,000 compared to the year-to-date budget of \$87,186,000, representing a \$278,000 (0.3%) favorable variance.



Expenses. Year-to-date combined expenses through April 2014 were \$199,109,000 compared to the budget of \$198,914,000, resulting in a \$194,000 (-0.1%) unfavorable variance.

Personnel Costs. Year-to-date personnel-related costs totaled \$97,101,000 compared to a budgetary figure of \$96,888,000, producing an unfavorable variance of \$213,000 (-0.2%).

Outside Services and Purchased Transportation. Total outside services for the first ten months of the fiscal year totaled \$65,168,000 compared to a budget of \$65,716,000, resulting in a favorable variance of \$547,000 (0.8%). 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 \$7,850,000 compared to a budgetary figure of \$7,922,000, resulting in a favorable expense variance of \$71,000 (0.9%). This favorable variance is primarily due to revenue parts costs within Transit Services Operations.

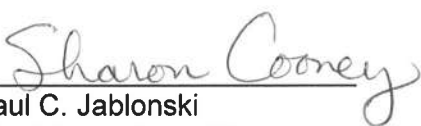
Energy. Total year-to-date energy costs were \$21,952,000 compared to the budget of \$21,445,000, resulting in an unfavorable variance of \$507,000 (-2.4%). The unfavorable variance is due to increased natural gas and electricity rates.

Risk Management. Total year-to-date expenses for risk management were \$4,095,000 compared to the budget of \$4,055,000, resulting in an unfavorable variance totaling \$41,000 (-1.0%).

General and Administrative. The year-to-date general and administrative costs, including vehicle and facilities leases, were \$53,000 (-1.8%) unfavorable to budget, totaling \$2,942,000 through April 2014, compared to a budget of \$2,889,000.

YEAR-TO-DATE SUMMARY

The April 2014 year-to-date net-operating income totaled a favorable variance of \$84,000 (0.1%). These factors include unfavorable variances in passenger revenue, personnel costs, energy and risk management; partially offset by favorable variances in other operating revenue, materials costs and outside services.


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
APRIL 30, 2014
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 79,961	\$ 80,315	\$ (354)	-0.4%
Other Revenue	7,503	6,871	632	9.2%
Total Operating Revenue	\$ 87,464	\$ 87,186	\$ 278	0.3%
Personnel costs	\$ 97,101	\$ 96,888	\$ (213)	-0.2%
Outside services	65,168	65,716	547	0.8%
Transit operations funding	-	-	-	-
Materials and supplies	7,850	7,922	71	0.9%
Energy	21,952	21,445	(507)	-2.4%
Risk management	4,095	4,055	(41)	-1.0%
General & administrative	2,069	2,004	(65)	-3.2%
Vehicle/facility leases	873	885	12	1.4%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(0)	0	0	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 199,109	\$ 198,914	\$ (194)	-0.1%
Operating income (loss)	\$ (111,644)	\$ (111,728)	\$ 84	0.1%
Total public support and nonoperating revenues	2,311	2,238	73	3.3%
Income (loss) before capital contributions	\$ (109,333)	\$ (109,490)	\$ 156	-0.1%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2014
APRIL 30, 2014
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 79,961	\$ 80,315	\$ (354)	-0.4%
Other Revenue	1,181	614	567	92.3%
Total Operating Revenue	\$ 81,142	\$ 80,929	\$ 213	0.3%
Personnel costs	\$ 81,953	\$ 81,844	\$ (108)	-0.1%
Outside services	54,801	55,046	245	0.4%
Transit operations funding	-	-	-	-
Materials and supplies	7,839	7,904	64	0.8%
Energy	21,313	20,815	(498)	-2.4%
Risk management	3,794	3,753	(41)	-1.1%
General & administrative	228	243	15	6.2%
Vehicle/facility leases	642	653	10	1.6%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	24,073	24,073	0	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 194,643	\$ 194,330	\$ (313)	-0.2%
Operating income (loss)	\$ (113,501)	\$ (113,401)	\$ (100)	-0.1%
Total public support and nonoperating revenues	2,937	2,875	62	2.2%
Income (loss) before capital contributions	\$ (110,564)	\$ (110,526)	\$ (38)	0.0%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
TRANSIT SERVICES (SAN DIEGO TRANSIT CORPORATION)
COMPARISON TO BUDGET - FISCAL YEAR 2014
APRIL 30, 2014
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 22,900	\$ 22,987	\$ (88)	-0.4%
Other Revenue	5	4	1	18.6%
Total Operating Revenue	\$ 22,905	\$ 22,991	\$ (87)	-0.4%
Personnel costs	\$ 54,436	\$ 54,299	\$ (137)	-0.3%
Outside services	1,422	1,403	(19)	-1.3%
Transit operations funding	-	-	-	-
Materials and supplies	3,794	3,945	152	3.8%
Energy	4,958	4,826	(132)	-2.7%
Risk management	2,452	2,238	(213)	-9.5%
General & administrative	104	127	23	18.0%
Vehicle/facility leases	243	250	7	2.9%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	9,096	9,096	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 76,504	\$ 76,184	\$ (320)	-0.4%
Operating income (loss)	\$ (53,599)	\$ (53,192)	\$ (407)	-0.8%
Total public support and nonoperating revenues	(1,070)	(1,047)	(24)	2.2%
Income (loss) before capital contributions	\$ (54,669)	\$ (54,239)	\$ (430)	0.8%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
RAIL OPERATIONS (SAN DIEGO TROLLEY, INCORPORATED)
COMPARISON TO BUDGET - FISCAL YEAR 2014
APRIL 30, 2014
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 33,240	\$ 33,601	\$ (361)	-1.1%
Other Revenue	1,176	610	566	92.8%
Total Operating Revenue	\$ 34,416	\$ 34,211	\$ 205	0.6%
Personnel costs	\$ 26,494	\$ 26,602	\$ 107	0.4%
Outside services	3,121	3,199	78	2.4%
Transit operations funding	-	-	-	-
Materials and supplies	4,040	3,945	(95)	-2.4%
Energy	9,015	8,795	(220)	-2.5%
Risk management	1,329	1,501	172	11.5%
General & administrative	114	108	(6)	-5.5%
Vehicle/facility leases	294	296	3	0.9%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	13,385	13,385	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 57,791	\$ 57,831	\$ 40	0.1%
Operating income (loss)	\$ (23,375)	\$ (23,619)	\$ 244	1.0%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (23,375)	\$ (23,619)	\$ 244	-1.0%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
MULTIMODAL OPERATIONS (FIXED ROUTE)
COMPARISON TO BUDGET - FISCAL YEAR 2014
APRIL 30, 2014
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 19,849	\$ 19,749	\$ 100	0.5%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 19,849	\$ 19,749	\$ 100	0.5%
Personnel costs	\$ 447	\$ 426	\$ (20)	-4.8%
Outside services	35,088	35,304	216	0.6%
Transit operations funding	-	-	-	-
Materials and supplies	5	6	1	17.7%
Energy	5,155	5,055	(100)	-2.0%
Risk management	-	-	-	-
General & administrative	0	1	1	86.8%
Vehicle/facility leases	13	13	0	1.8%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	1,124	1,124	0	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 41,832	\$ 41,929	\$ 97	0.2%
Operating income (loss)	\$ (21,983)	\$ (22,180)	\$ 197	0.9%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (21,983)	\$ (22,180)	\$ 197	-0.9%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
MULTIMODAL OPERATIONS (PARATRANSIT)
COMPARISON TO BUDGET - FISCAL YEAR 2014
APRIL 30, 2014
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 1,717	\$ 1,742	\$ (24)	-1.4%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 1,717	\$ 1,742	\$ (24)	-1.4%
Personnel costs	\$ 118	\$ 119	\$ 1	1.1%
Outside services	10,160	10,152	(8)	-0.1%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	1,994	1,948	(46)	-2.4%
Risk management	13	13	-	0.0%
General & administrative	2	4	1	30.9%
Vehicle/facility leases	93	93	(0)	0.0%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	339	339	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 12,719	\$ 12,667	\$ (52)	-0.4%
Operating income (loss)	\$ (11,002)	\$ (10,926)	\$ (76)	-0.7%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ (11,002)	\$ (10,926)	\$ (76)	0.7%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED CHULA VISTA TRANSIT OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2014
APRIL 30, 2014
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 2,256	\$ 2,236	\$ 19	0.9%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 2,256	\$ 2,236	\$ 19	0.9%
Personnel costs	\$ 270	\$ 210	\$ (60)	-28.4%
Outside services	4,703	4,681	(22)	-0.5%
Transit operations funding	-	-	-	-
Materials and supplies	1	8	7	88.5%
Energy	191	192	1	0.4%
Risk management	-	-	-	-
General & administrative	7	4	(4)	-104.0%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	129	129	(0)	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 5,301	\$ 5,223	\$ (78)	-1.5%
Operating income (loss)	\$ (3,046)	\$ (2,987)	\$ (59)	-2.0%
Total public support and nonoperating revenues	3,827	3,741	86	2.3%
Income (loss) before capital contributions	\$ 781	\$ 755	\$ 27	3.5%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CORONADO FERRY
COMPARISON TO BUDGET - FISCAL YEAR 2014
APRIL 30, 2014
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	-	-	-	-
Total Operating Revenue	\$ -	\$ -	\$ -	-
Personnel costs	\$ -	\$ -	\$ -	-
Outside services	152	152	-	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	\$ 152	\$ 152	\$ -	0.0%
Operating income (loss)	\$ (152)	\$ (152)	\$ -	0.0%
Total public support and nonoperating revenues	180	183	(3)	-1.4%
Income (loss) before capital contributions	\$ 28	\$ 30	\$ (3)	-8.6%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATION
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2014
APRIL 30, 2014
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	5,283	5,322	(39)	-0.7%
Total Operating Revenue	\$ 5,283	\$ 5,322	\$ (39)	-0.7%
Personnel costs	\$ 14,544	\$ 14,460	\$ (84)	-0.6%
Outside services	10,280	10,523	243	2.3%
Transit operations funding	-	-	-	-
Materials and supplies	9	14	4	31.1%
Energy	631	622	(9)	-1.5%
Risk management	289	281	(8)	-2.8%
General & administrative	1,756	1,674	(82)	-4.9%
Vehicle/facility leases	230	232	2	0.8%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(24,170)	(24,170)	0	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 3,571	\$ 3,636	\$ 65	1.8%
Operating income (loss)	\$ 1,712	\$ 1,686	\$ 26	-1.6%
Total public support and nonoperating revenues	(626)	(636)	11	-1.7%
Income (loss) before capital contributions	\$ 1,086	\$ 1,049	\$ 37	3.5%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OTHER ACTIVITIES
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2014
APRIL 30, 2014
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	1,039	936	104	11.1%
Total Operating Revenue	\$ 1,039	\$ 936	\$ 104	11.1%
Personnel costs	\$ 604	\$ 584	\$ (20)	-3.4%
Outside services	87	147	60	40.7%
Transit operations funding	-	-	-	-
Materials and supplies	2	4	3	57.8%
Energy	8	8	0	1.3%
Risk management	12	21	9	41.7%
General & administrative	85	88	2	2.8%
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	97	97	-	0.0%
Depreciation	-	-	-	-
Total Operating Expenses	\$ 895	\$ 948	\$ 53	5.6%
Operating income (loss)	\$ 144	\$ (13)	\$ 157	1237.0%
Total public support and nonoperating revenues	-	-	-	-
Income (loss) before capital contributions	\$ 144	\$ (13)	\$ 157	-1237.0%

Metropolitan Transit System FY 2014 - April 2014 Financial Review

MTS Board of Directors Meeting
June 19, 2014



1



COMBINED MTS TRANSIT OPERATORS COMPARISON TO BUDGET - APRIL 30, 2014 - FY 2014 (in \$000's)

	ACTUAL	BUDGET	VARIANCE	VAR %
Fare Revenue	\$ 79,961	\$ 80,315	\$ (354)	-0.4%
Other Revenue	1,181	614	567	92.3%
Total Operating Revenue	\$ 81,142	\$ 80,929	\$ 213	0.3%

- Other Operating Revenue: \$500K favorable variance due accounting treatment of insurance proceeds from prior period



2



**COMBINED MTS TRANSIT OPERATORS
COMPARISON TO BUDGET - APRIL 30, 2014 - FY 2014
(in \$000's)**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>VAR %</u>
Personnel Costs	\$ 81,953	\$ 81,844	\$ (108)	-0.1%
Purchased Transportation	49,014	48,942	(71)	-0.1%
Other Outside Services	5,788	6,104	316	5.2%
Energy	21,313	20,815	(498)	-2.4%
Other Expenses	36,576	36,624	49	0.1%
Total Expenses	\$ 194,643	\$ 194,330	\$ (313)	-0.2%

Other Outside Expenses:

- Repairs and Maintenance Services: \$53K favorable variance
- Engines and Transmission Rebuilds: \$71K favorable variance
- Outside Services: \$192k favorable variance



3



**METROPOLITAN TRANSIT SYSTEM
COMPARISON TO BUDGET - APRIL 30, 2014 - FY 2014
TOTAL OPERATING REVENUE LESS EXPENSES (\$000's)**

Combined Net Operating Variance

MTS Operating Revenue	\$ 213
MTS Operating Expenses	<u>(313)</u>
Combined MTS Operators	\$ (100)
MTS Administration / Other Activities	<u>183</u>
Total Combined Net Operating Variance	\$ 84
Variance Percentage	0.1%



4



METROPOLITAN TRANSIT SYSTEM
COMPARISON TO BUDGET - APRIL 30, 2014 - FY 2014
ON-GOING CONCERNS

	FY14			Status
	Budget	YTD Actual	Projection	
Sales Tax Subsidy Revenue	\$390 M	\$387 M	\$387 M	Y
State of California Budget	\$21.1 M	\$14.2 M	\$19.8 M	Y
Passenger Levels	95.4 M	79.2 M	95.0 M	Y
Energy Prices				
CNG	\$ 0.84	\$ 0.85	\$ 0.89	
Diesel	\$ 3.28	\$ 3.30	\$ 3.29	Y
Gas	\$ 3.25	\$ 3.28	\$ 3.34	
Electricity	\$0.171	\$0.176	\$ 0.176	

G Positive
 Y Holding
 R Negative





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San Diego, CA 92101-7490
(619) 231-1466 • FAX (619) 234-3407

Agenda Item No. 62

Chief Executive Officer's Report

ADM 121.7

June 19, 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 May 7, 2014, through June 12, 2014.



EXPENSE CONTRACTS				
Doc #	Organization	Subject	Amount	Day
G1430.3-12	PAUL PLEVIN	INCREASE CONTRACT AMOUNT	\$60,000.00	5/16/2014
G1712.0-14	HITECH SOFTWARE, INC.	SABRE SPRING STRUCTURE MAINT & SERVICES	\$35,521.20	5/16/2014
G1708.0-14	NTH GENERATION	RTMS BACK OFFICE EQUIPMENT	\$54,909.37	5/19/2014
G1455.2-12	LAUGHLIN, FALBO, LEVY	INCREASE CONTRACT AMOUNT	\$20,000.00	5/21/2014
G1702.0-14	AMERITRAN SERVICE CORP	IN-PLANT INSPECTIONS	\$11,775.00	5/23/2014
G1379.2-11	DIAMOND ENVIRONMENTAL	OPTION YEAR ONE	\$38,445.32	5/29/2014
G1435.3-12	ROSS & BARUZZINI	TIME EXTENSION - RTMS PROJECT	\$98,500.00	5/30/2014
B0589.6-13	GILLIG, LLC	NTP, TECHNICAL CHANGES, INCREASE AMOUNT	\$20,580.51	6/2/2014
G1716.0-14	DUANE MORRIS	LEGAL SERVICES	\$50,000.00	6/4/2014
G1322.1-10	PRUDENTIAL	ADD JACKETS FOR SDTC EMPLOYEES	\$16,406.00	6/12/2014
G1387.4-11	NMS MANAGEMENT	1 ADDITIONAL DAY OF CLEANING KMD	\$3,245.98	6/12/2014
G1719.0-14	ACTION RESEARCH	MOBILE PHONE USAGE SURVEY	\$67,850.00	6/12/2014
L0947.1-10	DAY WIRELESS SYSTEM	INCREASE AMOUNT	\$5,000.00	6/12/2014

REVENUE CONTRACTS				
Doc #	Organization	Subject	Amount	Day
L1206.0-14	COMPETITOR GROUP, INC.	ROE FOR R&R MARATHON	(\$750.00)	5/9/2014
L1205.0-14	PROJECT DESIGN CONSULTANTS	DURABLE ROE	(\$4,500.00)	5/12/2014
L1208.0-14	DIVERSIFIED UTILITY SERVICES	DURABLE ROE	(\$1,500.00)	5/14/2014
S200-14-595	STATE OF CALIFORNIA	DURABLE ROE	(\$3,000.00)	5/15/2014
G1538.1-13	MARRIOTT	COMPASS CARD - EXTENSION 1 YEAR	(\$79,920.00)	5/16/2014
G1697.0-14	SDG&E	VINTAGE TROLLEY	(\$50,000.00)	5/19/2014
G1668.0-14	CITY OF SNATEE	TEMP CONST EASEMENT	(\$7,122.00)	5/20/2014
G1669.0-14	CITY OF SANTEE	PERMANENT EASEMENT	(\$35,950.00)	5/20/2014
G1485.3-13	HEALY NEWSPAPER	PLACEMENT OF 2ND NEWSRACK	(\$800.00)	5/21/2014
S200-14-591	COX COMMUNICATIONS	LICENSE AGREEMENT	(\$1,500.00)	5/21/2014
L1052.1-12	SIEMENS INDUSTRY, INC.	COST REDUCTION	(\$1,352.33)	5/28/2014

REVENUE CONTRACTS				
Doc #	Organization	Subject	Amount	Day
L1187.0-14	JUDICIAL COUNCIL OF CALIFORNIA	ROE - NEW COURT HOUSE	(\$5,000.00)	5/28/2014
G1535.1-13	HOTEL DEL CORONADO	COMPASS CARDS - ECO PASS	(\$92,162.40)	6/4/2014
L5265.0-14	GREYHOUND LINES, INC	LEASE AGMT EL CAJON TRANSIT STATION	(\$600.00)	6/6/2014

PURCHASE ORDERS			
DATE	Organization	Subject	AMOUNT
5/7/2014	CDWG	APC NETSHELTER AND LOCKS	\$1,678.28
5/7/2014	VOKAB KOMPANY	SYNC RIGHTS	\$1,000.00
5/7/2014	RON FOUNTENBERY	AMBASSADOR FEE	\$1,000.00
5/7/2014	BUCK-O-NINE	SYNC RIGHTS	\$1,000.00
5/7/2014	EDGAR ALMINAR	AMBASSADOR FEE	\$1,000.00
5/7/2014	SANTIAGO OROZCO	AMBASSADOR FEE	\$1,000.00
5/9/2014	TECHNOLOGY SERVICES	AIR CURTAIN INSTALL	\$9,218.60
5/9/2014	DELL COMPUTER CORP	LATITUDE E7440	\$4,464.69
5/12/2014	MOTOROLA SOLUTIONS, INC.	COMMUNICATION EQUIPMENT OP CENTER	\$15,541.97
5/12/2014	SANTEE COLLISION CENTER	REPAIR FOR P133 SECURITY	\$2,048.46
5/15/2014	CDWG	CISCO 1921 T1 BUNDLE	\$1,377.00
5/15/2014	AO REED	BLDG A AC UNIT REPLACEMENT	\$14,092.00
5/19/2014	NTH GENERATION	MISC. ELECTRONIC EQUIPMENT	\$17,414.12
5/19/2014	CDWG	SAP CRY REPORTS	\$12,982.92
5/19/2014	CDWG	MISC. ELECTRONIC EQUIPMENT	\$3,478.20
5/19/2014	CDWG	MISC. ELECTRONIC EQUIPMENT	\$3,478.20
5/19/2014	DELL COMPUTERS	OPTIPLEX AND MONITORS	\$60,886.28
5/19/2014	HOUSE OF IDEAS	ENVELOPES AND LETTERHEAD	\$9,914.40
5/19/2014	AT&T	WIRELESS EQUIPMENT	\$28,861.28

PURCHASE ORDERS			
DATE	Organization	Subject	AMOUNT
5/19/2014	AT&T	WIRELESS EQUIPMENT	\$40,259.31
5/20/2014	CDWG	ADOBE CREATIVE CLOUD	\$579.00
5/22/2014	WOFCOM ENTERPRISES	VIDEO STORAGE SOFTWARE	\$9,990.00
5/23/2014	CRUZ ESTRILLA'S CADD	CAD & DRAFTING SERVICES GREEN LINE	\$2,104.20
5/27/2014	TRAILCAMPRO	CEMERAS AND ACCESSARIES	\$5,909.62
5/30/2014	CDWG	CITRIX XEN APP	\$7,900.00
5/30/2014	CDWG	HP SERVERS	\$5,574.96
5/30/2014	MYTHICS, INC.	ORACLE DATABASE ENTERPRISE	\$4,849.82
6/3/2014	CARAHSOFT TECHNOLOGY	SAP BUS OBJECTS MAINTENANCE	\$24,355.32
6/3/2014	GSG	FUN PLACES BROCHURE	\$2,081.80
6/6/2014	CDWG	MULTIPLE IT ITEMS	\$2,332.30
6/6/2014	CDWG	HP LASER ENTERPRISE	\$1,498.96
6/6/2014	CDWG	CISCO SMARTNER	\$459.00
6/6/2014	NEYENESCH PRINTERS	MTS VEHICLE PUNCH OUT	\$9,660.60
6/6/2014	VEOLIA	ORANGE LINE RAIL	\$27,600.00
6/6/2014	PARADIGN MECHANICAL	REMOVAL & REPLACEMENT 5 TON HVAC	\$10,501.00
6/9/2014	WILLIAM NORRIS	SECURITY CONSULTING SERVICES	\$89,250.00

WORK ORDERS				
Doc #	Organization	Subject	Amount	Day
PWL135.0-12.10.2	ABC CONSTRUCTION, INC.	IAD SERVER RM HVAC REPLACEMENT	(\$1,772.36)	5/16/2014
G0930.17-04.35	SANDAG	I-15 BRT SABRE SPRINGS STATION	(\$12,461.00)	5/30/2014
G0930.17-04.36	SANDAG	SDSU FIRE SYSTEM DESIGN & INSTALL	\$10,000.00	6/2/2014