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04-10-15 A11:45 IN

Agenda

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

April 16, 2015

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 - March 12, 2015 Approve
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.

Please SILENCE electronics
during the meeting

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



CONSENT ITEMS

- | | | |
|-----|--|-------------|
| 6. | <u>Revisions to Board Policy No. 34 (For-Hire Vehicle Services)</u> Action would approve and adopt the proposed revisions to Policy No. 34 (For-Hire Vehicle Services). | Approve |
| 7. | <u>Taxicab Maximum Allowable City and Airport Rates of Fare - Implementation of Uniform Rates for 2015</u> Action would approve Resolution No. 15-6 applying a uniform rate to the 2015 maximum allowable City of San Diego and Airport rates of fare for the year 2015. | Approve |
| 8. | <u>Bus Tire Lease and Services - Contract Award</u> Action would authorize the Chief Executive Officer (CEO) to: (1) execute MTS Doc. No. B0619.0-15 with Michelin North America, Inc. (Michelin) for bus tire lease and services for a five (5) year based period and five (5) one-year options; and (2) exercise each option term at the CEO's discretion. | Approve |
| 9. | <u>California Department of Transportation Program of Projects for Federal Transit Administration Section 5311 Funding, Federal Fiscal Year 2015</u> Action would approve Resolution No. 15-7 authorizing the use of and application for \$360,654 of Federal Transit Administration (FTA) Section 5311 funds for operating assistance. | Approve |
| 10. | <u>California Governor's Office of Emergency Services and California Transit Security Grant Program Funding, Fiscal Year 2014-2015</u> Action would approve Resolution No. 15-8 authorizing the use of and application for \$2,779,445 of California Transit Security Grant Program (CTSGP) for capital projects that provide increased protection against security and safety threats, and/or increases the capacity of transit operators to prepare for and provide disaster-response transportation systems. | Approve |
| 11. | <u>Investment Report - February 2015</u> | Information |
| 12. | <u>Third Party Compass Card and Transit Pass Sales - Amended Agreement with Albertsons</u> Action would authorize the Chief Executive Officer (CEO) to: (1) execute MTS Doc. No. G1598.2-13 with Albertsons for the provision of selling MTS and North County Transit District (NCTD) Compass Card passes at all Albertsons stores and at select Vons grocery stores with a base period until December 31, 2015 and four (4) one-year options; and (2) exercise each option term at the CEO's discretion. | Approve |

CLOSED SESSION

- | | | |
|-----|---|-----------------|
| 24. | a. CLOSED SESSION - CONFERENCE WITH LABOR NEGOTIATORS Pursuant To California Government Code Section 54957.6 <u>Agency:</u> San Diego Transit Corporation (SDTC) and San Diego Trolley, Inc. (SDTI) <u>Agency-Designated Representative:</u> Jeff Stumbo <u>Employee Organization:</u> International Brotherhood of Electrical Workers, Local 465 (Representing SDTI Train Operators, Electromechanics, Servicers and Clerical) <u>Employee Organization:</u> Amalgamated Transit Union, Local 1309 (Representing Bus Operators and Clerical Employees at SDTC) | Possible Action |
|-----|---|-----------------|

b. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(d)(1) San Diego Transportation Association, et al. vs. San Diego Metropolitan Transit System, et al. (SDSC Case No. 37-2015-00008725-CU-TT-CTL)

Possible
Action

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. None.

REPORT ITEMS

45. None.

60. Chairman's Report Information

61. Audit Oversight Committee Chairman's Report 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: May 14, 2015

66. Adjournment

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

MINUTES

March 12, 2015

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:06 a.m. A roll call sheet listing Board member attendance is attached.

2a. Fiscal Year 2016 Capital Improvement Program (Mike Thompson)

Mike Thompson, Director of Financial Planning and Analysis, provided a presentation on the fiscal year (FY) 2016 Capital Improvement Program (CIP). He discussed the development of the FY 2016 CIP, the CIP project highlights for bus, rail, future multiyear projects, and Cap and Trade.

Mr. Minto inquired if there were any additional grants to apply for to help with Americans with Disabilities Act (ADA) issues. Mr. Thompson replied that MTS does receive other funding that is ADA related.

Ms. Salas inquired if SANDAG's funding application for the South Bay BRT project is separate from MTS's application. Mr. Jablonski stated that MTS's application is separate from SANDAG's application.

Ms. Bragg asked about the total list of ADA bus stop improvement options. Denis Desmond, Manager of Planning, replied that there are a total of 23 bus stops where ADA improvements can be made. Ms. Bragg inquired if those 23 locations were chosen because they were the most non-compliant locations. Mr. Desmond replied that those locations were chosen based on responses from customers and the Operations department.

Mr. Gloria inquired how long it would take to fully replace the SD100 trolley cars. Mr. Thompson replied that the SD100s would start to be replaced in approximately 10 years. Mr. Gloria asked how old the SD100s will be when they are retired. Mr. Thompson replied that the cars will be about 30 years old when they are retired. Mr. Gloria asked about the location of the future bus maintenance facility. Mr. Jablonski replied that there is no location identified yet and this is a preliminary item that is being researched as a future project. Mr. Gloria asked where the current bus maintenance facilities are located. Mr. Jablonski replied that the current facilities are the Imperial Avenue, Kearny Mesa, South Bay and El Cajon Divisions. Mr. Gloria asked if any of the current facilities could be expanded. Mr. Jablonski replied that expansion is not likely possible at one of the current facilities. Mr. Gloria inquired if the new bus shelters were being funded in the current year's budget or the next year's budget. Mr. Jablonski stated that the bus shelters are being funded in the current year's budget.

Ms. Zapf inquired about the life span of the mini buses. Mr. Jablonski stated that the mini buses have a shorter life span than a regular bus. He stated that the mini buses are gasoline run and are known as 7-year vehicles.

Mr. Thompson continued the presentation and reviewed the proposed capital funding levels, project categories and budget funding trend for FY 2016. He also provided a five year overview of the CIP for fiscal years 2016-2020 and FY 2016 CIP recommendations.

PUBLIC COMMENTS

Richard Thompson – Mr. Thompson discussed the handout he provided to the Board members. He stated that while he was at the SDSU Trolley Station he tried asking a security guard for their name, but the security guard would not provide their name. He also said that regional transit should include Mexico.

Emily Serafy Cox – Mid-City CAN. Ms. Serafy Cox commented that the San Diego Unified School District data is almost complete for the Youth Pass Pilot Program. She said this will include approximately six to nine months of data. She stated that the strongest trends of data focused around safety. She also commented that their team has asked for \$100,000 from the Low Carbon Transit Operations Program (LCTOP) funding.

BOARD MEMBER COMMENTS

Ms. Cole asked for clarification on the non-recurring nature of the capital funds. Mr. Thompson replied that the non-recurring funds are primarily funded by the State of California and are one-time monies.

Action Taken

Mr. Minto moved to: (1) approve the fiscal year (FY) 2016 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels. As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels; (2) recommend that the San Diego Association of Governments (SANDAG) Board of Directors approve the submittal of Federal Section 5307 and 5337 applications for the MTS FY 2016 CIP; (3) approve the transfer of \$1,460,919 from previous CIP projects to the FY 2016 CIP; and (4) recommend that the SANDAG Board of Directors approve amendment number 2 of the 2014 Regional Transportation Improvement Program (RTIP) in accordance with the FY 2016 CIP recommendations. Mr. McClellan seconded the motion, and the vote was 14 to 0 in favor with Ms. Emerald absent.

2b. Fiscal Year 2015 Midyear Adjustment (Mike Thompson)

Mr. Thompson provided a presentation regarding the FY 2015 midyear adjustment. He discussed the FY 2015 midyear revenue assumptions summary for operating and non-operating revenue, lease/leaseback transactions and the results of the FY 2015 midyear revenue summary. Mr. Thompson reviewed the FY 2015 midyear expenses assumption summary and expense summary. He discussed the FY 2015 midyear revenues less expenses and the FY 2015 midyear contingency reserves.

Mr. McWhirter inquired about the longevity of CNG vehicles. Mr. Thompson replied that the original CNG vehicles had a tank life of 15 years however the new CNG vehicles have a longer tank life of approximately 20 years. Mr. Jablonski commented that the buses, at a minimum, are usually replaced between 13 to 14 years.

Ms. Cole commented on the increase in personnel and asked about the hiring goal for bus drivers. Mr. Thompson replied that the average need for bus drivers continues to change as service levels change. He stated that the current average hiring goal is 515 bus drivers.

Mr. Cunningham inquired if we are actively hiring new bus drivers. Mr. Thompson replied that MTS is always actively recruiting new bus drivers. He said that there have been very large training classes over the past few months. Mr. Cunningham commented on the balanced budget and asked if there were any other extreme costs that could take MTS out of budget by year end. Mr. Thompson replied there are none at this time. Mr. Jablonski commented on the hiring of new bus drivers. He stated that the average number of bus drivers will end up exceeding what is needed which will help diminish the mandatory call backs.

Action Taken

Mr. Cunningham moved to enact Resolution No. 15-3 amending the fiscal year (FY) 2015 operating budget for the San Diego Metropolitan Transit System (MTS), San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, Chula Vista Transit, and the Coronado Ferry. Ms. Bragg seconded the motion, and the vote was 14 to 0 in favor with Ms. Emerald absent.

3. Public Comments

There were no public comments.

4. Next Finance Workshop

The next Finance Workshop is May 14, 2015.

5 b. Approval of Minutes

Mr. Minto moved to approve the minutes of the February 12, 2015, MTS Board of Directors meeting. Ms. Cole seconded the motion, and the vote was 14 to 0 in favor with Ms. Emerald absent.

CONSENT ITEMS

6. Property Insurance Renewal

Action would authorize the Chief Executive Officer (CEO) to renew the property insurance coverage for the San Diego Metropolitan Transit System (MTS), San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI) with the California State Association of Counties - Excess Insurance Authority (CSAC-EIA) Property Insurance Program, effective March 31, 2015, through March 31, 2016, with various coverage deductibles of \$25,000 (real estate and personal contents property), \$100,000 (bus fleet), \$250,000 (light rail fleet) and \$1,500,000 (roads, bridges and tunnels).

7. Federal Legislative Representation - Contract Extension

Action would authorize the Chief Executive Officer (CEO) to execute the Partial Assignment No. 1 of the San Diego Association of Governments (SANDAG) two (2) year contract extension with Peyser Associates, LLC effective May 1, 2015.

8. Fiscal Year 2014-2015 Low Carbon Transit Operations Program (LCTOP) Funding
Action would: (1) adopt Resolution No. 15-4 which agrees to comply with all conditions and requirements set forth in the Certification and Assurances Document, and applicable statutes, regulations, and guidelines for all LCTOP funded transit projects; (2) authorize the Chief Executive Officer (CEO), or designated representative, to execute all required documents of the LCTOP and any amendments thereto with the California Department of Transportation; and (3) authorize the use of, and application for, \$1,204,141 in Fiscal Year 2014-2015 LCTOP funding for capital projects which reduce greenhouse gas emissions and approve mobility with a priority on serving disadvantaged communities.
9. Flushing Units for Light Rail Vehicle Braking Systems - Sole Source Purchase Order
Action would authorize the Chief Executive Officer (CEO) to issue a purchase order to Knorr Brake Company LLC (Knorr), for the procurement of three (3) Knorr brake flushing systems on a sole source basis.
10. Master Information Switching Technology (IST)/Switch Software License Agreement - Fidelity Information Services
Action would authorize the Chief Executive Officer (CEO) to: (1) execute MTS Doc. No. G1808.0-15 with Fidelity Information Services, LLC (FIS), for the assignment of the FIS Master IST/Switch Software License Agreement from SANDAG to MTS beginning in fiscal year (FY) 2015; and (2) issue a Purchase Order to FIS, on a sole source basis, for the upgrade of the IST/Switch Software from version 7.4 to version 7.7 in support of the MTS Compass Card Program.
11. Environmental Health and Safety Specialist Position
Action would authorize the Chief Executive Officer (CEO) to add one (1) Environmental Health and Safety Specialist to the fiscal year 2015 budget, increasing total Full Time Equivalent (FTE) positions from 0 to 1.
12. Closed-Circuit Television (CCTV) System Upgrade - Purchase of Cisco Network Equipment
Action would authorize the Chief Executive Officer (CEO) to issue a purchase order to AT&T Datacomm, Inc. (AT&T), for the purchase of Cisco network equipment under the County of Merced's Fast Open Contracts Utilization Services (FOCUS) Contract No. 2009177.
13. Investment Report - January 2015
14. Number Not Used
15. Amendment to Chief Executive Officer Employment Agreement
Action would approve an amendment to the Executive Employment Agreement between MTS and Paul C. Jablonski to provide additional compensation and fringe benefits.
16. Class B Paratransit Buses - Creative Bus Sales Contract
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0623.0-15 with Creative Bus Sales (CBS) for the purchase of two (2) Class B paratransit vehicles under an existing California Association of Coordinated Transportation (CalACT) contract.
17. Canon Multi-Function Devices: Purchase, Maintenance and Repair - Contract Award
Action would authorize the Chief Executive Officer (CEO) to: (1) execute MTS Doc. No. G1703.0-14 with Signa Digital Solutions for purchase, maintenance and repair of Canon Multi-

Function Devices for a two year base period with three, one-year option terms (for a total of five years); and (2) exercise each option year at the CEO's discretion.

18. Interagency Mid-Coast Agreement (WITHDRAWN)
Action would authorize the Chief Executive Officer (CEO) to enter into an agreement with the San Diego Association of Governments (SANDAG), the University of California San Diego (UC San Diego), and the California Department of Transportation (Caltrans) regarding the Mid-Coast Corridor Transit Project in substantially the same format as Attachment A.
19. 2015 Transit and Intercity Rail Capital Program (TIRCP) Grant Application
Action would approve Resolution No. 15-5 authorizing the Chief Executive Officer (CEO) to submit an application for up to \$41,181,000 in 2015 TIRCP funding to fund the Trolley Capacity Improvements project.

CONSENT ITEM COMMENTS

Karen Landers, General Counsel, noted that consent agenda item number 18, Interagency Mid-Coast Agreement, will be pulled from the agenda. She stated that the draft agreement between SANDAG, UC San Diego and Caltrans was not completed yet and the agreement can be approved at the staff level to keep the project on track.

Action on Recommended Consent Items

Mr. Minto moved to approve Consent Agenda Item Nos. 6 – 19, excluding No. 18. Ms. Cole seconded the motion, and the vote was 14 to 0 in favor with Ms. Emerald absent.

CLOSED SESSION

24. Closed Session Items

The Board convened to Closed Session at 10:05 a.m.

- a. CLOSED SESSION - CONFERENCE WITH LABOR NEGOTIATORS Pursuant To California Government Code Section 54957.6
Agency: San Diego Transit Corporation (SDTC) and San Diego Trolley, Inc. (SDTI)
Agency-Designated Representative: Jeff Stumbo
Employee Organization: International Brotherhood of Electrical Workers, Local 465 (Representing SDTI Flaggers)
Employee Organization: International Brotherhood of Electrical Workers, Local 465 (Representing SDTI Train Operators, Electromechanics, Servicers and Clerical)
Employee Organization: Transit Enforcement Officers Association (Representing Code Compliance Inspectors)
Employee Organization: Amalgamated Transit Union, Local 1309 (Representing Bus Operators and Clerical Employees at SDTC)
- b. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.9(d)(1) Geronimo Vasquez and Maria Vasquez v. Metropolitan Transit System San Diego Superior Court Case No. 37-2014-00002476-CU-OR-CTL MTS Claim No. MT-07-0275-13

The Board reconvened to Open Session at 10:56 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- a. The Board on a vote of 14 in favor and 0 opposed, with Councilmember Emerald absent, ratified a tentative agreement with the Transit Enforcement Officers Association (TEOA). On a vote of 14 in favor and 0 opposed, with Councilmember Emerald absent, the Board ratified a tentative agreement with the International Brotherhood of Electrical Workers (IBEW) Local 465. The Board also received a report from negotiators regarding other union negotiations and gave instructions.
- b. The Board approved a settlement of \$65,000 and gave instructions to staff regarding further litigation measures. The vote was 11 to 3 in favor with Bragg, Cole, Cunningham, Gloria, Mathis, McClellan, McWhirter, Minto, Roberts, Woiwode and Zapf voting in favor and Jones, Salas and Rios opposed and Emerald absent.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. None.

REPORT ITEMS

45. Operating Revenue Report (Sharon Cooney)

Sharon Cooney, Chief of Staff, provided a presentation on the operating revenue report. She discussed the regional fares, ridership and fare revenue significance, rider transit dependency rate, discounted fares, boardings and fare revenue shares, securing the Senior-Disabled-Medicare (SDM) benefit, circumstances uncovered during processing SDM applications, and increased fare enforcement. Ms. Cooney also provided an update on the Youth Pass Pilot Program and the UC San Diego Student UPass.

Ms. Zapf asked what happens to the non-paying customers who are riding the bus with invalid compass cards. Ms. Cooney replied that the security guards will confiscate their invalid compass card and are taken off the bus.

Mr. Roberts inquired how the age of 60 was determined to be the qualifying senior age. Ms. Cooney stated that the age is set in TransNet. Mr. Roberts asked if it was possible to increase that age requirement due to the changing demographics. Ms. Cooney stated that the Board had instructed staff to ask SANDAG on two occasions to change the qualifying senior age, but never succeeded. Mr. Roberts commented that staff should bring this request to SANDAG again for review. Chairman Mathis stated that MTS is has the lowest qualifying senior age in the State.

Mr. Gloria commented on the reduced prices that are already provided for youth passes. He asked what it would cost to price youth passes the same as SDM passes. Ms. Cooney stated that it would result in a decrease of 4% in revenue, or approximately \$4 million to \$5 million.

Mr. McClellan commented on the lack of improved attendance in relation to the youth pass program. He recommended that the school should possibly reward the students with transit passes if their attendance is high, but if students do not attend school they should not be provided a pass.

Mr. Woiwode asked why MTS has SDM passes priced at 25% of the regular fare when federal law requires only 50% of the regular fare. Ms. Cooney replied that this rate was a part of the 2008 TransNet renewal ordinance.

Mr. Roberts inquired how MTS compares to other agencies for SDM fare. Ms. Cooney stated that MTS has the lowest SDM fare in the State. Mr. Roberts commented that some adjustments need to be made since MTS currently has the lowest age requirement for seniors and the lowest SDM fare price.

Mr. Cunningham commented on the number of people that were taken off of buses for not having proof of eligibility for their SDM cards and asked if some of those people were eventually able to provide the required documentation. Mr. Jablonski stated that all of the people taken off the bus had an opportunity to come to MTS and reclaim their card if they showed proof, however no one came to reclaim their card. Mr. Jablonski also commented that adding a photo ID to the SDM cards will help to resolve these issues. Ms. Cooney stated that staff is currently in the process of planning an easy and convenient way for current SDM riders to transfer to the new photo ID cards.

PUBLIC COMMENTS

Emily Serafy Cox – Mid-City CAN. Ms. Serafy Cox commented that the transition to photo ID cards has already begun for the youth pilot pass. She commented on the absenteeism data and stated that there have been software issues with compiling the correct data. She stated that the researchers working on this data are looking at the standard scores rather than actual numbers.

Action Taken

Information item only. No action taken.

46. Quarterly Performance Monitoring Report (Denis Desmond)

Denis Desmond, Manager of Planning, provided a presentation on the Quarterly Performance Monitoring Report. He reviewed the MTS Policy 42 evaluation criteria and the numbers for total passengers throughout the entire system. He discussed the ADA Paratransit results for notable MTS Access ridership and cost increases. Mr. Desmond also reviewed the average weekday passengers, passengers per revenue hour, on-time performance, and new service/major service changes for trial services.

Ms. Zapf inquired how long trial route 170 has been in service. Mr. Desmond replied that route 170 has been in service for about four months. She asked if the trial routes will continue for the

entire 12 month period even if they do not perform well. Mr. Desmond replied that the trial routes will continue and finish the entire 12 months.

Action Taken

Informational item only. No action taken.

47. Pacific Imperial Railroad (PIR) Desert Line Agreement – Status Update (Karen Landers)

Karen Landers, General Counsel, commented on the letters that were provided to the Board members. She stated that the letters were from PIR, dated March 4th, as well as her response letter dated March 6th. Ms. Landers said that MTS requested a status update from PIR of where they were in the project and where they thought they were in terms of meeting the milestones. The milestones are set for initial repairs on September 1st and test train operations by October 1st. PIR's letter to MTS restated that they believe they are going to make those milestones and also stated that they think the amount of work that needs to be done to get to those Fall dates is not as significant as originally anticipated. Ms. Landers said that her March 6th letter was intended to follow up and clarify the level of oversight that MTS expects to have on those repairs, the types of details to support whether repairs are necessary on certain segments or not necessary and to reiterate the timelines of those goals. She stated that MTS will continue to closely monitor the work that's recommended and completed.

Ms. Landers also commented that she is in the process of setting up an inspection of the line with one of our consultants. She said that this is something that is contemplated under the agreement that MTS would do annual joint inspections. She stated that it is really intended more for after we start operations and then as needed during the construction process. Ms. Landers noted that MTS will be doing some independent verification in addition to reviewing reports and proposals that we receive from PIR.

She said that MTS has had several meetings and inquiries from Baja Rail and Baja California Officials recently about the possibility of sending double stacked car carriers up the Blue Line from San Ysidro to 12th & Imperial. She stated that is something that is not physically possible on our line. The catenary wires that support the trolley lines hang too low and there is a significant public safety risk and risk to the infrastructure if we allow the height of the double stacked car carriers that close to the line. Ms. Landers said in addition to the significant cost and the impacts, there are safety risks having electrified wires that close to those types of freight cars. She noted that we have repeatedly informed them this is not a restriction that will be removed by MTS now or in the foreseeable future. Essentially, MTS cannot raise the wire to accommodate this request, because the trolley cars are constructed where they cannot reach up that high to touch the wires. Ms. Landers said that the only possible way for the region to see those types of car carriers and that traffic is through this Desert Line Project. She concluded that we have repeatedly recommended to Baja Rail and Baja California that the best way to achieve their economic development goals with the Toyota Factory and Baja CA is for Baja Rail to work with PIR to come to some agreement to have the Desert Line Project be a bi-national railroad.

PUBLIC COMMENTS

Charles McHaffie – PIR. Mr. McHaffie commented that approximately one year ago, PIR believed that they would not be able to come to an agreement to work with the Mexican Railroad. He said that now through the efforts of Mr. Jablonski and Ms. Landers, they were able

to establish a meeting with the Mexican Railroad authorities. Mr. McHaffie stated that because of that meeting, further negotiations have taken place and they are very close to an agreement which will allow the lines to be unified. He noted that Arturo Alemany, with MIR International Services, is PIR's American/Mexican liaison to help with the negotiations. Mr. McHaffie stated that PIR's new publicist is Jack Berkman and he will help to present the whole truth to the media and public.

Donald Stoecklein – PIR. Mr. Stoecklein provided a presentation regarding the history of PIR and its accomplishments to date. He discussed the completed PIR performance milestones from October 2011 through March 2015. Lastly, Mr. Stoecklein stated that in December 2014, MTS, PIR, Baja Rail and the Governor of Baja's representative met with the Consul General, Andrew Erickson, to discuss and mediate the creation of a bi-national rail line.

BOARD MEMBER COMMENTS

Mr. Roberts inquired about derailed train cars and other older trains that are being stored on the tracks. Mr. Stoecklein stated that PIR is charging GE Capital to store those trains on the line. He stated that the derailed train cars may have been derailed due to vandalism and the matter is currently under investigation. Mr. Stoecklein also said that PIR has hired a contractor to remove and scrap those cars.

Action Taken

Informational item only. No action taken.

60. Chairman's Report

Chairman Mathis commented that the press conference for the second Vintage Trolley car was very successful.

61. Audit Oversight Committee Chairman's Report

There was no Audit Oversight Committee Chairman's Report.

62. Chief Executive Officer's Report

Mr. Jablonski commented on the press conference regarding the \$1,000,000 Homeland Security Grant. He noted that there will also be a press conference scheduled to promote Stand Up for Transportation Day which is April 9th. Mr. Jablonski also stated that he attended the APTA Legislative Conference in Washington DC.

63. Board Member Communications

Mr. Gloria commented that he also attended the APTA Legislative Conference in Washington DC.

64. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

65. Next Meeting Date

The next regularly scheduled Board meeting is April 16, 2015.

66. Adjournment

Chairman Mathis adjourned the meeting at 12:02 p.m.



Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:



Clerk of the Board
San Diego Metropolitan Transit System



General Counsel
San Diego Metropolitan Transit System

Attachments: Roll Call Sheet – Finance Workshop
Roll Call Sheet – Board of Directors
Memo – Imperial Avenue Division (IAD) Relocation
MTS Letter re: Pacific Imperial Railroad (PIR) Desert Line Project
PIR Letter re: PIR-MTS Status
CGS Letter re: PIR Hazardous Materials Issues

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
FINANCE WORKSHOP
ROLL CALL

MEETING OF (DATE): March 12, 2015

CALL TO ORDER (TIME): 9:06 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: _____

RECONVENE: _____

PUBLIC HEARING: _____

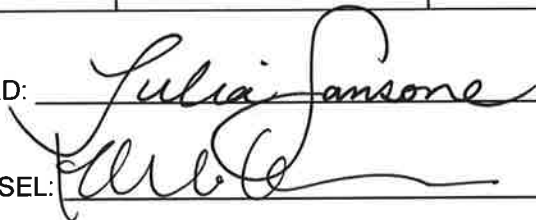
RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 10:03 a.m.

| BOARD MEMBER | (Alternate) | PRESENT (TIME ARRIVED) | ABSENT (TIME LEFT) |
|--------------|---|---------------------------|-----------------------|
| BRAGG | <input checked="" type="checkbox"/> (Bilbray) <input type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |
| COLE | <input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |
| CUNNINGHAM | <input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |
| EMERALD | <input type="checkbox"/> (Alvarez) <input type="checkbox"/> | | |
| GASTIL | <input type="checkbox"/> (Jones) <input checked="" type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |
| GLORIA | <input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |
| MATHIS | <input checked="" type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |
| MCCLELLAN | <input checked="" type="checkbox"/> (Ambrose) <input type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |
| MCWHIRTER | <input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |
| MINTO | <input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |
| RIOS | <input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |
| ROBERTS | <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/> | 9:08 a.m. | 10:03 a.m. |
| SALAS | <input checked="" type="checkbox"/> (Miesen) <input type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |
| WOIWODE | <input checked="" type="checkbox"/> (Sandke) <input type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |
| ZAPF | <input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/> | 9:06 a.m. | 10:03 a.m. |

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY THE GENERAL COUNSEL:



SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
ROLL CALL

MEETING OF (DATE): March 12, 2015

CALL TO ORDER (TIME): 10:03 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 10:05 a.m.

RECONVENE: 10:56 a.m.

PUBLIC HEARING: _____

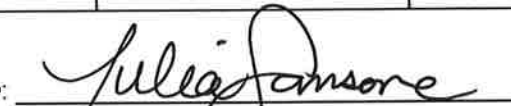
RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 12:02 p.m.

| BOARD MEMBER | (Alternate) | PRESENT (TIME ARRIVED) | ABSENT (TIME LEFT) |
|--------------|---|---------------------------|-----------------------|
| BRAGG | <input checked="" type="checkbox"/> (Bilbray) <input type="checkbox"/> | 10:03 a.m. | 10:56 a.m. |
| COLE | <input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/> | 10:03 a.m. | 12:02 p.m. |
| CUNNINGHAM | <input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/> | 10:03 a.m. | 11:55 a.m. |
| EMERALD | <input type="checkbox"/> (Alvarez) <input type="checkbox"/> | | |
| GASTIL | <input type="checkbox"/> (Jones) <input checked="" type="checkbox"/> | 10:03 a.m. | 12:02 p.m. |
| GLORIA | <input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/> | 10:03 a.m. | 12:02 p.m. |
| MATHIS | <input checked="" type="checkbox"/> | 10:03 a.m. | 12:02 p.m. |
| MCCLELLAN | <input checked="" type="checkbox"/> (Ambrose) <input type="checkbox"/> | 10:03 a.m. | 12:02 p.m. |
| MCWHIRTER | <input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/> | 10:03 a.m. | 12:02 p.m. |
| MINTO | <input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/> | 10:03 a.m. | 11:30 a.m. |
| RIOS | <input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/> | 10:03 a.m. | 12:02 p.m. |
| ROBERTS | <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/> | 10:03 a.m. | 12:02 p.m. |
| SALAS | <input checked="" type="checkbox"/> (Miesen) <input type="checkbox"/> | 10:03 a.m. | 10:56 a.m. |
| WOIWODE | <input checked="" type="checkbox"/> (Sandke) <input type="checkbox"/> | 10:03 a.m. | 12:02 p.m. |
| ZAPF | <input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/> | 10:03 a.m. | 12:02 p.m. |

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY THE GENERAL COUNSEL:



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

Memorandum

TO: Paul Jablonski

FROM: Sharon Cooney

SUBJECT: Imperial Avenue Division (IAD) Relocation

This memo summarizes the minimum steps necessary for relocation of IAD. This memo assumes that:

- (1) a Chargers/MTS agreement is already completed,
- (2) funding for the project has been secured, and
- (3) alternative sites for the new facility have already been identified.

Phase 1: Identify and Acquire New Site and Hire Design Build Contractor (Minimum estimated time: 2.5 years)

The first activity for site acquisition would be to complete an Environmental Impact Report for the project on the identified alternative sites. During this process a Title VI/Environmental Justice analysis would be conducted in accordance with federal requirements. If no challenges occur, this process could be completed in 9 to 18 months. If challenges occur (eg. from members of the public, environmental groups, community groups, businesses, Coastal Commission) this process would require significantly more time.

Once the relocation site has been chosen, property acquisition would begin. It is almost certain that multiple real estate transactions would be required to assemble the site. Appraisals and offers would be submitted to property owners, and transactions with willing sellers who accept the appraisal would be relatively quick. If all owners are willing sellers, all MTS appraisals and first offers are accepted, and no relocation of businesses is required, then this process could be completed in a year. Unwilling sellers, or instances when the owner of the property disagrees with the appraisal, would trigger the eminent domain process. Relocation of businesses and/or residents would also occur. Three separate specialists in the area of property acquisition for public agencies were consulted and the estimated time to complete site acquisition if eminent domain is required is 24 to 41 months.

During site acquisition the process for bringing on board a design build construction firm could take place, a process that might be accomplished in 18 to 24 months. At the start of the process, a consultant would be hired to write the specifications, provide technical expertise and perform preliminary design (30%). The result of that effort would then be used to issue a Request for



Qualifications (RFQ) for firms. The result of the RFQ would create a short list of firms who would be asked to give a proposal for the design build contract. Proposals would be submitted and reviewed, a bidder would be selected, negotiations with the selected bidder would take place, and a contract would be finalized with the construction firm.

Phase 2: Final Design and Construction (Minimum estimated time: 2.5 years)

MTS recently completed a bus maintenance facility in Chula Vista and is under construction of another facility in El Cajon. MTS's experience with construction of bus maintenance facilities informs the design and construction estimate of at least two and a half years.

During the first part of the construction phase of an IAD relocation project, the design build contractor would design the project and gain all necessary permits. Considerations that would be addressed at that time would be storm water requirements, street improvements, any needed site cleanup, utility relocation, fire safety requirements and approvals, access to SDG&E natural gas connections, and any needed ground water abatement. Ordering of special equipment that required longer lead times such as the fueling station and bus wash equipment would occur in this phase.

Demolition of the site and site preparation for construction would be followed by construction itself. Construction components include the administrative office building(s), a compressed natural gas fueling station, 14 bus maintenance bays with maintenance equipment including in ground lifts, bus washing facilities, parts storage, concreted parking for 180 buses, employee parking areas, utility work, storm water facilities, street improvements, fencing and gates, site lighting and security equipment, and any required sound or retaining walls.

Upon final acceptance of the construction MTS could relocate the IAD operation to the new facility.

Conclusion from Staff Analysis

A minimum of five years would be required to relocate the IAD operation to a new site: two and a half years for environmental approval, site acquisition, and getting a design build contractor on board; two and a half years for final design and construction. This estimate is extremely optimistic and unforeseen delays could occur in any phase of the project.



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San Diego, CA 92101-7490
(619) 231-1466 • FAX (619) 234-3407



Via Email to tdneveau@aol.com and djs@slgseclaw.com

March 6, 2015

T. Daniel Neveau
Pacific Imperial Railroad, Inc.
c/o Kinsell, Newcomb & De Dios, Inc.
2697 Coventry Road
Carlsbad, CA 92010

Donald J. Stoecklein
Pacific Imperial Railroad, Inc.
c/o Stoecklein Law Offices
401 West A Street, Suite 1150
San Diego, CA 92101

Re: Pacific Imperial Railroad (PIR) Desert Line Project

Dear Mr. Neveau and Mr. Stoecklein:

MTS is in receipt of the Status Update letter submitted by Mr. Stoecklein on March 3, 2015. While it is promising to hear that PIR believes it will be able to complete all repairs necessary to bring the Desert Line to Class I track standard by the September 1, 2015 Initial Repairs/October 1, 2015 Test Train Operations deadlines, MTS still does not have any information regarding how and when PIR plans to do so. As discussed below, MTS has to approve, *in advance*, any work that is completed on the line. To date, no plans or specifications have been submitted to MTS for individual bridge, tunnel or track work by PIR or its contractors.

In addition, our February 13, 2015 request for a status update asked for more details on the new investor group and their management plans for PIR. This information was specifically requested by a member of the MTS Board of Directors, Mary Salas. As we previously informed you, we will be giving a status update on the PIR contract and PIR's progress on the Desert Line milestones at our March 12, 2015 board meeting. Mr. Stoecklein's letter did not contain any information about the identity, background or management plans of the new investor group. It is our understanding that you are having a shareholder/investor meeting later this week. Please inform the investors of MTS's request for more information.

Initial Repairs/Test Train Operations:

On August 28, 2014, MTS conditionally approved the Desert Line Reconstruction Plan (DLRP) and started the clock running for the Initial Repairs/Test Train Operations milestones. PIR's contract with MTS allows the DLRP to be submitted in phases consistent with the Test Train Operations, Limited Operations, and Full Scale Operations milestones if certain work will not be commenced until a later milestone. Section 3.3.1 sets forth the minimum items that must be completed before the first substantive operational milestone. Because not all of those items had been completed at the time the supplemental DLRP was submitted to MTS in June 2014, our August 28, 2014 approval specifically called out the items that MTS expects PIR to update "and submit[] to MTS for review and approval before work on an individual segment of Desert [Line] Infrastructure may begin." (See August 28, 2014 letter.)



Ltr to Dan Neveau/Donald Stoecklein
 Pacific Imperial Railroad
 March 6, 2015
 Page 2

Section 3.3 of our Agreement provides (emphasis added):

3.3. Desert Line Reconstruction Plan. The Desert Line Reconstruction Plan (DLRP) required in Section 1.2.2 shall include, at a minimum, a detailed schedule and description of the work to be completed prior to and in conjunction with each stage of operations (i) Test Train Operations as described in Section 1.2.4, (ii) Limited Operations as described in Section 1.2.6, and (iii) Full Scale Operations as described in Section 1.2.8.

3.3.1. **Prior to Test Train Operations the DLRP shall be updated and submitted to SD&AE and at a minimum shall:** (a) update the October 2007 Osmose Services Bridge Report, (b) repair and/or remediate the deficiencies identified in the Osmose Services Bridge Report, (c) **commission a study of the tunnel and track conditions on the Desert Line including ultrasonic rail flaw, loaded gauge, track geometry and tunnel clearance testing by a contractor approved by SD&AE,** and (d) repair and/or remediate any track or tunnel deficiencies identified through such testing. If additional repairs or modifications beyond those in the DLRP are planned for the Desert Line infrastructure or later required in order to bring PIR into compliance with this Lease, PIR shall submit such plans to SD&AE for review and approval. The DLRP shall ensure that the Desert Line bridges meet Cooper Loading System standards based on maximum axle loading for the freight to be carried by PIR, but not less than [286,000] pounds per car.

Our August 28, 2014 DLRP approval letter requested the following supplemental information (emphasis added):

Notwithstanding the above approval of the DLRP for the purposes of initiating the Initial Repairs milestone, **the following supporting reports must be completed and submitted to MTS for review and approval before work on an individual segment of Desert Infrastructure may begin:**

- JL Patterson work product (it is our understanding that JL Patterson has not completed the final reports for the inspections it conducted and that additional subcontractor inspections may not have been scheduled):
 - Bridge Repairs. Complete report for each individual bridge structure citing existing conditions, detail of each repair needed, cost estimates based on those recommendations, and a reconstruction schedule. The supplemental DLRP contains some, but not all, of this information.
 - Tunnel Condition Review. Although it is our understanding that JL Patterson conducted visual inspections of each tunnel, a written report documenting the findings of each inspection has not been submitted. A written report for each tunnel should be submitted including recommendations for track geometry testing using LiDAR or similar means, engineering experts, geotechnical consultants, and/or structural consultants as needed. Following such additional testing, a detailed repair recommendation for each tunnel, cost estimate, and repair schedule must be submitted to MTS. No test trains may run through a tunnel until the above reports are provided.

Ltr to Dan Neveau/Donald Stoecklein
 Pacific Imperial Railroad
 March 6, 2015
 Page 3

- Track Condition Review. It is our understanding that subcontractor Nordco conducted ultrasonic testing for rail defects and provided raw data to PIR. Still to be provided is a final detailed report with a milepost basis of rail conditions. Similarly, it is our understanding that subcontractor Holland conducted track geometry, rail profile, and track gauge strength testing and provided the raw data to PIR. A detailed report still needs to be prepared showing the results on a per milepost basis. The results of these two reports should then be used to develop track rehabilitation strategies, cost estimates and repair schedules. This needs to be completed so repairs necessary for the Initial Repairs milestone, if any, are identified.
- Tie Inspections. It is our understanding that JL Patterson completed tie inspections on the Desert Line. However, no detailed reports of these inspections have been prepared by JL Patterson. This work must be completed and submitted to MTS with a detailed replacement recommendation, cost estimate and replacement schedule.
- Railroad Signaling Conditions. It is unclear if these inspections and analyses of work needed, if any, was completed by JL Patterson. An evaluation of the signaling infrastructure and compliance with FRA standards must be completed before Limited Operations (Agreement § 1.2.6) can take place.

Currently, PIR has less than six months to complete the Initial Repairs milestone and less than seven months to run a test train. Notwithstanding this fact, we are not aware of any additional inspection work taking place since JL Patterson stopped work in early 2014. Your contract with MTS only allows PIR employees to access the right of way or conduct work. All third party contractors must be issued a right of entry permit by MTS before entering the right of way. We have not received a right of entry permit application for any third party contractors on the Desert Line since the original permits were issued to JL Patterson and Watkins Environmental in 2013. We are not aware of Watkins Environmental performing any work under that permit.

Mr. Stoecklein's letter states "[c]ontrary to your assessment of the requirements to comply with Class I FRA standards, we believe a significant portion of the Line complies with such standards ..." While MTS has no information to contradict this statement, it must be supported by a signed statement from an applicable engineer, certifying that no repairs are necessary to bring a particular bridge, tunnel or track section to Class I standards. In addition, the track and tunnel testing required by Section 3.3.1(c) is required to be completed before Test Train Operations take place. This requirement is not tied to Class I railroad standards. MTS has not agreed to waive this requirement and expects it to be completed before the October 1, 2015 Test Train Operations milestone. Since this testing could reveal additional repairs that may be necessary to meet that milestone, MTS recommends that PIR take action to complete this testing with Nordco and Holland as soon as possible.

To clarify MTS's expectations for the work to be done:

1. Before any item of work can commence, the JL Patterson report related to that particular bridge, tunnel or track section must be finalized with an engineering recommendation and engineered plans and specifications.
2. The plans and specifications must be submitted to MTS for review and approval.
3. The contractor who will do the work must have a valid Right of Entry permit issued by MTS. Work must be completed according to the notice provisions in the Right of Entry permit document.

Ltr to Dan Neveau/Donald Stoecklein
Pacific Imperial Railroad
March 6, 2015
Page 4

4. If a particular bridge, tunnel or track section does not need repair work to meet the Test Train Operations standard, then this conclusion must be supported by a specific statement or report that is signed/certified by an applicable engineer.

Interchange Facility Plans

Mr. Stoecklein's status letter and oral reports from PIR representatives have identified plans to establish an interchange facility and "commence limited operations with a trucking onload/offload facility by December 15, 2015." While we are aware that PIR is exploring various sites for this interchange facility, please be forewarned that MTS cannot establish if the proposed facility will meet the terms and intent of the Limited Operations milestone until a specific plan is identified and presented to MTS for review. In addition, you are aware that depending on PIR's plan and site, additional non-MTS permits and reviews may be required. We have previously encouraged PIR to hire environmental and land use counsel to advise PIR as to what regulatory or procedural hurdles an interchange/intermodal facility may need to overcome.

The recently issued California appellate decision in *Friends of the Eel River v. North Coast Railroad Authority, et al* (230 Cal.App.4th 85 (2014), cert. granted, 339 P.3d 329, Cal. S.C. Case No. S222472) found that the federal Interstate Commerce Commission Termination Act "generally preempts CEQA's application to a project involving railroad operations." However, the California Supreme Court has agreed to review this decision. Whether this preemption applies to a proposed PIR project will require a fact-specific legal analysis. In addition, this preemption (if upheld by the California Supreme Court) simply states that the Surface Transportation Board (STB) has jurisdiction over such projects. You will need to research and confirm what specific STB reviews and approvals are required for your interchange facility or other project plans.

Bi-National Railroad Operations

We are encouraged to hear that PIR continues to negotiate with Baja California Railroad and the Governor of Baja California to reach an agreement that allows for freight to be loaded onto the Mexican segment of the railroad and then carried over the Desert Line to the Union Pacific Railroad in Plaster City. In a recent meeting with MTS, the Director General of Baja California Railroad (BJRR), Roberto Romandia Tomayo, confirmed for MTS that the negotiations are ongoing and that his company is interested in negotiating an interchange or other agreement with PIR. He expressed a need to know PIR's specific construction schedule and operational plan so that business/supply chain certainty can be provided to the rail line's targeted manufacturing customers (e.g. Toyota) and plans can be made by BJRR. Please keep us informed of the status of these negotiations and let us know if we can be of assistance.

Sincerely,



Karen Landers
General Counsel

cc: Paul C. Jablonski, MTS Chief Executive Officer



PACIFIC IMPERIAL RAILROAD, INC.

March 4, 2015

Ms. Karen Landers
General Counsel
Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, California 92101-7490

RE: Pacific Imperial Railroad-MTS Status

Dear Ms. Landers:

As General Counsel, I have been requested to prepare this letter in response to your letter dated February 13, 2015 and your letter dated December 22, 2014, in reference to Pacific Imperial Railroad's ("PIR") update "for completing (a) all items listed in Metropolitan Transit System's ("MTS") August 28, 2014 letter conditionally approving the Desert Line Reconstruction Plan (DLRP), and (b) performing the work necessary to reach the Initial Repairs and Test Train Operations Milestones" as such status relates to PIR's obligations to San Diego & Arizona Eastern Railway Company ("SD&AE") and MTS pursuant to the terms of the "Desert Line Lease and Operating Agreement" (the "Lease").

As duly noted in your August 28, 2014 correspondence to PIR, the Lease states in §1.2.3, "Initial Repairs are defined as "those repairs and/or maintenance required to rehabilitate the Desert Line to qualify the Class of Track at a minimum as a Class I Track pursuant to Federal Railroad Administration ("FRA") track safety standards." In preparation of the Initial Repairs, PIR retained the services of JL Patterson & Associates, at an initial cost of \$600,000, to perform such inspections that at a minimum allowed for PIR's contractors to complete work for the Initial Test Train. Although much of the inspection work completed by JL Patterson exceeded the inspections required for the Initial Test Train, short of minimal inspections in the tunnels, most inspection work has been completed to the Initial Test Train goal. We have reached out to Dan Davis, the supervisor of the project for JL Patterson, who is currently working for another company, to assist in facilitating the information requested in your prior correspondence. Contrary to your assessment of the requirements to comply with Class I FRA standards, we believe a significant portion of the Line complies with such standards. By way of example, only several of the Bridges inspected required work to comply with the FRA standards. Additionally, although the Tunnel Condition Review may not be to the extent set forth in your letter of August 28, 2014, we believe that the tunnels comply with the FRA standards and allow for Test Train Operations.

As part of the Track Condition Review, we retained the subcontracted services of Nordco, through JL Patterson, to conduct ultrasonic testing for rail defects which supplied the raw data to both JL Patterson and PIR. Holland conducted track geometry, rail profile, and track gauge strength testing and provided the raw data to both JL Patterson and PIR. Although we still intend to have Nordco, via JL Patterson generate a detailed report on the ultrasonic testing, and Holland to complete track geometry, rail profile, and track gauge strength testing, we are unaware of any testing that essentially prevents PIR from operating the Test Train under the Class I Track Standards of the FRA.

As regards to the Tie Inspections, JL Patterson, to our knowledge did complete the inspections of the railroad ties on the Desert Line, and we are awaiting receipt of the reports from JL Patterson; however have no expectation that such Tie Reports will prevent Test Train Operations.

PIR's railroad operations contain three signaling devices, of which PIR is unaware of any defects and or issues related to their operational status to the extent such status would prevent Test Train Operations.

In an effort to complete the work required for the Test Train, and work required to commence minimal operations for PIR's Trucking and Logistics Plan, various projects are being planned that simultaneously provide for the Test Train while creating an interchange facility to allow trucking on loads and off loads. Contractors have been contacted, who are capable of completing the rehabilitation sufficient to meet the Class I Track Standards as referenced above, which essentially allows for the train to operate at 10 mph. Funds sufficient to cover the expense of the rehabilitation were referenced in a financial credit facility submitted to MTS on or about January 15, 2015. However, concurrent with compliance with the above, PIR has been in negotiations with Baja Railroad in Baja Mexico, in addition to acquiring commitments for a capital infusion sufficient to cover the expenses of an interchange facility to commence limited operations pursuant to the Lease. In an effort to obtain the required commitments for capital, it became necessary for PIR to negotiate with their majority shareholders to accept a proposal from the proposed investor group that would allow for such funding to the benefit of PIR and the regional area.


PIR continues to move forward with its strategy to (a) complete rehabilitation sufficient for the Test Train by October 1, 2015, (b) establish an interchange facility sufficient to commence limited operations with a trucking onload/offload facility by December 15, 2015, (c) negotiate its bi-national rail agreement with Baja Railroad prior to year end, and (d) continue with funding sufficient capital to rehabilitate the Desert Line to meet its obligations as set forth in the Lease.

As the above is being accomplished, Baja Rail has continued to enhance its infrastructure, spending in excess of \$18 million toward bridges, new track, new crossings, and spurs to enhance additional capacity. An inspection of the line, provided to PIR by the principals of Baja Rail demonstrated a substantial commitment to the rehabilitation of the line, which also included the daylighting of the collapsed Tunnel Number 3, which we understood cost upwards of \$4 million and is nearly complete. These improvements by Baja Railroad, and the government of Mexico continue to demonstrate support for a bi-national railroad in the Cali-Baja region. As a result of the dialogue which was facilitated by MTS and commenced during the discussion between PIR, Baja Railroad, MTS, and the Governor of Baja California at the US Consulate in Mexico in December of 2014, we are continuing meetings and open discussions pertaining to a negotiated transaction for a bi-national railroad.

As to the "Hazardous Materials Issues" discussed in your correspondence of August 28, 2015, those issues have been addressed separately by CGS in the attached correspondence from Mr. Josh Brody, President of CGS. We have requested that CGS provide us assistance with the various Hazardous Materials Issues as set forth in your correspondence and should you have additional issues with same, please do not hesitate to contact us for a response.

We look forward to MTS's continued support in the project, in addition to that of the other San Diego and Baja regional groups interested in seeing this railroad re-activated.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald J. Stoecklein", written over a horizontal line.

Donald J. Stoecklein, General Counsel



A Service-Disabled, Veteran-Owned Small Business

March 3, 2015

Pacific Imperial Railroad

401 West A Street, Suite 1150

San Diego, CA 92101

Attn: Donald Stoecklein

Subj: PACIFIC IMPERIAL RAILROAD HAZARDOUS MATERIALS ISSUES

Mr. Stoecklein,

Thank you for requesting information on how CGS can assist Pacific Imperial Railroad (PIR) in meeting strict environmental compliance requirements. Below are each individual issue listed by MTS and our response.

1.) Obtain a valid Unified Program Facility Permit from the County of San Diego Hazardous Materials Division (HMD) for all locations that utilize hazardous materials.

Response: CGS will perform the necessary records review search, interviews, and site visits and complete the application process for PIR in obtaining the required HMD and any other County permits.

2.) Prepare and submit a Hazardous Materials Business Plan for all locations that utilize hazardous materials.

Response: While completing hazardous material and hazardous waste contract work for the DoD, CGS has developed a multitude of Hazardous Material Business Plans which include all NFPA information, GIS layers, inventory of materials, etc.

3.) If PIR believes that a Unified Program Facility Permit and a Hazardous Materials Business Plan are not required, PIR must provide MTS with written justification detailing why these are not.

Response: CGS will perform the necessary records search, interviews, and site visits to determine if a Unified Program Facility Permit and Hazardous Material Business Plan are required. If it is not, we will develop a written justification detailing our findings and rationale for submittal to HMD.



A Service-Disabled, Veteran-Owned Small Business

4.) For all facilities operated by PIR, provide written confirmation that all drums or any other containers with hazardous waste that have been at any site for more than 180 days have been properly disposed of.

Response: CGS will perform an inventory of all hazardous waste at ALL locations and ensure proper containerization, labeling, and disposal of all hazardous waste prior to 180 days.

5.) Provide written confirmation that PIR has obtained professional training on how to properly label and store hazardous waste to prevent the unauthorized disposal of hazardous waste to the environment, and to prevent a fire or explosion.

Response: CGS operates a Training Division that will provide all necessary training to include 8 hour, 24 hour, and 40 hour Hazardous Waste Site Operator, and 40 hour, and 8 hour refresher HAZWOPER training which meets 29 CFR 1910.120 requirements. Each employee will receive a certificate of completion and CGS will provide a training roster and letter outlining type of training and personnel trained to PIR for submittal to MTS.

6.) Provide written confirmation that PIR has implemented proper procedures relating to the labeling, storage, and disposal of hazardous waste at all locations that utilize hazardous materials.

Response: CGS will develop Standard Operating Procedures (SOP) for labeling, storage, and disposal of hazardous waste, and provide a presentation to PIR personnel to ensure widest dissemination.

7.) Provide written confirmation that PIR has obtained professional training for its employees on how to conduct timely and proper inspections to ensure that hazardous wastes, including used oil filters, are properly labeled, stored, and disposed of, and that all facilities are properly maintained.

Response: CGS will provide training to PIR personnel on how to properly perform hazardous waste site inspections and/or provide the service of inspecting all sites operated by PIR to ensure compliance. CGS will provide a training roster and letter outlining type of training and personnel trained to PIR for submittal to MTS.

8.) Provide written confirmation that PIR has obtained professional training for its employees on how to handle, store, and dispose of hazardous materials and hazardous waste and how to properly respond in emergency situations.

Response: CGS will provide training to all PIR personnel requiring the skills to handle, store, label, and respond to emergencies. CGS will provide a training roster and letter outlining type of training and personnel trained to PIR for submittal to MTS.



A Service-Disabled, Veteran-Owned Small Business

9.) Provide written confirmation that PIR has obtained professional environmental audit to confirm that its operations are in accordance with all local, state, and federal environmental laws and regulations.

Response: CGS will perform a detailed audit, annotate any deficiencies, correct all deficiencies, and provide a detailed report of all finding and improvements.

REMEDIATION

The letter from MTS states, "PIR must confirm that the Jacumba Depot property has been remediated to the satisfaction of applicable regulatory authorities.

Response: CGS will perform a Phase I review and site visit to the Jacumba Depot and if the property has not been remediated, CGS will perform a Phase II response, confirmation sampling, backfill, and final reporting. We will also work with the regulatory agencies to ensure proper remediation and site closure.

Furthermore, if you would like a detailed proposal for each task listed above, please let us know at your earliest convenience. If so, we would like to have a pre-proposal meeting to discuss details, priorities, and set expectations.

Lastly, CGS has many years of experience in all of the above and employs personnel that have accomplished all of the tasks outlined above. Many of our staff have worked directly with the County of San Diego HMD on projects at Camp Pendleton, MCAS Miramar, and other locations within the County. A detailed list of qualifications and past performance is available upon request.

Thank you for asking CGS Incorporated to review and potentially assist. Please contact me directly should you have any questions at (760) 651-2247, or via email josh@cgsenv.com.

Kind Regards,

A handwritten signature in black ink, appearing to read 'JB' followed by a stylized flourish.

Josh Brody

President



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

Agenda Item No. 6

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

April 16, 2015

SUBJECT:

REVISIONS TO BOARD POLICY NO. 34 (FOR-HIRE VEHICLE SERVICES)

RECOMMENDATION:

That the Board of Directors approve and adopt the proposed revisions to Policy No. 34 (For-Hire Vehicle Services) (Attachment A).

Budget Impact

None.

DISCUSSION:

Board Policy No. 34 sets forth the procedures to establish a policy with guidelines and procedures for the implementation of MTS Ordinance No. 11. At its meeting on February 12, 2015, the Board approved changes to Ordinance No. 11 to coincide with changes made by the City of San Diego to City Council Policy 500-02. Those changes are required to also be reflected in Board Policy No. 34.


Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Proposed Board Policy No. 34





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

Policies and Procedures

No. 34

SUBJECT:

Board Approval: 04/16/15 04/19/12

FOR-HIRE VEHICLE SERVICES

PURPOSE:

To establish a policy with guidelines and procedures for the implementation of MTS Ordinance No. 11.

BACKGROUND:

Regulation of for-hire vehicle service is in the interest of providing the citizens and visitors to the MTS region and particularly the Cities of El Cajon, Imperial Beach, La Mesa, Lemon Grove, Poway, San Diego, and Santee, with a good quality local transportation service. Toward this end, MTS finds it desirable to regulate the issuance of taxicab permits, to establish maximum rates of fare, and to provide for annual review of cost-recovery regulatory fees.

POLICY:

34.1 City of San Diego Entry Policy

~~34.1.1 MTS will periodically establish the maximum number of taxicab permits to be issued for the City of San Diego.~~

~~34.1.21~~ New City of San Diego taxicab permits will be issued in accordance with amended San Diego City Council Policy No. 500-02, "Taxicab Permits," adopted on August 6, 2001.

34.2 City of San Diego Entry Policy Implementation

~~The following guidelines should be observed with respect to the issuance of taxicab permits when the formula yields an increase of at least 40 permits.~~



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

~~34.2.1 The percentage of growth in population divided by 2 plus the percentage of growth in hotel room nights occupied times the current number of permits. All changes are to be calculated on a two-year rolling average.~~

~~34.2.2 The process through which permits are issued will limit the concentration of permits. No permit will be issued or transferred to any person, partnership, corporation, association, or other entity if such issuance or transfer would result in any permit holder having an interest in more than 40 percent of the existing permits. New permits shall not be transferred for a period of five years after issuance.~~

~~34.2.3 No single permit will be issued or transferred to any person, company, business, corporation, or other entity if such issuance or transfer would result in single permit holders in aggregate having interest in more than 40 percent of the existing permits.~~

34.32 City of San Diego Entry Policy Exclusions

~~This policy is not intended to govern the issuance of limited permits as authorized by Section 1.7 of MTS Ordinance No. 11.~~

34.432 Maximum Fare Policy

Pursuant to MTS Ordinance No. 11, Section 2.2(a) and after a duly noticed and open public hearing, MTS determined that the maximum rate of fare for exclusive ride and group ride hire of taxicabs shall be that fare that does not exceed twenty percent (20%) more than the weighted average of fares as established in accordance with this policy.

34.432.1 Maximum Fare Determination

The weighted average of fares shall be computed by the Chief Executive Officer and duly promulgated in writing upon the passage of this policy and thereafter each year by averaging each segment of the fare structure of all MTS taxicab permit holders. The fare structure shall consist of the dollar amounts charged by said permit holders for the flag drop, the per-mile charge, waiting-time charge, first zone, and each additional zone charge. The weighted average of these charges shall be arrived at by adding each segment of each respective charge and dividing it by the total number of taxicabs holding effective permits.

34.432.2 The Chief Executive Officer will use his discretion when the maximum rates of fare and the uniform rates of fare for trips from Lindbergh Field airport are incompatible. The Chief Executive Officer may adjust the maximum rates of fare so that the uniform rates of fare, based on the change in the Annual All Urban Western Transportation Consumer Price Index, do not exceed the maximum rates allowed in accordance with Section 34.24.1.

34.543 Airport Taxicab Fare Policy

Rates of fare for trips from Lindbergh Field Airport shall be uniform.

In the event an owner chooses a different rate for nonairport trips for taxicabs authorized to service the airport, two meters or a multirate meter shall be installed and identified. The meter(s) shall be activated according to the proper rate for the trip's origin, and it shall be clearly visible to the passenger which rate is being charged.

34.543.1 The uniform rates of fare for taxicab trips from Lindbergh Field Airport are initially established at \$1.40 flag drop, \$1.50 per mile, and \$12.00 per hour, effective June 1, 1990.

The airport rates shall be reviewed annually, beginning in January 2009, by the Chief Executive Officer. Airport rates shall be adjusted based on the 1990 amounts, in accordance with the change in the Annual All Urban Western Transportation Consumer Price Index/ San Diego. Adjustments shall be rounded up or down, as appropriate, to the nearest even \$0.10 increment.

In addition to the airport uniform rate of fare, a taxicab operator may charge an "extra" equal to the Airport Trip Fee assessed against the individual taxicab operator by the San Diego County Regional Airport Authority. The extra may not be charged on any trip that does not originate at the airport or on any trip where the taxicab operator does not pay the fee to the San Diego County Regional Airport Authority. The extra charge may only be charged to the customer by utilizing the extra button on the taxicab meter. A driver may not verbally request payment.

34.654 Regulatory Fee Review

The following procedures will be utilized for the establishment of for-hire vehicle regulatory fees.

34.654.1 In accordance with State of California Public Utilities Code Section 120266, MTS shall fully recover the cost of regulating the taxicab and other for-hire vehicle industry. Pursuant to MTS Ordinance No. 11, Sections 1.3(b), ~~1.4(1.4(ba))~~, and 1.4(d), and 1.5(d), the Chief Executive Officer establishes a fee schedule to effect full-cost recovery and notify affected permit holders of changes in the fee schedule.

34.654.2 The procedure for establishing a regulatory fee schedule will include an annual review of the audited expenses and revenue of the previous fiscal year associated with MTS for-hire vehicle activities. The revised fee schedule will be available for review by interested parties in November each year and is subject to appeal as provided for in Ordinance No. 11, Section 1.5(d).

34.654.3 A fee schedule based on previous year expenses and revenue amounts will be put into effect each January.

POLICY.34.FOR-HIRE VEHICLE SERVICES

This policy was originally adopted on 12/8/88.

This policy was amended on 7/26/90.

This policy was amended on 5/9/91.

This policy was amended on 6/13/91.

This policy was amended on 1/28/93.

This policy was amended on 5/11/95.

This policy was amended on 10/31/02.

This policy was amended on 4/24/03.

This policy revised on 3/25/04.

This policy was amended on 4/26/07.

This policy was amended on 7/17/08.

This policy was amended on 4/19/12.

This policy was amended on 4/16/15_____.



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Agenda Item No. 7

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

April 16, 2015

SUBJECT:

TAXICAB MAXIMUM ALLOWABLE CITY AND AIRPORT RATES OF FARE -
IMPLEMENTATION OF UNIFORM RATES FOR 2015

RECOMMENDATION:

That the Board of Directors approve Resolution No. 15-6 (Attachment A) applying a uniform rate to the 2015 maximum allowable City of San Diego and Airport rates of fare for the year 2015.

Budget Impact

None.

DISCUSSION:

As part of the MTS Taxicab Advisory Committee meeting on March 26, 2015, a public hearing was held regarding taxicab rates of fare for the airport and the maximum allowable City rates of fare.

MTS Ordinance No. 11, Section 2.2 (b) states, "*Taxicab trips from San Diego County Regional Airport (SDCRA) shall be at a uniform rate of fare.*" MTS Policies and Procedures No. 34, Section 34.5.1 (Attachment B), provides that "*Airport rates shall be adjusted ... in accordance with the change in the Annual All Urban Western Transportation Consumer San Diego Price Index*" (Attachment C).

For rates of fare for taxicab trips that do not originate at the San Diego International Airport, MTS Ordinance No. 11, Section 2.2, and Policies and Procedures No. 34, Section 34.4 (Attachment B), provides that all MTS taxicab permit holders file rates of fare that do not exceed 20 percent above the average rates on file for all taxicab vehicles, except for trips originating at the airport, and provided that they are consistent with the rates of their radio service.



Both airport and non-airport rates of fare are calculated annually. The previous time airport rates of fare were calculated was in 2014. Therefore, staff is required to recalculate rates this year.

Current rates, as well as results of staff's calculations of the rates of fare for 2015 for the airport are as follows:

| <u>Current Airport Rates</u> | <u>Proposed 2015 Airport Rates</u> |
|----------------------------------|------------------------------------|
| \$ 2.80 flag drop 1/10 of a mile | \$ 2.80 flag drop 1/10 of a mile |
| \$ 3.00 per mile | \$ 3.00 per mile |
| \$ 24.00 per-hour waiting time | \$ 24.00 per-hour waiting time |

Maximum allowable City rates of fare are as follows:

| <u>Current Maximum City Rates</u> | <u>Recalculated Maximum City Rates</u> |
|-----------------------------------|--|
| \$ 3.10 flag drop 1/11 of a mile | \$ 3.40 flag drop 1/12 of a mile |
| \$ 3.30 per mile | \$ 3.60 per mile |
| \$ 27.00 per-hour waiting time | \$ 29.00 per-hour waiting time |

Based on staff calculations, taxicab rates for the airport would not increase in 2015, but would increase \$0.30/mile for the maximum allowable City rate. The flag drop for the City rate would increase \$0.30 and the waiting time for the City rate would increase \$2.00/hour, thus creating a wider gap between airport rates and the City rate, possibly causing customer concern. In addition, the Committee membership is concerned that taxicabs would charge more when operating in the City and this would require many operators to use dual rates of fare. Additionally, Transportation Network Carrier (TNC) drivers are charging significantly less than taxicab rates of fare, and the airport is considering allowing TNC vehicles to operate at the airport.

The Taxicab Advisory Committee membership has requested that for 2015, MTS implement uniform (same) rates for both the airport rates of fare and maximum allowable City rates of fare at the current airport rates. Staff sees the benefits of the Committee request by avoiding passengers paying more for trips traveling to the airport than for trips originating at the airport, and eliminating many companies adopting dual rates.

Staff is requesting that the MTS Board of Directors pass a resolution to apply a uniform rate for the maximum allowable City and airport rates of fare for 2015:

\$2.80 flag drop 1/10 of a mile
\$3.00 per mile
\$24.00 per-hour waiting time


Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Resolution No. 15-6
B. MTS Policy 34.4
C. Consumer Price Index
D. Resolution 13-17

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 15-6

A Resolution Approving Uniform Rates of Fare for the San Diego International Airport
and the Maximum Allowable Rates of Fare for the City of San Diego
at the Amounts Presently in Effect Until Approximately March 2016

WHEREAS, current policy, process, and general taxicab rates of fare are regulated by the MTS Board of Directors in accordance with MTS Ordinance No. 11 and Policy No 34; and

WHEREAS, the 2015 calculation of rates of fare for the San Diego International Airport (airport) have determined that taxicab rates for the airport will not increase; and

WHEREAS, the 2015 calculation of rates of fare for the City of San Diego (City) have determined that taxicab rates for the City will increase; and

WHEREAS, the MTS Taxicab Advisory Committee has requested that MTS unify the rates of fare for taxicabs operating at the airport and the maximum allowable City rates of fare at the current airport rate of fare; NOW THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED that the MTS Board of Directors does hereby apply uniform taxicab rates of fare for the airport and the maximum allowable rates of fare for the City at the amounts currently in effect for airport originated trips until approximately March 2016 or whenever the Board takes action to change rates.

PASSED AND ADOPTED, by the MTS Board of Directors this 16th day of April 2015, by the following votes:

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

34.4 Maximum Fare Policy

Pursuant to MTS Ordinance No. 11, Section 2.2(a) and after a duly noticed and open public hearing, MTS determined that the maximum rate of fare for exclusive ride and group ride hire of taxicabs shall be that fare that does not exceed twenty percent (20%) more than the weighted average of fares as established in accordance with this policy.

34.4.1 Maximum Fare Determination

The weighted average of fares shall be computed by the Chief Executive Officer and duly promulgated in writing upon the passage of this policy and thereafter each year by averaging each segment of the fare structure of all MTS taxicab permit holders. The fare structure shall consist of the dollar amounts charged by said permit holders for the flag drop, the per-mile charge, waiting-time charge, first zone, and each additional zone charge. The weighted average of these charges shall be arrived at by adding each segment of each respective charge and dividing it by the total number of taxicabs holding effective permits.

34.4.2 The Chief Executive Officer will use his discretion when the maximum rates of fare and the uniform rates of fare for trips from Lindbergh Field airport are incompatible. The Chief Executive Officer may adjust the maximum rates of fare so that the uniform rates of fare, based on the change in the Annual All Urban Western Transportation Consumer Price Index, do not exceed the maximum rates allowed in accordance with Section 34.4.1.

34.5 Airport Taxicab Fare Policy

Rates of fare for trips from Lindbergh Field Airport shall be uniform.

In the event an owner chooses a different rate for nonairport trips for taxicabs authorized to service the airport, two meters or a multirate meter shall be installed and identified. The meter(s) shall be activated according to the proper rate for the trip's origin, and it shall be clearly visible to the passenger which rate is being charged.

34.5.1 The uniform rates of fare for taxicab trips from Lindbergh Field Airport are initially established at \$1.40 flag drop, \$1.50 per mile, and \$12.00 per hour, effective June 1, 1990.

The airport rates shall be reviewed annually, beginning in January 2009, by the Chief Executive Officer. Airport rates shall be adjusted based on the 1990 amounts, in accordance with the change in the Annual All Urban Western Transportation Consumer Price Index/ San Diego. Adjustments shall be rounded up or down, as appropriate, to the nearest even \$0.10 increment.

In addition to the airport uniform rate of fare, a taxicab operator may charge an "extra" equal to the Airport Trip Fee assessed against the

individual taxicab operator by the San Diego County Regional Airport Authority. The extra may not be charged on any trip that does not originate at the airport or on any trip where the taxicab operator does not pay the fee to the San Diego County Regional Airport Authority. The extra charge may only be charged to the customer by utilizing the extra button on the taxicab meter. A driver may not verbally request payment.

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Consumer Price Index - All Urban Consumers

Series Id: CUUSA424SAT
Not Seasonally Adjusted
Area: San Diego, CA
Item: Transportation
Base Period: 1982-84=100

Download: [XLS](#)

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual | HALF1 | HALF2 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|---------|---------|---------|
| 2004 | | | | | | | | | | | | | 175.6 | 174.0 | 177.2 |
| 2005 | | | | | | | | | | | | | 185.5 | 182.5 | 188.4 |
| 2006 | | | | | | | | | | | | | 190.4 | 189.4 | 191.5 |
| 2007 | | | | | | | | | | | | | 193.218 | 192.918 | 193.518 |
| 2008 | | | | | | | | | | | | | 200.721 | 205.196 | 196.246 |
| 2009 | | | | | | | | | | | | | 184.717 | 177.071 | 192.364 |
| 2010 | | | | | | | | | | | | | 200.398 | 198.572 | 202.224 |
| 2011 | | | | | | | | | | | | | 222.685 | 222.913 | 222.457 |
| 2012 | | | | | | | | | | | | | 227.691 | 229.775 | 225.608 |
| 2013 | | | | | | | | | | | | | 225.570 | 227.028 | 224.112 |
| 2014 | | | | | | | | | | | | | 223.308 | 228.254 | 218.362 |

2012

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SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 13-17

A Resolution Approving Stabilizing the Rates of Fare for the
San Diego International Airport and the Maximum Allowable Rates of Fare
for the City of San Diego at the Amounts Presently in Effect Until Approximately March 2014

WHEREAS, current policy, process, and general taxicab rates of fare are regulated by the MTS Board of Directors in accordance with MTS Ordinance No. 11 and Policy No 34; and

WHEREAS, the 2013 calculation of rates of fare for the San Diego International Airport (airport) have determined that taxicab rates for the airport will increase; and

WHEREAS, the 2013 calculation of rates of fare for the City of San Diego (City) have determined that taxicab rates for the City will increase; and

WHEREAS, the MTS Taxicab Advisory Committee has requested that MTS freeze the rates of fare for taxicabs operating at the airport and the maximum allowable City rates of fare;

NOW THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board of Directors does hereby freeze the taxicab rates of fare for the airport and the maximum allowable rates of fare for the City at the amounts currently in effect until approximately March 2014.

PASSED AND ADOPTED by the Board of Directors this 20th day of June, 2013 by the following vote:

AYES: Bragg, Mullin, Ewin, Gastil, Gloria, Mathis, McClellan, Minto, Ovrom, Rios, Roberts, Salas, Zapf

NAYS:

ABSENT: Alvarez, Emerald

ABSTAINING:


Chairperson
San Diego Metropolitan Transit System

Filed by:


Clerk of the Board
San Diego Metropolitan Transit System

Approved as to form:


Office of the General Counsel
San Diego Metropolitan Transit System



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Agenda Item No. 8

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

April 16, 2015

SUBJECT:

BUS TIRE LEASE AND SERVICES – CONTRACT AWARD

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to:

- 1) execute MTS Doc. No. B0619.0-15 (in substantially the same format as Attachment A) with Michelin North America, Inc. (Michelin) for bus tire lease and services for a five (5) year based period and five (5) one-year options; and
- 2) exercise each option term at the CEO's discretion.

Budget Impact

The total estimated cost of this contract would not exceed \$13,369,042.51 (base period in the amount of \$5,438,865.68 plus the option periods in the amount of \$6,612,168.41 plus the run-out period in the amount of \$1,318,008.42) and will be funded through the San Diego Transit Corporation (SDTC) maintenance operating budget under 315-54410 as detailed in Attachment B.

DISCUSSION:

MTS currently operates 154 buses out of the Imperial Avenue Division (IAD) and 139 buses out of the Kearny Mesa Division (KMD) which operate seven days per week, 24 hours per day. MTS contracts with bus tire manufacturers to provide newly manufactured bus tires on a lease rate per mile basis at a predetermined fixed rate, as well as on-site tire servicing at a fixed monthly rate.

Due to the efficient and cost-effective services that bus tire manufacturers provide, it was determined that it is in the best interest of MTS to issue a Request for Proposal (RFP) to continue these services for MTS.



MTS Policy No. 52 (Procurement of Goods and Services) requires a formal competitive process for procurements of goods and services exceeding \$100,000.

As MTS's current bus tire lease contract expires on June 30, 2015, MTS issued a RFP to potential bidders on December 19, 2014 to continue to receive these services. On February 12, 2015, MTS received proposals from three of the heavy-duty, transit bus tire manufacturers as follows:

1. Bridgestone Americas Tire Operations, LLC (Bridgestone)
2. Michelin North America, Inc. (Michelin)
3. The Goodyear Tire & Rubber Company (Goodyear)

A selection committee consisting of representatives from the MTS Finance, Quality Assurance, and Bus Maintenance departments met and rated the proposals. The ratings were based on the following criteria:

- | | | |
|----|---|------|
| 1. | Qualifications, Related Experience, and References of Proposers | 30% |
| 2. | Work Plan | 30% |
| 3. | Proposed Staffing, Firm Organization, and Management Plan | 10% |
| 4. | Cost and Price | 30% |
| | Total | 100% |


All proposals were deemed responsive and responsible. After the evaluation, all three proposers were considered to be within the competitive range and advanced to the next step of the evaluation process which included interviews and negotiations.

Based on the evaluation panel's analysis of the technical proposal, discussions, negotiations, and analysis of the prices offered, it was determined that Michelin's proposal is fair and reasonable and represents the best overall value to MTS.

The following table represents the final scores and rankings:

| PROPOSER NAME | TOTAL AVG. TECH. SCORE | COST SCORE | TOTAL SCORE (Tech + Cost) Total Possible Points: 100 | RANKING |
|---------------|------------------------|------------|---|---------|
| Bridgestone | 52 | 29 | 81.00 | 3 |
| Goodyear | 65.33 | 25 | 90.33 | 2 |
| Michelin | 63.33 | 30 | 93.33 | 1 |

Therefore, staff recommends that the Board of Directors authorize the CEO to execute MTS Doc. No. B0619.0-15 with Michelin North America, Inc. for up to \$13,369,042.51 for bus tire lease and services.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, Sharon.Cooney@sdmts.com
Attachment: A. Draft MTS Doc. No. B0619.0-15
B. Bus Tire Lease and Services – Costs Breakdown

STANDARD PROCUREMENT AGREEMENT

B0619.0-15
 CONTRACT NUMBER
 OPS920.2
 FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2015, 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: Michelin North America, Inc.

Address: One Parkway South, 3B
Greenville, SC 29615

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

Telephone: 1-855-637-8473

Authorized person to sign contracts: Maxine M. Osborne Director, Michelin Fleet Solutions
 Name Title

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

Provide transit bus tire leasing and related services as specified in the Scope of Work (attached as Exhibit A), Michelin's Best and Final Offer (BAFO) (attached as Exhibit B), Pricing (attached as Exhibit C), in accordance with the MTS Standard Procurement Agreement, including the Standard Conditions Procurement (attached as Exhibit D), and the MTS Safety SOP, SAF-016-03 (attached as Exhibit E).

The contract term shall begin on July 1, 2015 for five (5) base years with five (5) one-year option periods exercisable at the mutual agreement of both parties. A run-out period not to exceed three (3) years will take effect at the end of the base period or the last exercised option period. Tire lease rates of the final base or option year will apply to the entire run-out period.

The total contract amount for the base period shall not exceed \$5,438,865.68. If mutually agreed upon the five option year period shall not exceed \$6,612,168.41 without the express written approval by MTS. The run-out period shall not exceed \$1,318,008.42 without the express written approval by MTS for an estimated grand total not to exceed value of \$13,369,042.51.

| 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 |
| \$5,438,865.68 | | FY16-FY20 |
| TOTAL: \$5,438,865.68 (Base period) | | |

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

| <u>BASE PERIOD</u> | <u>Tire Lease</u> | <u>Service</u> | <u>Est. Taxes</u> | <u>Total</u> |
|------------------------------|--------------------------|-----------------------|--------------------------|------------------------|
| Fiscal Year 2016 | \$534,179.64 | \$395,700.00 | \$58,690.00 | \$988,569.64 |
| Fiscal Year 2017 | 554,904.00 | 415,500.00 | 62,464.00 | 1,032,868.00 |
| Fiscal Year 2018 | 582,616.48 | 436,200.00 | 65,116.00 | 1,083,932.48 |
| Fiscal Year 2019 | 611,800.84 | 458,100.00 | 67,882.00 | 1,137,782.84 |
| Fiscal Year 2020 | 644,016.72 | 480,900.00 | 70,796.00 | 1,195,712.72 |
| Total Base Years | \$2,927,517.68 | \$2,186,400.00 | \$324,948.00 | \$5,438,865.68 |
| <u>OPTION PERIOD</u> | <u>Tire Lease</u> | <u>Service</u> | <u>Est. Taxes</u> | <u>Total</u> |
| Fiscal Year 2021 | \$663,337.22 | \$495,327.12 | \$73,821.00 | \$1,232,485.34 |
| Fiscal Year 2022 | 683,237.33 | 510,186.96 | 76,977.00 | 1,270,401.29 |
| Fiscal Year 2023 | 719,768.77 | 525,492.48 | 81,159.00 | 1,326,420.25 |
| Fiscal Year 2024 | 743,969.52 | 541,257.36 | 84,994.00 | 1,370,220.88 |
| Fiscal Year 2025 | 766,288.61 | 557,495.04 | 88,857.00 | 1,412,640.65 |
| Total Option Years | \$3,576,601.45 | \$2,629,758.96 | \$405,808.00 | \$6,612,168.41 |
| <u>RUN-OUT PERIOD</u> | <u>Tire Lease</u> | <u>Service</u> | <u>Est. Taxes</u> | <u>Total</u> |
| Fiscal Year 2026 | \$620,584.30 | N/A | N/A | \$620,584.30 |
| Fiscal Year 2027 | 401,754.28 | N/A | N/A | 401,754.28 |
| Fiscal Year 2028 | 295,669.84 | N/A | N/A | 295,669.84 |
| Total Run-Out Years | \$1,318,008.42 | | | \$1,318,008.42 |
| Grand Total | | | | \$13,369,042.51 |



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Agenda Item No. 9

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

April 16, 2015

SUBJECT:

CALIFORNIA DEPARTMENT OF TRANSPORTATION PROGRAM OF PROJECTS
FOR FEDERAL TRANSIT ADMINISTRATION SECTION 5311 FUNDING, FEDERAL
FISCAL YEAR 2015

RECOMMENDATION:

That the Board of Directors approve Resolution No. 15-7 (Attachment A) authorizing the use of and application for \$360,654 of Federal Transit Administration (FTA) Section 5311 funds for operating assistance.

Budget Impact


The apportionment of federal fiscal year (FY) 2015 Section 5311 funds is \$360,654. The San Diego Metropolitan Transit System (MTS) will be required to provide nonfederal matching funds in the amount of \$291,170.

DISCUSSION:

The FTA provides funds for capital and operating assistance to agencies providing rural transportation through the Section 5311 Non-Urbanized Area Formula Program. These funds do not come directly to the region but are apportioned to the states. In turn, the California Department of Transportation (Caltrans), on behalf of the State of California, reapportions the funds to the region based solely on the regional rural population as a share of the state total rural population. San Diego Association of Governments (SANDAG) allocates the region's funds to both North County Transit District (NCTD) and MTS based on the relative rural population in each service area.



For federal FY 2015, FTA 5311 funding would provide \$360,654 in operating assistance for MTS rural bus service. The \$360,654 of 5311 funds will be matched with \$291,170 in local funds for operating assistance at the 44.76% non-federal match rate.


Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Resolution No. 15-7

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 15-7

Resolution Authorizing Federal Funding Under Federal Transit Administration Section 5311
with the California Department of Transportation

WHEREAS, the U.S. Department of Transportation is authorized to make grants to states through the Federal Transit Administration (FTA) to support capital and operating assistance projects for non-urbanized public transit services under Section 5311 of the Federal Transit Act; and

WHEREAS, the California Department of Transportation (Caltrans) has been designated by the Governor of the State of California to administer Section 5311 grants for transportation projects for the general public for the rural transit and intercity bus; and

WHEREAS, The San Diego Metropolitan Transit System (MTS) desires to apply for said financial assistance to operate rural transit service and support capital improvements in San Diego County; and

WHEREAS, MTS has, to the maximum extent feasible, coordinated and consulted with other transportation providers and users in the region, including consultation with the San Diego County Health and Human Services Agency;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that MTS does hereby authorize the Chief Executive Officer (CEO), or designated representative, to file and execute any actions necessary on behalf of MTS with the Caltrans to aid in the financing of operating or capital assistance projects pursuant to Section 5311 of the Federal Transit Act of 1964, as amended; that the designated representatives are:

1. The Chief of Staff is authorized to file and execute any actions necessary on behalf of MTS with Caltrans to aid in the financing of operating or capital assistance projects pursuant to Section 5311 of the Federal Transit Act of 1964, as amended.
2. The General Counsel is authorized to file and execute any actions necessary on behalf of MTS with Caltrans to aid in the financing of operating or capital assistance projects pursuant to Section 5311 of the Federal Transit Act of 1964, as amended.
3. The Chief Financial Officer (CFO) is authorized to provide additional information as Caltrans may require in connection with the application for Section 5311 projects.

PASSED AND ADOPTED, by the Board of Directors this 16th day of April 2015, 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. 10

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

April 16, 2015

SUBJECT:

CALIFORNIA GOVERNOR'S OFFICE OF EMERGENCY SERVICES AND CALIFORNIA
TRANSIT SECURITY GRANT PROGRAM FUNDING, FISCAL YEAR 2014-2015

RECOMMENDATION:

That the Board of Directors approve Resolution No. 15-8 (Attachment A) authorizing the use of and application for \$2,779,445 of California Transit Security Grant Program (CTSGP) for capital projects that provide increased protection against security and safety threats, and/or increases the capacity of transit operators to prepare for and provide disaster-response transportation systems.

Budget Impact

The apportionment of Fiscal Year (FY) 14-15 CTSGP funding is in the amount of \$2,779,445. There is no match requirement under the current grant guidance. The funds are restricted expenditures for capital projects that increase the security and safety of the transit operator's passengers, employees and staff, and physical assets. MTS's allocation of the funding will be used for the following projects: System-Wide CCTV System and Video Surveillance Systems for ADA / Paratransit and Minibuses.

DISCUSSION:

Resolution No. 15-8 would authorize the Chief Executive Officer (CEO), or named designate, to file applications with, and request reimbursements from, California Governor's Office of Emergency Services (Cal OES). Resolution No. 15-8 would satisfy requirements of the FY 14-15 CTSGP security funding to provide a Board of Directors resolution to obtain CTSGP funding. MTS's allocation of the funding, \$2,779,445, will be used for the following projects: System Wide CCTV System and Video Surveillance Systems for ADA/Paratransit and Minibuses.



Cal OES requires the submission of a resolution by agency Board of Directors authorizing the submission of a grant application and project programming. Therefore, staff recommends that the Board approve, by resolution, submission of a grant application and project programming.

 for

Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Resolution No. 15-8

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 15-8

Resolution Approving the Submittal of Applications and Requests for Reimbursements
for Fiscal Year 2014-2015 Transit System Safety, Security, and Disaster Response Account under the
California Transit Security Grant Program

WHEREAS, the San Diego Metropolitan Transit System (MTS) is a public entity established under the laws of the State of California for the purpose of providing transportation services in the County of San Diego who desires to apply for and obtain funding for transit security purposes; and

WHEREAS, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 authorizes the issuance of general obligation bonds for specified purposes, including, but not limited to, funding made available for capital projects that provide increased protection against security and safety threats, and for capital expenditures to increase the capacity of transit operators to develop disaster response transportation systems; and

WHEREAS, the California Governor's Office of Emergency Services (Cal OES) administers such funds deposited in the Transit System Safety, Security, and Disaster Response Account under the California Transit Security Grant Program (CTSGP); and

WHEREAS, MTS is eligible to receive CTSGP funds; and

WHEREAS, Cal OES requires MTS to complete and submit a Governing Body Resolution for the purposes of identifying agent(s) authorized to act on behalf of MTS to execute actions necessary to obtain CTSGP funds from Cal OES and ensure continued compliance with Cal OES CTSGP assurances, and state and federal laws.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that MTS does hereby authorize the Chief Executive Officer (CEO), or designated representative, is hereby authorized to execute for and on behalf of MTS, a public entity established under the laws of the State of California, any actions necessary for the purpose of obtaining financial assistance provided by the Cal OES under the CTSGP.

PASSED AND ADOPTED, by the Board of Directors this 16th day of April 2015, 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. 11

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

APRIL 16, 2015

SUBJECT:

INVESTMENT REPORT – FEBRUARY 2015

INFORMATIONAL ONLY

Budget Impact

None.

DISCUSSION:

Attachment A comprises a report of the San Diego Metropolitan Transit System (MTS) investments as of February 28, 2015. The combined total of all investments has decreased month to month from \$115.1 million to \$88.8 million. This \$26.3 million decrease is attributable to \$9.1 million liquidated to satisfy part of the debt obligation related to the 1995 lease and leaseback transactions described in the paragraph below, and expenditures of \$16.7 million for acquisition of capital assets, as well as normal timing differences in other payments and receipts.

During the month of February, MTS received \$36.7 million in Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funding from the State of California. The \$36.7 million in PTMISEA funding was forwarded to San Diego Association of Governments (SANDAG) to satisfy MTS's obligation for the LRV vehicle procurement project and Blue Line Rehabilitation project.

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. On February 19, 2015, \$9.1 million of these restricted funds were liquidated to satisfy part of the outstanding debt obligation. In total, \$88.7 million of debt has been liquidated and the remaining balance will be paid in full by the end of the calendar year 2015.



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 February 2015

**San Diego Metropolitan Transit System
Investment Report
February 28, 2015**

| | <u>Restricted</u> | <u>Unrestricted</u> | <u>Total</u> | Average rate of return |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------------|
| Cash and Cash Equivalents | | | | |
| JP Morgan Chase - concentration account | - | 14,338,151 | 14,338,151 | 0.00% |
| Total Cash and Cash Equivalents | <u>-</u> | <u>14,338,151</u> | <u>14,338,151</u> | |
| Cash - Restricted for Capital Support | | | | |
| US Bank - retention trust account | 4,758,582 | - | 4,758,582 | N/A * |
| San Diego County Investment Pool Proposition 1B TSGP grant funds | <u>2,972,781</u> | <u>259,128</u> | <u>3,231,909</u> | |
| Total Cash - Restricted for Capital Support | <u>7,731,363</u> | <u>259,128</u> | <u>7,990,491</u> | |
| Investments - Working Capital | | | | |
| Local Agency Investment Fund (LAIF) | <u>18,745,588</u> | <u>20,560,203</u> | <u>39,305,791</u> | 0.266% |
| Total Investments - Working Capital | <u>18,745,588</u> | <u>20,560,203</u> | <u>39,305,791</u> | |
| Investments - Restricted for Debt Service | | | | |
| US Bank - Treasury Strips - market value (Par value \$27,165,000) | <u>27,154,547</u> | <u>-</u> | <u>27,154,547</u> | |
| Total Investments Restricted for Debt Service | <u>27,154,547</u> | <u>-</u> | <u>27,154,547</u> | |
| Total cash and investments | <u>\$ 53,631,498</u> | <u>\$ 35,157,482</u> | <u>\$ 88,788,980</u> | |

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



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Agenda Item No. 12

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

April 16, 2015

SUBJECT:

THIRD PARTY COMPASS CARD AND TRANSIT PASS SALES - AMENDED
AGREEMENT WITH ALBERTSONS

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to:

- 1) execute MTS Doc. No. G1598.2-13 (in substantially the same format as Attachment A) with Albertsons for the provision of selling MTS and North County Transit District (NCTD) Compass Card passes at all Albertsons stores and at select Vons grocery stores with a base period until December 31, 2015 and four (4) one-year options; and
- 2) exercise each option term at the CEO's discretion.

Budget Impact

This contract will generate revenue of approximately \$10 million annually at an expense of \$3,900 per location per year. At this time, with 40 locations, the annual expense would be \$156,000.

DISCUSSION:

Background

MTS and NCTD have been utilizing grocery stores as its primary third-party outlet for monthly pass sales since the 1980s. Prior to transitioning passes from printed monthly passes to Compass Cards, most grocery stores and other outlets, including cash checking stores and drug stores in San Diego County, sold the passes. The network of third party outlets exceeded 300 locations. Commission rates varied depending on the



pass sold, but total commissions averaged about 1 percent of gross revenue. In 2009, with the introduction of Compass Cards, the San Diego Association of Governments (SANDAG) issued a Request for Proposal (RFP) and entered into an agreement with Vons as the exclusive third-party outlet (with exceptions allowed if no Vons location was within a two mile radius of major transit services). In return for the exclusivity and for substantial advertising and promotion value provided by SANDAG, MTS and NCTD, Vons provided Compass Card sales and paid SANDAG \$800,000 over the three-year period. Advertising and promotional benefits provided to Vons included Vons branding on all Compass Cards, advertising, Bus and Trolley wraps, web placements, "Stuff the Bus" promotions and more. Vons was also positioned as a major partner in the launch of brand new technology for transit. This contract also called for option years.

Supplementing the Vons network, and to provide third-party outlets in areas in which there were no Vons, SANDAG also had agreements with a select few additional outlets. These outlets continue to provide pass sales and are compensated \$3,000 per year for their service.

At the end of the base-year contract, Vons elected not to renew the contract, citing high costs associated with the selling of the passes and little return in the way of additional grocery sales.

In 2011, SANDAG issued an RFP seeking a new partner. Albertsons was the sole responder and agreed to a three-year contract (expiring on December 31, 2014) with five one-year options (expiring on December 31, 2019). Albertsons agreed to sell the passes at no cost in exchange for significant advertising and promotional items provided by SANDAG, MTS and NCTD. The total impressions created for Albertsons by these efforts was estimated to be in excess of 150,000 per year and have a value of more than \$100,000 per year. The agreement required Albertsons to provide a six-month notice to terminate the contract.

In June 2014, six months before the end of the base-year contract, Albertsons informed MTS that it was planning a merger with Vons. Given the uncertainty of the future disposition of outlets, Albertsons elected not to exercise an option year, but agreed with MTS to amend the contract to a month-to-month agreement that retained the requirement for a six-month notice of termination.

In February 2015, Albertsons announced that the merger with Vons was complete, but that the Federal Trade Commission required it to divest 146 Albertsons and Vons stores in its new network. Sixteen of those stores were located in San Diego County, many of which are in transit rich service areas. In order to serve these areas and to continue to have a third-party network large enough to provide public transit riders a convenient location to purchase passes, Albertsons and MTS agreed to supplement the Albertsons network by adding select Vons locations to the overall network. The proposed new network will have 40 locations.

Fiscal Year (FY) 2014 Sales History

In FY 2014, Albertsons handled nearly 300,000 transactions totaling \$9,553,129.25 in 39 locations. Twenty-two of these locations exceeded \$100,000 in annual sales. Five of

those locations had annual sales in excess of \$500,000 and two of those locations had annual sales in excess of \$1 million.

By way of comparison, the MTS Transit Store in 2014 had pass sales of \$3,747,820 and an operating budget of \$351,955.

Compensation

After the first year of selling passes on Compass Cards, Albertsons notified MTS that it was not realizing any increase in grocery sales from providing this service to transit riders. Albertsons expressed a desire to continue to provide the service, but that it wanted to receive compensation for dedicating personnel to the sale of transit passes. The effort by Albertsons requires several employees to be trained to operate Compact Point of Sale (CPOS) devices, inspect identification required for discounted passes, reconcile revenue, administer refunds and be ambassadors for public transit.

Over the last two months, MTS and Albertsons negotiated a rate of \$3,900 per year per location (\$325/store/month). Albertsons will allocate the total compensation paid by MTS to stores according to the sales volume at each of its locations. The amount of compensation equals approximately 1.6 percent of total sales volume or about 52 cents per transaction.

Peer Review

To make certain that Albertson's proposed rate of compensation is in line with public transit industry standards, staff reached out to other public transit operators in the region. The following is a comparison of commissions paid in other nearby systems:

| | |
|--|--------------------------------|
| Long Beach Transit, Long Beach CA | 3% |
| Los Angeles County Metropolitan Transportation, Los Angeles CA | 1.75% (including stored value) |
| Valley Metro, Phoenix, AZ | 4% |
| Sacramento Regional Transit District, Sacramento CA | 5% |
| Santa Clara Valley Transportation Authority, San Jose CA | 2% |

Market Realities

The combined grocery network of Albertsons and Vons is the only grocery outlet with a sufficient number of locations to adequately service MTS and NCTD customers. Additionally, Albertsons was the only outlet to respond to SANDAG's RFP in 2012. The RFP was also sent to all other grocery chains and chain-store outlets, including drug stores.

Conclusion

Grocery stores have been the traditional outlet for transit passes for more than 30 years. The majority of Albertsons and Vons locations are well served by transit and allow easy access for transit customers. Additionally, Albertsons and Vons personnel have experience in selling Compass Card products. A continued business relationship with Albertsons and Vons will provide MTS and NCTD customers uninterrupted service.

Given the level of service provided to our customers, and based on the review of commission paid by peer agencies, it is recommended that an amended agreement with Albertsons be established to allow for continued Compass Card sales and include compensation to the outlets as described.

Under the amended agreement, the term does not change. The current term ends December 31, 2015 and Albertsons has four remaining one-year options which expire December 31, 2019. Six months' notice is required for termination. The only material changes are the revised list of store locations and the compensation to be provided to Albertsons.



Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. MTS Doc. No. G1598.2-13
B. Map of Albertsons/Vons Compass Card Network

MTS Doc. No. G1598.2-13

**AMENDED AND RESTATED
FARE MEDIA AGREEMENT
BETWEEN
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM AND
NEW ALBERTSON'S, INC., A SUPERVALU COMPANY**

This Agreement is effective as of the last date indicated on the signature lines hereof, by and between the San Diego Metropolitan Transit System, a regional government agency of the State of California (hereinafter referred to as "MTS"), located at 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101 and New Albertson's, Inc., A SUPERVALU Company, incorporated in the State of Ohio and with an office located at 1421 South Manhattan Avenue, Fullerton, California 92831 (hereinafter referred to as "Outlet"). This Agreement supersedes and replaces the previous agreements between the parties, MTS Doc. Nos. G1598.0-13 and G1598.1-13, in their entirety.

RECITALS

The following recitals are a substantive part of this Agreement:

- A. MTS and North County Transit District (NCTD) desire to have public distribution points in the San Diego geographical region for sales of its public transportation fare media on smart cards known as "Compass Cards."
- B. MTS and NCTD desire to enter into an agreement with Outlet for the sale of fare media as a means to increase transit ridership in San Diego County.
- C. Outlet is willing to serve as an exclusive grocery chain distribution point for sales of Compass Cards or other fare media for distribution to the general public (hereinafter referred to as "customers") at locations specified in Exhibit B to this Agreement.
- D. MTS has existing agreements with Bricehouse, LLC (MTS Contract No. G1767.0-15), Big Ben Market (MTS Contract No. G1768.0-15), Finest City Oil, Inc. (MTS Contract No. G1690.0-14), Super Mercado Murphy's (MTS Contract No. G1691.0-14), Goodwill Industries (G1709.0-14) and Sleewa, Inc. (MTS Contract No. G1692.0-14) to serve as distribution points for sales of fare media on Compass Cards in locations not served by Outlet.
- E. This Agreement is to establish the terms and conditions for Outlet to sell fare media on behalf of MTS and NCTD.
- F. The fare media shall only be valid for use on public transportation services operated by MTS and NCTD.

NOW, THEREFORE, it is agreed as follows:

MTS Doc. No. G1598.2-13

I. DEFINITIONS

- A. "Administrative fee" shall mean the fee charged for the Compass Card stock during the term of this Agreement. (Note: Effective May 1, 2010 this fee for hard plastic card is \$2.00. Fees are subject to change upon notice from MTS). MTS shall charge Outlet the Administrative Fee for new cards upon delivery of inventory to Outlet, pursuant to Section IV, Payment, of this Agreement. Outlet shall subsequently be responsible for collecting this fee from its customers.
- B. "CPOS" shall mean Compact Point of Sale device(s), including ancillary equipment and software necessary for normal function.
- C. "Fare media" in this agreement shall include bus, trolley, shuttle, and rail passes sold to customers for use on MTS and NCTD public transportation systems.
- D. "Outlet location" shall mean the physical grocery store addresses of the Outlet location(s) as noted on Exhibit B that is/are actively authorized to distribute fare media.
- E. "Compass Card" shall mean a contactless smart card.
- F. "Load Period" shall mean the timeframe for correctly loading monthly fare media onto Compass Cards and is currently designated as the dates between the 20th of the previous month through the 14th of the current month. (e.g., July monthly passes can be loaded from June 20th through July 14th).
- G. "Pre-loaded Cards" shall mean Compass Cards loaded with fare media and ready for use.
- H. "Customer Service Center" shall mean MTS' account management center, which can be accessed by calling (619) 595-5636.
- I. "Grocery Chain" shall include both grocery stores and supermarkets as well as "big box" retailers and warehouse club stores. "Grocery Chain" shall not include those locations within the parameters of paragraph III N. (no outlet location within two miles of a transit stop) or the following pre-existing distribution locations:

Big Ben Market
108 East 8th Street
National City, CA 91950

Bricehouse Station
A Mart @ El Cajon Transit Center
250 Marshall Avenue
El Cajon, CA 92020

Sleewa, Inc.(DBA Murphy's Market)
3560 Fairmont Avenue
San Diego, CA 92105

Goodwill Industries
3663 Rosecrans Street
San Diego, CA 92110

Bricehouse Station
@ San Ysidro Transit Center
San Diego, CA 92173

Bricehouse Station
@ Old Town Transit Center
San Diego, CA 92110

Finest City Oil, (DBA Chevron Plaza)
4055 University Avenue
San Diego, CA 92105

4580 University Avenue, Inc.
(DBA Super Mercardo Murphy's)
4580 University Avenue
San Diego, CA 92105

II. OUTLET RESPONSIBILITIES

Outlet shall:

- A. Provide the public with MTS and NCTD information regarding MTS and NCTD fare media during regular business hours.
- B. Sell or provide Compass Cards or other types of fare media during regular service desk business hours (8:00 a.m. to 8:00 p.m.) at the rates set forth in Exhibit A, and as amended from time to time. The fare products shall be sold at the prices noted unless otherwise adjusted by MTS. Outlet shall have sufficient personnel with adequate training and expertise to perform its obligations as contemplated hereunder in the time frames contemplated herein.
- C. Pay MTS directly for fare media products at the price sold to customers and as set forth in Exhibit A, unless otherwise adjusted by MTS.
 - i. The Outlet will be required to load the Compass Cards with the appropriate fare products based on the customer's purchase, using the CPOS.
- D. Obtain permission from MTS prior to sales or distribution of fare media at locations other than those listed in this Agreement, and advise MTS of any changes that may occur to Outlet's address or notice information.
- E. Only sell the fare media for the fare amounts set forth in the Fare Ordinance or under a discount program established by MTS or NCTD that may or may not be included in Exhibit A. Fare media prices are subject to change via ordinance. Outlet may not include a surcharge or commission on Compass Card or any other fare media sales. Administrative fees shall be collected for new card sales in addition to the fare amounts.
- F. Outlet shall be provided one (1) or more CPOS device in support of the delivery of fare media to its customers. Outlet shall:
 - i. Print and maintain monthly sale reports from the CPOS device for internal accounting functions, balance tracking, and reconciliation with MTS.
 - ii. Maintain a safe and secure location for Compass Card inventory and the CPOS at all times, keep appropriate inventory records, and safeguard any other equipment or materials supplied by MTS for fare media product sales with the same degree of care that the Outlet protects its own valuable property. Outlet will remain liable to MTS for the CPOS sales proceeds until MTS has received payment in full.
 - iii. Maintain sufficient communication over a dedicated line that emulates an analog telephone line for each CPOS at each Outlet location, with a low interference level, to ensure proper functioning of the devices. Outlet shall be responsible for ensuring that the phone line and a standard 110 volt electrical power supply are available at a convenient site for installation of the CPOS at each Outlet location by no later than two (2) weeks after execution of this Agreement.

MTS Doc. No. G1598.2-13

- iv. Outlet is responsible to MTS for any damage, theft, or loss to the CPOS, except for normal wear and tear. Outlet shall use its best efforts to protect and keep the CPOS and other MTS property in good working condition. Outlet shall promptly notify MTS of any malfunction or damage to a CPOS or other MTS property. In the event of damage to or malfunction of the CPOS caused by theft, negligence, abuse, misuse, or vandalism on the part of Outlet, its customers, agents, employees, or representatives, Outlet shall be responsible for all costs of repairs or replacement.
 - v. Outlet shall pay MTS the actual replacement value, not to exceed \$4,500.00, of each required replacement CPOS within thirty (30) days of being invoiced by MTS and cooperate with MTS in meeting installation timelines for CPOS, including providing any necessary approvals by Outlet in a timely manner.
 - vi. Provide MTS, its employees, agents, and contractors access to the CPOS and all other Compass Card equipment on Outlet's property for service and maintenance during normal business hours upon 24 hours prior notice to Outlet.
 - vii. Provide Outlet staffing time as necessary to coordinate installation of CPOS with MTS, its employees, and contractors, and training regarding fare media sales at no cost to MTS.
 - viii. Outlet shall use the CPOS and any other MTS property only for the purposes specified in this Agreement and shall use and operate MTS' property as instructed by MTS. Outlet shall not move MTS property from or between Outlet locations without the prior written consent of MTS.
 - ix. Submit a Compass Card Return Log (Exhibit E) to MTS for any customer returns that meet the circumstances outlined therein. Outlet shall file the return in conformance with the Compass Card Returns Policy and Procedures (Exhibit D).
- G. Validate eligibility for the purchase of Senior/Disabled/Medicare and Youth fare media by checking for proper government-issued picture identification before sale/distribution of Compass Cards and/or fare media as prescribed below. MTS reserves the right to modify the Acceptable Forms of Identification (AFI) as identified in the Fare Ordinance or as needed to support transit operations. Only those items listed below shall be considered acceptable forms of identification to purchase discounted youth, senior, Medicare, or persons-with-disabilities fares or passes:
- i. Valid government-issued photo identification to establish eligibility for a senior discount when paying for a senior pass. Currently seniors must be at least age sixty (60).
 - ii. Valid Medicare card and a government-issued photo identification card shall be permitted to purchase discounted senior, disabled, or Medicare pass regardless of age.
 - iii. Reduced fare photo identification card issued by MTS or NCTD.

MTS Doc. No. G1598.2-13

- iv. State of California DMV placard I.D. (the white placard receipt from DMV) and a government issued photo I.D.
 - v. Youth must provide valid government-issued photo identification to establish that their age is from six (6) to eighteen (18) inclusive.
- H. Charge and collect the administrative fee of \$2.00 in addition to the price of the fare media product from customers who purchase a new Compass Card. This fee shall not apply when a fare media product is loaded onto the customer's existing Compass Card. The monies collected for the administrative fee shall be retained by Outlet to offset previous payment to MTS for acceptance of Compass Card inventory.
- I. Ensure that all employees, contractors, or agents with Compass Card customer contact conduct themselves in a professional, knowledgeable, friendly, and courteous manner to anyone buying or receiving the Compass Card, fare media, or requesting fare media information.
- J. Maintain Outlet locations at the addresses specified in Exhibit B. Outlet may supplement or amend Exhibit B from time to time following at least thirty (30) days prior notice to MTS so long as the amendment will not trigger a cause for termination as set forth in Section X of this agreement.
- K. Pay for all utilities and any other incidental expenses associated with operation of the CPOSs.
- L. Select sites within each Outlet location identified in Exhibit B for installation of one or more CPOS that:
 - i. Provide ease of access for disabled customers,
 - ii. Are located in a sufficiently prominent position for customers to easily locate them, and
 - iii. That will not cause MTS to incur unnecessary installation or maintenance expenses.
- M. Protect and take measures to ensure that it and its employees, agents, and contractors protect "sensitive information" made available during Compass Card or fare media transactions entered into pursuant to the Agreement. Such sensitive information includes, but is not limited to customer addresses, phone numbers, email addresses, credit card numbers, social security numbers, or other personally identifiable information.
- N. Provide co-branding advertising opportunities including advertisement in Outlet's weekly circular twice per month of fare media sales in Outlet's stores.
- O. Notify MTS in a timely manner if a CPOS device needs repair or maintenance pursuant to the Technical Support Procedures outlined in Exhibit C.

III. MTS RESPONSIBILITIES

MTS shall:

- A. Provide Outlet written notification of any proposed changes to the price of fare media products or the administrative fee at least thirty (30) days in advance of planned implementation.
- B. Sell Compass Cards to all Outlet locations listed in Exhibit B, as it may be amended from time to time, within two weeks of a formally requested order.
- C. Provide procedures for taking orders from Outlet, processing of invoices, and CPOS service requests.
- D. Provide (deliver and install), at MTS' sole cost and expense at least one (1) CPOS device for each Outlet location listed in Exhibit B.
- E. Process invoice adjustments received from Outlet pursuant to the Compass Card Returns Policy and Procedures (Exhibit D).
- F. Program each CPOS to function and perform as intended.
- G. Provide service and normal maintenance for each CPOS device including repairs due to normal wear and tear per the Technical Support Procedures outlined in Exhibit C.
- H. Provide for appropriate communication systems other than analog phone lines to receive and send data to and from each CPOS device to ensure the proper functioning of the CPOS device.
- I. Provide training to Outlet staff on all aspects of loading Compass Cards as well as device troubleshooting.
- J. Provide Outlet logo on exclusive collateral materials not available to other grocery store advertisers. Collateral materials include Compass cards, customer service cards, flyers, brochures, and transit maps.
- K. Develop all Compass Card promotional advertising, brochures, and other collateral materials.
 - i. MTS will submit draft compositions to Outlet for review and concurrence before printing, distribution, or posting to the 511sd.com/Compass Card web site.
 - ii. MTS and Outlet will establish procedure(s) for review of marketing materials.
 - iii. Outlet will provide logo usage guidelines to MTS.
 - iv. MTS will coordinate approval process with MTS and NCTD.

MTS Doc. No. G1598.2-13

- v. Outlet has ability to cross-promote Compass Card sales at Outlet locations. All such promotional materials must obtain prior review and approval by MTS. MTS will provide Compass Card logo usage guidelines to Outlet.
- L. Hereby reserve the right to issue a promotional Compass Card without the Outlet logo for other than Outlet's use.
- M. Obtain prior written permission from Outlet prior to using Outlet's name, logo, or image in any MTS advertising or otherwise.
- N. Should Outlet have no location within two-mile radius of transit location, MTS reserves the right to enter into contracts with other third party stores within such two mile radius to supplement Compass Card sales.

IV. PAYMENT

- A. MTS will produce a Compass Card sales report and consolidated invoice for all of Outlet's locations to be delivered electronically no later than six (6) working days following the end of a calendar month. The invoice shall indicate the number and type of passes that were sold or loaded by the Outlet on a CPOS device from 12:00 a.m. on the 1st day of the prior month to 11:59 p.m. on the last day of the prior month. MTS will invoice for passes loaded to Compass Cards by the 6th of the subsequent month.
- B. MTS will remit payment to Outlet on a quarterly basis, \$325 per month, for each outlet listed on Exhibit B.
- C. Failure by Outlet to remit payment within 30 days of date of invoice could result in one or more of the following at MTS' discretion: penalties and the balance being charged interest at the maximum interest rate permitted by law, termination of the Agreement.
- D. Outlet will remit payment for lost/stolen equipment or Compass Cards within thirty (30) days of invoicing by MTS.
- E. Outlet accepts responsibility for collecting payment from customers in whatever means Outlet uses in its normal course of business. Outlet may sell fare media products for cash or for another form of payment, however, if Outlet makes sales for other than cash, Outlet shall be liable to MTS for an amount of cash equal to the sales proceeds. Outlet acts at its own risk if it makes a refund of fare media products in a manner inconsistent with the training guidelines provided to it.
- F. Failure to remit any payment as specified could result in termination of this Agreement for a material breach of contract pursuant to Section X, Term and Termination.
- G. Notwithstanding the foregoing, all payments are subject to the conditions set forth elsewhere in this Agreement or which are otherwise required by law. Payments shall be subject to review for compliance by MTS with the requirements of this Agreement, and shall be subject to an audit upon completion of all services.

MTS Doc. No. G1598.2-13

V. INDEPENDENT CONTRACTOR

- A. It is agreed that each party is an independent contractor and is not an agent or employee of the other. As such, each party is not entitled to participate in any pension plans or other benefits which the other party provides for its employees. For purposes of this Agreement, the relationship of the parties is that of independent entities and not as agents of each other or as joint venturers or partners. The parties shall maintain sole and exclusive control over their personnel, agents, consultants, and operations.
- B. Except as a party may specify in writing, either party shall have no authority, expressed or implied, to act on behalf of the other party in any capacity whatsoever, as an agent or otherwise. Each party shall have no authority, express or implied, to bind the other party or its members, agents, or employees to any obligation whatsoever, unless expressly provided in this Agreement.

VI. ASSIGNMENT, SUBCONTRACTING, AND SUCCESSORS

Outlet has unrestricted right to transfer or assign its interest in this Agreement to any entity: (a) acquiring all or substantially all of the assets or stock of SUPERVALU, (b) surviving a merger with or resulting from a reorganization of SUPERVALU, or (c) which is directly or indirectly owned by SUPERVALU, or which controls, is controlled by or is under common control with SUPERVALU. Notwithstanding the foregoing, any such transfer or assignment: (a) shall provide MTS with substantially equal or greater geographic coverage as provided by Outlet, and (b) shall not be to an entity inconsistent with MTS Board Policy No. 021, which is accessible at <http://www.sdmts.com/MTS/MTSPoliciesandProcedures.asp>. Except as provided herein, Outlet shall not assign, sublet, or transfer (whether by assignment or novation) this Agreement or any rights under or interest in this Agreement without the written consent of MTS, which may be withheld for any reason. If Outlet subcontracts any of the work to be performed under this Agreement, Outlet shall be as fully responsible to MTS for the acts and omissions of Outlet's subcontractor and of the persons employed by the subcontractor as Outlet is for the acts and omissions of persons directly employed by Outlet. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor of Outlet and MTS.

- C. All terms, conditions, and provisions hereof shall inure to and shall bind each of the parties hereto, and each of their respective heirs, executors, administrators, successors, and assigns.
- D. All or part of this Agreement may be assigned to the entities affected by California Senate Bill 1703 (2002 legislation), including, but not limited to the Metropolitan Transit System (MTS) of San Diego, and the North County Transit District (NCTD). When services included in this Agreement are required by one (1) of the transportation agencies in the region affected by SB 1703, the Agreement may be assigned in whole or in part to that agency upon mutual written agreement between MTS and the respective entities affected by California Senate Bill 1703.

VII. MTS PROPERTY

Fare media and Compass Cards provided by MTS will contain MTS and public transportation system names and logos. These names and logos are registered trademarks

MTS Doc. No. G1598.2-13

requiring written authorization for their use. Outlet shall obtain written permission from authorized MTS personnel prior to using the Compass Card name, logo, or image in any Outlet advertising. Use of the MTS, NCTD or Compass Card name, logo, or image shall be subject to the relevant provisions of MTS Board Policy No. 21, which is available at <http://www.sdmts.com/MTS/MTSPoliciesandProcedures.asp>. Use of MTS or NCTD names, logos, or images shall be subject to approval by those separate government entities.

- A. No promotional material, advertising, or notice to any third party (whether written or oral) concerning this Agreement shall be issued, given, or otherwise disseminated by Outlet without prior approval of MTS, except as required by law.
- B. MTS shall retain all title to ownership and intellectual property rights to the CPOS and Compass Cards not otherwise owned by third parties. No title to the CPOS or Compass Cards is transferred hereunder. Outlet shall not:
 - i. copy, reproduce, tamper, or otherwise modify provided materials or any associated software;
 - ii. sell, license, sublicense, disclose, distribute, or otherwise transfer the provided materials, in whole or in part, or any associated software to any third party other than for the purpose in this Agreement;
 - iii. remove or modify any program markings or any notice of MTS' proprietary rights;
 - iv. make the programs or materials resulting from the provided materials available in any manner to any third party for use by a third party's business operations; or
 - v. modify, alter, or change the provided materials, in whole or in part, or attempt to decode, reverse engineer, or disassemble the provided materials and associated software.

VIII. RECORDS, AUDITS, AND INSPECTIONS

- A. Outlet shall maintain complete and accurate records with respect to fare media issuances processed pursuant to this Agreement, including validation for issuance of senior/disabled and youth fare media. All such records shall be maintained on a generally accepted accounting basis and shall be clearly identified. Outlet shall provide reasonable access to the representatives of MTS, or its designees, including representatives of the applicable government agencies reflected below to such books and records and any other books, documents, papers, or records of the Outlet that are related to this Agreement. MTS, the State, the State Auditor, Federal Transit Administration, Federal Rail Administration, or any duly authorized representative of the federal government having jurisdiction shall have the right to examine and audit such books and records and to make transcripts or copies from them as necessary. Outlet shall allow inspection of all work data, documents, proceedings, and activities related to this Agreement for a period of five (5) years from the date of final payment under this Agreement. This Section must be included in any subcontract entered into as a result of this Agreement.
- B. In the event of a dispute as to the amount of any adjustment required as a result of any audit, the parties shall use their best reasonable efforts to reach agreement within 15 days

MTS Doc. No. G1598.2-13

and, failing such agreement, either party may submit the dispute to a nationally recognized accounting firm (the "Auditor"), selected upon mutual agreement of the parties, which shall resolve the dispute within 30 days or as soon thereafter as reasonably practicable. The decision of the Auditor shall be final and binding on the parties. The cost and expense of the Auditor shall be paid one-half by each party. The parties shall make available to the Auditor all relevant books, records, and material reasonably requested by the Auditor.

- C. At any time during the term of this Agreement, MTS or NCTD shall have the right during normal business hours through one or more of its authorized representatives and upon prior notice to Outlet to inspect the CPOS, the CPOS sales area, MTS property on Outlet's site, and the procedures and inventories used or to be used by Outlet for the storage, handling, and sale of fare media products.

IX. INDEMNIFICATION, INSURANCE, AND WARRANTIES

- A. Outlet agrees to indemnify and hold harmless MTS, NCTD and their elective and appointive board, officers, agents, employees, successors and assigns from any and all claims, liabilities, expenses, or damages of any nature, including reasonable attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of or in any way connected with performance of the Agreement by Outlet, Outlet's agents, officers, employees, subcontractors, or independent contractors hired by Outlet. The only exception, to Outlet's responsibility to protect, defend, and hold harmless MTS and NCTD, is due to the negligence or willful misconduct of MTS or NCTD.
- B. This hold harmless agreement shall apply to all liability, regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Outlet.
- C. MTS, and NCTD agree to indemnify and hold harmless Outlet and its officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including reasonable attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of or in any way connected with performance of the Agreement by MTS, NCTD, their agents, officers, employees, subcontractors, or independent contractors hired by the agencies. The only exception, to the agencies' responsibility to protect, defend, and hold harmless Outlet, is due to the negligence or willful misconduct of Outlet. This hold harmless agreement shall apply to all liability, regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by MTS, and NCTD.
- D. Outlet shall provide MTS with a Certificate of Insurance reflecting general liability insurance with at a minimum: a combined single limit of \$3,000,000 per occurrence and \$5,000,000 general aggregate for personal and bodily injury, including death, and broad form property damage.
 - i. All such policies shall name MTS, San Diego Trolley, Inc. (SDTI), San Diego and Arizona Eastern Railway (SD&AE), San Diego and Imperial Valley Railroad (SD&IV), and San Diego Transit Corporation (SDTC), NCTD, their directors, officers, agents, and employees as Additional Insureds.

MTS Doc. No. G1598.2-13

- ii. The Certificate of Insurance and Additional Insured endorsement shall be provided to MTS within two (2) weeks of execution of this Agreement.
 - iii. Commercial General Liability insurance must include coverage for the following: Premises/Operations Liability; Products/Completed Operations Liability; Contractual Liability, with respect to this Agreement; Personal Injury Liability; Broad Form Property Damage; Equipment Coverage for equipment installed on Outlet's property pursuant to this Agreement.
- E. At all times during the performance of the work under this Agreement, Outlet shall maintain workers' compensation and employer's liability coverage in compliance with applicable statutory requirements.
- F. All insurance policies shall contain a provision for thirty (30) days advance written notice by the Insurer(s) to MTS of any cancellation.
- G. Except as provided in this Agreement, MTS makes no representations or warranties that the CPOS will perform as indicated or that the CPOS will be suitable for the purposes for which it is permitted to be used under this Agreement. MTS does not guarantee that the CPOS will perform error-free or uninterrupted or that MTS will correct any program errors. The implied warranties of merchantability and of fitness for a particular purpose are expressly waived. If the CPOS fails to perform as required for Outlet in accordance with this Agreement, MTS shall either repair or replace the CPOS within 5 days of written notice by Outlet of the CPOS's failure to perform.
- H. The parties shall, under no circumstance, be liable for special, incidental, exemplary, or consequential damages to each other that they may suffer including, but not limited to, loss of projects, anticipated revenue, interest, loss of use or other such claims arising from any causes whatsoever, whether or not such loss or damage is based on contract, warranty, tort (including negligence), indemnity, or otherwise.

X. TERM AND TERMINATION

- A. This Agreement shall cover services rendered from the last date indicated on the signature lines and shall continue until December 31, 2015, with the option for four additional one-year options, or until such time as either party terminates this Agreement pursuant to this Section, whichever occurs first.
- B. Not later than 180 days prior to the expiration date of the Agreement the parties shall provide written notice to the other regarding their intentions as to the exercise of any remaining options. To the extent that both parties elect to exercise any such option, that election shall be effected via a written amendment to the Agreement.
- C. Each party shall have the right to terminate this Agreement at will with at least 180 days' written notice to the other party.
- D. All CPOS equipment and Compass Card inventory shall be owned by MTS. All of MTS' property shall be collected by MTS in working order within five (5) business days after termination of this Agreement, or closure or termination of an Outlet location. MTS will issue

MTS Doc. No. G1598.2-13

a credit to Outlet for Compass Card inventory that is returned to MTS in the event this Agreement is terminated or an Outlet location is closed or terminated.

- E. MTS may terminate this Agreement for cause and be relieved of any liability to Outlet should Outlet fail to perform the requirements of this Agreement. In the event MTS determines sufficient cause exists, MTS will send a notice to cure to the address set forth in this Agreement for Outlet. If Outlet fails to satisfactorily cure the problem(s) within thirty (30) calendar days of receiving written notice from MTS specifying the nature of the cause, MTS may immediately terminate this Agreement and every right of Outlet and any person claiming any right by or through the Outlet under this Agreement.

- F. Termination for cause also shall be merited in the event of a material breach of this Agreement. Events of material breach shall include, but not be limited to:
 - i. Unreasonable discrepancies in fare media inventory or failure to remit payment in accordance with Section IV. Outlet may be terminated for a history of late payments or returned checks, as reasonably determined by MTS;

 - ii. Outlet commences a voluntary action under any chapter of the United States Bankruptcy Code as now or hereafter in effect, or Outlet takes any equivalent or similar action by filing a petition or otherwise under any federal or state law in effect at such time relating to bankruptcy or insolvency;

 - iii. A petition is filed against Outlet under any chapter of the United States Bankruptcy Code as now or hereafter in effect at the time of filing, or a petition is filed seeking any such equivalent or similar relief against Outlet under any other Federal or State law in effect at the time relating to bankruptcy or insolvency, and such petition or equivalent action is not dismissed within 60 days after being filed;

 - iv. Outlet makes a general assignment for the benefit of creditors;

 - v. A trustee, receiver, custodian or agent of Outlet is appointed under applicable law or under contract whose appointment of authority to take charge of the property of Outlet is for the purpose of enforcing a lien against such property or for the purpose of general administration of such property for the benefit of the Outlet's creditors;

 - vi. Outlet negligently or intentionally fails to take precautions to ensure confidential personally identifiable information regarding Compass Care or fare media customers is not improperly disclosed;

 - vii. Outlet refuses or negligently fails to supply sufficient trained staff or proper materials to perform as required by this Agreement;

 - viii. Outlet negligently or intentionally disregards laws, ordinances, rules, regulations, or orders of any public authority having jurisdiction, or otherwise negligently or intentionally violates or breaches any term or provision of this Agreement or fails to perform any of its obligations hereunder in a timely manner;

MTS Doc. No. G1598.2-13

- ix. The documentation or accounting records prepared or furnished in connection with this Agreement by Outlet contain any errors or omissions arising wholly or in part out of the intentional error or omission of the Outlet or its employees, agents, or contractors;
 - x. Outlet engages in conduct prohibited by Title VI or Title VII of the Civil Rights Act;
 - xi. Outlet resells the fare media provided by MTS pursuant to this Agreement for a profit;
 - xii. Outlet moves the CPOS to a location that is not listed in Exhibit B without prior written permission from MTS;
 - xiii. Outlet sells Senior/Disabled/Medicare or Youth fare media without prior AFI as required by Section II G of this Agreement; or
 - xiv. Outlet closes one or more locations Outlet locations in San Diego County without giving proper notice to MTS.
- G. Outlet may terminate this Agreement for cause and be relieved of any liability to MTS should MTS fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event Outlet determines sufficient cause exists, Outlet will send a notice to cure to the address set forth in this Agreement for MTS. If MTS fails to satisfactorily cure the problem(s) within thirty (30) calendar days of receiving written notice from Outlet specifying the nature of the cause, Outlet may immediately cancel and/or terminate this Agreement. Termination for cause also shall be merited in the event of a material breach of this Agreement. Events of material breach shall include, but not be limited to:
- i. MTS commences a voluntary action under any chapter of the United States Bankruptcy Code as now or hereafter in effect, or MTS takes any equivalent or similar action by filing a petition or otherwise under any federal or state law in effect at such time relating to bankruptcy or insolvency;
 - ii. A petition is filed against MTS under any chapter of the United States Bankruptcy Code as now or hereafter in effect at the time of filing, or a petition is filed seeking any such equivalent or similar relief against MTS under any other Federal or State law in effect at the time relating to bankruptcy or insolvency, and such petition or equivalent action is not dismissed within 60 days after being filed;
 - iii. MTS makes a general assignment for the benefit of creditors;
 - iv. A trustee, receiver, custodian or agent of MTS is appointed under applicable law or under contract whose appointment of authority to take charge of the property of MTS is for the purpose of enforcing a lien against such property or for the purpose of general administration of such property for the benefit of the MTS' creditors;
 - v. MTS negligently or intentionally disregards laws, ordinances, rules, regulations, or orders of any public authority having jurisdiction, or otherwise negligently or

MTS Doc. No. G1598.2-13

intentionally violates or breaches any term or provision of this Agreement or fails to perform any of its obligations hereunder in a timely manner;

- vi. The documentation or accounting records prepared or furnished in connection with this Agreement by MTS contain any errors or omissions arising wholly or in part out of the intentional error or omission of MTS or its employees, agents, or contractors; or
 - vii. MTS engages in conduct prohibited by Title VI or Title VII of the Civil Rights Act.
- H. If a particular Outlet location has fewer than one hundred (100) sales of fare media products within a three-month period that Outlet location may be terminated as a Compass Card distribution point at the sole discretion of MTS.
- I. If this Agreement or an Outlet location is terminated, Outlet shall at MTS' direction post information provided by MTS, reasonably accessible to customers in each Outlet location, on alternative locations where Compass Cards and fare media products can be obtained.
- J. Upon the expiration or termination of this Agreement, Outlet will remit to MTS all sales proceeds and any other amounts it then owes to MTS. Each party will also remain liable until it has fulfilled all of its obligations to the other party that arose or accrued before the expiration or termination.
- K. The parties' respective rights and obligations under this Agreement will survive the expiration or termination of this Agreement to the extent necessary to give full effect to this Agreement.

XI. MODIFICATION AND WAIVER

- A. This Agreement constitutes the entire Agreement between the parties and supersedes any previous agreements, oral or written. With the exception of Exhibits A and B this Agreement may be modified only by subsequent mutual written agreement executed by MTS and Outlet. Whenever changes occur to Exhibits, MTS shall have discretion to initiate or approve of the revisions and will send any such revisions to Outlet in writing.
- B. Except as may be provided in this Agreement, a party's delay or failure to enforce a right or pursue a remedy is not a waiver. A party's waiver (not otherwise set forth in this Agreement) must be in writing and signed by it. A waiver of a party's rights or remedies regarding a particular breach of or default under this Agreement is not a waiver of those rights or remedies, or any other rights or remedies, regarding any other breach of or default under this Agreement.

XII. NONDISCRIMINATION

- A. Outlet affirms that it is an equal opportunity employer that achieves or attempts to achieve parity in the representation of women and minorities in its workforce.
- B. Outlet shall ensure equal employment opportunity for all persons. Outlet shall not discriminate against any customer, client, employee, or applicant for employment because of race, color, religion, creed, sex, sexual orientation, national origin, ancestry, age, medical

MTS Doc. No. G1598.2-13

condition, physical or mental disability, Vietnam-era veteran or special disabled veteran status, marital status, or citizenship, within the limits imposed by law. These principles are to be applied by the Outlet in all business practices in furtherance of this Agreement, including customer service, employment practices, and provision of fare media pursuant to this Agreement.

- C. During the performance of this Agreement, Outlet agrees to comply with all the requirements imposed by Title VI and Title VII of the Civil Rights Act of 1964, as amended, the California Fair Employment Practices Act, the Americans with Disabilities Act of 1990, and any other applicable federal and state laws and regulations subsequently enacted.
- D. This Section must be included in any subcontract entered into as a result of this Agreement.

XIII. LAW & VENUE

This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the San Diego County Superior Court. In the event of any such litigation between the parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorneys' fees, as determined by the court. Outlet shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local governments.

XIV. INTERPRETATION

This Agreement shall be interpreted as though prepared by both parties and supersedes all verbal, written, expressed or implied discussions or agreements either oral or written prior to this agreement. Section headings in this Agreement shall not be used to alter the plain meaning of the text in this Agreement. Exhibits shall be considered an integral part of this Agreement. Nothing in this Agreement, whether expressed or implied, is intended to confer on any person other than the parties to this Agreement or their respective successors or permitted assigns, any rights, remedies, obligations, or liabilities. Nothing in the provisions of this Agreement is intended to create duties or obligations to or rights in third parties to this Agreement or affect the legal liability of the parties to this Agreement to third parties.

XV. AUTHORITY TO EXECUTE

- A. The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement. No consent, authorization by, approval of, or other action by, and no notice to, or filing or registration with, any governmental authority, agency, regulatory body, lender, lessor, franchisee, or other person is required for the execution, delivery, or performance of this Agreement by the parties, other than those that have been obtained and are in full force and effect. The execution, delivery, and performance of this Agreement will not result in (with or without due notice or lapse of time, or both) any violation or breach of any provision of the charter, policies, or bylaws of the parties, any judgment, decree, or order to which Outlet or MTS is a party or by which either party is bound, any indenture, mortgage, or other agreement. Each party represents that there is no pending nor, to its knowledge, threatened litigation, governmental action, action for injunctive or other equitable relief or other threatened or outstanding claims of any nature which could

MTS Doc. No. G1598.2-13

reasonably (i) interfere with its performance of its obligations hereunder, or (ii) have a material detrimental impact on its assets or operations as such exist as of the date of execution of this Agreement.

- B. This Agreement may be executed in any number of identical counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument when each party has signed one such counterpart. A facsimile signature affixed to this Agreement or an amendment thereto shall be binding upon the parties. The electronic transmission of any signed original counterpart of this Agreement shall be the same as delivery of an original and shall be admissible as evidence of this Agreement.

XVI. COOPERATION

The parties each shall cooperate in good faith and take such steps and execute such papers as may be reasonably requested by the other party to implement the terms and provisions of this Agreement.

XVII. FORCE MAJEURE

Neither party shall be liable for the failure to perform or its delay in performing any obligation under this Agreement if such failure or delay is resulting from fire, flood, earthquake, war, union labor strike, lockout, power failure, major equipment breakdowns, construction delays, accident, riots, acts of God, acts of United States' enemies, laws, orders, or at the insistence or result of any governmental authority or any other delay beyond each other's reasonable control, provided that such obligation shall be performed immediately upon the termination of such cause preventing or delaying such performance.

XVIII. NOTICES AND PAYMENTS

All notices shall be in writing and personally delivered, or mailed via first class mail to the below listed addresses. Outlet checks shall be made payable to "MTS" and delivered to the MTS address noted below.

Metropolitan Transit System
Attn: Finance Department
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

New Albertson's, Inc., A SUPERVALU Company
Attn: Ronald Bloes
1421 South Manhattan Avenue
Fullerton, CA 92831

With copy to: New Albertson's, Inc.
Attn: Legal Department
250 Parkcenter Blvd.
Boise, ID 83706

MTS Doc. No. G1598.2-13

XIX. PRESERVATION OF AGREEMENT

Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall be severable and enforceable. IN WITNESS WHEREOF, these parties have executed this Agreement on the day and year shown above.

**SAN DIEGO METROPOLITAN TRANSIT
SYSTEM**

NEW ALBERTSON'S, INC.
A SUPERVALU COMPANY

Paul C. Jablonski
Chief Executive Officer

Sue Klug
President, Southern California

Date

APPROVED AS TO SUFFICIENCY OF FORM
AND LEGALITY:

Office of General Counsel Date

EXHIBIT A**Compass Card Fare Media Pass Prices**

Updated March 10, 2015

| Regional Monthly Passes* | | |
|---------------------------------|---|----------|
| Regional Monthly Pass | Adult | \$72.00 |
| | Youth (6-18 years old) | \$36.00 |
| | SDM Senior/Disabled/Medicare (60+) | \$18.00 |
| Premium Monthly Pass | Adult (also includes Rapid Express Buses) | \$100.00 |
| | Youth | \$50.00 |
| | SDM | \$25.00 |
| Rolling | Adult 30-Day Regional Pass | \$72.00 |
| | Youth 30-Day Regional Pass | \$36.00 |
| | SDM 30-Day Regional Pass | \$18.00 |
| | Adult 30-Day Premium Pass | \$100.00 |
| | Youth 30-Day Premium Pass | \$50.00 |
| | SDM 30-Day Premium Pass | \$25.00 |

| NCTD Monthly Passes | | |
|----------------------------|-------|-------------------|
| Breeze/Sprinter | Adult | \$59.00 |
| Coaster | Adult | 1 Zone \$120.00 |
| | | 2 Zone \$150.00 |
| | | 3 Zone \$165.00 |
| | Youth | All Zones \$82.50 |
| | SDM | All Zones \$41.25 |

NOTE: Calendar Monthly Passes go on sale on the 20th of the previous month and remain on sale until the 15th of the current month. Passes must be loaded onto card by the 15th of every month.

Fare media prices are subject to the current MTS or NCTD Fare Ordinance or Promotional Fares at the time of sale.

MTS Doc. No. G1598.2-13

EXHIBIT B
OUTLET LOCATIONS AS OF 03/17/15

| Albertsons | Address | City | Divest Date | Replacement Vons | Address | City |
|------------|--------------------------|------------------|-------------|------------------|----------------------------|----------------|
| 6720 | 7660 El Camino Real | Carlsbad | 3/8/15 | 2355 | 4145 30th St | San Diego |
| 6771 | 1608 Broadway St | El Cajon | 3/15/15 | 3044 | 1201 Avocado St | El Cajon |
| 6714 | 2235 University Ave | San Diego | 3/17/15 | 2358 | 3610 Adams Ave | San Diego |
| | 2 units | | | 2338 | 665 Saturn Blvd | Imperial Beach |
| 6788 | 730 Turquoise St | Pacific Beach | 3/17/15 | 2040 | 5555 Balboa Ave | Clairemont |
| 6741 | 14837 Pomerado Rd | Poway | 5/7/15 | 2053 | 3645 Midway Dr | San Diego |
| 6702 | 2707 Via de la Valle | Del Mar | 5/10/15 | 2093 | 8011 University Ave | La Mesa |
| 6727 | 9870 Magnolia Ave | Santee | 5/10/15 | 2352 | 6155 El Cajon Blvd | San Diego |
| 6701 | 955 Carlsbad Village Rd. | Carlsbad | 5/12/15 | 2142 | 2560 El Camino Real | Carlsbad |
| 6763 | 12475 Rancho Bernardo Rd | Rancho Bernardo | 5/12/15 | 2349 | 13438 Poway Rd | Poway |
| 6760 | 10633 Tierra Santa Blvd | San Diego | 5/14/15 | 2134 | 10460 Clairemont Mesa Blvd | San Diego |
| 6781 | 5950 Balboa Ave | Clairemont | 5/14/15 | 2784 | 515 W University Ave | San Diego |
| | 2 units | | | 2359 | 6555 Mission Gorge Rd | San Diego |
| 6747 | 150 B Ave | Coronado | 5/17/15 | 2364 | 868 Orange St | Coronado |
| 6772 | 14340 Penasquitos Dr | San Diego | 5/17/15 | 2012 | 7788 Regents Rd | La Jolla |
| 6715 | 422 W Washington St | San Diego | 5/19/15 | 2116 | 1702 Garnet Ave | La Jolla |
| 6742 | 7895 Highland Village Pl | San Diego | 5/19/15 | 1897 | 9643 Mission Gorge Rd | Santee |
| 6770 | 10740 Westview Pkwy | Mira Mesa | 5/21/15 | 2136 | 8310 Mira Mesa Blvd | Mira Mesa |
| 6201 | 1301 E Vista Way | Vista | NA | | | |
| 6704 | 2955 Alpine Blvd | Alpine | NA | | | |
| 6705 | 1570 W Valley Pkwy | Escondido | NA | | | |
| 6707 | 7090 Broadway | Lemon Grove | NA | | | |
| 6708 | 151 Woodland Pkwy | San Marcos | NA | | | |
| 6710 | 8920 Fletcher Pkwy | La Mesa | NA | | | |
| 6711 | 1929 W San Marcos Blvd | San Marcos | NA | | | |
| 6713 | 1509 E Valley Pkwy | Escondido | NA | | | |
| 6723 | 9831 Campo Rd | Spring Valley | NA | | | |
| 6725 | 1459 Main St | Ramona | NA | | | |
| 6733 | 3450 Marron Road | Oceanside | NA | | | |
| 6738 | 9560 Winter Gardens Blvd | Lakeside | NA | | | |
| 6740 | 4150 Oceanside Blvd | Oceanside | NA | | | |
| 6745 | 655 14th St | San Diego | NA | | | |
| 6750 | 1571 San Elijo Rd | San Marcos | NA | | | |
| 6757 | 720 3rd Ave | Chula Vista | NA | | | |
| 6758 | 543 Sweetwater Rd | Spring Valley | NA | | | |
| 6767 | 3925 Mission Ave | Oceanside | NA | | | |
| 6783 | 2899 Jamacha Rd | Rancho San Diego | NA | | | |
| 6785 | 8650 Lake Murray Blvd | San Diego | NA | | | |
| 6786 | 1133 S Mission Rd | Fallbrook | NA | | | |
| 6797 | 1601 Melrose Dr | Vista | NA | | | |

EXHIBIT C**TECHNICAL SUPPORT PROCEDURES AND SERVICE LEVEL AGREEMENT****Introduction**

MTS desires to provide customer service to Albertsons and to the transit riding public. To that end, MTS has deployed the Compact Point of Sale (CPOS) device to Albertsons stores throughout San Diego County and shall provide technical support, service, and if necessary, replacement equipment as detailed in the Service Level Agreement (SLA).

Equipment Requirements and Environment

The CPOS device is an electronic unit which uses a smart card encoder to read and load transit products to the region's Compass Cards. The CPOS has two major subcomponents (1) the Verifone Omni 3750 – a standard debit credit terminal, and (2) a Cubic Tri-Reader - smart card reader/encoder. The CPOS must be supplied with 110 volt AC power using the supplied power strip. Both subcomponents have independent power cords and both will use the supplied power strip.

The CPOS will typically communicate once a day with MTS' central fare collection system - scheduled between 2:00 and 3:00 a.m.; however depending on sales volumes of individual CPOS units, the device may communicate more frequently. Sales transactions are uploaded and software and configuration changes are downloaded from central. Daily communication from the CPOS to central ensures that the device is always working properly and sales data at central is kept current. The CPOS uses an analog telephone line to communicate with central. It is important that other devices do not in any manner prevent the device from communicating with the central system. The CPOS will go out of service if (1) the device has not communicated with central in the last 72 hours, or (2) the number of transactions exceed storage capacity and the device is unable to communicate with central to clear those transactions.

Standards of Use and Care

The CPOS is a reliable device requiring very little maintenance and by following the guidelines below the device will perform as expected.

- Keep the CPOS plugged in at all times to both power and to the data telephone line. MTS will deliver the equipment properly labeled.
- The CPOS must remain powered on at all times. Do NOT power off the unit unless specifically instructed by Compass Card technical support.
- The CPOS needs a clean environment around the unit, power cords, and data cables. The device is sensitive to moisture. To avoid spills keep beverages and other liquids away from the machine.

Device Troubleshooting

The CPOS device has very few moving parts but a few things can go wrong. The following are quick in-store troubleshooting tips that should be done by the operator prior to contacting Compass Card Technical Support:

- If the unit fails to print, please verify there is paper and that the cover has clicked into place.
- If the unit has a communications error with the central system, verify the phone line is still physically connected and there has not been any telecommunications issue for your store.

MTS Doc. No. G1598.2-13

After following the above troubleshooting tips and there are still issues with the CPOS device, please contact the Compass Card Technical Help Desk (see below). Please report the problem immediately so that MTS can resolve prior to peak sales periods.

Technical Support Help Desk

There are two methods for contacting the Compass Card Technical Support Help Desk. Please perform the troubleshooting steps prior to opening a trouble ticket. The Help Desk is for Albertsons staff only and is not to be shared with the general public. Please only share the 511 number for customer issues. The technical support number is to be used only for technical issues with the device. MTS will provide a separate Compass Card stock re-ordering telephone number.

- Telephone: (619) 595-5636
- Email: compasscard@sdmts.com

The telephone hotline is answered by an automated system and both email and phone messages will automatically open a trouble ticket. Please provide the following information via the hotline or email:

- Your Name
- Store Number
- Your Telephone Number or Email
- Nature of the Issue – including any error messages exactly as displayed on device

Service Level

MTS shall provide two levels of service depending on MTS' estimate of peak/off peak sales periods. The definition of peak/off peak may change through mutual agreement between Albertsons and MTS.

Off Peak: 5th through the 27th of any given month
Peak: 28th of the prior month through the 4th of the next month

Technical Support Hours

The email and telephone hotline are open 24/7. Technical support staff are available during the following days and times:

Off Peak: Monday – Friday 7:00 a.m. – 4:00 pm.
Peak: Monday – Sunday 7:00 a.m. – 8:00 p.m.

During Off Peak selling periods, MTS technical staff will respond either via email or telephone the same business day as long as the issue is received within the Off Peak hours above stated.

During Peak selling periods, MTS technical staff will respond either via email or telephone the same calendar day as long as the issue is received within the Peak hours above stated.

If a technician is unable to resolve the issue remotely and will need to be dispatched to your store, MTS will respond with the following levels of service:

Off Peak: Technician will be dispatched within 2 business days
Peak: Technician will be dispatched by the next calendar day.

EXHIBIT D
COMPASS CARD RETURNS POLICY AND PROCEDURES

Compass Card Return Log Procedures

Purpose

To provide a method for Albertsons to return certain Compass Cards to MTS and request an invoice adjustment based on a specified list of reasons.

Procedures

1. Determine if reason for Compass Card return matches one of the four options on the Return Log (see Exhibit E).
 - a. If Yes, continue to Step 2.
 - b. If No, stop. Compass Card may not be returned for a refund.
2. Complete the Return Log by entering the following data on the next available line:
 - a. Card serial number
 - b. Fare Type
 - c. Reason for return (see list on Return Log)
 - d. Your employee Compass user ID
 - e. Amount to be refunded. This should match the CPOS receipt fare amount
 - f. Determine if the \$2 Administrative Fee is to be refunded and enter Yes or No
3. Obtain the store manager signature for approval.
4. Attach the CPOS receipt to the Card being returned and place in the return envelope.
5. At month-end, calculate and enter the total amount of refund requests on the Return Log.
6. Make a copy of the Return Log and keep for your records.
7. Insert completed original Return Log in return envelope and mail to the return address printed on the form.

MTS Doc. No. G1598.2-13

EXHIBIT E
COMPASS CARD RETURN LOG

Date (MM/DD/YYYY): _____

Location:

Albertsons Store No.: _____

Store Address: _____

Compass Cards may be returned only under limited circumstances (refer to the list below). Please log the information on this form and return the Compass Card and CPOS receipt to MTS to receive an adjustment on your invoice.

The customer must return the Compass Card and CPOS receipt within two business days of the date of purchase and before the first day of the following month. MTS must receive the Compass Card(s), receipt(s), and this form to process any adjustments.

Adjustments are subject to MTS review and approval.

Please select a reason from the following options that the Compass Card is being returned:

1. Incorrect product loaded to the card
2. Incorrect rider classification issued
3. Compass Card expired
4. Compass Card \$2.00 fee did not activate

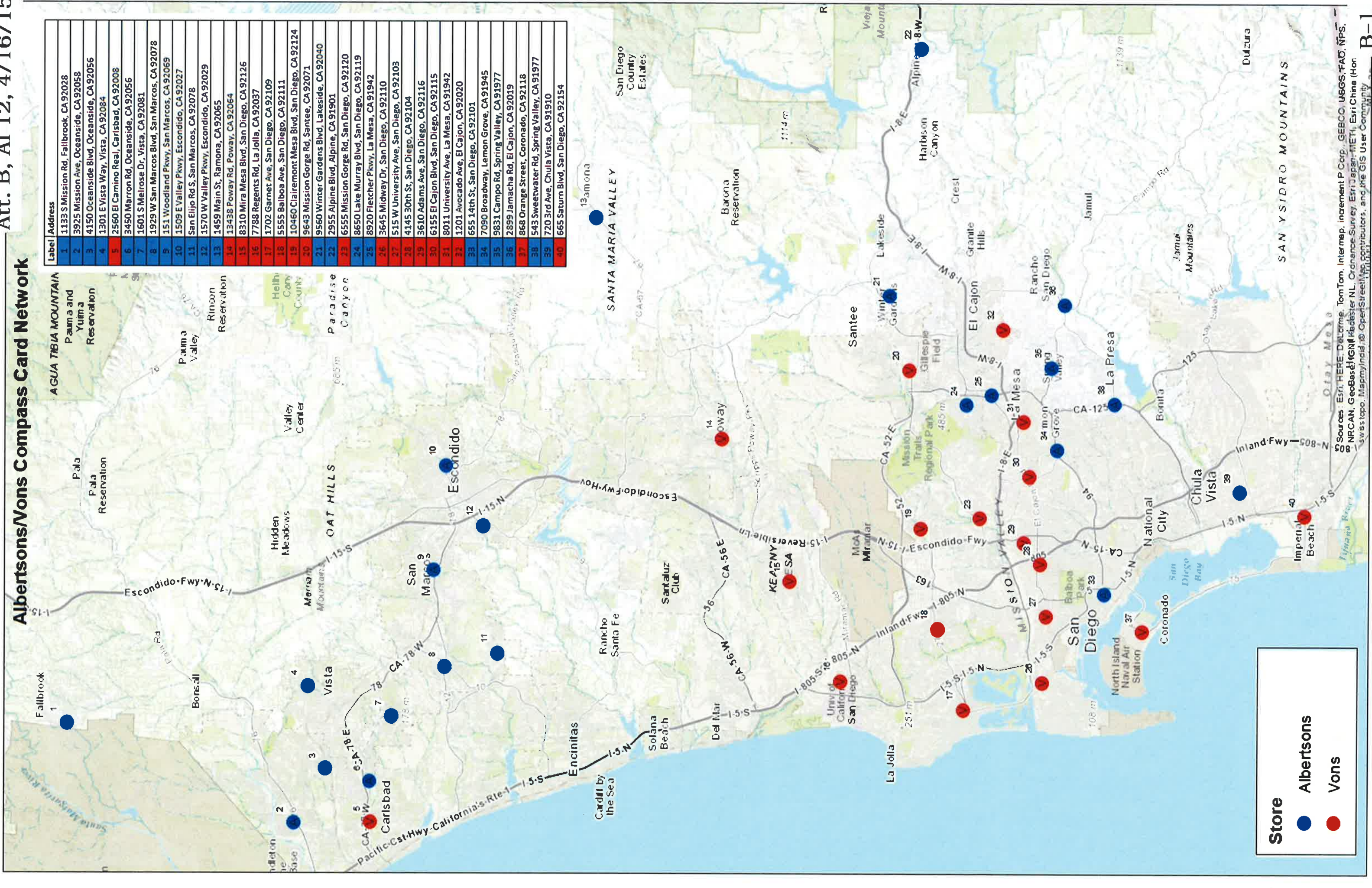
Please contact Marcus Smith with MTS for any questions at (619) 595-1300.

Return address: Compass Card Sales
 Metropolitan Transit System
 1255 Imperial Avenue, Suite 1000
 San Diego, CA 92101

| Card Serial Number | Fare Type | Reason for Return Use # from above | Employee Compass User ID | Amount | \$2.00 Fee Refund? Yes/No | Store Manager Approval Signature |
|-------------------------------|-----------|---------------------------------------|--------------------------------|---------|---------------------------------|---|
| SAMPLE 0160 0011 5555 6544 | Youth | #2 | 233313 | \$36.00 | Yes | JMA |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total Return | | | | \$ | | |

Albertsons/Vons Compass Card Network

| Label | Address |
|-------|---|
| 1 | 1133 S Mission Rd, Fallbrook, CA 92028 |
| 2 | 3925 Mission Ave, Oceanside, CA 92058 |
| 3 | 4150 Oceanside Blvd, Oceanside, CA 92056 |
| 4 | 1301 E Vista Way, Vista, CA 92084 |
| 5 | 2560 El Camino Real, Carlsbad, CA 92008 |
| 6 | 3450 Marron Rd, Oceanside, CA 92056 |
| 7 | 1601 S Melrose Dr, Vista, CA 92081 |
| 8 | 1929 W San Marcos Blvd, San Marcos, CA 92078 |
| 9 | 151 Woodland Pkwy, San Marcos, CA 92069 |
| 10 | 1509 E Valley Pkwy, Escondido, CA 92027 |
| 11 | San Elijo Rd S, San Marcos, CA 92078 |
| 12 | 1570 W Valley Pkwy, Escondido, CA 92029 |
| 13 | 1459 Main St, Ramona, CA 92065 |
| 14 | 13438 Poway Rd, Poway, CA 92064 |
| 15 | 8310 Mira Mesa Blvd, San Diego, CA 92126 |
| 16 | 7788 Regents Rd, La Jolla, CA 92037 |
| 17 | 1702 Garnet Ave, San Diego, CA 92109 |
| 18 | 5555 Balboa Ave, San Diego, CA 92111 |
| 19 | 10460 Clairemont Mesa Blvd, San Diego, CA 92124 |
| 20 | 9643 Mission Gorge Rd, Santee, CA 92071 |
| 21 | 9560 Winter Gardens Blvd, Lakeside, CA 92040 |
| 22 | 2955 Alpine Blvd, Alpine, CA 91901 |
| 23 | 6555 Mission Gorge Rd, San Diego, CA 92120 |
| 24 | 8650 Lake Murray Blvd, San Diego, CA 92119 |
| 25 | 8920 Fletcher Pkwy, La Mesa, CA 91942 |
| 26 | 3645 Midway Dr, San Diego, CA 92110 |
| 27 | 515 W University Ave, San Diego, CA 92103 |
| 28 | 4145 30th St, San Diego, CA 92104 |
| 29 | 3610 Adams Ave, San Diego, CA 92116 |
| 30 | 6155 El Cajon Blvd, San Diego, CA 92115 |
| 31 | 8011 University Ave, La Mesa, CA 91942 |
| 32 | 1201 Avocado Ave, El Cajon, CA 92020 |
| 33 | 655 14th St, San Diego, CA 92101 |
| 34 | 7090 Broadway, Lemon Grove, CA 91945 |
| 35 | 9831 Campo Rd, Spring Valley, CA 91977 |
| 36 | 2899 Jamacha Rd, El Cajon, CA 92019 |
| 37 | 868 Orange Street, Coronado, CA 92118 |
| 38 | 543 Sweetwater Rd, Spring Valley, CA 91977 |
| 39 | 720 3rd Ave, Chula Vista, CA 91910 |
| 40 | 665 Saturn Blvd, San Diego, CA 92154 |



Sources: Esri, HERE, DeLorme, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), Swisstopo, Mapbox, and the GIS User Community



* Closed Session *

AGENDA ITEM NO.

24A

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 | 5.16.15 | | |
| Name | LISA FAIR | | |
| Address | 7840 LESTER AVE | | |
| Telephone | (419) 563.1309 | | |
| Organization Represented | ATU Local 1309 bus drivers | | |
| Subject of Your Remarks | close session | | |
| 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

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



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

Agenda Item No. 62

Chief Executive Officer's Report

ADM 121.7

April 16, 2015

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 March 6, 2015 through April 7, 2015.



EXPENSE CONTRACTS

| Doc # | Organization | Subject | Amount | Day |
|-------------|----------------------------|--|-------------|-----------|
| G1810.0-15 | NYHART | ACTUARIAL VALUATION SERVICES | \$26,000.00 | 3/20/2015 |
| L6709.0-15 | BRG CONSULTING INC | JROE PERMIT - ENV PLANNING A&E | \$9.00 | 3/27/2015 |
| PWG148.3-14 | MOBILE RELAY ASSOCIATES | RADIO PROGRAMMING TO 228 UNITS | \$6,200.00 | 4/1/2015 |
| PWL154.2-14 | SCHMIDT FIRE PROTECTION CO | FLAME DETECTOR FOR SDSU 218, 219, 236 | \$24,025.00 | 4/1/2015 |
| G1670.1-14 | MSDS ONLINE | ADD 45 MSDS UPLOADS TO LIBRARY, INDEXING | \$1,575.00 | 4/6/2015 |
| G1804.0-15 | EXIT CERTIFIED CORPORATION | SAP TRAINING | \$99,000.00 | 4/6/2015 |

REVENUE CONTRACTS

| Doc # | Organization | Subject | Amount | Day |
|-------------|--------------------------------|--|---------------|-----------|
| PWB156.1-14 | WATSON FURNITURE GROUP | 10 YEAR FREE WARRANTY | \$0.00 | 3/6/2015 |
| S200-15-615 | ODONNEL CONSTRUCTION INC | ROE PERMIT- OLD HWY 80 BRIDGE DECK MAINT | (\$750.00) | 3/6/2015 |
| S200-15-616 | KTA CONSTRUCTION INC | ROE PERMIT- CITY SD OTAY VALLEY SEWER | (\$1,500.00) | 3/6/2015 |
| G1797.0-15 | US PROBATION OFFICE | COMPASS CARD EMPLOYER PROGRAM | | 3/9/2015 |
| L1130.1-13 | VCC LLC | TIME EXTENSION - PARK & G MCMILLAN | \$0.00 | 3/9/2015 |
| G1262.3-09 | THE SUPERLATIVE GROUP, INC | CONTRACT EXTENSION | \$0.00 | 3/11/2015 |
| L1256.0-15 | CLOUD 9 SUPER SHUTTLE | ROE PERMIT TO ENTER AT 24TH ST STATION | \$0.00 | 3/11/2015 |
| S200-15-618 | ANZA-BORREGO DESERT NATURAL | ROE PERMIT | \$0.00 | 3/11/2015 |
| PWL161.1-15 | CALIFORNIA AIR COMPRESSOR | PROCURE/INSTALL AIR COMPRESSORS BLDG C | \$0.00 | 3/12/2015 |
| L1223.0-15 | JON AND DONNE STOCKHOLM FAM TR | LANDSCAPE MAINTENANCE AGMT- BARRIO LOGAN | \$0.00 | 3/23/2015 |
| G1816.0-15 | SANDAG | MOU RE MID-COAST PROJECT AND NORTH COAST | \$0.00 | 3/25/2015 |
| L1236.0-15 | GLOBAL SIGNAL GROUP, INC | DROE PERMIT - GENERAL A/E SYSTEM DESIGN | (\$4,500.00) | 3/27/2015 |
| G1811.0-15 | SUSAN B. KOMEN | PARTNERSHIP TO PROMOTE NOV 1 BALBOA EVEN | \$0.00 | 4/1/2015 |
| L5267.0-15 | ESTHER D. LONG CHARITABLE REMA | ABANDONMENT OF RAIL SPUR AND SALE OF EXC | (\$42,294.00) | 4/1/2015 |
| S200-15-620 | CITY OF LA MESA | ROE PERMIT LA MESA'S FLAG DAY PARADE | \$0.00 | 4/6/2015 |
| L1253.0-15 | GRAN FONDO CYCLING TOURS INC | JROE PERMIT APRIL 12 2015 EVENT | (\$750.00) | 4/7/2015 |

PURCHASE ORDERS

| DATE | Organization | Subject | AMOUNT |
|-----------|------------------------------------|-------------------------------------|-------------|
| 3/6/2015 | CDW GOVERNMENT INC | CISCO CSCC IRONPORT | \$12,600.00 |
| 3/10/2015 | MATTHIAS MOOS | CANTENARY ITEMS | \$42,962.40 |
| 3/10/2015 | INIT INNOVATIONS IN TRANSPORTATION | CONFIG OF WLAN STATION AT COPLEY | \$2,002.00 |
| 3/11/2015 | CDW GOVERNMENT INC | HP 8/8 & 8/24 FC SWITCH 8-PT UPG | \$2,949.00 |
| 3/12/2015 | CDW GOVERNMENT INC | STARTECH HDMI AND WIFI TO HDMI | \$648.54 |
| 3/12/2015 | LLOYDS COLLISION CENTER INC | REPAIR OF VEHICLE ACCIDENT DAMAGE | \$2,079.81 |
| 3/16/2015 | ENTERPRISE FLEET SERVICES | BRAKE REPAIRS, TIRES | \$50,000.00 |
| 3/17/2015 | LE FLORE GROUP LLC | PROCUREMENT CONSULTANT | \$20,150.00 |
| 3/17/2015 | VINYARD DOORS INC | BUILDING A ROLL UP DOOR | \$14,638.32 |
| 3/20/2015 | GRAYBAR ELECTRIC CO | GREEN LINE 6810 CABLE FEEDER PART | \$9,059.68 |
| 3/20/2015 | SIMPLEX GRINNELL LP | RELOCATION MAIN PIPE | \$2,900.00 |
| 3/23/2015 | CUBIC TRANSPORTATION SYSTEMS | POS PUCK TR-3 | \$42,846.84 |
| 3/23/2015 | THE LAWTON GROUP | TEMP EMPLOYEE- RISK/CLAIMS DEPT | \$2,715.60 |
| 3/25/2015 | SAN DIEGO AIR DUCT CLEANING | AIR DUCT CLEANING FOR TAXI BUILDING | \$1,500.00 |
| 3/25/2015 | THUNDERBIRD PRODUCTS INC | FABRICATION OF AMERICA PLAZA | \$392.40 |
| 3/27/2015 | EL DORADO SANDBLASTING | VINTAGE TROLLEY KIOSK SURFACE | \$725.00 |
| 3/27/2015 | WALSH MCKEAN FURCOLO LLP | HOURLY FEES | \$20,000.00 |
| 3/27/2015 | PATCO INDUSTRIES | GRS 5H DUAL CONTROL SWITCH MACHINE | \$30,225.00 |
| 3/30/2015 | ENO TRANSPORTATION FOUNDATION | TRANSIT MID-MANAGER SEMINAR | \$3,300.00 |
| 4/3/2015 | CARMON INTERNATIONAL | ADA RAMP DEMO AND INSTALL | \$17,625.00 |
| 4/6/2015 | CDW GOVERNMENT INCORPORATED | STARTECH HDMI AND 16 GB KIT | \$892.91 |

WORK ORDERS

| Doc # | Organization | Subject | Amount | Day |
|---------------|--------------|-------------------------------------|-------------|-----------|
| G1496.0-13.04 | RAILPROS | PSR FOR CT. HOUSE CAP & TRADE GRANT | \$38,000.00 | 3/27/2015 |



AGENDA ITEM NO.

64

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED

/

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

1. INSTRUCTIONS

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(PLEASE PRINT)

| | | | |
|--------------------------------------|---|---------|-------------------------------------|
| DATE | 4-16-15 | | |
| Name | Lorraine M. Heighton | | |
| Address | 1034 N. Magnolia Ave E ^{CA} 1900 | | |
| Telephone | ② | | |
| Organization Represented | Disputed Public | | |
| Subject of Your Remarks | ? Policy of new officers. | | |
| Regarding Agenda Item No. | 64 | | |
| Your Comments Present a Position of: | <input type="checkbox"/> | SUPPORT | <input type="checkbox"/> OPPOSITION |

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

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AGENDA ITEM NO.

64

REQUEST TO SPEAK FORM

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(PLEASE PRINT)

| | | | |
|--------------------------------------|--------------------------------|---|-------------------------------------|
| DATE | 4-16-15 | When will tickets be issued for smoking on bus stops? | |
| Name | Valerie Hightower | The Roving supervisor act like they don't anyone drinking & smoking | |
| Address | 4759 Imperial Ave #4 | I another bench he placed on | |
| Telephone | 619 264-0697 | 36th & Imperial? | |
| Organization Represented | Bus driver smoking on premises | | |
| Subject of Your Remarks | | | |
| Regarding Agenda Item No. | | | |
| Your Comments Present a Position of: | <input type="checkbox"/> | SUPPORT | <input type="checkbox"/> OPPOSITION |

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