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## Agenda

### MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

May 7, 2015

Executive Conference Room  
(Immediately following the Audit Oversight Committee Meeting)

#### ACTION RECOMMENDED

- A. ROLL CALL
- B. APPROVAL OF MINUTES - April 9, 2015 Approve
- C. COMMITTEE DISCUSSION ITEMS
1. University City Transit Center (Sharon Cooney and Edgar Torres, Kimley Horn) Possible  
Action would receive a report and provide comments. Action
2. Mills Building, Suite 100: Proposed Relocation of The Transit Store and Restaurant Suite Renovation (Karen Landers and Laura Warner, CityWorks) Possible  
Action would receive a report from staff and architect/consultants regarding a Action  
proposed relocation of The Transit Store and Mills Building Suite 100 renovation project.
3. California Public Employees' Pension Reform Act of 2013 (PEPRA) Information  
(Paul Jablonski)  
Action would receive a report and provide comments.
- D. REVIEW OF DRAFT MAY 14, 2015, BOARD AGENDA
- E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA Possible  
Review of SANDAG Transportation Committee Agenda and discussion regarding any Action  
items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc.  
Relevant excerpts will be provided during the meeting.

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.



- |    |  |                    |
|----|--|--------------------|
| D. | REVIEW OF DRAFT MAY 14, 2015, BOARD AGENDA   |                    |
| E. | <u>REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA</u><br>Review of SANDAG Transportation Committee Agenda and discussion regarding any items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc. Relevant excerpts will be provided during the meeting. | Possible<br>Action |
| F. | COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS   |                    |
| G. | PUBLIC COMMENTS  |                    |
| H. | NEXT MEETING DATE: June 11, 2015   |                    |
| I. | ADJOURNMENT  |                    |

# DRAFT

## MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101

April 9, 2015

## MINUTES

### A. ROLL CALL

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

### B. APPROVAL OF MINUTES

Mr. Cunningham moved for approval of the minutes of the March 5, 2015, MTS Executive Committee meeting. Mr. Gloria seconded the motion, and the vote was 4 to 0 in favor with Mr. Roberts absent.

### G. PUBLIC COMMENTS (TAKEN OUT OF ORDER)

*Clive Richard* – Mr. Richard stated that he really enjoys the new trolley low-floor service that goes down to the border. He also commented that the low-floor buses and trolley are more convenient and easier to ride.

### E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA (TAKEN OUT OF ORDER)

There was no SANDAG Transportation Committee agenda discussion.

### D. REVIEW OF DRAFT April 16, 2015 BOARD AGENDA (TAKEN OUT OF ORDER)

#### Recommended Consent Items

6. Revisions to Board Policy No. 34 (For-Hire Vehicle Services)  
Action would approve and adopt the proposed revisions to Policy No. 34 (For-Hire Vehicle Services).
7. Taxicab Maximum Allowable City and Airport Rates of Fare – Implementation of Uniform Rates for 2015  
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.
8. Bus Tire Lease and Services – Contract Award  
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.

9. California Department of Transportation Program of Projects for Federal Transit Administration Section 5311 Funding, Federal Fiscal Year 2015  
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.
10. California Governor's Office of Emergency Services and California Transit Security Grant Program Funding, Fiscal Year 2014-2015  
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.
11. Investment Report – February 2015

#### COMMENTS – RECOMMENDED CONSENT ITEMS

Mr. Jablonski commented that there will be one more consent agenda item for next week regarding the Albertson's contract for selling fare media. He stated that other agencies around the State have been paying Albertson's stores to sell fare media. He noted that MTS's contract is expired with Albertson's and they are negotiating a fixed price for selling compass cards at their stores.

Mr. Gloria asked why Albertson's is now asking for payment to provide this service. Rob Schupp, Director of Marketing and Communications, replied that the stores use a lot of staff time for this service. Mr. Gloria commented that there will only be one Albertson's in his district after some of the current locations close. Mr. Schupp stated that some stores will be divested into Vons grocery stores which will result in MTS having both Albertson's and select Vons stores selling and distributing fare media.

#### C. COMMITTEE DISCUSSION ITEMS

1. California Public Employees' Pension Reform Act of 2013 (PEPRA) (Paul Jablonski)

Paul Jablonski, Chief Executive Officer, provided an introduction and overview of PEPRA and federal Section 13(c) requirements. He stated that MTS was able to get out of this requirement previously because there was legislation passed by the State that exempted transit workers from PEPRA while there was an ongoing federal lawsuit. He said that in December 2014, the Court held in favor of the State. Mr. Jablonski stated that the Department of Labor (DOL) has filed a notice of intent to appeal and have stopped processing transit agency grants. Currently, the State and Sacramento Regional Transit District are going through a process to try to compel the DOL to comply with the federal court ruling. He stated that MTS is expecting about \$85,000,000 in total federal funding including \$67,000,000 in section 5307 and 5337 formula funding, and \$18,000,000 in the Ladders of Opportunity grant. If the federal funding is not forthcoming, then \$52,000,000 will be needed to fund operations. He stated that in order to declare a fiscal emergency, MTS will first need to spend all of its cash reserves and ultimately cut service. If a fiscal emergency is reached, there are options to try to balance MTS's budget. The first option is to cut service, and the second option is

to deplete the FY16 Capital Improvement Program. Mr. Jablonski noted that all of these options are just temporary for the fiscal year. If this continues, then other options will need to be determined for going forward. He stated that he has had ongoing discussions with the ATU in Washington trying to work towards resolving these issues.

Mr. Roberts asked if there was a permanent solution to this issue. Mr. Jablonski stated he has proposed a permanent solution where we could put a clause into the labor contract stating that they cannot object to our grants. He said that there is the potential issue that the International may tell the Local that they cannot agree to that agreement.

Mr. Cunningham asked if all of our grants were released the previous time this occurred. Mr. Jablonski stated that not all of our grants were released. He said that only the preventative maintenance grants were released. Mr. Jablonski stated that even if MTS certifies a contract with the ATU, it does not necessarily mean that the DOL will release our grants.

#### Action Taken

No action taken.

## 2. California Bus Axle Weight (Sharon Cooney)

Sharon Cooney, Chief of Staff, provided a report on California bus axle weights. She handed out copies of the bill that was passed in 2012 which provided for an exemption for procurements that were done prior to January 2013. She also provided a copy of the placeholder bill, AB 1250, that is currently in the legislature. Ms. Cooney stated that California's weight limit is 20,500 pounds. Due to government regulations, transit buses have increased in weight to comply with Americans with Disabilities Act (ADA) requirements. She said that MTS and other transit agencies are attempting to get a full exemption from the State limit on weight. This is being opposed by the League of Cities and the California State Association of Counties (CSAC).

Mr. Roberts asked what an empty bus weighs. Mr. Jablonski stated an empty bus weighs approximately 22,000 pounds in the rear axle. He clarified that the weight limit is per axle and that the rear axle is the heaviest. Mr. Jablonski said that a study was conducted a few years ago regarding bus axle weights and the result of this study showed that there was no empirical evidence that buses directly affect the streets. He noted that we do not want to drive up weight on buses because heavier buses mean worse fuel economy. MTS conducted an analysis of its buses and saw that the buses were overweight of 24,000 pounds only a few short times during the day when the buses had full loads of passengers. Mr. Roberts recommended proposing a practical cap to the weight limit in addition to requesting an exemption. Mr. Jablonski said that they have been working towards trying to gain this exemption and possibly getting a practical cap approved. He also noted that MTS will not be affected by this new limit until 2019 when we will need to procure new buses.

#### Action Taken

No action taken.

## PUBLIC COMMENTS

*Clive Richard* – Mr. Richard commented that he hopes this issue will be resolved, because this problem will affect everyone.

### F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS (TAKEN OUT OF ORDER)

Mr. Jablonski commented that there is a safety initiative at the federal level that has been in place for a couple years. He stated that Bill Spraul, Chief Operating Officer of Transit Services, has been working on the safety initiative on the bus side and has seen great results. He said the American Public Transportation Association (APTA) has awarded MTS Bus with the Gold Award for safety and we will receive that award at the APTA Bus and Paratransit Conference in May.

The Executive Committee convened for Closed Session at 9:59 a.m.

### 3. 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)

The Executive Committee reconvened from Closed Session at 10:40 a.m.

#### Oral Report on Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- C3. General Counsel gave a report to the Executive Committee and received direction.

### H. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for May 7, 2015, at 9:00 a.m. in the Executive Committee Conference Room.

### I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 10:40 a.m.

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Chairman

Attachments: Roll Call Sheet  
Assembly Bill No. 1706 (February 15, 2012)  
Assembly Bill No. 1250 (February 27, 2015)

**EXECUTIVE COMMITTEE  
SAN DIEGO METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) April 9, 2015

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

RECESS \_\_\_\_\_

RECONVENE \_\_\_\_\_


CLOSED SESSION 9:59 a.m.

RECONVENE 10:40 a.m.

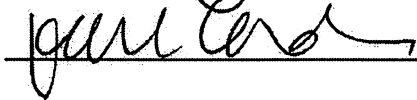
ADJOURN 10:40 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BRAGG	<input type="checkbox"/> (Rios) <input checked="" type="checkbox"/>	9:03 a.m.	10:40 a.m.
CUNNINGHAM	<input checked="" type="checkbox"/> (McClellan) <input type="checkbox"/>	9:03 a.m.	10:40 a.m.
GLORIA	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>	9:03 a.m.	10:40 a.m.
MATHIS	<input checked="" type="checkbox"/>	9:03 a.m.	10:40 a.m.
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:11 a.m.	10:40 a.m.
Transportation Committee Rep Slot (Mathis)			

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY THE GENERAL COUNSEL:



BILL NUMBER: AB 1706      CHAPTERED  
BILL TEXT

CHAPTER 771

2012 FILED WITH SECRETARY OF STATE SEPTEMBER 29,

APPROVED BY GOVERNOR SEPTEMBER 29, 2012  
PASSED THE SENATE AUGUST 23, 2012  
PASSED THE ASSEMBLY AUGUST 28, 2012  
AMENDED IN SENATE AUGUST 21, 2012  
AMENDED IN SENATE AUGUST 6, 2012  
AMENDED IN SENATE JUNE 26, 2012  
AMENDED IN ASSEMBLY MAY 25, 2012  
AMENDED IN ASSEMBLY APRIL 30, 2012  
AMENDED IN ASSEMBLY APRIL 17, 2012

INTRODUCED BY Assembly Member Eng

FEBRUARY 15, 2012

An act to add Section 11343.3 to the Government Code, and to amend, repeal, and add Section 35554 of the Vehicle Code, relating to vehicles.

#### LEGISLATIVE COUNSEL'S DIGEST

AB 1706, Eng. Vehicles: transit bus weight.

(1) Under existing law, the gross weight imposed upon the highway by the wheels on any one axle of a vehicle is prohibited from exceeding 18,000 pounds, except the gross weight on any one axle of a bus is prohibited from exceeding 20,500 pounds. A violation of these requirements is a crime.

This bill would provide that these prohibitions do not apply to a transit bus, except as specified. The bill would, until January 1, 2015, prohibit a publicly owned or operated transit system or an operator of a transit system under contract with a publicly owned or operated transit system from procuring through a solicitation process pursuant to which a solicitation is issued on or after January 1, 2013, a transit bus whose weight on any axle exceeds 20,500 pounds,

with specified exceptions. The bill would impose a state-mandated local program by imposing new requirements upon transit buses.

Existing law requires state agencies to comply with specified procedures when promulgating and adopting administrative regulations.

The bill would require state regulatory agencies that are required to promulgate administrative regulations to take into account vehicle weight impacts and the ability of vehicle manufacturers and vehicle operators to comply with laws limiting the weight of vehicles.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS  
FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) Fully funded, efficient, and effective public transit systems operating in a balanced transportation network do all of the following:

(1) Support California's growing economy by moving people to their jobs and to educational sites, by providing well-paying and stable jobs, and by enhancing the value of surrounding real estate.

(2) Bolster the state's energy security by decreasing dependence on imported oil.

(3) Contribute to California's greenhouse gas reduction and air quality improvement goals.

(4) Save travelers time by mitigating traffic congestion as the state's population grows.

(5) Afford the safest means of motorized travel.

(6) Promote equitable access to affordable, reliable, and safe transportation for all Californians.

(b) The state should therefore support the continued building, maintenance, and operation of effective local and regional public transportation networks for, including, but not limited to, the following additional reasons:

analysis of, and recommendations concerning, all of the following:

(A) The means to be considered to encourage the development and manufacture of lightweight buses.

(B) An analysis of, and recommendations concerning, whether Congress should require that each rulemaking by an agency of the federal government that affects the design or manufacture of motor vehicles consider the weight that would be added to the vehicle by implementation of the proposed rule.

(C) The effect that the added weight would have on pavement wear.

(D) The resulting cost to the federal government and state and local governments.

(3) In 2005, federal law was amended to temporarily provide an exemption from the federal vehicle weight limitations for transit vehicles on the Dwight D. Eisenhower National System of Interstate and Defense Highways (the Interstate System), and to prohibit specified states, including California, or any political subdivision of those states, from enforcing a transit vehicle weight limit of less than 24,000 pounds on the Interstate System. That exemption and prohibition are in place until June 30, 2012.

(d) The Vehicle Code currently places a restriction on the gross weight imposed upon the highway by the wheels of any one axle of a bus, which cannot exceed 20,500 pounds. However, that restriction was created in 1976 and is only 500 pounds heavier than the restriction generally placed on any other type of vehicle operating on the highways. In the case of vehicle axle weights, the term "highway" is interpreted to include city streets and county roads.

(e) The federal study specified in paragraph (1) of subdivision (c) referenced several reasons why public transit buses have become heavier over the years, particularly in the more than three decades since California first imposed a specific axle weight limitation on buses, as follows:

(1) Requirements placed on bus manufacturers, as well as on providers of local public transit service, to comply with new federal and state laws and regulations.

(2) Heavier fuel tanks to safely contain alternative fuels such as natural gas that are necessary to meet air quality standards and engine emissions standards imposed on buses.

(3) Wheelchair lifts and other safety equipment necessary to transport disabled passengers pursuant to the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), as amended.

(f) Some local law enforcement agencies have begun to cite some operators of public transportation services for operating transit

vehicles in excess of the California axle weight limitations for buses, thus threatening disruption of efficient and effective public transit service that otherwise complies with all applicable federal and state laws and regulations, including those laws and regulations that have compelled operation of heavier transit buses.

(g) Therefore, it is vital the state act immediately to clarify that the public transit vehicles currently operating in California are permitted to continue in transit service without disruption due to the state's outdated transit bus weight limitation.

(h) It is the intent of the Legislature that bus manufacturers move toward producing lighter buses that would comply with state and federal law in order to prevent the damage that overweight buses cause to California's system of local streets and roads, which themselves are deteriorating due to maintenance and rehabilitating funding shortfalls.

SEC. 2. Section 11343.3 is added to the Government Code, to read:

11343.3. Notwithstanding any other law, a state agency that is required to promulgate administrative regulations, including, but not limited to, the State Air Resources Board, the California Environmental Protection Agency, the State Energy Resources Conservation and Development Commission, and the Department of Motor

Vehicles, shall take into account vehicle weight impacts and the ability of vehicle manufacturers or vehicle operators to comply with laws limiting the weight of vehicles.

SEC. 3. Section 35554 of the Vehicle Code is amended to read:

35554. (a) (1) Notwithstanding Section 35550, the gross weight on any one axle of a bus shall not exceed 20,500 pounds.

(2) A transit bus procured through a solicitation process pursuant to which a solicitation was issued before January 1, 2013, or though a solicitation process pursuant to subdivision (d) is not subject to this subdivision.

(b) A transit bus is not subject to Section 35550.

(c) A transit bus shall not operate on the Dwight D. Eisenhower System of Interstate and Defense Highways in excess of the weight limitation for transit buses specified in federal law.

(d) (1) A publicly owned or operated transit system or an operator of a transit system under contract with a publicly owned or operated transit system shall not procure, through a solicitation process pursuant to which a solicitation is issued on or after January 1, 2013, a transit bus whose weight on any single axle exceeds 20,500 pounds except as follows:

(A) It may procure and operate a new bus exceeding 20,500 pounds



AB-1250 Vehicles: buses: gross axle weight. (2015-2016)

AMENDED IN ASSEMBLY MARCH 19, 2015

CALIFORNIA LEGISLATURE— 2015–2016 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1250**

**Introduced by Assembly Member Bloom**

**February 27, 2015**

An act to amend Section 35554 of the Vehicle Code, relating to vehicles.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1250, as amended, Bloom. Vehicles: buses: gross axle weight.

Existing law, operative January 1, 2016, ~~and subject to exception for certain transit buses,~~ provides that the gross weight on any one axle of a bus shall not exceed 20,500 pounds. *Existing law exempts from this limitation a transit bus procured through a solicitation process pursuant to which a solicitation was issued before January 1, 2013. A violation of this provision is a crime.*

~~This bill would make technical, nonsubstantive changes to these provisions.~~

*This bill would exempt from the weight limitation transit buses procured through a solicitation process pursuant to which a solicitation was issued before January 1, 2016.*

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 35554 of the Vehicle Code, as amended by Section 2 of Chapter 263 of the Statutes of 2014, is amended to read:

**35554.** (a) (1) Notwithstanding Section 35550, the maximum gross weight on any one axle of a bus shall not exceed 20,500 pounds.

(2) This subdivision does not apply to a transit bus procured through a solicitation process pursuant to which a solicitation was issued before January 1, ~~2013~~ 2016.

(b) A transit bus is not subject to Section 35550.



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## Agenda Item No. C1

### MEETING OF SAN DIEGO THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

May 7, 2015

#### SUBJECT:

UNIVERSITY CITY TRANSIT CENTER (SHARON COONEY AND EDGAR TORRES,  
KIMLEY HORN)

#### RECOMMENDATION:

That the Executive Committee receive a report and provide comments.

#### Budget Impact

None with this action.

#### DISCUSSION:

The Westfield shopping center in the community of University City, San Diego opened in 1977 and has undergone several renovations and expansions in its 30-year history. In 1998, Australia-based Westfield Group purchased the center and the center was eventually renamed Westfield UTC. In 2008 the City of San Diego approved a revitalization and expansion project that includes the construction of a new transit center for MTS. This transit center will serve the bus routes that currently operate at the shopping center, and will eventually be tied into the light rail system by way of a new elevated Trolley Station.

Westfield has been working closely with MTS and San Diego Association of Governments staffs to design the transit center to accommodate future transit needs. Connectivity to the center and the future light rail station, signal priority onto Genesee Avenue, features that would make the below-surface portion of the center both safe and attractive, operator rest rooms, and real-time signage for bus operations are some of the improvements included in current designs for the Center. The Committee will receive a report on the current designs for the transit center and how it will connect with the future light rail extension.

A handwritten signature in black ink that reads 'Sharon Cooney for'.

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

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## Agenda Item No. C2

### MEETING OF SAN DIEGO THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

May 7, 2015

#### SUBJECT:

MILLS BUILDING, SUITE 100: PROPOSED RELOCATION OF THE TRANSIT STORE  
AND RESTAURANT SUITE RENOVATION (KAREN LANDERS AND LAURA WARNER,  
CITYWORKS)

#### RECOMMENDATION:

That the Executive Committee receive a report from staff and architect/consultants regarding a proposed relocation of The Transit Store and Mills Building Suite 100 renovation project.

#### Budget Impact

Suite 100 is currently vacant and has been remediated to a clean and unfinished location. Revenue from the previous tenant of \$3,314 per month was used to offset MTS's operating costs related to the Mills Building. The Transit Store currently leases space at 102 Broadway at a rate of \$6,388 per month, escalating to \$6,577 per month for the final three months of the term, which expires on June 30, 2016. Relocating The Transit Store to Suite 100 would result in a net-operating savings of approximately \$3,000 per month. This amount may be further offset by the addition of a restaurant tenant in the adjacent, reconfigured space. Costs of renovation for The Transit Store are roughly estimated at \$250,000 and would be paid for from the MTS Mills Building capital reserve account.

#### DISCUSSION:

San Diego Metropolitan Transit System's (MTS's) Transit Store is located at 102 Broadway (corner of First Avenue), in Downtown San Diego. The Transit Store sells all monthly passes for MTS buses and trolleys, the NCTD Coaster, and Day Tripper tickets. The Transit Store is the only location for passengers to obtain MTS Senior, Disabled Medicare Recipient and Youth pass photo identification cards. MTS brochures, maps, and special transit collectibles can also be obtained. Most lost-and-found items for San Diego Transit and San Diego Trolley routes are returned at The Transit Store.

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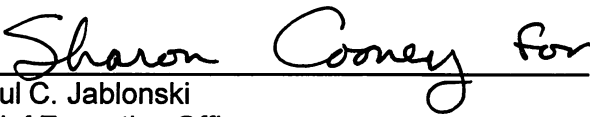


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The Transit Store is open weekdays from 9:00 a.m. to 5:00 p.m. Monday through Friday. It is closed on weekends and holidays. The 102 Broadway location is close to several bus routes serving the Broadway corridor, but is a 2-block walk from the Blue and Orange Lines and a seven-block walk from the Green Line. The current lease for 102 Broadway expires on June 30, 2016. The upcoming lease expiration necessitates a review of whether to renew the existing lease or seek alternate space.

In the fall of 2014, the restaurant tenant in the Mills Building Suite 100 (Suite 100) went into default for failure to pay rent and failure to properly maintain the space. After forced closures by the Department of Environmental Health and the Fire Marshall and MTS notices to cure the defaults or quit, the tenant voluntarily terminated the lease agreement effective February 6, 2015. In March and April 2015, MTS undertook remedial measures to remove the unsafe conditions left behind in Suite 100. Suite 100 is now in a clean but unfinished shell condition.

The vacancy in Suite 100 prompted a review of the site as a potential relocation site for The Transit Store in July 2016. MTS hired architect Laura Warner of City Works to develop potential concepts and site plans for a proposed relocation of The Transit Store and division of the Suite 100 space to allow a continued restaurant or food service use in a portion of the space. Ms. Warner and her team will present the proposed site plans to the Executive Committee for review and concept. MTS staff will seek direction on whether to move forward with The Transit Store relocation and restaurant-use concept.

  
\_\_\_\_\_  
Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)



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## Agenda Item No. C3

### MEETING OF SAN DIEGO THE METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

May 7, 2015

#### SUBJECT:

CALIFORNIA PUBLIC EMPLOYEES' PENSION REFORM ACT OF 2013 (PEPRA)  
(PAUL JABLONSKI)

#### RECOMMENDATION:

That the Executive Committee receive a report and provide comments.

#### Budget Impact

None with this action.

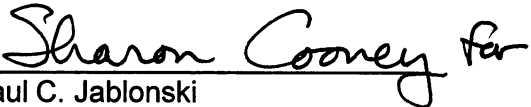
#### DISCUSSION:

The California Public Employees' Pension Reform Act of 2013 (PEPRA) was enacted in August 2012 and became effective on January 1, 2013. Reform measures included in the law affected all agencies that participate in the California Public Employees' Retirement System, including MTS. Provisions of the act include employee cost-sharing, compulsory reduced-retirement formulas and increased-retirement ages, limitations on pensionable compensation, antispiking provisions, limitations on postretirement employment, forfeiture of pension benefits upon conviction of certain felonies, health benefit equity, and prohibitions on pension-funding holidays.

After PEPRA became effective in January 2013, the United States Department of Labor (DOL) considered decertification of transit grants throughout the state on the basis of challenges by transit labor unions associated with PEPRA. At the time, MTS had several grants awaiting DOL certification, and MTS funding for its operations was in jeopardy. An agreement was reached between the Governor's office and DOL to seek a Federal District Court decision to determine the fate of PEPRA, while at the same time a temporary exemption from PEPRA was approved for transit operators.



In December 2014, the Court held in favor of the State, and transit operators are currently not exempt from PEPRA. Staff will provide a report on the latest developments related to this issue.

  
Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)



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

DRAFT

## Agenda

### MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

May 14, 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 - April 16, 2015
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.

Approve

Please SILENCE electronics  
during the meeting

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



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

## CONSENT ITEMS

- |     |   |                    |
|-----|---|--------------------|
| 6.  | <u>San Diego and Arizona Eastern (SD&amp;AE) Railway Company Quarterly Reports and Ratifications of Actions Taken by the SD&amp;AE Board of Directors at its Meeting on April 14, 2015</u>  | Information        |
| 7.  | <u>Increased Authorization for Three Legal Service Contracts to Pay Projected Expenses in Fiscal Years 2015 and 2016</u><br>Action would approve increasing the dollar amount of three (3) legal services contracts to cover expenses through the remainder of Fiscal Year 2015 (FY15) and all of Fiscal Year 2016 (FY16).  | Approve            |
| 8.  | <u>Investment Report - March 2015</u>   | Information        |
| 9.  | <u>California Department of Transportation Program of Projects for Federal Transit Administration Section 5311(f) Funding, Fiscal Year 2015</u><br>Action would approve Resolution No. 15-9 authorizing the use of, and application for, \$250,000 of Federal Transit Administration (FTA) Section 5311(f) funds for operating assistance in non-urbanized areas.   | Approve            |
| 10. | <u>Funding of Orange Line Tie Replacement Project - Francis to 43rd Street</u><br>Action would approve the use of \$463,825 in Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) program funding and transfer \$900,000 from the San Diego Metropolitan Transit (MTS) SD100 Replacement project (project number 11373) to fund the Orange Line Tie Replacement project.   | Approve            |
| 11. | <u>SAP Public Services, Inc. - Contract Award</u><br>Action would authorize the Chief Executive Officer (CEO) to: (1) ratify the \$63,227 in additional software license support included in MTS's contract with SAP Public Services, Inc. (SAP) (MTS Doc. No. G1680.0-14); and (2) authorize the CEO to execute MTS Doc. No. G1680.1-14 amending the contract with SAP to purchase MS SQL Server Run-Time Licenses for the SAP Implementation of the Enterprise Resource Planning (ERP)/Transit Asset Management (TAM) Project and consolidate software support expenses for other SAP licenses under a single contract. | Ratify/<br>Approve |

## CLOSED SESSION

- |     |  |                    |
|-----|--|--------------------|
| 24. | a. CLOSED SESSION - CONFERENCE WITH LABOR NEGOTIATORS<br>Pursuant to California Government Code Section 54957.6<br><u>Agency:</u> San Diego Transit Corporation<br><u>Agency-Designated Representative:</u> Jeff Stumbo<br><u>Employee Organization:</u> Amalgamated Transit Union, Local 1309 (Representing Bus Operators and Clerical Employees at SDTC)<br><u>Employee Organization:</u> International Brotherhood of Electrical Workers, Local 465 (Representing SDTI Train Operators, Electromechanics, Servicers and Clerical) | Possible<br>Action |
|     | b. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS<br>Pursuant to California Government Code Section 54956.8  | Possible<br>Action |
|     | <u>Oral Report of Final Actions Taken in Closed Session</u>  |                    |

## NOTICED PUBLIC HEARINGS

- |     |  |                 |
|-----|--|-----------------|
| 25. | <u>Fiscal Year 2016 Budget: Public Hearing and Adoption (Mike Thompson)</u><br>Action would: (1) hold a public hearing, receive testimony, and review and comment on the fiscal year 2016 budget information presented in this report; and (2) enact resolution No. 15-10 adopting the operating and capital budget for MTS and approving the operating budgets for San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, and the Coronado Ferry. | Enact/<br>Adopt |
|-----|--|-----------------|

## DISCUSSION ITEMS

- |     |  |         |
|-----|--|---------|
| 30. | <u>Title VI Update (Denis Desmond)</u> | Approve |
|-----|--|---------|

## REPORT ITEMS

- |     |   |             |
|-----|---|-------------|
| 45. | None.   |             |
| 60. | <u>Chairman's Report</u>  | Information |
| 61. | <u>Audit Oversight Committee Report</u>   | Information |
| 62. | <u>Chief Executive Officer's Report</u>   | Information |
| 63. | <u>Board Member Communications</u>  |             |
| 64. | <u>Additional Public Comments Not on the Agenda</u><br>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. | <u>Next Meeting Date:</u> June 18, 2015   |             |
| 66. | <u>Adjournment</u>  |             |



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## Agenda Item No. 6

### MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

May 14, 2015

**Draft for  
Executive Committee  
Review Date: 5/7/15**

**SUBJECT:**

SAN DIEGO AND ARIZONA EASTERN (SD&AE) RAILWAY COMPANY QUARTERLY  
REPORTS AND RATIFICATION OF ACTIONS TAKEN BY THE SD&AE BOARD OF  
DIRECTORS AT ITS MEETING ON APRIL 14, 2015.

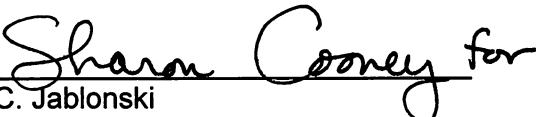
**INFORMATIONAL ONLY**

Budget Impact

None.

**DISCUSSION:**

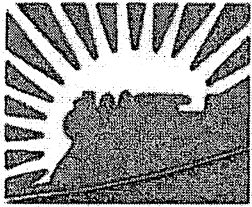
Pursuant to the Agreement for Operation of Freight Rail Services, SD&IV, Museum, and PIR have provided operations reports during the first quarter of 2015 (Attachment A).

  
Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachment: A. SD&AE Meeting Agenda and Materials





**SAN DIEGO & ARIZONA  
EASTERN RAILWAY  
COMPANY**

A NEVADA NONPROFIT  
CORPORATION

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

**BOARD OF DIRECTORS**  
BRAD OVITT, CHAIRPERSON  
MATT DOMEN  
PAUL JABLONSKI

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

**LEGAL COUNSEL**  
KAREN LANDERS

# AGENDA

04-10-15 A08:37 IN

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

April 14, 2015

9:00 a.m.

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

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**ACTION  
RECOMMENDED**

1. Approval of the Minutes of January 27, 2015  
Action would approve the SD&AE Railway Company Minutes of January 27, 2015. Approve
2. Statement of Railway Finances (Larry Marinesi)  
Action would receive a report for information. Receive
3. Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Matt Domen)  
Action would receive a report for information. Receive
4. Report on Pacific Southwest Railway Museum (Diana Hyatt)  
Action would receive a report for information. Receive
5. Report on the Desert Line (Chas McHaffie)  
Action would receive a report for information. Receive
6. Real Property Matters (Tim Allison)
  - a. Summary of SD&AE Documents Issued Since January 27, 2015  
Action would receive a report for information. Receive
7. Board Member Communications
8. Public Comments
9. Next Meeting Date: July 14, 2015
10. Adjournment

# San Diego and Arizona Eastern Railway Company

4-14-15

## Sign-in Sheet (VOLUNTARY)

Name	Company
1. Geoffrey T. Scherman <i>Geoff Scherman</i>	
2. Blake C. Jones	CGW/SDIU
3. <i>MATT DOMER</i>	SDIU
4. <i>Diana Hyatt</i>	PSRM
5. <i>Don Stoecklein</i>	PIR
6. <i>CHAS McHaffie</i>	ERY
7. <i>Arthur Kennedy</i>	PIR. / AL LINDSON.
8. <i>Don Jones</i>	Trains magazine
9. <i>Lorrain M. Leighton</i>	Disrupted Public
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## MINUTES

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

January 27, 2015

A meeting of the Board of Directors of the San Diego & Arizona Eastern (SD&AE) Railway Company, a Nevada corporation, was held at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101, on January 27, 2015, at 9:00 a.m.

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

San Diego Metropolitan Transit System:	Tim Allison, Karen Landers, Wayne Terry, Erin Dunn
Pacific Southwest Railway Museum:	Diana Hyatt
Pacific Imperial Railroad, Inc.:	Dan Neveau, Jeff Kinsell, Charles McHaffie
San Diego & Midwestern Railway Partners, LLC.	Ed Kravitz
FPN USA, Inc.	Geoffrey Scheuerman
Ferrocarriles Peninsulares del Noroeste	R. Mitchel Beauchamp

1. Approval of Minutes

Mr. Jablonski moved to approve the Minutes of the October 21, 2014, SD&AE Railway Board of Directors meeting. Mr. Jones seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Erin Dunn reviewed the financial statement for the second quarter of Fiscal Year (FY) 2015 (attached to the agenda item).

Action Taken

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

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

Matt Domen reviewed the report of activities for the fourth quarter of 2014 (attached to the agenda item).

Mr. Jablonski inquired about a potential change in the amount of liquid petroleum gas (LPG) being transported. Mr. Domen responded that he anticipates an increase due to Conoco Phillips acquiring a permit from Mexico to import once again. Mr. Domen has been notified that by April 2015, the amount of cars will increase to nearly 100. Mr. Domen also stated that other LPG shippers will also be continuing their imports.

Action Taken

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

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the fourth quarter of 2014 report (attached to the agenda item).

Diana Hyatt requested that the Board grant PSRM possession of a gang car that is chained to the track outside of Jacumba. Diana Hyatt presented to the Board a report from Midland Rail Road Enterprises regarding the repair of a bridge structure at M.P. 66.77, and commented on the desire to have SD&AE assist in the funding of said project. Karen Landers notified the Board that this particular project is in the scope of work covered by the agreement between SD&AE and PIR.

In regards to the PSRM agenda item, Diana Hyatt, Paul Jablonski and Karen Landers agreed that SD&AE would issue PSRM a one year lease. This lease would be revocable on a 30 day notice as to not interfere with the PIR project.

Action Taken

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

5. Report on the Desert Line

Chas McHaffie gave an oral report for the fourth quarter of 2014. Mr. McHaffie reported that PIR had made their \$500,000 payment within the allotted time frame. Mr. McHaffie notified the Board that a new investor group supplied a \$5,000,000 cash letter to PIR to support ongoing negotiations with Mexico.

Chas McHaffie reported that the majority control of PIR has been transferred from The Nevada Group, to Kinsell Enterprises, with Jeff Kinsell being the new CEO of PIR. Mr. McHaffie introduced Dan Neveau as the new president of PIR.

Mr. Jablonski noted that the lease with PIR is in good standing. Mr. Jablonski also noted that the transfer of ownership does not alter the lease in any way. He went on to report that in early December there was a mediation hearing between all parties, and hosted by the US Consul General in Tijuana. The mediation was attended by San Diego Metropolitan Transit System (MTS), Pacific Imperial Railroad (PIR), and Baja Rail, and the governor of Baja's office. The mediation was held for the purpose of furthering the idea of a potential agreement between the railroad entities on both sides of the border for establishing a bi-national railway. PIR had requested of Baja Rail that there be a 50 year operating concession in Mexico. Baja Rail requested that PIR supply working capital for repairs. PIR showed proof of \$5,000,000 in assets assigned to Jeff Kinsell to show that they had working capital. All parties expect to continue mediation in this matter.

Action Taken

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

6. Real Property Matters

A. Summary of SD&AE Documents Issued since October 21, 2014.

Since the October 21, 2014, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-09-383.1: Lease extension to Cox Communications for a billboard at Euclid Ave. and Market St. in San Diego.
- S200-09-413.1: Lease extension to Cox Communications for a billboard at Harbor Drive and Civic Center Drive in National City.
- S200-09-414.1: Lease extension to Cox Communications for a billboard at 28<sup>th</sup> Street and Harbor Drive in San Diego.
- S200-09-415.1: Lease extension to Cox Communications for a billboard at Imperial Avenue and Merlin Drive in San Diego.
- S200-09-416.1: Lease extension to Cox Communications for a billboard at 32<sup>nd</sup> Street and Harbor Drive in San Diego.
- S200-15-609: Construction and Maintenance Agreement to SDG&E for at-grade private crossings along the Coronado Branch in Chula Vista.
- S200-15-610: Easements to SDG&E for at-grade private crossings along the Coronado Branch in Chula Vista.

B. F Street Underpass Crossing Interstate 5 in Chula Vista

Mr. Tim Allison submitted and reviewed an informational report regarding the F Street Underpass crossing Interstate 5 in Chula Vista.

Public Comment – Ed Kravitz

Mr. Kravitz addressed the Board regarding the Coronado Belt Line and the crossing at F Street. Mr. Kravitz went on to say that he has plans to work with The City of Chula Vista, The City of Imperial Beach and The City of National City to renew interest in the Coronado Belt Line due to growing traffic issues. Mr. Kravitz expressed concern about the proposed bike lane because if the diamonds are removed at F Street, there are very few options left for rail traffic to enter the Coronado Belt Line. Mr. Kravitz urged the Board to either not go through with the bike trail, or find another way for rail traffic to enter the Coronado Belt Line. Mr. Kravitz followed up by asking the Board to consider leasing or selling the right of way in question for the purpose of revitalizing the Coronado Belt Line.

Action Taken

Mr. Domen moved to receive the reports for information. Mr. Jones seconded the motion, and they were unanimously approved.

7. Board Member Communications

Mr. Jablonski asked Mr. Domen about the steep decline of cars originating in Mexico with SD&IV. Mr. Domen commented that the number of originating cars has always been very low. Mr. Domen commented that he and his marketing director recently met with rail officials in Mexico in order to educate them that the line is in service five (5) days a week. Mr. Domen reported that there is a warehouse and yard being built in Mexico and that he is anticipating some increase in traffic.

8. Public Comments

Reena Deutsch – Ms. Deutsch inquired about the status of the PIR repair bids.

Karen Landers responded to Ms. Deutsch stating that the milestones for PIR are as follows: September 1, 2015 is the deadline for initial repairs and October 1, 2015 is the deadline for the first test train. Karen Landers reported that MTS will be working with the new control group at PIR to get the updated construction schedule.

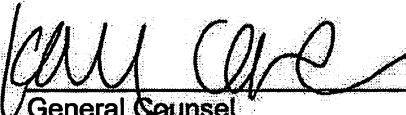
9. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on Tuesday, April 14, 2015.

10. Adjournment

The meeting was adjourned at 9:41am.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
General Counsel

SDAE Minutes Template.doc

Attachments: Campo Creek Railroad Structure – M.P. 66.77



**MIDLAND RAILROAD ENTERPRISES**  
(A division of Sierra Northern Railway)

341 Industrial Way  
Woodland, CA 95776-6012  
Tel: 530-666-9646  
Fax: 530-666-2919

Contractor's License No. 7538386

January 26, 2015

Mike Edwards, Director of Railroad Operations  
Pacific Southwest Railway Museum  
4695 Nebo Drive  
La Mesa, CA 91941

Re: Campo Creek Railroad Structure – M.P. 66.77

Mr. Edwards;

Midland Rail has completed a comprehensive on-site evaluation of the M.P. 66.77 railroad bridge structure and consulted with the Pacific Southwest Railway Museum representatives concerning the amount and availability of direct participation by the PSRM in labor, materials and equipment use.

The on-site evaluation determined that the bridge structure is in generally fair condition with needed repairs and the replacement of some deteriorated timber components is necessary.

Midland Rail established a list of needed materials at the time of the evaluation. It was determined in co-operation with PSRM that all needed bridge timber and bracing materials are available to perform the repairs to this structure. The needed timber materials are located in Campo and Jucumba, and require sorting and transport to the Campo Yard and prepared for use. A list of those needed components will follow in this document.

Midland Rail has prepared the following scope of work and a projection of administrative, labor and equipment time to carry out the determined repairs. A budgetary cost estimate has been prepared to include, but not limited to, the administration, labor and equipment to carry out the projected scope of work on the Mile Post 66.77 railroad bridge structure crossing Campo Creek.

**Scope of Work** – Mile Post 66.77 structure repairs

1. Replace 1 each, 12"x 14"x 14' defective cap at Bent #5 with in-stock relay bridge timber.
2. Remove the existing bridge deck components including but not limited to the running rail and deck ties. Secure all track components for reuse.

3. Upon removal of the bridge deck, all stringers will be evaluated and those components found defective will be prepared for replacement.
4. Replace all determined defective 8"x 17"x 30' stringers as necessary throughout the bridge structure from in-stock relay bridge timbers.
5. Reconstruct the bridge deck using the removed bridge deck components, new materials will include but not limited to tie plugs, track spikes, bolts, nuts and washers as needed. All track components to reconstruct the bridge deck will be taken from on-site stock.
6. Bent #1 – West end – replace two each defective 12"x 12" posts, replace defective 3"x 12"x 28' head wall timbers, install missing sway and sash bracing
7. Bent #2 – Replace defective and missing sway and sash bracing as needed.
8. Bent #3 – Shim post #2 at the cap, replace deteriorated sway bracing.
9. Bent #4 – Replace defective 3"x 8" sway braces and 6"x 8" sash braces.
10. Bent #5 – Replace defective cap as noted in item #1 of the scope of work.
11. Bent #6 – Replace defective sash braces.
12. Bent #7 – Replace defective sash brace.
13. Bent #8 – Install missing sway and sash braces.
14. Due to several bents that appear to be out of plum and are subject to down grade braking by operations, longitudinal bracing will be installed the full length of the bridge on both sides. Longitudinal bracing to be installed will be 6"x 8" bridge timbers taken from stock.
15. Surface approaches as necessary.
16. Remove all repair generated excess materials and debris from the structure site.
17. Replace all defective and or deteriorated bridge stringers with in-stock relay bridge timbers.
18. Prepare a comprehensive materials list determined by the current evaluation and potentially available bridge timbers that may be in stock.
19. Prepare a cost estimate for Administration, Labor and Equipment necessary to perform the determined Scope of Work with consideration to PSRM participation.
20. Midland Rail to prepare a Budgetary Cost Estimate based on the current evaluation, best available information and material needs to include, but not limited to the Administration, Labor, Equipment and Material costs to perform the established Scope of Work.

**Budgetary Cost Estimates** – Midland Rail has prepared the following budgetary cost estimates to reflect the Administrative, Labor and Equipment costs to perform the above scope of work.

**Administration and Labor** - Administration and Labor including but not limited to all projected wages and expenses to perform the determined scope of work. The duration of the project is approximately 7 project work days and 2 days for mobilization and demobilization. Projected budgetary lump sum cost for Administration and Labor.....\$38,055.00.

**Equipment** – Support vehicles and bridge tools are included in the estimated administration and labor costs. The project will require the use of a fairly large backhoe, (John Deere 710, 4 wheel drive, or similar) to perform the needed repairs. This equipment would be sourced locally. The estimated cost for a 7 day or 1 week plus rental with jobsite delivery and pick up is estimated at.....\$4,067.00.

**Materials** – It was determined that all materials needed to perform the repairs to the bridge structure at M.P. 66.77 are available in stock on Pacific Southwest Railway Museum property. Some sorting and preparation will be necessary to make those materials ready for use. The following is an approximate list of those needed materials:

392 linear feet of 6"x 8" treated timbers, sash braces  
 160 linear feet of 4"x 8" treated timbers, sway bracing  
 7 each – 8"x 17"x 30' treated timbers, stringers  
 1 each – 12"x 14"x 14', cap  
 Head wall timbers – 4 each, 3"x 12"x 28' treated timbers  
 412 each - new 5/8"x 6" track spikes  
 2 bundles of tie plugs  
 Replacement track bolts, if necessary  
 Assorted shim stock  
 8 pc - of 3/4" all thread, new in 16' to 20' lengths to cut for bolts  
 2 pc - of 3/4" cold roll for drifts  
 60 each - 3/4" nuts  
 60 each – 3/4" bridge washers

All materials needed are in PSRM stock or are available locally. All thread, cold roll material, hex nuts and bridge washers may not be available in stock.

Contingency cost for materials not known to be in stock.....\$500.00

**Lump sum budgetary estimate to complete the projected scope of work....\$42,622.00**

This estimate is based on the on-site evaluation of the M.P. 66.77 bridge structure and takes into account the available materials and or any equipment or labor made available by the Pacific Southwest Railway Museum. Reduction in the estimated cost may occur based on actual contributions made to the project by the PSRM. A final proposal can be made when the scope of work and resources are finally determined.

Midland Rail awaits your response, any questions or further discussion should be directed to Steven Lackner, Midland Rail Enterprises, ph 530-681-1038 or email [midlandrail8@gmail.com](mailto:midlandrail8@gmail.com)

Thank you,  
 Steven D. Lackner  
 Project Manager

## **Agenda**

## **Item No. 2**

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

April 14, 2015

**SUBJECT: STATEMENT OF RAILWAY FINANCES**

### **RECOMMENDATION:**

That the SD&AE Railway Company Board of Directors receive a financial report for the quarter ending March 31, 2015.

#### **Budget Impact**

None

### **DISCUSSION:**

Attached are the financial results for the third quarter of Fiscal Year (FY) 2015, which includes the periods ended March 31, 2015 and 2014.

The current year-to-date revenues are \$762,000 favorable to budget primarily due to the Desert Line Lease revenue not included in the budget, as well as an increase in Lease and Operator Income. Income has decreased by \$76,000 compared to the same period last year primarily due to the decrease in Right of Entry Permit revenue.

Expenses are \$3,000 favorable to budget primarily due to the favorable variance in Outside Services slightly offset by an unfavorable variance in Personnel Costs. Expenses have increased by \$4,000 over the same period last year primarily due to the increase in Outside Services.

The Net Income for the first three quarters of FY15 was \$732,043 compared to net income of \$812,409 for the same period in FY14.

**Attachments: SD&AE Operating Statement 3<sup>rd</sup> Quarter FY 2015**

## SD&amp;AE Operating Statement FY2015-14

	FY 2015						FY 2014	
	Q1 Actual	Q2 Actual	Q3 Actual	YTD Actual	YTD Budget	Variance	Q1 - Q3 Actual	Variance
<b>Revenues</b>								
Right of Entry Permits	\$ (11,600)	20,506	3,750	12,656	\$ 16,430	\$ (3,774)	\$ 94,678	\$ (82,022)
Lease Income	18,881	17,623	22,236	58,740	48,677	\$ 10,063	49,705	\$ 9,035
Desert Line Lease Revenue	250,000	250,000	250,000	750,000	-	\$ 750,000	750,000	\$ 0
Operator Income - SD&IV 1% Freight Fee	9,000	9,000	2,225	20,225	11,724	\$ 8,501	48,902	\$ (28,677)
Other Income			25,500	25,500	27,875	(2,375)	-	25,500
<b>Total Revenue</b>	<b>266,281</b>	<b>297,129</b>	<b>303,711</b>	<b>867,121</b>	<b>104,706</b>	<b>762,415</b>	<b>943,285</b>	<b>(76,164)</b>
<b>Expenses</b>								
Personnel Costs	32,925	28,889	23,818	85,632	82,425	(3,207)	98,688	13,056
Outside Services	8,050	25,998	3,864	37,912	43,737	5,825	20,569	(17,343)
Risk Management	3,480	3,895	3,850	11,225	11,581	356	10,885	(340)
Misc. Operating Expenses	284	-	25	309	500	191	734	425
<b>Total Expense</b>	<b>44,739</b>	<b>58,782</b>	<b>31,557</b>	<b>135,078</b>	<b>138,243</b>	<b>3,164</b>	<b>130,876</b>	<b>(4,202)</b>
<b>Net Income/(Loss)</b>	<b>\$ 221,542</b>	<b>\$ 238,347</b>	<b>\$ 272,154</b>	<b>\$ 732,043</b>	<b>\$ (33,537)</b>	<b>\$ 765,579</b>	<b>\$ 812,409</b>	<b>\$ (80,366)</b>

<b>Reserve Balance 2014</b>	<b>\$ 1,576,036</b>
-----------------------------	---------------------

Allocated Interest Earnings - Estimated	3,750
Operating Profit/(Loss)	732,043

<b>Reserve Balance 2015 - Estimated</b>	<b>\$ 2,311,829</b>
---	---------------------

## **Agenda Item No. 3**

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

April 14, 2015

**SUBJECT:**

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

**RECOMMENDATION:**

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

Budget Impact

None.

**DISCUSSION:**

A report will be presented during the meeting.

**Attachment:** Periodic Report for the 1st Quarter of 2015



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

April 6 , 2015

## Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company activities of interest for the 1st Quarter of 2015 are listed as follows:

### 1. Labor

At the end of March 31, 2015 the San Diego & Imperial Railroad had 9 employees:

- 1 General Manager
- 1 Trainmaster
- 1 Manager - Marketing & Sales
- 1 Office Manager
- 1 Mechanical Manager
- 1 Maintenance of Way Employee
- 3 Train Service Employees

## 2. Marketing

Volume in the 1st Quarter declined 24% as compared to 2014. Bridge traffic had a 40% decrease, primarily driven by a decrease in LPG going into Mexico. Traffic terminating or originating on the SDIY was up 88% versus last year. Increase is due to the addition of two new customers, a ethanol transload operation in San Ysidro, and a plastic storage customer in National City.

## 3. Reportable Injuries/Environmental

Days through year to date, March 31, 2015, there were no FRA Reportable injuries or Environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: 6570

## 4. Summary of Freight

	2015	2014	2013
Total rail carloads that moved by SDIY Rail Service in the quarter.	906	1185	1227
Total railroad carloads Terminating/Originating Mexico in the quarter.	621	1033	1043
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	285	152	184
Total customers directly served by SDIY in the quarter	12	10	10
Regional Truck trips that SDIY Railroad Service replaced in the quarter	2718	3555	3681

Respectfully,

Matt Domen

General Manager

## **Agenda Item No. 4**

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

April 14, 2015

**SUBJECT:**

Report on Pacific Southwest Railway Museum

**RECOMMENDATION:**

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

Budget Impact

None.

**DISCUSSION:**

A report was not submitted in time for the mail-out.

Attachment: To be provided at the meeting



## Pacific Southwest Railway Museum

La Mesa Depot 4695 Nebo Drive La Mesa, CA 91941 619-465-7776

April 7, 2015

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

Re: First Quarter 2015

Dear SD&AE Board:

During the first quarter of 2015, utilizing all volunteer crews, the Pacific Southwest Railway Museum ran 56 passenger trains carrying 2,333 passengers with no FRA reportable accidents or injuries. Total income from SD&AE property for first quarter, 2015 was \$36,462.69. Our check for \$729.25 is enclosed. By comparison, PSRM carried 2,223 passengers during the first quarter of 2014 and total income from SD&AE property was \$36,566.33.

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

2,333 passengers during the first quarter of 2015;	\$36,462
2,223 passengers during the first quarter of 2014;	\$36,566
3,081 passengers during the first quarter of 2013;	\$20,932
3,001 passengers during the first quarter of 2012;	\$27,281
924 passengers during the first quarter of 2011;	\$19,192

Passenger ridership remains steady. Bunny Trains were the only special event trains of this quarter.


PSRM continues to maintain both signalized railroad crossings within our right of way limits performing the monthly and quarterly inspections. PSRM also performs twice-weekly track inspections between MP 59.9 and 66.77. Likewise, our volunteer track crew continues to perform track maintenance tasks, particularly tie replacement on the mainline. During the first quarter, 72 ties were replaced.

On Saturday, January 17<sup>th</sup> the 14:30 departure of the westbound Golden State train derailed, due to wide gauge near MP 61. The passenger cars on the train did not derail, only the locomotive. It is believed that the heavy rains earlier in the month caused the ties to swell and as they dried out the spikes loosened. There were no injuries or damage, however Golden State trains were cancelled on Sunday, January 18<sup>th</sup> in order to effect track repairs. Eight gauge rods were installed and six ties replaced allowing for the rerailing of the locomotive and the return of the consist to the museum's yard. Since then, an additional thirty ties were replaced in this curve and the slow order has been removed. This was not an FRA reportable accident as there were no injuries and damages did not exceed \$10,500 in accordance with 49 CFR part 225.19.

Other events during this quarter included the Three Kings Train event in Tecate, B.C., Mexico on Sunday, January 4, 2015. Unfortunately, the daylighting of tunnel 3 and the restoration of the roadbed at Lindero was not completed in time for the museum to provide the train aspect. This year marks the sixth year without a train. Fortunately, progress is being made and we are optimistic that the Three Kings Train aka The Christmas Train will arrive in Tecate on Sunday, January 3, 2016 by train from Campo replete with volunteers, the Three Kings and Santa.

I would also like to take this opportunity to request the donation of two first generation San Diego Trolley cars. We believe such an acquisition complies implicitly with our mission of preserving the physical legacy of railroads in San Diego County. Your consideration in this respect is greatly appreciated.

Sincerely,

  
Diana Hyatt  
President

## **Agenda Item No. 5**

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

April 14, 2015

**SUBJECT:**

**REPORT ON THE DESERT LINE**

**RECOMMENDATION:**

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

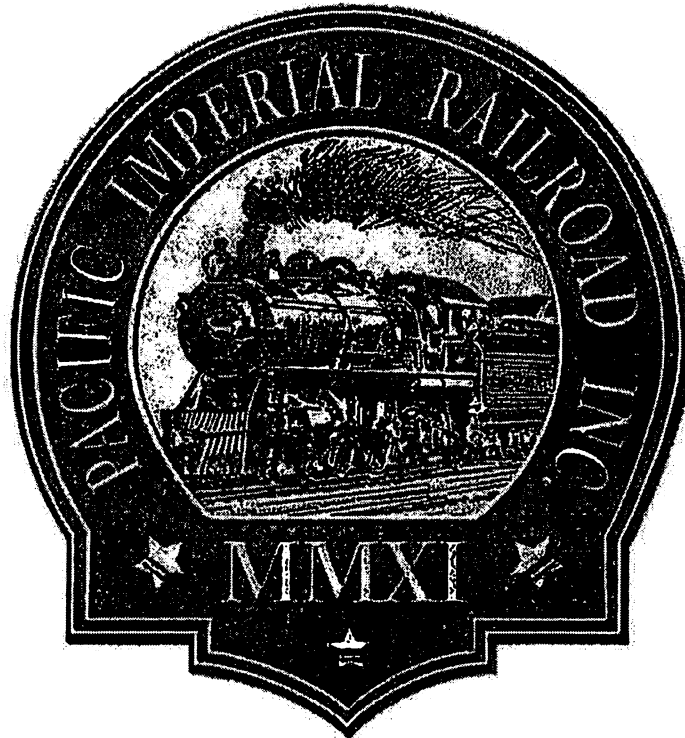
Budget Impact

None.

**DISCUSSION:**

A report will be presented during the meeting.

**Attachment: Quarterly Report**



# PERIODIC REPORT

April 14, 2015

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

**Pacific Imperial Railroad, Inc.**

# **First Quarter 2015**

## **CONTENTS**

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

**APPENDIX A: Letter to MTS dated March 10, 2015 regarding  
Incident Report**

**I. CHANGES IN MANAGEMENT**

- a. At this time, PIR reports no change in management.

**II. GOVERNMENTAL RELATIONS**

- a. PIR has engaged the services of Arturo Alemany, the Founding Partner of B2G, to assist in negotiations with Baja Rail, which are intended to result in a Bi-National Railroad. In the interim, Mr. Alemany is coordinating a Freight Haulage Agreement with Mexico which would allow the movement of Freight upon completion of the improvements on the Mexican and US side of the border.

**III. DESERT LINE**

**a. Reconstruction Plan**

- i. **Inspections-** PIR submitted its Desert Line Reconstruction Plan Supplement (DLRPS) during the second quarter in 2014 and MTS approved the DLRPS on August 28, 2014.
- ii. **Approval-** Karen Landers, General Counsel of MTS, submitted a letter to PIR Approving the Desert Line Reconstruction Plan and Initiation of Initial Repair Milestones. PIR's current plan is to complete the repairs

required to run a Test Train by September 1, 2015, and actually run the Test Train by October 1, 2015, with Limited Operations commencing in late December, 2015.

**b. Commencement of Reconstruction-**

- i. As a result of the approval on August 8, 2014 of the Reconstruction Plan, PIR coordinated discussions with civil engineering and environmental contractors to commence demolition and reconstruction of the "Priority One" bridges, commencing with the Miller Creek Bridge at MP 66.77.

**IV. REPORTABLE**

**INJURIES/ACCIDENTS/ENVIRONMENTAL INCIDENTS**

- i. There have not been any reportable accidents; however during early March of 2015, PIR submitted a response to an inquiry in regards to a train car which had been released by vandals and had jumped the track. A copy of the correspondence and photos is attached.
- ii. There have not been any reportable injuries.
- iii. There have not been any reportable environmental incidents.

## **V. MARKETING**

- a. PIR is working with Baja Rail in an effort for both PIR and Baja Rail continuing to access the revenue model generated from the flow of products on the Desert Line out of the maquiladoras in Baja California.

## **VI. FREIGHT ACTIVITY**

- a. Currently, PIR has not commenced revenue generation pending completion of the Construction required to move freight on both Baja Rail and the Desert Line. A tour, led by Fernando Beltran, President and CEO of the railroad line in Baja provided a look, by PIR representatives, at the significant amount of work done in rail crossings, rail and tie replacement, bridge repairs, spur construction, and the daylighting of Tunnel No. 3 in Baja Mexico.

## **VII. MTS OPERATING AGREEMENT REQUIREMENTS**

- a. Pursuant to the Amended and Restated Desert Line Lease and Operating Agreement between PIR, San Diego and Arizona Eastern Railways Company and the San Diego Metropolitan Transit System, PIR was required to make a \$500,000 payment

during the First Quarter of 2015, which payment was made in early January 2015.

**i. Initial Repairs.** Initial Repairs shall be completed within 12 months after approval, by SD&AE of the Desert Line Reconstruction Plan ("DLRP"). The DLRP was approved on August 28, 2014 commencing a 12 month window in which to complete the Initial Repairs. PIR has obtained a bid for 14 of the bridges required to meet the "Test Train" milestone in addition to a bid from an additional 37 bridges to commence limited operations.

**ii. Rent/Lease Payment:** PIR shall pay SD&AE semi-annually, a lump sum payment of \$500,000.

1. The January 1, 2015 \$500,000 payment was made to SD&AE.



## **PACIFIC IMPERIAL RAILROAD, INC.**

March 10, 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 by PIR to prepare this letter in response to your email inquiry dated March 9, 2015 in reference to a derailment on Pacific Imperial Railroad's ("PIR") Desert Line.

First, PIR became aware of the derailment through Diana Hyatt, who understood that the event was discovered by a hiker in the vicinity of the derailment, and reported the event to the police. As we have no investigatory ability, it is unknown as to whether the event was due to railroad trespassing and vandalism, or merely the age of the cars, and defective equipment, which should be scraped. PIR has taken steps to inquire as to scraping the cars through the appropriate means. Additionally, and pursuant to MTS's interest in preventing a safety risk, PIR is assessing other safety issues regarding the Desert Line; however the public should be generally aware that trespassing on a railroad's private property and along railroad rights-of-way are illegal when not pursuant to appropriate permission. In addition, the Desert Line railroad, in particular is inherently a hazardous one.

Since the Federal Railroad Administration (FRA) has jurisdiction of a railroad's reporting obligations, PIR sought the advice of the FRA's office to determine if an Accident/Incident Report was required to be filed pursuant to FRA F 6180.54. As indicated in the Form's guidance, "A railroad need not report the following: Cars derailed on industry tracks by non-railroad employees or non-railroad employee vandalism, providing there in no involvement of railroad employees." Therefore,

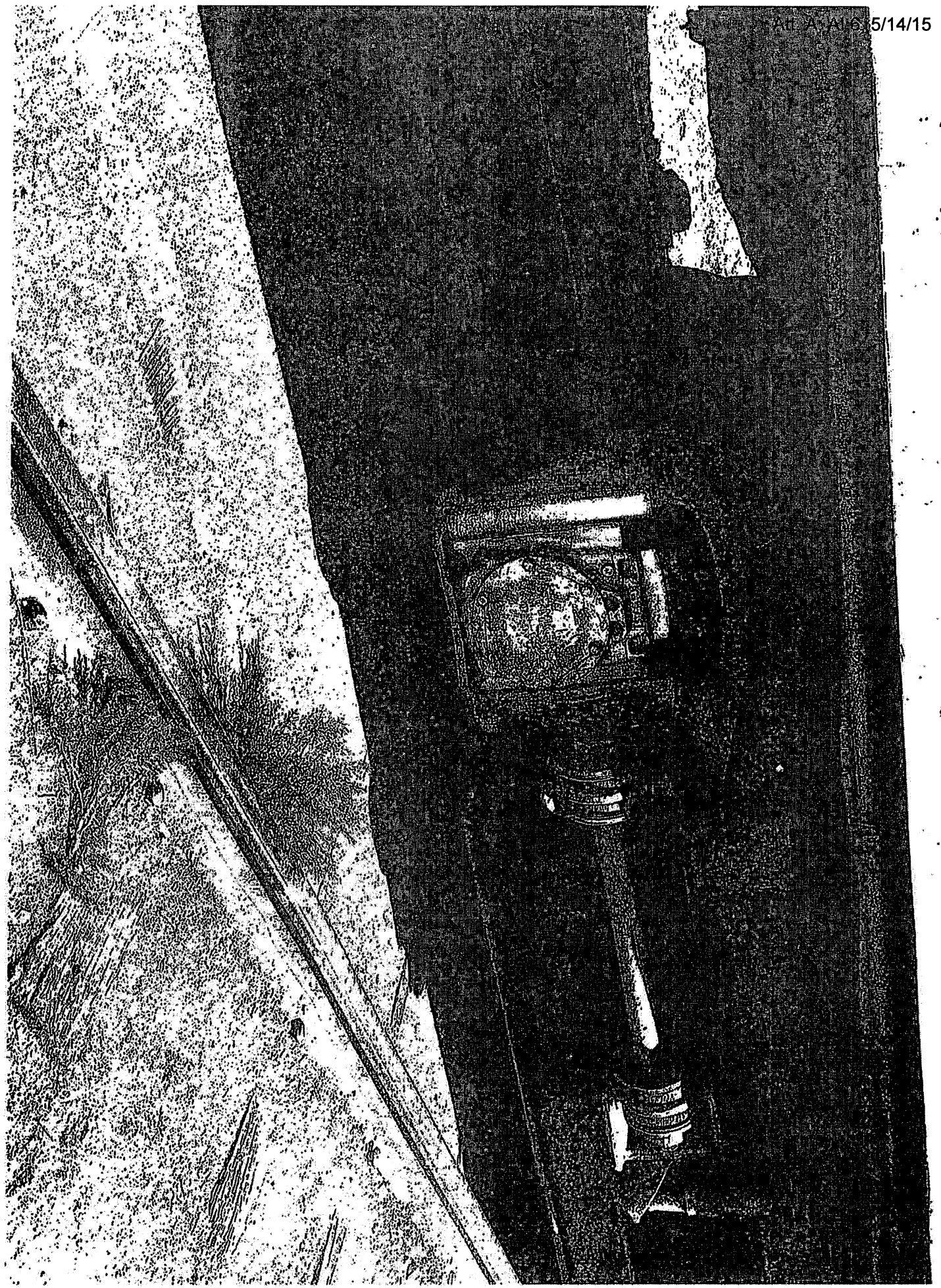
on the advice of the FRA, PIR chose not to report the incident. Additionally, we do not believe the incident was of such value as to require any other form of reporting.

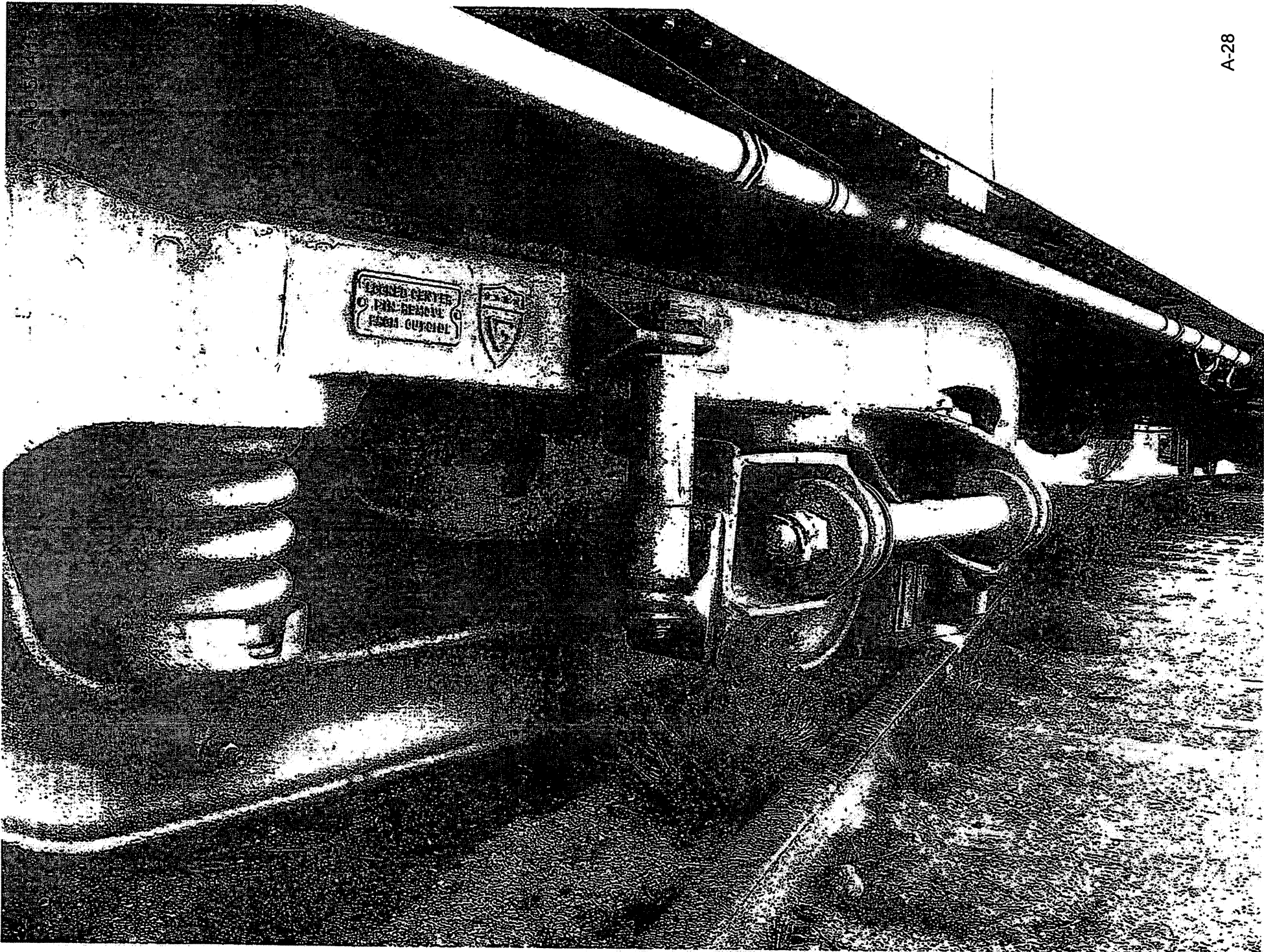
We are enclosing, with this correspondence, pictures of the derailed car for your files. We will keep you informed of any new information on the above as events unfold.

Sincerely,

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

Donald J. Stoecklein, General Counsel





## Agenda

## Item No. 6

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

April 14, 2015

### SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE JANUARY 27, 2015

### RECOMMENDATION:

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

#### Budget Impact

None.

### DISCUSSION:

Since the January 27, 2015, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-15-607: Right of Entry Permit to the Fishel Company to construct underground fiber optics north of Palomar Street on the Coronado Branch in Chula Vista.
- S200-15-613: Property Access Agreement with the U.S. Fish and Wildlife Service for access to the Coronado Branch near Gunpowder Point for environmental testing.
- S200-15-614: License Agreement to the U.S. Fish and Wildlife Service for a birding and walking trail near Imperial Beach on the Coronado Branch.
- S200-15-615: Right of Entry Permit to O'Donnell Construction, Inc. to retrofit the Old Highway 80 Bridge crossing over the Desert Line near Jacumba.
- S200-15-616: Right of Entry Permit to KTA Construction, Inc. to access and perform maintenance on sewer manholes in Hollister Street, south of Main Street in Chula Vista.

- S200-15-618: Right of Entry Permit to Anza-Borrego Desert Natural History Association for a hike along the Desert Line in eastern San Diego County into the Carrizo Gorge.
- S200-15-620: Right of Entry Permit to the City of La Mesa for their Flag Day Parade.



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

## Agenda Item No. 7

### MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

May 14, 2015

**Draft for  
Executive Committee  
Review Date: 5/7/15**

#### SUBJECT:

INCREASED AUTHORIZATION FOR THREE LEGAL SERVICE CONTRACTS TO PAY  
PROJECTED EXPENSES IN FISCAL YEARS 2015 AND 2016

#### RECOMMENDATION:

That the Board of Directors approve increasing the dollar amount of three (3) legal services contracts to cover expenses through the remainder of Fiscal Year 2015 (FY15) and all of Fiscal Year 2016 (FY16).

#### Budget Impact

Sufficient funding has been programmed to pay these expenses in the current operating budget as well as in next year's proposed operating budget. The departments from which these expenses are drawn include: Risk & Claims, General Counsel, and Human Resources.

#### DISCUSSION:

Pursuant to MTS Policy No. 52 (Procurement of Goods and Services), the CEO may enter into contracts with service providers for up to \$100,000. The Board must approve all agreements in excess of \$100,000.

On December 8, 2011, the Board established a panel of qualified law firms to assist the San Diego Metropolitan Transit System (MTS), San Diego Trolley, Inc. (SDTI) and San Diego Transit Corporation (SDTC) with various legal matters on an as-needed basis. Thereafter, MTS began contracting with eighteen of the approved firms for designated amounts. The firms provide different specialties of law, such as tort liability, workers' compensation, employment practices, real estate, environmental, etc.

The firms referenced below received contract increases in July 2014 to pay current and anticipated legal expenses in FY15. Due to an increase in litigation activity handled by



these three firms, it is anticipated there will not be enough funds remaining in their current contract spend authority to pay their expenses through the end of the current fiscal year. Since contract amendments will be required with each of them, staff is requesting authority not only to cover expenses through the end of the current fiscal year, but additionally throughout FY16 as well.

The following table includes the contracts needing Board approval to increase the dollar amount for legal services contracts:

#	Firm Name	Contract/ Amendment No.	Current Contract Amount	Proposed Increase Amount	Total Contract Amount	Attachment
1	Wheatley Bingham & Baker, LLP	G1434.4-12	\$1,210,000	\$550,000	\$1,760,000	A
2	Law Office of Michael E. Ripley	G1428.4-12	\$ 430,000	\$350,000	\$ 780,000	B
3	Paul, Plevin, Sullivan & Connaughton, LLP	G1430.5-12	\$ 580,000	\$205,000	\$ 785,000	C
Totals			\$2,220,000	\$1,105,000	\$3,325,000	

#### CONCLUSION:

Therefore, staff recommends that the Board of Directors approve increasing the dollar amounts for the above-mentioned legal services contracts for current and future legal expenses through FY16.

  
 Paul C. Jablonski  
 Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachments: A. Draft MTS Doc. No. G1434.4-12  
 B. Draft MTS Doc. No. G1428.4-12  
 C. Draft MTS Doc. No. G1430.5-12

DRAFT

May xx, 2015

MTS Doc. No. G1434.4-12  
LEG 491 (PC 50633)

Wheatley Bingham & Baker, LLP  
Mr. Roger P. Bingham  
Partner  
1201 Camino Del Mar, Suite 201  
Del Mar, CA 92014

Dear Mr. Bingham:

Subject: AMENDMENT NO. 4 TO MTS DOC. NO. G1434.0-12; LEGAL SERVICES – GENERAL & TORT LIABILITY

This shall serve as Amendment No. 4 to our agreement for the legal services as further described below.

#### SCOPE

Continue to provide legal services – general & tort liability in accordance with the terms and conditions of the original agreement, MTS Doc. No. G1434.0-12.

#### SCHEDULE

There shall be no change to the schedule of this contract.

#### PAYMENT

This contract amendment shall authorize additional costs not to exceed \$550,000 for legal services. The total value of this contract including this amendment shall be in the amount of \$1,760,000. This amount shall not be exceeded without written approval from MTS.

Please sign and return the copy marked “original” to the Contracts Specialist at MTS. All other terms and conditions shall remain the same and in effect. Retain the other copy for your records.

Sincerely,

Agreed:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Roger P. Bingham  
Wheatley Bingham & Baker, LLP

MAY2015.G1434.4-12.WBB.doc

Date: \_\_\_\_\_

Cc: K. Landers, S. Lockwood, C. Aquino, Procurement File

DRAFT

May xx, 2015

MTS Doc. No. G1428.4-12  
LEG 491 (PC 50633)

Michael E. Ripley  
Mr. Michael Ripley  
Attorney/Proprietor  
12520 High Bluff Dr., Suite 110  
San Diego, CA 92130

Dear Mr. Ripley:

Subject: AMENDMENT NO. 4 TO MTS DOC. NO. G1428.0-12; LEGAL SERVICES – GENERAL  
AND TORT LIABILITY

This shall serve as Amendment No. 4 to our agreement for the legal services as further described below.

#### STATEMENT OF WORK

Continue to represent and defend MTS, SDTC, and SDTI in tort liability matters in accordance with the terms and conditions as stated on MTS Doc No. G1428.0-12.

#### SCHEDULE

There is no change to the term of this agreement.

#### PAYMENT

This contract amendment shall authorize additional costs not to exceed \$350,000 for legal services. The total value of this contract including this amendment shall be in the amount of \$780,000. This amount shall not be exceeded without written approval from MTS.

Please sign and return the copy marked "original" to the Contracts Specialist at MTS. All other terms and conditions shall remain the same and in effect. Retain the other copy for your records.

Sincerely,

Agreed:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Michael E. Ripley, Attorney/Proprietor  
Michael E. Ripley

MAY2015.G1428.4-12.M.RIPLEY.LEGAL.doc

Date: \_\_\_\_\_

Cc: S. Lockwood, K. Landers, C. Aquino, Procurement File

DRAFT

May xx, 2015

MTS Doc. No. G1430.5-12  
LEG 491 (PC 50633)

Paul, Plevin, Sullivan, and Connaughton, LLP  
Mr. J. Rod Betts  
Partner  
101 W. Broadway, 9<sup>th</sup> Floor  
San Diego, CA 921081

Dear Mr. Betts:

Subject: AMENDMENT NO. 5 TO MTS DOC. NO. G1430.0-12; LEGAL SERVICES – LABOR AND  
EMPLOYMENT, ADA, CIVIL RIGHTS AND PUBLIC ENTITY

This shall serve as Amendment No. 5 to our agreement for the legal services as further described below.

#### SCOPE

Continue to provide legal services – labor and employment, ADA, civil rights and public entity law in accordance with the terms and conditions of the original agreement, MTS Doc. No. G1430.0-12.

#### SCHEDULE

There shall be no change to the schedule of this contract.

#### PAYMENT

This contract amendment shall authorize additional costs not to exceed \$205,000 for legal services. The total value of this contract including this amendment shall be in the amount of \$785,000. This amount shall not be exceeded without written approval from MTS.

Please sign and return the copy marked "original" to the Contracts Specialist at MTS. All other terms and conditions shall remain the same and in effect. Retain the other copy for your records.

Sincerely,

Agreed:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
J. Rod Betts  
Paul, Plevin, Sullivan and Connaughton, LLP

MAY2015.G1430.5-12.PAULPLEVIN.doc

Date: \_\_\_\_\_

Cc: K. Landers, J. Stumbo, S. Lockwood, B. Shannon, A. Crowhurst, C. Aquino, Procurement File



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

## Agenda Item No. 8

### MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

MAY 14, 2015

#### SUBJECT:

INVESTMENT REPORT – MARCH 2015

**Draft for**

**Executive Committee**

**Review Date: 5-7-15**

#### INFORMATIONAL ONLY

##### Budget Impact

None.

#### DISCUSSION:

Attachment A comprises a report of the San Diego Metropolitan Transit System (MTS) investments as of March 31, 2015. The combined total of all investments has increased month to month from \$88.8 million to \$91.7 million. This \$2.9 million increase is attributable to a \$2.8 million Proposition 1B cash receipt, \$4.7 million received for State Transit Assistance (STA) funding, and expenditures of \$3.5 million in acquisition of capital assets, as well as normal timing differences in other payments and receipts.

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

A handwritten signature in black ink that reads 'Sharon Cooney for'.

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachment: A. Investment Report for March 2015



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

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

**San Diego Metropolitan Transit System  
Investment Report  
March 31, 2015**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	<b>Average rate of return</b>
<b>Cash and Cash Equivalents</b>				
JP Morgan Chase - concentration account	-	21,733,954	21,733,954	0.00%
<b>Total Cash and Cash Equivalents</b>	<u>-</u>	<u>21,733,954</u>	<u>21,733,954</u>	
<b>Cash - Restricted for Capital Support</b>				
US Bank - retention trust account	4,758,582	-	4,758,582	N/A *
San Diego County Investment Pool Proposition 1B TSGP grant funds	<u>5,484,471</u>	<u>267,755</u>	<u>5,752,226</u>	
<b>Total Cash - Restricted for Capital Support</b>	<u>10,243,053</u>	<u>267,755</u>	<u>10,510,808</u>	
<b>Investments - Working Capital</b>				
Local Agency Investment Fund (LAIF)	<u>18,745,588</u>	<u>13,560,203</u>	<u>32,305,791</u>	0.278%
<b>Total Investments - Working Capital</b>	<u>18,745,588</u>	<u>13,560,203</u>	<u>32,305,791</u>	
<b>Investments - Restricted for Debt Service</b>				
US Bank - Treasury Strips - market value (Par value \$27,165,000)	<u>27,154,547</u>	<u>-</u>	<u>27,154,547</u>	
<b>Total Investments Restricted for Debt Service</b>	<u>27,154,547</u>	<u>-</u>	<u>27,154,547</u>	
<b>Total cash and investments</b>	<u><u>\$ 56,143,188</u></u>	<u><u>\$ 35,561,912</u></u>	<u><u>\$ 91,705,100</u></u>	

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



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

## Agenda Item No. 9

### MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

May 14, 2015

**Draft for  
Executive Committee  
Review Date: 05/07/15**

#### SUBJECT:

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

#### RECOMMENDATION:

That the Board of Directors approve Resolution No. 15-9, (Attachment A) authorizing the use of, and application for, \$250,000 of Federal Transit Administration (FTA) Section 5311(f) funds for operating assistance in non-urbanized areas.

#### Budget Impact

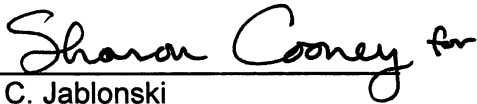
If awarded, the San Diego Metropolitan Transit System (MTS) will receive federal fiscal year 2015 5311(f) funds in the amount of \$250,000 for operating assistance. Based on the maximum 55.33% federal share of eligible expenditures, MTS will be required to provide non-federal matching funds in the amount of \$201,835, or 44.67% of the total project costs.

#### DISCUSSION:

The California Department of Transportation (Caltrans) administers a statewide competitive grant program wherein transit agencies and non-profit organizations are eligible to apply for up to \$300,000 in financial assistance for operations serving areas outside of the federally defined urban boundary. Eligible projects can include existing operations, new services or service expansion. However, projects must be consistent with the state-adopted objectives and meet federal certifications and assurance guidelines. MTS already meets the federal guidelines as an eligible recipient of other federal funds.



Caltrans requires the submission of a resolution by agency Board of Directors authorizing the submission of a grant application and project programming. Staff has also requested the San Diego Associations of Governments (SANDAG) to certify that it will amend the Regional Transportation Improvement Program in the event of a grant award, as per Caltrans requirements.

A handwritten signature in black ink that reads "Sharon Cooney for". The signature is written in a cursive, flowing style.

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachment: A. Resolution No. 15-9

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Resolution No. 15-9

Resolution Authorizing Federal Funding Under FTA Section 5311(f)  
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 nonurbanized public transit services under Section 5311(f) of the Federal Transit Act; and

WHEREAS, the California Department of Transportation has been designated by the Governor of the State of California to administer Section 5311(f) grants for public transportation projects; and

WHEREAS, San Diego Metropolitan Transit System (MTS) desires to apply for said financial assistance to operate rural transit service 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 San Diego County Health and Human Services;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that MTS does hereby authorize the Chief Executive Officer, or designated representative, to file and execute any actions necessary on behalf of MTS with the California Department of Transportation to aid in the financing of operating or capital assistance projects pursuant to Section 5311(f) 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 the California Department of Transportation to aid in the financing of operating or capital assistance projects pursuant to Section 5311(f) 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 the California Department of Transportation to aid in the financing of operating or capital assistance projects pursuant to Section 5311(f) of the Federal Transit Act of 1964, as amended.
3. The Chief Financial Officer is authorized to provide additional information as the California Department of Transportation may require in connection with the application for Section 5311(f) projects.

PASSED AND ADOPTED, by the Board of Directors this 14<sup>th</sup> day of May 2015, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

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Chairperson  
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

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Clerk of the Board  
San Diego Metropolitan Transit System

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Office of the General Counsel  
San Diego Metropolitan Transit System



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

## Agenda Item No. 10

### MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

May 14, 2015

**Draft for  
Executive Committee  
Review Date: 5/7/15**

#### SUBJECT:

FUNDING OF ORANGE LINE TIE REPLACEMENT PROJECT – FRANCIS TO 43<sup>RD</sup>  
STEET

#### RECOMMENDATION:

That the Board of Directors approve the use of \$463,825 in Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) program funding and transfer \$900,000 from the San Diego Metropolitan Transit System (MTS) SD100 Replacement project (project number 11373) to fund the Orange Line Tie Replacement project.

#### Budget Impact

The additional allocation of \$463,825 in PTMISEA and \$900,000 from the SD100 Replacement project (project number 11373) will be transferred to MTS project Orange Line Tie Replacement.

#### DISCUSSION:

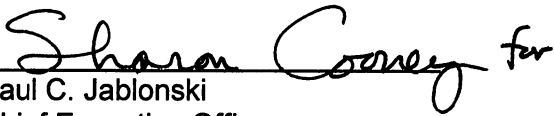
On April 17, 2015, MTS received its final allocation of PTMISEA in the amount of \$806,309. This funding source has been earmarked to fund the rehabilitation of MTS's Blue and Orange Line system. From the total of \$806,309, \$342,484 will be used to reimburse the San Diego Association of Governments (SANDAG) for the Blue Line Station project 1210030 and the remaining \$463,825 is funding that is in excess of the budgeted PTMISEA allocation amount.

As a result of recent Orange Line track inspections conducted between Francis and 43rd Street, a tie replacement project is recommended in this area as current track conditions require reduced train speeds. This Orange Line Tie Replacement project will replace 20 year old ties with new ties, and the track is to receive new ballast, tamped and lined.



Once these improvements have been implemented, optimum train speeds will be restored.

In order to fund the Orange Line Tie Replacement project, it requires a transfer of \$900,000 from the MTS SD100 Replacement project, along with the remaining \$463,825 from excess PTMISEA funding received.

  
Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)



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## Agenda Item No. 11

### MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

May 14, 2015

**Draft for  
Executive Committee  
Review Date: 5/7/15**

#### SUBJECT:

SAP PUBLIC SERVICES, INC. - CONTRACT AMENDMENT

#### RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors:

1. ratify the \$63,227 in additional software license support included in MTS's contract with SAP Public Services, Inc. (SAP) (MTS Doc. No. G1680.0-14) (Attachment A); and
2. authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1680.1-14 amending the contract with SAP (in substantially the same format as Attachment B) to purchase MS SQL Server Run-Time Licenses for the SAP Implementation of the Enterprise Resource Planning (ERP)/Transit Asset Management (TAM) Project and consolidate software support expenses for other SAP licenses under a single contract.

#### Budget Impact

The total costs associated with this amendment would be \$374,451, including ratification of the additional \$63,227 in software support services approved under the CEO's authority at the time of contract execution, and \$311,224 in additional software licenses and support being added with this amendment. The total SAP contract expense would increase from \$1,983,266.60 to \$2,294,490.60 (not including training).

The software costs would be funded through MTS Capital Improvement Program (CIP) Project Number 11345. Support services are funded as part of the annual operating budget under the Information Technology account code 661-53910.



## DISCUSSION:

The ERP/TAM project is implementing the SAP system for use in managing data and processes across many functional areas of MTS. The SAP system requires the use of relational database software, and MTS uses the Microsoft SQL Server database product as its standard. This amendment would purchase additional software licenses needed for the ERP/TAM Project, including support services until 2024, and consolidate the support services for other existing SAP licenses (an existing, ongoing MTS expense) under the MTS Doc. No. G1680.0-14 contract with SAP.

### Ratification of Support Services included in Original Contract

On July 17, 2014, the Board approved a contract with SAP (MTS Doc. No. G1680.0-14) to purchase ERP/TAM software licenses (\$600,000) and related software support services (\$1,320,000 in support services through 2024). That action included authorization for training services from SAP in an amount up to \$385,000. The original contract executed with SAP following Board approval did not include the training services, but did include additional license support fees that were not identified at the time of the Board meeting (see Attachment A). This amendment would ratify the additional \$63,227 in software support services that was approved under the CEO's authority (up to \$100,000 in new or amended expenditures).

### Purchase of SAP Run-Time MS SQL Server Licenses and Support Services

This amendment would authorize the purchase of new SAP run-time MS SQL Server Licenses. It was previously was not known that MTS did not have the appropriate licenses for this function.

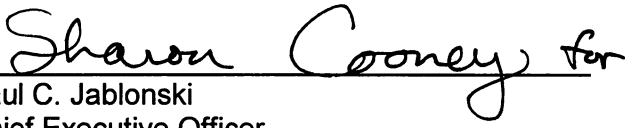
There are two types of MS SQL Server Licenses: full licenses and run-time licenses. Full licenses are much more expensive than run-time licenses, and the run-time SQL Server licenses that work with SAP are only available from SAP. The cost to obtain the full version of the MS SQL Server Licenses required to meet MTS's needs is \$428,535.00. In contrast, the cost from SAP for a run-time MS SQL Server Licenses for use by MTS supporting SAP software is \$53,639.32 (a savings of approximately \$375,000). The substantial savings available from SAP versus other vendors is the basis for the sole-source purchase request of this software license from SAP.

All software licenses require annual support services. The additional annual software support cost for the SQL Server software is \$11,801, or \$100,305 for 8.5 years of support (July 2015 through December 2024).

### Consolidation of Existing SAP Software Support Services Under MTS Doc. No. G1680.0-14

Prior to the start of the MTS ERP/TAM Project, MTS purchased other SAP software (Business Objects and Crystal Reports). These software licenses require annual support services, which were historically acquired through annual purchase orders to SAP. SAP's annual software support cost is 22% of the total cost basis of the software purchased by MTS. SAP has consolidated the invoicing for all products sold to MTS.

To properly document the contract file, this amendment would include the total cost of all SAP support services within MTS Doc. No. G1680.0-14. The additional ten years of support (covering calendar years 2014 through 2024) for the Business Objects and Crystal Reports software is approximately \$157,280.

  
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Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachments: A. Contract No. G1680.0-14 (Cover Pages only)  
B. Draft Amendment - Contract No. G1680.1-14



Att. A, AI 11, 5/14/15

Metropolitan Transit System

1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101-7490  
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STANDARD PROCUREMENT AGREEMENT

G1680.0-14  
CONTRACT NUMBER

FILE NUMBER(S)

THIS AGREEMENT is entered into this 30<sup>th</sup> day of September 2014, in the State of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following, hereinafter referred to as "Contractor":

Name: SAP Public Services, Inc.

Address: 1300 Pennsylvania Avenue, N.W., Suite 600, Washington, DC 20004

Form of Business: Corporation

Telephone: 202-312-3500

Authorized person to sign contracts: Terence Dougherty, Director, Contracts & Sr. Corp. Counsel

The Contractor agrees to furnish to MTS Enterprise Resource Planning software and support/maintenance services, as follows:

Attachment A – MTS Standard Procurement Conditions

Attachment B - SAP General Terms and Conditions

Attachment C - SAP Software License and Support Agreement ("Order Form")

Attachment D - SAP Enterprise Support Schedule

The total maximum spending authority for this contract is \$1,983,226.60 which is made up of the following:

\$599,563.17	<u>Software License Fee</u> (one-time fee) (see Attachment C, Schedule 1)
\$32,975.98	<u>Pro-rated New License Software Support</u> from October 1, 2014 through December 31, 2014 (see Attachment C, Section 2)
\$1,319,039	<u>Estimated 10 year New License Software Support</u> from January 1, 2015 through December 31, 2024 (\$131,903.90 per year through December 31, 2016, subject to escalation provision in Attachment C, Section 2 thereafter) <b>**Note that an amendment to this Agreement will be required to adjust spending authority for annual support in later years.</b>
\$31,648.46	<u>2 year Converted License Annual Support</u> from January 1, 2015 through December 31, 2016 (\$15,824.23 per year; subject to escalation provision in Attachment C, Section 2 thereafter) (Converted Licenses are defined in Attachment C, Schedule 2) <b>**Note that additional annual support for Converted Licenses beginning in January 2017 will require an amendment to this Agreement to provide additional spending authority.</b>
\$1,983,226.60	TOTAL

A-1

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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.



SAN DIEGO METROPOLITAN TRANSIT SYSTEMCONTRACTOR AUTHORIZATIONBy:   
Chief Executive Officer

Approved as to form:

By:   
Office of General CounselFirm: SAP PUBLIC SERVICES, INC.By:   
Signature

Title: Director, Contracts &amp; Sr. Corp. Counsel

AMOUNT ENCUMBEREDBUDGET ITEMFISCAL YEAR\$ 1,920,000.0011507-0002015-2025By:   
Chief Financial Officer9/30/14  
Date( 31 total pages)

SA-SERVICES REVISED (REV 1-14)

# DRAFT

Att. B, AI 11, 5/14/15

## STANDARD PROCUREMENT AGREEMENT

G1680.1-14  
CONTRACT NUMBER

FILE NUMBER(S)

THIS AGREEMENT is entered into this 15<sup>th</sup> day of May 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: SAP Public Services, Inc.

Address: 1300 Pennsylvania Ave, NW, Suite 600, Washington, DC 20004

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

Telephone: 202-312-3500

Authorized person to sign contracts: Terence Dougherty, Director, Contracts & Sr. Corp. Counsel  
Name Title

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

Attachment A – MTS Standard Procurement Conditions & Attachment B – SAP Amendment to Service Order Form 1. The total maximum spending authority for this contract is increased from \$1,983,266.60 to 2,294,490.60. The increase is made up of the following:

\$53,639	Software License Fee for SQL Server Run-time License
\$100,305	Estimated Software Support to 2024
\$157,280	Estimated Support for Previously Owned SAP Licenses
\$311,224	TOTAL

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
\$53, 639.32	CIP 11345	FY 2015
\$257,588.50	661-53910	FY 2014 - 2024

By: \_\_\_\_\_  
Chief Financial Officer Date

(\_\_\_\_ total pages, each bearing contract number)