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San Diego, CA 92101-7490
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Agenda

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

01-29-16P12:51 RCVD

February 4, 2016

Executive Conference Room
9:00 a.m.

ACTION RECOMMENDED

- A. ROLL CALL
- B. APPROVAL OF MINUTES - January 7, 2016 Approve
- C. COMMITTEE DISCUSSION ITEMS
1. Mendoza Agreement Update (Wayne Terry) Information
2. Airport Bus Service (Rob Schupp) Possible
Action
Action would receive a report and provide comment.
3. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY
NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE
SECTION 54956.8 Possible
Action
Property: Assessors Parcel Numbers (APN) 461-320-08-00 and 461-320-09-00; Negotiating Parties: Ahrens Partners, a General Partnership and Ahrens Declaration of Trust
Property: APN 562-220-28 and 562-330-24; Negotiating Parties: McCune Family Trust U/D/T August 7, 2013
Property: APN 356-410-07; Negotiating Parties: Velocity Properties of California LLC
Property: APN 450-480-12; Negotiating Parties: Rexford Industrial Realty, L.P.
Agency Negotiators: Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets
Under Negotiation: Price and Terms of Payment
- D. REVIEW OF DRAFT February 11, 2016 BOARD AGENDA



- | | | |
|----|--|--------------------|
| E. | <u>REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA</u>
Review of SANDAG Transportation Committee Agenda and discussion regarding any items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc. Relevant excerpts will be provided during the meeting. | Possible
Action |
| F. | COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS | |
| G. | PUBLIC COMMENTS | |
| H. | NEXT MEETING DATE: March 3, 2016 | |
| I. | ADJOURNMENT | |

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

January 7, 2016

MINUTES

A. ROLL CALL

Chairman Mathis called the Executive Committee meeting to order at 9:00 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Roberts moved for approval of the minutes of the December 3, 2015, MTS Executive Committee meeting. Ms. Bragg seconded the motion, and the vote was 5 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. Appointment of San Diego Association of Governments Transportation Committee Representative and Alternate (Sharon Cooney)

Sharon Cooney, Chief of Staff, stated that this item will take nominations to appoint a primary representative and alternate representative for the San Diego Association of Governments (SANDAG) Transportation Committee.

Action Taken

Mr. McClellan moved to nominate Harry Mathis, Chairman of the MTS Board of Directors to serve on the SANDAG Transportation Committee for the 2016 calendar year as the primary representative. Mr. Gloria seconded the motion, and the vote was 4 to 0 in favor with Mr. Mathis abstaining.

Mr. McClellan moved to nominate Lorie Bragg from the MTS Board to serve on the SANDAG Transportation Committee for the 2016 calendar year as the alternate member. Mr. Gloria seconded the motion, and the vote was 4 to 0 in favor with Ms. Bragg abstaining.

2. San Diego Transit Corporation (SDTC) Employee Retirement Plan's Actuarial Valuation as of July 1, 2015 (Robert McCrory and Anne Harper of Cheiron Inc. and Larry Marinesi)

Larry Marinesi, Chief Financial Officer, introduced Robert McCrory and Anne Harper of Cheiron, Inc. to provide the presentation on the SDTC Employee Retirement Plan's Actuarial Valuation. Ms. Harper began the presentation and reviewed the plan cost changes from last year, the plan cost history, funding history, history of active membership, plan cost by source and the plan future and projections. Ms. Harper noted that the projections are only estimates. She reviewed the projected total contribution rate and noted that costs are expected to increase slightly over the next five years due to the phasing-in of the unfavorable investment returns in FYE 2015 and then gradually decline starting in 2020. Ms. Harper reviewed the projected funded ratio and stated that it is expected to remain stable in the next few years and projected to be fully funded by 2035.

Lastly, she reviewed the next steps which include an Experience Study in early 2016 to analyze current actuarial assumptions and also to continue monitoring the investment policy.

Mr. Roberts inquired what the cost difference per year would be if the investment earnings assumption was decreased by half a percent. Mr. McCrory replied that they can get that information and report back by next week's Board meeting. Karen Landers, General Counsel, inquired if the Committee wanted to defer the recommended contribution amount until the additional information was provided. The Committee agreed that they would receive the report, but until additional information is provided, they would defer the recommended contribution amount. Mr. Marinesi noted that once information from the Experience Study is provided and discussed with the Budget Development Committee, the modified contribution amount for fiscal year 2017 can be approved during the normal budget process.

Action Taken

The report was received. No action taken.

3. Superlative Group – Contract Extension (Paul Jablonski)

Rob Schupp, Director of Marketing and Communications, stated that the Superlative Group was hired in 2010 and he provided a background on their work which ultimately led to the UC San Diego Blue Line naming rights deal. He noted that the naming rights deal was finalized in July 2015 and has a value of approximately \$36 million over 30 years. Mr. Schupp stated that they have also put in significant effort to market other naming rights partnerships. He stated that to continue those efforts, staff is proposing a four year contract extension with the Superlative Group.

Action Taken

Ms. Bragg moved to forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to extend the San Diego Metropolitan Transit System (MTS) contract with the Superlative Group (MTS Doc. No. G1262.0-09), consistent with the draft Amendment No. 5. Mr. McClellan seconded the motion, and the vote was 5 to 0 in favor.

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

Karen Landers, General Counsel, reported that MTS received the \$500,000 payment and has received a total of \$3 million to date. She stated that MTS has also received PIR's updated reconstruction plan and it is currently under review.

Action Taken

No action taken.

D. REVIEW OF DRAFT January 14, 2016 BOARD AGENDA (TAKEN BEFORE CLOSED SESSION)

Recommended Consent Items

6. Transit Store Project - Contract Award

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWG196.0-16 with Grahovac Construction Company Inc. (Grahovac) for the Transit Store Project.

7. MTS 69th Street Grade Crossing Replacement - Award Work Order Under a Job Order Contract

Action would authorize the Chief Executive Officer (CEO) to execute Work Order No. MTSJOC7501-03, under MTS Doc. No. PWL182.0-16, with Herzog Construction, Inc. (Herzog) for the provision of services, materials and equipment for the replacement of the grade crossing located at 69th Street on the Orange Line.

8. Adoption of Amended 2016 Conflict of Interest Code

Action would: (1) adopt Resolution No. 16-1 amending the MTS Conflict of Interest Code pursuant to the Political Reform Act (PRA) of 1974; (2) adopt the amended 2016 MTS Conflict of Interest Code; and (3) forward the amended 2016 MTS Conflict of Interest Code to the County of San Diego (the designated code-reviewing body).

9. Trolley On-Board Video Surveillance System (OBVSS) Post Warranty Maintenance and Repair Services - Contract Award

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1294.0-16 with UTC Fire & Security Americas Corporation, Inc. (UTC), for the provision of OBVSS post-warranty maintenance and repair services for three (3) years on MTS Light Rail Vehicles (LRV).

10. California Governor's Office of Emergency Services (CalOES) California Transit Security Grant Program (CTSGP) Funding, Fiscal Year 2015-2016

Action would approve Resolution No. 16-2, authorizing the use of, and application for, \$2,779,445 of California 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 - November 2015

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA (TAKEN BEFORE CLOSED SESSION)

There was no SANDAG Transportation Committee agenda discussion.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS (TAKEN BEFORE CLOSED SESSION)

There was no Committee Member Communications and Other Business discussion.

G. PUBLIC COMMENTS (TAKEN BEFORE CLOSED SESSION)

There were no Public Comments.

The Executive Committee convened for Closed Session at 9:57 a.m.

- C5. CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION/CONFERENCE WITH LABOR NEGOTIATORS - CHIEF EXECUTIVE OFFICER Pursuant to California Government Code Sections 54957 and 54957.6;
Agency-Designated Representative: Harry Mathis
Employee: Paul C. Jablonski

The Executive Committee reconvened from Closed Session at 11:39 a.m.

Oral Report on Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- C5. The Executive Committee reviewed and evaluated the CEO's performance in calendar year 2015 and gave instructions to labor negotiators.

H. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for February 4, 2016, at 9:00 a.m. in the Executive Committee Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 11:40 a.m.



Chairman

Attachment: A. Roll Call Sheet

EXECUTIVE COMMITTEE
SAN DIEGO METROPOLITAN TRANSIT SYSTEM

ROLL CALL

MEETING OF (DATE) January 7, 2016

CALL TO ORDER (TIME) 9:00 a.m.

RECESS _____

RECONVENE _____

CLOSED SESSION 9:57 a.m.

RECONVENE 11:39 a.m.

ADJOURN 11:40 a.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BRAGG ☒ (Rios) ☐	9:00 a.m.	11:40 a.m.
MCCLELLAN ☒ (McWhirter) ☐	9:00 a.m.	11:40 a.m.
GLORIA ☒ (Cole) ☐	9:00 a.m.	11:40 a.m.
MATHIS ☒	9:00 a.m.	11:40 a.m.
ROBERTS ☒ (Cox) ☐	9:00 a.m.	11:40 a.m.
Transportation Committee Rep Slot (Mathis)		

SIGNED BY THE CLERK OF THE BOARD: 

CONFIRMED BY THE GENERAL COUNSEL: 



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Agenda Item No. C1

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM EXECUTIVE COMMITTEE

February 4, 2016

SUBJECT:

MENDOZA AGREEMENT UPDATE (WAYNE TERRY)

INFORMATIONAL ITEM

Budget Impact

None. Revenue from the undelivered U-2 light rail vehicles was considered uncertain and therefore not included in the MTS budget.

DISCUSSION:

In two agreements executed in 2010 and 2012, MTS agreed to sell the Government of Mendoza, Argentina (Mendoza) 35 U-2 light rail vehicles which are no longer needed for MTS revenue service. Delivery of the first 11 operable vehicles took place in 2011 and two more were delivered in 2012. In November 2012 the Board of Directors authorized a contract amendment for the purchase of spare parts, the transfer of five non-operable light rail vehicles to Mendoza, and the loan of Maintenance employees to Mendoza for training and support purposes. MTS has provided ongoing advice and support to Mendoza concerning the maintenance and operation of its new light rail system since 2010. However, since the Mendoza purchase agreement expired in 2014 staff has continued to seek opportunities for disposal of the remaining U-2s. Staff will provide an update on these efforts.

A handwritten signature in cursive script that reads 'Sharon Cooney' followed by a small 'for' and a signature.

Paul C. Jablonski
Chief Executive Officer

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



Disposition of the Decommissioned Siemens U-2 Light Rail Vehicle (LRV) Fleet

Executive Committee Meeting
Thursday, February 4, 2016



1



Existing and Proposed LRV Allocations of the 71-Siemens U-2 LRV Fleet:

- 18 LRVs are in Mendoza, ARG
- 30 LRVs are to be acquired by Mendoza, ARG
 - 1 LRV is at the Rockhill Trolley Museum
 - 1 LRV is at the Western Railway Museum, 1 additional to be acquired
 - 1 LRV is to be acquired by the Orange Empire Railway Museum
 - 1 LRV (1001) to be retained for heritage purpose
 - 1 LRV to Karl Strauss Campus Brewery - Santee
- 2 LRVs are to be acquired by Homeland Security, San Antonio, TX
- 15 LRVs will be auctioned for scrape value (\$5-\$25K)



2





Karl Strauss Red Trolley Ale



5



San Diego to Mendoza



6



Arriving Mendoza



7



MTS & Mendoza - Maintenance Team



8



In Service in Mendoza



9



U2 in the snow for the first time



10



Contract chronology - MTS / Mendoza

- September 2010, 11 Siemens U2 LRVs at \$300,000.00 per unit = \$3,325,003.00, includes \$2,273.00 per LRV for disassembly in San Diego. Mendoza paid expenses of MTS staff to assist reassembly in Mendoza
- May 2012, 24 Siemens U2 LRVs, 12 at \$225,000.00 and 12 at \$200,000.00 = \$5,100,00.00, plus \$593,783.35 for spare parts. A down payment of \$1,020,000.00 was received and 2 operable LRVs were shipped. The contract terminated on June 20, 2014, with no further payments made.
- November 2012, the Board approved providing Mendoza \$593,783.35 in spare parts, 5 non-operable LRVs and MTS staff to assist maintenance activities in Mendoza, at Mendoza's expense. **(NOTE: the 2 operable LRVs & spare parts were provided in consideration of the initial down payment of \$1,020,000.00 on the May 2012 contract)**
- Proposed offer and tentative agreement with Mendoza for the remaining 30 operable Siemens U2 LRVs, at \$40,000.00 per unit = \$1,200,000.00.
- Shipping cost is approximately \$80,000.00 per LRV
- Estimated high value for scrape salvage is \$25,000.00 per LRV





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Agenda Item No. C2

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 4, 2016

SUBJECT:

AIRPORT BUS SERVICE (ROB SCHUPP)

RECOMMENDATION:

That the Executive Committee receive a report and provide comment.

Budget Impact

None.

DISCUSSION:

The San Diego Regional Airport Authority (SDRAA) has received permission from the California Coastal Commission to build a three-story parking structure to accommodate 1,753 cars at Terminal 2 at the San Diego International Airport. As part of its conditions, the Coastal Commission required the SDRAA to “develop a Public Transit Outreach Program to inform the public of alternative transit opportunities to and from the airport and encourage their use.”

Additionally, the SDRAA has completed a new parking facility and a consolidated rental car facility just off of Pacific Highway. Two bus shuttles – one to exclusively serve the public parking facility and the other to exclusively serve the car rental facilities – utilize an airport-only service road and Harbor Drive to pick up and deliver passengers to the Ground Transportation bays at Terminals 1 and 2. In conjunction with this project, a bus shuttle bus stop has been located at the foot of Palm Avenue, approximately one-third of a mile from the Middletown Trolley Station.

The San Diego Association of Governments (SANDAG) will begin a project later this year to improve the walkway from the Middletown Trolley Station to this bus stop. This project includes sidewalk improvements along Palm Avenue and pedestrian crossings at



Pacific Highway. Once completed, a new public transportation alternative to and from the airport will have been created.

This new connection would be in addition to MTS Route 992, which provides direct service to the Airport along Harbor Drive. Route 992 connects to all major transit services at Santa Fe Depot, provides weekday frequency of every 15 minutes and weekend frequency of every 30 minutes, and travel times between 10 and 15 minutes from Santa Fe Depot to Terminals 1 and 2.

MTS has been working with SDRAA staff to help them fulfill the obligation to encourage greater use of public transportation to and from the airport. MTS has installed Ticket Vending Machines at Terminals 1 and 2, redesigned and produced new graphics for bus stops at the airport, collaborated on a wayfinding program from the Middletown Trolley Station, and is developing and implementing a joint marketing campaign to support the SDRAA's goals. MTS has received a request from SDRAA to rename the Middletown Trolley Station to the "Airport Trolley Station."

Staff will provide a report on the joint marketing efforts, provide an overview of the Route 992 and Airport Shuttle services, and discuss the SDRAA request to rename the Middletown Station.

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

Airport Bus Service

MTS Executive Committee

February 4, 2016



1



Background

- Discussion regarding the request to rebrand the Middletown Trolley Station to “Airport” Station
- Factors at play:
 - New Airport Parking Structure at Terminal 2
 - Coastal Commission requirements for construction
 - New Airport Parking Structure and Rental Car Facility on freeway side of airport runway
 - Airport shuttles
 - Improvements planned for Palm Avenue between Middletown Station and Airport shuttle bus stops
 - Airport Authority and Coastal Commission requests to rebrand Middletown Station
 - Airport bus shuttle and MTS Route 992 route service comparisons



2



Overview



3



New Airport Parking Structure and Coastal Commission Requirements

- The San Diego Regional Airport is building a parking structure at Terminal 2 for 1,753 cars
- The California Coastal Commission has approved the construction with special conditions, including some directly related to MTS:
 - Public Outreach Program
 - Progress for multi-modal center
 - Direct service to/from Old Town
 - Expand/Improve MTS Service



4



Rental Car and Parking Facilities

- All Rental Car Facilities are on north side of runway
- Large surface parking garage is located adjacent to rental car facility
- Each has a separate bus shuttle operation
- Shuttle for parking garage will stop at foot of Palm Avenue for Trolley passengers; rental car shuttle will not



5



Middletown Station



6



Pedestrian Path



7



Palm Avenue Improvements



8



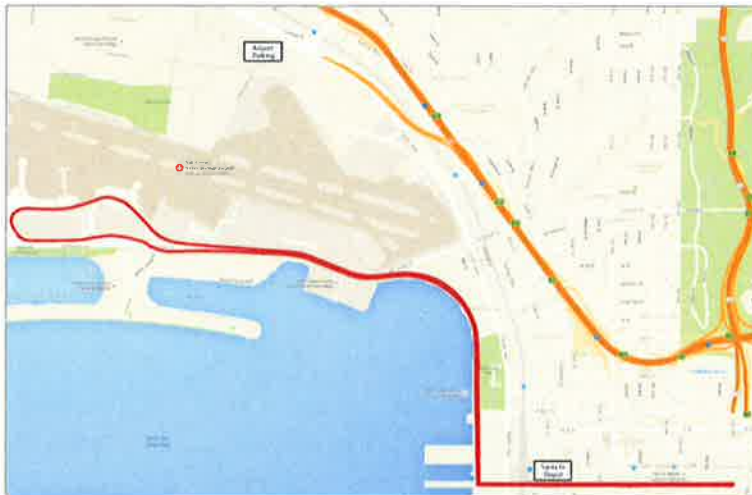
Airport Shuttle Operations



9



MTS Route 992 Operations



10



Santa Fe Depot vs. Middletown

	Rt. 992 to/from Santa Fe Depot	Shuttle to/from Middletown
Trip Time to Airport	10 to 19 mins	11 to 18
Trip Time from Airport	11 to 21 mins	12 to 22
Frequency	15 weekdays/30 Weekend	10 minutes everyday
Cost	\$2.25 one way, \$5 day pass	Free to Middletown
Connecting Services	Blue, Green, Orange lines Rapid 215, 235, 280, 290 Rts. 83, 923, COASTER, Amtrak	Green Line \$2.50 one way, \$5 day pass
Security	24/7	Occasional
Amenities	Restrooms, Lobby, Concessions, close by businesses, shelters, ambassadors, TVMs	TVMs, Shelters
Safety	Security, No high speed trains	Little Security, heavy rail conflict
Walk length	Curbside at airport One block to .25 mile at SFD	Over bridges at airport .33 mile at Middletown



11



Coastal Commission Requirements

- Coastal Commission staff recommendation
“... inform the public of alternative transit opportunities to and from the airport and encourage their use.”
- MTS staff met with Airport Authority and did a site visit to Middletown in November
- Staffs concurred that the best way to encourage public transit use was to highlight
- Staffs have coordinated closely since that date



12



Requests for Rebranding

- Middletown to “Airport Station”
 - Airport Authority
 - Coastal Commission
- MTS Reply
 - “All in” to promote Transit use
 - Rt. 992 better alternative



13



Progress

- MTS has installed TVMs at Terminals 1 and 2
- MTS will install real time info at TVMs
- MTS will train 300 airport ambassadors re: TVMs
- MTS is updating airport shelter wraps
- MTS and AA have updated all Web materials, have implemented in-station advertising campaigns
- AA has developed in airport brochure highlighting SFD



14



Airport Collateral

**10 MINUTES
FROM THE AIRPORT
TO SANTA FE DEPOT**

**HOW TO RIDE
PAYING FOR YOUR FARE**

- Use fare machines and validate your fare before boarding.
- Transfer from one mode of transit to another is free.
- For transfers, a transfer ticket is required.
- Transfer tickets are available on board.
- Transfer tickets are valid for 90 minutes and must be used within 90 minutes of boarding.
- Use the fare machine to validate your fare.
- Use the fare machine to validate your fare.
- Use the fare machine to validate your fare.

ONE-WAY FARES

FARE TYPE	ADULT	YOUTH	CHILD
MTS Bus	\$2.00	\$1.00	\$0.50
MTS Light Rail	\$3.00	\$1.50	\$0.75

PASS PRICES

MTS offers a variety of passes for its customers. For more information, visit www.sdmts.com.

FARE TYPE	ADULT	YOUTH	CHILD
MTS Bus	\$2.00	\$1.00	\$0.50
MTS Light Rail	\$3.00	\$1.50	\$0.75

LET'S GO ON PUBLIC TRANSIT

SAN DIEGO
INTERNATIONAL AIRPORT



CITY BUS • **NEXT ARRIVAL**

ROUTE	TO	ARRIVAL
992	TO DOWNTOWN	11:11
992	TO DOWNTOWN	11:20
992	TO DOWNTOWN	11:31
992	TO DOWNTOWN	11:41



15



TVM Signage



16



Airport Authority Communications

- Provided Coastal Commission a Public Transit Outreach Plan
- It was accepted by Coastal Commission
 - Consolidate stops on 992
 - Convert 992 to a *Rapid* route
 - Coordinate with agencies to accelerate Palm Ave. improvements
 - Progress toward improving connections to airport from other Trolley stops
- No requirement for rebranding
- New letter to MTS requesting station be rebranded “Middletown-Airport Station”



17



Today's Recommendation

- That MTS and the Airport Authority continue to promote Route 992 as the primary public transportation alternative to/from the airport
- Continue to offer Middletown as an alternative
- To discourage the renaming of Middletown to “Airport” or “Middletown/Airport” station



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DRAFT

Agenda

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 11, 2016

9:00 a.m.

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

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

ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes - January 14, 2016
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.

Approve

Please SILENCE electronics
during the meeting



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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. Excess Insurance Renewals for Liability and Workers' Compensation Program Approve
Action would approve the purchase of excess liability insurance (at limits of \$75 million less a \$2 million self-insured retention [SIR]) and excess workers' compensation insurance (at statutory limits less a \$1 million SIR). The new policies would be in effect from March 1, 2016 through March 1, 2017.
7. Morena/Linda Vista Trolley Station Renovations - Contract Award Approve
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL191.0-16 with Palm Engineering Construction Company, Inc. for the provision of services, materials, supplies and equipment for the Morena/Linda Vista Trolley Station Renovations project.
8. Fiscal Year 2016 State Transit Assistance Claim Approve
Action would adopt Resolution No. 16-3, approving the fiscal year (FY) 2016 State Transit Assistance (STA) claim.
9. Security Services Agreement - Contract Amendment Approve
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1299.5-10 to amend the contract with Universal Protection Service (UPS) to authorize additional contract authority of \$900,000 in fiscal year (FY) 2016.
10. Amendment to Chief Executive Officer Employment Agreement Approve
Action would approve an amendment to the Executive Employment Agreement between MTS and Paul C. Jablonski to provide additional compensation and fringe benefits.
11. San Diego Metropolitan Transit System (MTS) Bus Shelters - Contract Award Approve
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0638.0-16 with Tolar Manufacturing Company, Inc. (Tolar) for the provision of Bus Shelters.
12. Rail Welding Maintenance Services - Contract Award Approve

CLOSED SESSION

24. a. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(d)(1) Hsiang Hua Sun, aka Cathy Sun v Metropolitan Transit System San Diego Superior Court Case No. 37-2014-00038135-CU-PO-CTL
- b. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(d)(1) City of San Diego, et al. v. Board of Trustees of California State University San Diego Superior Court Case No. GIC 855643, Court of Appeal Case No. D057446, Supreme Court Case No. S199557

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. Security Services Agreement - Contract Award Approve
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1828.0-15 with Universal Protection Services (UPS) dba Transit Systems Security, for the provision of Security Services for three (3) base years with an option to extend for an additional two (2) years.

REPORT ITEMS

45. MTS Advertising Campaign (Rob Schupp) Information
60. Chairman's Report Information
61. Chief Executive Officer's Report Information
62. Board Member Communications
63. Additional Public Comments Not on the Agenda
If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments.
64. Next Meeting Date: March 17, 2016
65. Adjournment



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Agenda Item No. 6

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 11, 2016

**Draft for
Executive Committee
Review Date: 2/4/16**

SUBJECT:

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

RECOMMENDATION:

That the Board of Directors approve the purchase of excess liability insurance (at limits of \$75 million less a \$2 million self-insured retention [SIR]) and excess workers' compensation insurance (at statutory limits less a \$1 million SIR). The new policies would be in effect from March 1, 2016 through March 1, 2017.

Budget Impact

The combined proposed premium for both lines of coverage, including taxes and fees, would be \$1,553,530 for the one year period. The total premium for the excess liability insurance and the excess workers' compensation insurance represents a 0.46% (or \$7,176) increase over the expiring policies. Terrorism coverage is included in both lines.

The specific allocation among MTS, San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), and San Diego and Arizona Eastern (SD&AE) Railway Company is based on the underwriting exposure. Costs associated with the excess insurance policies are allocated across two fiscal years. For fiscal year 2016, staff estimates that all of the agencies will be within budget. No budget adjustment is proposed at this time. Fiscal year 2017 budgets are being developed, and funds will be designated and included within them.

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

COMBINED TOTAL EXCESS INSURANCE PREMIUMS					
AGENCY	MTS	SDTC	SDTI	SD&AE	TOTAL
Excess Liability	\$160,651	\$595,746	\$568,972	\$13,388	\$1,338,757
Excess Workers' Comp.	\$25,773	\$95,573	\$91,279	\$2,148	\$214,773
Total Excess Premium	\$186,424	\$691,319	\$660,251	\$15,536	\$1,553,530
Combined Excess Split	12.0%	44.5%	42.5%	1.0%	



DISCUSSION:

MTS, SDTC, SDTI, and SD&AE jointly purchase commercial general liability insurance to finance large catastrophic losses for bodily injury, property damage and other damage claims in excess of a self-insured retention of \$2 million per occurrence. The agencies also jointly purchase an excess workers' compensation policy to supplement the self-insured program of \$1 million per occurrence. The existing policies will expire on March 1, 2016. MTS's insurance broker, Alliant Insurance Services, Inc., has worked extensively with staff and several insurance companies to obtain the best coverage possible for the forthcoming year. Staff is very pleased with the results this year.

Current Program

MTS currently has excess liability coverage with four layers of insurance limits from various insurance companies. These layers provide for a total general liability limit of \$75 million. The policies each contain coverage for acts of terrorism. The current cost of these policies, including taxes and fees, is \$1,338,757. In addition, MTS purchases excess workers' compensation insurance at statutory limits (i.e., the maximum benefit the State would allow for a single accident/injury) for a cost of \$207,597. These premiums totaled \$1,546,354 under the current program structure.

Proposed Program

The proposed liability insurance program is also anticipated to include four policy layers and would carry a self-insured retention of \$2 million for general liability and public entity excess liability. All of this coverage (including MTS's self-insured retention) would provide full limits up to \$75 million at an annual cost of approximately \$1,338,757. There is no premium change from last year's premiums despite an increase in revenue miles, which is one category upon which premiums are calculated.

An excess workers' compensation policy is also being recommended for purchase at statutory limits less a \$1 million insurance deductible. The premium cost for this policy is \$214,773, which represents a \$7,176 increase over last year's premium for the same limits and retention.

The total premium of \$1,553,530 for the combined excess liability and excess workers' compensation coverage represents an overall 0.46% increase compared to the previous year because the excess liability premiums did not change.

COVERAGE	INSURER	AM BEST RATING	LIMIT & ATTACHMENT	TOTAL PREMIUM
Excess Workers' Comp.	Arch Insurance Company	A+ XV	Statutory x \$1M SIR	\$214,773
1st Layer Excess Liability	National Casualty Co. (Civic Risk)	A+ XV	\$10M x \$2M SIR	\$716,541
2nd Layer Excess Liability	Berkley National Insurance Company	A+ XV	\$15M x \$10M x \$2M SIR	\$299,416
3rd Layer Excess Liability	Great American Assurance Co.	A XIII	\$25M x \$25M x \$2M SIR	\$224,000
4th Layer Excess Liability	Allied World Assurance Co. (AWAC)	A XV	\$23M x \$50M x \$2M SIR	\$98,800
				\$1,553,530

Renewal Issues – Underwriting Base

Premium rates for the general liability coverage are based on a combination of passenger counts, revenue miles, construction costs, loss history and current market conditions. For excess workers' compensation, premiums are largely driven by payroll as well as loss history and current market conditions.

Public Entity Market - Recent Observations

There is currently a favorable (or soft) market for both the excess general liability and excess workers' compensation lines of coverage. The liability insurance carriers that submitted quotes this year continue to have the capacity and willingness to insure public transit risks, such as MTS. With the transfer of its lead liability layer to a new carrier in March 2015, MTS realized just over a \$53,000 premium savings that year. The renewal quote for this year has remained flat, which indicates that the incumbent lead carrier is interested in building on the success of the first year's partnership with MTS. MTS was also able to retain its long-standing \$2M self-insured retention.

The excess workers' compensation insurance placement was also less challenging this year than in years past. The \$7,176 premium increase that MTS is experiencing this year is based solely on an increase in projected payroll. The excess workers' compensation insurance market continues to be very narrow; however, there was renewed interest from the incumbent carrier to retain MTS's business.

Overall, MTS's insurance broker, Alliant, did an outstanding job negotiating an advantageous, low cost excess liability and workers' compensation insurance program for MTS this year.


Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. MTS 2016-17 Excess Liability & Excess Workers' Compensation Insurance Proposal

San Diego Metropolitan Transit System

EXCESS LIABILITY & EXCESS WORKERS' COMPENSATION INSURANCE PROPOSAL 2016-2017

Presented on January 26, 2016 by:



100 Pine Street, 11th Floor
San Francisco, CA 94111
(415) 403-1400 / Fax # (415) 874-4812

Alliant Insurance Services, Inc.
CA License No. 0C36861
www.alliant.com



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Construction Specialist

2016 - 17 Public Entity Market – Recent Observations

Lead Liability Markets

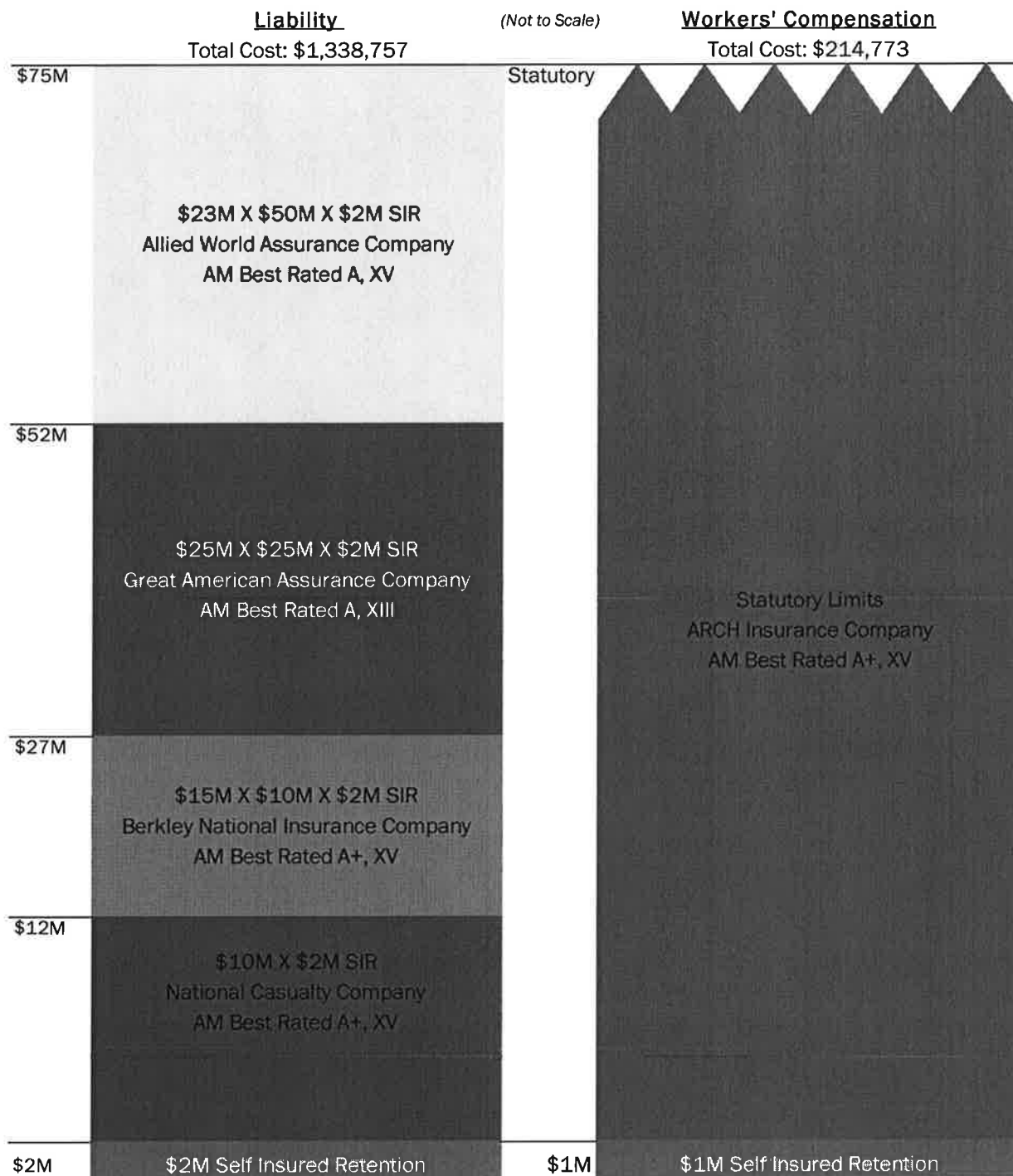
- Interest in lead (primary) position for transit risks remains available, but limited relative to other classes;
- Accounts with good loss history and reasonable self-insured retention levels pursued;
- Continued Underwriter focus on Claims Handling and Risk Transfer strategies;
- Increased interest in writings from Bermuda based markets however forms are less competitive than domestic options;
- National Casualty interested in building on success of first years partnership.

Excess Liability Markets

- Capacity remains plentiful and healthy, especially excess of higher attachment points (\$10M - \$20M), and for good risk like SD MTS;
- Pricing stable, but also dependent on lead layer direction.

Workers' Compensation Markets

- Less challenging than years past, some softening on attractive accounts such as SD MTS, however remains a potentially difficult line depending on loss history and attachment levels;
- Medical inflation could be softening;
- Obesity & the aging workforce – the perfect storm?
- Market continues to be very narrow however renewed interest levels from existing carriers

**LIABILITY AND WORKERS COMP EXHIBIT**

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**COST OF RISK – RENEWAL PREMIUM COMPARISON**

Expiring Compared to Renewal: Net of Commission and Includes TRIA

Coverage	Expiring	Renewal
Excess Liability – Layer 1	\$716,541*	\$716,541*
Excess Liability – Layer 2	\$299,416	\$299,416
Excess Liability – Layer 3	\$224,000	\$224,000
Excess Liability – Layer 4	\$98,800	\$98,800
<i>Excess Liability Sub Total:</i>	<i>\$1,338,757</i>	<i>\$1,338,757</i>
Excess Workers' Compensation	\$207,597	\$214,773
Total Annual Premium	\$1,546,354	\$1,553,530

* Net of commission to Alliant



Liability Renewal Layering Analysis

12/13 Expired									
Layer	Limit & Attachment	Annual Premium w/o Terrorism	Terrorism Surcharge	Terrorism Elected	Gross Premium	Surplus Lines Taxes & Fees 3.25%	Grand Total (w/ SL T&F's)	Price / MIL (incl TRIA)	change over expiring
1	Starr Indemnity & Liability Company (Admitted)	10M x 2M SIR	\$ 701,400	\$ 14,029	Yes	\$ 715,429		\$ 715,429	\$ 71,542.90
2	Endurance (Non-Admitted)	15M x 10M x 2M SIR	\$ 312,289	\$ 1,463	Yes	\$ 313,752	\$ 10,197	\$ 323,949	\$ 20,916.60
3	Great American (Admitted)	25M x 25M x 2M SIR	\$ 222,750	\$ 2,250	Yes	\$ 225,000		\$ 225,000	\$ 9,000.00
4	AWAC Surplus (Non-Admitted)	23M x 50M x 2M SIR	\$ 104,799	\$ 4,569	Yes	\$ 109,368	\$ 3,554	\$ 109,368	\$ 4,755.13
TOTAL			\$1,341,238			\$ 1,363,649		\$ 1,373,746	

13/14 Expired									
Layer	Limit & Attachment	Annual Premium w/o Terrorism	Terrorism Surcharge	Terrorism Elected	Gross Premium	Surplus Lines Taxes & Fees 3.20%	Grand Total (w/ SL T&F's)	Price / MIL (incl TRIA)	change over expiring
1	Starr Indemnity & Liability Company (Admitted)	10M x 2M SIR	\$ 718,700	\$ 14,374	Yes	\$ 733,074		\$ 733,074	\$ 73,307.40
2	Berkley Custom (Admitted)	15M x 10M x 2M SIR	\$ 286,382	\$ 2,863	Yes	\$ 289,245		\$ 289,245	\$ 19,283.00
3	Great American (Admitted)	25M x 25M x 2M SIR	\$ 214,850	\$ 2,150	Yes	\$ 217,000		\$ 217,000	\$ 8,680.00
4	AWAC (Admitted)	23M x 50M x 2M SIR	\$ 94,050	\$ 950	Yes	\$ 95,000		\$ 95,000	\$ 4,130.43
TOTAL			\$1,313,982			\$ 1,334,319		\$ 1,334,319	

14/16 Expired									
Layer	Limit & Attachment	Annual Premium w/o Terrorism	Terrorism Surcharge	Terrorism Elected	Gross Premium	Surplus Lines Taxes & Fees 3.20%	Grand Total (w/ SL T&F's)	Price / MIL (incl TRIA)	change over expiring
1	Starr Indemnity & Liability Company (Admitted)	10M x 2M SIR	\$ 754,500	\$ 15,090	Yes	\$ 769,590		\$ 769,590	\$ 76,959.00
2	Berkley National (Admitted)	15M x 10M x 2M SIR	\$ 296,451	\$ 2,965	Yes	\$ 299,416		\$ 299,416	\$ 19,961.07
3	Great American (Admitted)	25M x 25M x 2M SIR	\$ 221,760	\$ 2,240	Yes	\$ 224,000		\$ 224,000	\$ 8,960.00
4	AWAC (Admitted)	23M x 50M x 2M SIR	\$ 97,812	\$ 988	Yes	\$ 98,800		\$ 98,800	\$ 4,295.65
TOTAL			\$1,370,623			\$ 1,391,806		\$ 1,391,806	

15/16 Bound									
Layer	Limit & Attachment	Annual Premium w/o Terrorism	Terrorism Surcharge	Terrorism Elected	Gross Premium	Surplus Lines Taxes & Fees 3.20%	Grand Total (w/ SL T&F's)	Price / MIL (incl TRIA)	change over expiring
1	National Casualty Company (Admitted) ***	10M x 2M SIR	\$ 788,274	\$ 7,883	Yes	\$ 796,157		\$ 796,157	\$ 79,615.70
					Net of Commission (i.e. less 10% from layer 1)				
2	Berkley National (Admitted)	15M x 10M x 2M SIR	\$ 296,451	\$ 2,965	Yes	\$ 299,416		\$ 299,416	\$ 19,961.07
3	Great American (Admitted)	25M x 25M x 2M SIR	\$ 221,760	\$ 2,240	Yes	\$ 224,000		\$ 224,000	\$ 8,960.00
4	AWAC (Admitted)	23M x 50M x 2M SIR	\$ 98,800	Included	Yes	\$ 98,800	\$ 3,162	\$ 98,800	\$ 4,295.65
TOTAL			\$1,406,285			\$ 1,418,373		\$ 1,418,373	

***Starr Indemnity chose not to renew in 2015

Net of Commission (i.e. less 10% from layer 1) \$ 1,338,767

16/17 Proposed									
Layer	Limit & Attachment	Annual Premium w/o Terrorism	Terrorism Surcharge	Terrorism Elected	Gross Premium	Surplus Lines Taxes & Fees 3.20%	Grand Total (w/ SL T&F's)	Price / MIL (incl TRIA)	change over expiring
1	National Casualty Company (Admitted)	10M x 2M SIR	\$ 788,274	\$ 7,883	Yes	\$ 796,157		\$ 796,157	\$ 79,615.70
					Net of Commission (i.e. less 10% from layer 1)				
2	Berkley National (Admitted)	15M x 10M x 2M SIR	\$ 296,451	\$ 2,965	Yes	\$ 299,416		\$ 299,416	\$ 19,961.07
3	Great American (Admitted)	25M x 25M x 2M SIR	\$ 224,000	\$ -	Yes	\$ 224,000		\$ 224,000	\$ 8,960.00
4	AWAC (Admitted)	23M x 50M x 2M SIR	\$ 98,800		Yes	\$ 98,800	\$ 3,162	\$ 98,800	\$ 4,295.65
TOTAL			\$1,407,525			\$ 1,418,373		\$ 1,418,373	

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LINE OF COVERAGE – EXCESS LIABILITY

First Layer – National Casualty Company (Civic Risk)

NAMED INSURED:	San Diego Metropolitan Transit System		
COMPANY:	National Casualty Company		
AM BEST RATING:	A+ (Superior), XV (\$2 Billion or greater) as of March 19, 2015		
S&P RATING:	A+ (Strong) as of June 17, 2013		
CALIFORNIA STATUS:	Admitted		
POLICY TERM:	March 1, 2016 to March 1, 2017		
COVERAGE FORM:	Retained Limit of Liability for Public Entity Policy - PG-P-1 (1-11)		
LIMIT OF LIABILITY:	<u>1. Per Occurrence or Wrongful Act or Employee Benefit Wrongful Act Limit</u> \$ 10,000,000 Any One Occurrence, Wrongful Act or Employee Benefit Wrongful Act in excess of your Retained Limit <u>2. Per Employment Practices Wrongful Act Limit</u> \$ 10,000,000 Any one Employment Practices Liability Wrongful Act in excess of your Retained Limit <u>3. Aggregate Limits</u> \$ 10,000,000 Products-Completed Operations Hazard Aggregate \$ 10,000,000 Errors and Omissions Liability Aggregate \$ 10,000,000 Employment Practices Liability Aggregate \$ 10,000,000 Employee Benefit Liability Aggregate		
RETAINED LIMIT:	\$ 2,000,000	Any one Occurrence, Wrongful Act or Employee Benefit Wrongful Act	
	\$ 2,000,000	Any one Employment Practices Wrongful Act	
DEFENSE COST:	Inside the Limit of Liability		
ENDORSEMENTS & EXCLUSIONS:	Form	Form No.	
(including but not limited to)	Cover Page	UT-COVPG (1-16)	
	Notice to Policyholder California Policyholders	NOTX0015CA (2-00)	
	Notice to Policyholders - Restrictions and Clarifications of Coverage	NOTX0171CW (3-03)	
	Claim Reporting Information	NOTX0178CW (02-06)	



LINE OF COVERAGE – EXCESS LIABILITY

First Layer – National Casualty (Civic Risk), continued

ENDORSEMENTS & EXCLUSIONS: (continued)	Retained Limit Liability Insurance Policy for Public Entities Declarations	PG-D-1 (1-11)
	Named Insured Endorsement	UT-3g (3-92)
	Schedule of Forms and Endorsements	UT-SP-2L (12-95)
	Retained Limit of Liability for Public Entity Policy	PG-P-1 (1-11)
	Additional Insured for Specified Contracts	PG-2s (1-11)
	Endorsement	
	Blanket Additional Insured Endorsement	PG-4s (1-11)
	Removal of Transit Exclusion	PG-17s (1-11)
	Disclosure Pursuant to Terrorism Risk Insurance Act Changes - California	IL 09 85 01 15
	Cap on Losses from Certified Acts of Terrorism	PG-99s (5-11)
	Exclusion of Certified Acts of Terrorism	PG-100s (5-11)
	Earlier Notice of Cancellation Provided by Us – 90 Days	PG-103s (5-11)
	Notice of Cancellation Endorsement	UT-3g (3-92)
	Public Entity Crisis Management Emergency Response Endorsement	PG-108 (3-15)
	<i>If TRIA Coverage is accepted, Cap on Losses from Certified Acts of Terrorism PG-99s (5-11) will be added to the policy.</i>	
	<i>If TRIA Coverage is declined, Exclusion of Certified Acts of Terrorism PG-100s (5-11) will be attached to the Policy.</i>	

PREMIUM:	\$	796,157.00	Policy Premium
	\$	<u>(79,615.70)</u>	<u>Less Commission</u>
	\$	716,541.30	Annual Premium

TERRORISM OPTION: \$7,883.00 included in the premium above

QUOTE VALID: March 1, 2016

BINDING CONTITIONS:

- Written request to bind coverage
- Notice of Terrorism Insurance Coverage Form needs to be completed, executed and returned to us at the time of Binding.

LOSS REPORTING: Incidents that will or might give rise to a claim should be immediately reported to:

Alliant Insurance Services – Claims Department
 Mr. Robert Frey or Ms. Elaine Kim
 100 Pine Street, 11th Floor
 San Francisco, CA 94111
 Main Phone: 415.403.1400
 Fax: 415.403.1466

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 CA License No. 0C36861
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rfrey@alliant.com / ekim@alliant.com

LINE OF COVERAGE – EXCESS LIABILITY

Second Layer – Berkley National Insurance Company

NAMED INSURED: San Diego Metropolitan Transit System

COMPANY: Berkley National Insurance Company

AM BEST RATING: A+ (Superior), XV (\$2 Billion or greater) as of January 22, 2015

S&P RATING: A+ (Strong) as of May 13, 1999

CALIFORNIA STATUS: Admitted

POLICY TERM: March 1, 2016 to March 1, 2017

COVERAGE FORM: Commercial Excess Liability Coverage Form - CX 00 01 04 13

LIMIT OF LIABILITY: \$ 15,000,000 Each Occurrence
 \$ 15,000,000 Aggregate Limit (Where Applicable)
(In excess of the controlling underlying insurance shown below.)

DEFENSE COST: Inside the Limit of Liability

UNDERLYING SCHEDULE: **Controlling Underlying Policy - Retained Limit of Liability for Public Entity Policy / National Casualty Company 03/01/2016 - 03/01/2017**

1. Per Occurrence or Wrongful Act or Employee Benefit Wrongful Act Limit
 \$ 10,000,000 Any One Occurrence, Wrongful Act or Employee Benefit Wrongful Act in excess of your Retained Limit

2. Per Employment Practices Wrongful Act Limit
 \$ 10,000,000 Any one Employment Practices Liability Wrongful Act in excess of your Retained Limit

3. Aggregate Limits
 \$ 10,000,000 Products-Completed Operations Hazard Aggregate
 \$ 10,000,000 Errors and Omissions Liability Aggregate
 \$ 10,000,000 Employment Practices Liability Aggregate
 \$ 10,000,000 Employee Benefit Liability Aggregate



LINE OF COVERAGE – EXCESS LIABILITY

Second Layer – Berkley National Insurance Company, continued

Excess of: Retained Limit

\$	2,000,000	Any one Occurrence, Wrongful Act or Employee Benefit Wrongful Act
\$	2,000,000	Any one Employment Practices Wrongful Act

Premium of Controlling Underlying Policy: \$796,157

ENDORSEMENTS & EXCLUSIONS:

(including but not limited to)

Form	Form No.
Commercial Excess Liability Policy Declarations	CEX0001 0314
Forms and Endorsement Schedule	BCIM0000 1113
Claim Notice	BCIMU0001 1113
Schedule of Underlying Policies	BCIM0002 1113
Asbestos Exclusion	BCIM0007 1113
War Exclusion	BCIM0063 1113
Crisis Response & Crisis Communication Management Insurance	BCIM0018 1113
Financial Services Exclusion	BCIM0085 1113
Following Form Underlying Aggregates	BCIM0226 1113
Earlier Notice of Cancellation Provided by Us	BCIM0318 1113
Nuclear Energy Liability Exclusion Endorsement	CX 21 01 09 08
Exclusion of Certified Acts of Terrorism and Exclusion of Other	CX 21 35 01 15
Cap on Losses from Certified Acts of Terrorism	CX 21 30 01 15
Common Policy Conditions	IL 00 17 11 98
Commercial Excess Liability Coverage Form	CX 00 01 04 13
Signature Page	IL DS 77 00 BNLS 04 10
U.S. Treasury Department's Office of Foreign Assets Control	IL P 001 01 04

PREMIUM: \$ 299,416.00 Annual Premium

TERRORISM OPTION: \$2,965.00 included in the premium above

QUOTE VALID: March 1, 2016

POLICY AUDITABLE: Not Auditable

CONDITIONS:

- In compliance with the Terrorism Risk Insurance Program Reauthorization Act of 2015, terrorism coverage under the Act can be included for an additional premium.
- Premium is due 45 days from the Effective Date of coverage.
- Cancellation term is 90 days. Term is 10 days for non-payment of premium.

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LINE OF COVERAGE – EXCESS LIABILITY

Second Layer – Berkley National Insurance Company, continued

- BINDING CONDITIONS:**
- This policy will follow the terms and conditions of the controlling underlying policy(s) listed in the Schedule of Underlying Insurance Coverage.
 - Written request to bind coverage
 - Signed and Dated TRIA Letter, Required Prior to Binding.
 - Signed Policyholder Disclosure Notice of Terrorism Insurance Coverage must be returned at the time of binding.

LOSS REPORTING: Incidents that will or might give rise to a claim should be immediately reported to:

Alliant Insurance Services – Claims Department
Mr. Robert Frey or Ms. Elaine Kim
Alliant Insurance Services
100 Pine Street, 11th Floor
San Francisco, CA 94111
Main Phone: 415.403.1400
Fax: 415.403.1466
rfrey@alliant.com / ekim@alliant.com



LINE OF COVERAGE – EXCESS LIABILITY

Third Layer – Great American Assurance Company

NAMED INSURED:	San Diego Metropolitan Transit System		
COMPANY:	Great American Assurance Company		
AM BEST RATING:	A+ (Superior), XIII (\$1.25 Billion to \$1.50 Billion) as of March 20, 2015		
S&P RATING:	A+ (Strong) as of October 5, 2010		
CALIFORNIA STATUS:	Admitted		
POLICY TERM:	March 1, 2016 to March 1, 2017		
COVERAGE FORM:	Excess Liability Coverage Form - GAI6524 (06/97)		
LIMIT OF LIABILITY:	\$	25,000,000	Each Occurrence/Aggregate (where applicable)
		Excess of	
	\$	25,000,000	Each Occurrence/Aggregate (where applicable)
DEFENSE COST:	Inside the Limit of Liability		
FIRST UNDERLYING INSURANCE:	Retained Limit Liability Insurance Policy for Public Entities - National Casualty Company		
	\$	10,000,000	Any one occurrence or wrongful act or employee benefit wrongful act in excess of retained limit
	\$	10,000,000	Any one employment practice liability wrongful act in excess of retained limit
	\$	10,000,000	Products-Completed Operations Aggregate
	\$	10,000,000	E&O Liability Aggregate
	\$	10,000,000	Employment Practice Liability Aggregate
	\$	10,000,000	Employee Benefit Liability Aggregate
	Defense expenses are included in the limits of liability		
EXCESS LAYERS:	Excess Liability Occurrence - Berkley National Insurance Company		
	\$	15,000,000	Each Occurrence or Wrongful Act
	\$	15,000,000	Aggregate (where applicable)
	Excess of \$10,000,000 Each Occurrence/Aggregate (where applicable)		



LINE OF COVERAGE – EXCESS LIABILITY

Third Layer – Great American Assurance Company, continued

RETAINED LIMIT:	\$ 2,000,000	Any one occurrence or wrongful act or employee benefit wrongful act – each & every
	\$ 2,000,000	Any one employment practice liability wrongful act – each & every
FIRST UNDERLYING FORMS, EXCLUSIONS AND/OR IMITATIONS:	<i>Defense expenses are included in the limits of liability.</i>	
	We will follow all of the exclusions and limitations of the National Casualty Company coverage form and any additional exclusions/modifications/limitations as noted in their quote.	

Attachments:

Removal of Transit Exclusion

Public Entity Crisis Management Emergency Response Endorsement - \$100,000

The National Casualty Co Retained Limit Liability Insurance Co Policy for Public Entities contains the following exclusions:

- Workers compensation
- Personal and advertising injury arising out of breach of contract
- Property damage to property owned by you
- Contractual liability
- Pollution
- Asbestos
- Criminal acts
- Taxes
- Hospital or health care
- Injunctions
- Eminent domain
- Subsidence
- Nuclear
- Transit authority (note removed by way of endorsement)
- School
- Aircraft, airfields
- Dam
- ERISA
- Failure to supply – gas, oil, electricity, water, steam
- Uninsured/underinsured motorists
- Fiduciary
- War
- Fungi
- Lead

LINE OF COVERAGE – EXCESS LIABILITY

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**Third Layer – Great American Assurance Company, continued**

ENDORSEMENTS & EXCLUSION: (including but not limited to)	Form	Form No.
	Crisis Response or Crisis Communication Management	GAI6964 (11/10)
	Insurance Exclusion	
	Exclusion - Recording and Distribution of Material or Information in Violation of Statutes or Common Law	GAI6774 (12/13)
	War Liability Exclusion	GAI6597 (06/97)
	Economic and Trade Sanctions Clause	IL7324 (08/12)
	Following Form Endorsement	GAI6965 (10/14)
	In Witness Clause	IL7268 (09/09)
	Loss Defense Within Limits of Insurance	GAI6597 (06/97)
	Amendment of Cancellation Condition - California	GAI6011 (06/97)
	California Changes	GAI6704 (01/13)
	<i>If Terrorism Coverage Is Accepted will attach the following:</i>	
	Cap On Losses From Certified Acts Of Terrorism	GAI6452 (04/15)
	Disclosure Pursuant to Terrorism Risk Insurance Act	GAI6472 (04/15)
PREMIUM:	\$ 224,000.00 Annual and Deposit including \$0 for TRIA	
TERRORISM OPTION:	\$0	
QUOTE VALID:	February 6, 2016	
POLICY AUDITABLE:	No relevant information	
BINDING CONDITIONS:	• Written request to bind coverage • If TRIA is excluded by any underlying, then TRIA will be excluded by this policy and a TRIA rejection disclosure must be signed by the insured.	
LOSS REPORTING:	Incidents that will or might give rise to a claim should be immediately reported to:	

Alliant Insurance Services – Claims Department
Mr. Robert Frey or Ms. Elaine Kim
Alliant Insurance Services
100 Pine Street, 11th Floor
San Francisco, CA 94111
Main Phone: 415.403.1400
Fax: 415.403.1466
rfrey@alliant.com / ekim@alliant.com

LINE OF COVERAGE – EXCESS LIABILITY

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Fourth Layer – Allied World Assurance Company

NAMED INSURED:	San Diego Metropolitan Transit System		
COMPANY:	Allied World Assurance Company		
AM BEST RATING:	A (Excellent), XV (\$2 Billion or greater as of March 20, 2015)		
S&P RATING:	A (Strong) as of October 5, 2010		
CALIFORNIA STATUS:	Admitted		
POLICY TERM:	March 1, 2016 to March 1, 2017		
COVERAGE FORM:	Excess Liability Coverage Form – GL 00126 00 (06/07)		
LIMIT OF LIABILITY:	\$	23,000,000	Each Occurrence/Aggregate (where applicable)
		Excess of	
	\$	50,000,000	Each Occurrence/Aggregate (where applicable)
DEFENSE COST:	Follows Scheduled of Underlying Insurance		
FIRST UNDERLYING INSURANCE:	Retained Limit Liability Insurance Policy for Public Entities - National Casualty Company		
	\$	10,000,000	Any one occurrence or wrongful act or employee benefit wrongful act in excess of retained limit
	\$	10,000,000	Any one employment practice liability wrongful act in excess of retained limit
	\$	10,000,000	Products-Completed Operations Aggregate
	\$	10,000,000	E&O Liability Aggregate
	\$	10,000,000	Employment Practice Liability Aggregate
	\$	10,000,000	Employee Benefit Liability Aggregate
	<i>Defense expenses are included in the limits of liability</i>		
EXCESS LAYERS:	Excess Liability Occurrence - Berkley National Insurance Company		
	\$	15,000,000	Each Occurrence or Wrongful Act
	\$	15,000,000	Aggregate (where applicable)
	Excess of \$10,000,000 Each Occurrence/Aggregate (where applicable)		
	Excess Liability Occurrence – Great American Assurance Company		
	\$	25,000,000	Each Occurrence
	\$	25,000,000	Aggregate

LINE OF COVERAGE – EXCESS LIABILITY

Alliant Insurance Services, Inc.
CA License No. 0C36861
Alliant.com



Fourth Layer – Allied World Assurance Company, continued

RETAINED LIMIT:	\$ 2,000,000	Any one occurrence or wrongful act or employee benefit wrongful act – each & every
	\$ 2,000,000	Any one employment practice liability wrongful act – each & every
FIRST UNDERLYING FORMS, EXCLUSIONS AND/OR IMITATIONS:	<i>Defense expenses are included in the limits of liability.</i>	
	We will follow all of the exclusions and limitations of the National Casualty Company coverage form and any additional exclusions/modifications/limitations as noted in their quote.	

Attachments:

Removal of Transit Exclusion

Public Entity Crisis Management Emergency Response Endorsement - \$100,000

The National Casualty Co Retained Limit Liability Insurance Co Policy for Public Entities contains the following exclusions:

- Workers compensation
- Personal and advertising injury arising out of breach of contract
- Property damage to property owned by you
- Contractual liability
- Pollution
- Asbestos
- Criminal acts
- Wrongful acts
- Taxes
- Hospital or health care
- Injunctions
- Eminent domain
- Subsidence
- Nuclear
- Transit authority (note removed by way of endorsement)
- School
- Aircraft, airfields
- Dam
- ERISA
- Failure to supply – gas, oil, electricity, water, steam
- Uninsured/underinsured motorists
- Fiduciary
- War
- Fungi
- Lead

LINE OF COVERAGE – EXCESS LIABILITY

Alliant Insurance Services, Inc.
CA License No. 0C36861
Alliant.com



Fourth Layer – Allied World Assurance Company, continued

ENDORSEMENTS & EXCLUSION: (including but not limited to)	Form	Form No.
	AWAC – U.S. Follow-Form Occurrence – Claims-Made	GL 00139 00
	Declarations	(12/11)
	Schedule of Underlying Insurance	00157 (11/05)
	U.S. Treasury Departments Office Of Foreign Assets Control ("OFAC") Advisory Notice To Policyholders	00136 (11/05)
	Asbestos Exclusion	00241 (11/05)
	Policyholder Disclosure Statement Under the Terrorism Risk Insurance Act	GL 00117 00
	California Amendatory Endorsement	(01/15)
		GL 00286 04
		(02/07)
	Follow-Form Other Aggregate Limit	GL 00366 00
		(09/11)
PREMIUM:	\$ 98,800 Annual and Deposit including \$980 for TRIA	
TERRORISM OPTION:	\$980 (included in above premium)	
QUOTE VALID:	March 1, 2016	
BINDING CONDITIONS:	• Written request to bind coverage • This QUOTATION is subject to review if there are any significant changes in operations, exposure or experience prior to Allied World's binding. • Any restrictive policy terms and conditions that apply to underlying policies that are in excess of the Followed Policy but underlying to the Allied World Excess policy will also apply to the Allied World Excess limit of liability. Any additional endorsements to the Allied World Policy will be determined upon review of the above-required documentation.	
SUBJECTIVITIES:	A. This quotation is subject to receipt, review and acceptance of the following items prior to binding: 1. Completed and Signed TRIA Disclosure Statement - At binding 2. Signed and completed application. At the time of binding the insured is required to advise of their election or rejection of the coverage. Signed forms are required within 15 days of binding.	

LINE OF COVERAGE – EXCESS LIABILITY

Alliant Insurance Services, Inc.
CA License No. 0C36861
Alliant.com



Fourth Layer – Allied World Assurance Company, continued

LOSS REPORTING: Incidents that will or might give rise to a claim should be immediately reported to:

Alliant Insurance Services – Claims Department
Mr. Robert Frey or Ms. Elaine Kim
Alliant Insurance Services
100 Pine Street, 11th Floor
San Francisco, CA 94111
Main Phone: 415.403.1400
Fax: 415.403.1466
rfrey@alliant.com / ekim@alliant.com

LINE OF COVERAGE – EXCESS WORKERS' COMP

Alliant Insurance Services, Inc.
CA License No. 0C36861
Alliant.com



Arch Insurance Company

NAMED INSURED: San Diego Transit Corporation

COMPANY: Arch Insurance Company

AM BEST RATING: A+ (Superior), XV (\$2 Billion or greater) as of August 21, 2015

S&P RATING: A+ (Strong) as of July 29, 2010

CALIFORNIA STATUS: Admitted

POLICY TERM: March 1, 2016 to March 1, 2017

COVERAGE: Excess Workers Compensation and Employers Liability

LIMIT OF LIABILITY:

A. Part One – Excess Workers Compensation Insurance

Statutory	Each Accident
Statutory	Disease, Each Employee

B. Part Two – Excess Employers Liability Insurance

\$ 2,000,000	Each Accident
\$ 2,000,000	Disease, Each Employee
\$ 2,000,000	Aggregate

RETAINED LIMIT:

Part One – Excess Workers Compensation Insurance and
Part Two – Excess Employers Liability Insurance Combined

\$ 1,000,000	Each Accident
\$ 1,000,000	Disease, Each Employee

ESTIMATED ANNUAL PAYROLL: \$82,636,703

RATE PER \$100 OF PAYROLL: 0.2599

ENDORSEMENT & EXCLUSIONS: (including but not limited to)

- Named Insured Addition Endorsement
- Losses Redefined to Include Allocated Loss Adjustment Expenses Endorsement
- California Volunteer Coverage – Excess Voluntary Compensation and Employers Liability Coverage Endorsement
- Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement
- California Amendatory Endorsement

PREMIUM: \$ 214,773.00 Minimum and Deposit Premium

LINE OF COVERAGE – EXCESS WORKERS' COMP

Alliant Insurance Services, Inc.
 CA License No. 0C36861
 Alliant.com



Arch Insurance Company

SURCHARGES & ASSESSMENTS: Not Applicable

TERRORISM OPTION: \$6,443.00 included in the premium above

BINDING CONDITIONS: • Written request to bind coverage

QUOTE VALID: February 18, 2016

LOSS REPORTING: Incidents that will or might give rise to a claim should be immediately reported to:

Alliant Insurance Services – Claims Department
Mr. Robert Frey or Ms. Elaine Kim
Alliant Insurance Services
100 Pine Street, 11th Floor
San Francisco, CA 94111
Main Phone: 415.403.1400
Fax: 415.403.1466
rfrey@alliant.com / ekim@alliant.com

DISCLOSURES

Alliant Insurance Services, Inc.
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Alliant Disclosure

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

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

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

NY Regulation 194 Disclosure

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

DISCLOSURES, continued



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

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

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

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

CERTIFICATES / EVIDENCE OF INSURANCE

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

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

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

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

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

Glossary of Insurance Terms

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

<http://insurancecommunityuniversity.com/UniversityResources/InsuranceGlossaryFREE.aspx>

<http://www.ambest.com/resource/glossary.html>

<http://www.irmi.com/online/insurance-glossary/default.aspx>

OTHER ALLIANT SERVICES

Strategic HR

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Alliant Business Services: HR Membership Program

Strategic HR's Membership Program is designed to help our clients protect their company or organization by averting potential problems before they develop, and quickly responding to employment-related issues after they occur. In addition, HR members have access to a wide array of tools and resources to help them navigate the complex world of human resources.

The HR Membership Program provides clients of Alliant Insurance Services with the following:

- **Consultation with Human Resources Experts:** Assigned consultants respond quickly with advice and guidance on any HR or safety issue, such as:
 - Problem employees
 - Terminations
 - Compliance
 - Wage and hour issues
 - Leaves of absence
 - Harassment
- **Human Resources Seminars and Webinars:** With employment laws and regulations constantly changing, it is imperative that employers stay current. Members receive a significant discount on admission to our webinar seminars on a variety of topics including HR, Employment Laws and Management Training.
- **Online Access to HR Forms, Guidelines, Policies and checklists:** By accessing the password-protected members-only section of the Strategic HR web site, members have a wide range of documents available at no charge. Topics include, but are not limited to:
 - Hiring
 - Payroll and Recordkeeping
 - Performance Evaluations
 - Leaves of Absences
 - Discipline and Termination
 - Harassment and Investigation
 - Sample Policies and Required Forms
 - Answers to frequently asked HR questions

- **Alerts and Notices:** Clients who are enrolled in a Strategic HR Program receive timely alerts on employment law legislation and regulations, as well as notices regarding employment trends, best practices and more.
- **Compensation Data:** Each program level provides a certain number of salary surveys. The surveys provide compensation information with data that is customized to a specific industry and geographic location.
- **Special Member Pricing on HR Projects and Services:** Members receive preferred rates on a wide array of projects and services, including:
 - Employee handbooks
 - HR audits
 - Job description review and development
 - Affirmative Action Plans
 - Compensation systems
 - Call Center Services
 - HR Outsourcing
 - Management & Supervisory Training
- **Preferred rates on HR partners, such as:**
 - Compliance Posters: mandated federal and state employment posters
 - HR Plus: accurate and timely background information
 - Payroll Solutions: payroll services
 - Strategic HR Staffing – temporary and fulltime placement

Please contact SHR for details.

Contact Information:
(866)716-6294 Toll free
clientcare@strategichr.com

OTHER ALLIANT SERVICES

Alliant Loss Control Services

Alliant Insurance Services, Inc.
 CA License No. 0C36861
Alliant.com



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

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

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

How to Choose the Right Risk Control Consultant When seeking a qualified risk control consultant, you should ask: ▪ Does the consultant have specific commercial experience for your type(s) of operations and assets? ▪ Does the consultant have the resources and availability to do the job when you need it and for your intended use? ▪ Do they tell you whatever you need to know to control risk or only what you want to hear? ▪ Does the consultant have a support team of experts able to help you if there is an regulatory citation, a serious claims, or challenging litigation? Each of the above questions can be answered YES by Alliant's Risk Control Consulting. Alliant also offers: ▪ Extensive Experience in Diverse Business Sectors ▪ Nationwide Coverage ▪ Local Expertise ▪ Peer Review	Safety Services ▪ Program Development ▪ On-Site Hazard/Risk Assessments ▪ Ergonomics ▪ Industrial Hygiene ▪ Fleet Safety Analysis ▪ General Liability ▪ Training Services Workers' Compensation Services ▪ Loss Prevention (Safety) ▪ Risk Control (Injury Management) ▪ Recordkeeping Management Property Risk Control Services ▪ Fire System Evaluation ▪ Risk Assessment ▪ Loss Estimates ▪ Hazard Analysis ▪ Loss Prevention and Risk Control Program Analysis ▪ Property Marketing Reports ▪ Business Interruption Analysis and Continuity Planning ▪ Infrared and Ultrasonic Testing To learn more about our risk control consulting and safety services: (888) 737-4752 Toll Free riskcontrol@alliantinsurance.com
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BIND COVERAGE REQUEST



Binding of the renewal option may be requested by signing, dating below, and returning to Alliant Insurance prior to 3/1/2016.

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

Signature of Authorized Insurance Representative
San Diego Metropolitan Transit District

Date



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

February 11, 2016

**Draft for
Executive Committee
Review Date: 2/4/16**

SUBJECT:

MORENA / LINDA VISTA TROLLEY STATION RENOVATIONS - CONTRACT AWARD

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL191.0-16 (in substantially the same format as Attachment A), with Palm Engineering Construction Company, Inc. for the provision of services, materials, supplies and equipment for the Morena / Linda Vista Trolley Station Renovations project.

Budget Impact

The total cost of this agreement will not exceed \$126,020.00. Funding will be through MTS Capital Improvement Project (CIP) 2005003902.

DISCUSSION:

As part of its station maintenance program, MTS will be renovating the station platform and landscaping at the Morena / Linda Vista Trolley Station on the Green Line. The work consists of the replacement of 16 existing ficus trees with queen palm trees, and a refresh of roughly 1,455 square feet of pavers and concrete pads.

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

On November 30, 2015, MTS issued document number PWL191.0-16 to solicit bids for renovations to the Morena / Linda Vista Trolley Station. Three bids were received on the due date of January 5, 2016. All were reviewed and deemed responsive and responsible. The results are as follows:



BIDDER	COST
<i>Palm Engineering Construction</i>	<i>\$126,020.00</i>
Urban Corp of San Diego	\$147,427.50
West Coast General Construction	\$258,972.00

Based on the above, staff recommends an award to Palm Engineering Construction Company, Inc. as the lowest responsive and responsible bidder. Staff conducted price analyses and the price bid reflects a cost savings of \$86,335.00 in comparison with the MTS engineer's cost estimate.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Document No. PWL191.0-16 (in substantially the same format as Attachment A), with Palm Engineering Construction Company, Inc. for the provision of services, materials, supplies and equipment for the Morena / Linda Vista Trolley Station Renovations project.


 Paul C. Jablonski
 Chief Executive Officer

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

Attachment: A. Draft MTS Doc. No. PWL191.0-16
 B. Palm Engineering Construction Price Breakdown Sheet

DRAFT

STANDARD CONSTRUCTION AGREEMENT

PWL191.0-16
CONTRACT NUMBER

FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2016, in the State of California by and between San Diego Metropolitan Transit System, a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: Palm Engineering Construction Company, Inc. Address: 7330 Opportunity Road Suite J
Form of Business: Corporation San Diego, CA 92111
(Corporation, partnership, sole proprietor, etc.) Telephone: (619) 291-1495

Authorized person to sign contracts: Rasoul (Ross) Shahbazi President
Name Title

The specified Contract Document are part of this agreement. The Contractor agrees to furnish to MTS services and materials, as follows:

Contractor shall furnish all necessary management, supervision, labor, material, tools, supplies equipment required to diligently and fully perform and complete the project as described in MTS technical specification (attached as Exhibit A) Palm Engineering Construction Company Bid Dated January 5, 2016 (attached as Exhibit B), and in accordance with the Standard Construction Agreement, and General Conditions (attached as Exhibit C).

This contract shall be effective March 1, 2016 through April 30, 2016.

The total cost of this contract shall not exceed \$ 126,020.00.

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
\$ 126,020.00.	2005003902	FY 2016

By: _____ Date _____
Chief Financial Officer

(____ total pages, each bearing contract number)

MTS BID FORMS

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

MTS Doc. No. PWL191.0-16Opening: January 05, 2016
2.00 p.m.For: MORENA LINDA VISTA TROLLEY STATION RENOVATIONS

Item No.	Item	Unit of Measure	Qty.	PRICING	
				Unit Price	Total
1	Remove and Dispose of Trees, <i>Ficus Nitida</i> - 16 EA	EA	16	\$2,100.00	\$33,600.00
2	Plant (36 Inch Box) Queen Palms - 16 EA	EA	16	\$1,525.00	\$24,400.00
3	Remove and Dispose of Existing Pavers - 1455 SF	SF	1455	\$4.00	\$5,820.00
4	Remove and Dispose of Existing 6" Concrete Platform - 1455 SF	SF	1455	\$10.00	\$14,550.00
5	Install 8" Concrete on 6" Aggregate Base - 1455 SF	SF	1455	\$14.00	\$20,370.00
6	Install Pavers - 1455 SF	SF	1455	\$16.00	\$23,280.00
7	Performance Bond	EA	1	\$2,000.00	\$2,000.00
8	Payment Bond	EA	1	\$2,000.00	\$2,000.00
9	Grand Total Bases of Award			\$126,020.00	

The costs of any Work shown or required in the Plans and Specification, but not specifically identified as a Bid Form are to be included in related Bid Forms and no additional compensation shall be due Contractor by virtue of Contractor's compliance with the Plans and Specifications.

Bidders must provide pricing for every bid item.

In case of discrepancy between the unit price and the line item cost set forth for a unit price item, the line item cost, calculated at the unit price multiplied by the estimated quantity, shall prevail and shall be utilized as the basis for determining the lowest responsive, responsible bidder. However, if the amount set forth as a unit price is ambiguous, unintelligible or uncertain for any cause, or is omitted, or is the same amount as the entry in the "Line Item Cost" column, then the amount set forth in the "Line Item Cost" column for the item shall prevail and shall be divided by the estimated quantity for the item and the price thus obtained shall be the unit price. If any of the above discrepancies exist, MTS may recalculate the bid price on the basis of the unit price and the bidder agrees to be bound by such recalculation. Final payment for unit price items shall be determined by MTS from measured quantities of work performed.

RETURN THIS FORM WITH YOUR BID RETAIN OTHER PAGES FOR YOUR RECORDS

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

BID FORM – CONTINUED

F.O.B. POINT: San Diego Metropolitan Transit System
Procurement Dept.
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

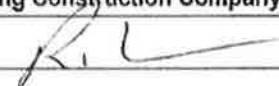
DELIVERY DATE:

Read attached General Provisions carefully. They are a part of your bid. Unit prices will prevail regardless of extensions submitted by the Bidder. The following Addenda have been noted and attached hereto:

1, 2, 3, and 4

DATE: 1/5/16

FIRM: Palm Engineering Construction Company, Inc.

SIGNATURE: 

TYPE OR PRINT NAME: Rasoul (Ross) Shahbazi

TITLE: President

ADDRESS: 7330 Opportunity Road, Suite J

CITY, STATE & ZIP: San Diego, CA 92111

PHONE NUMBER: (619) 291-1495

FAX NUMBER: (619) 291-0482

E-MAIL ADDRESS: ross@palmengineeringco.com

RETURN THIS FORM WITH YOUR BID
RETAIN OTHER PAGES FOR YOUR RECORDS



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

February 11, 2016

**Draft for
Executive Committee
Review Date: 2/4/16**

SUBJECT:

FISCAL YEAR 2016 STATE TRANSIT ASSISTANCE CLAIM

RECOMMENDATION:

That the Board of Directors adopt Resolution No. 16-3, (Attachment A) approving the fiscal year (FY) 2016 State Transit Assistance (STA) claim.

Budget Impact

The FY 2016 STA claim would result in the approval of \$18,674,000 in STA funds for the San Diego Metropolitan Transit System (MTS) to be utilized in the FY 2016 operating and capital budgets.

DISCUSSION:

STA funding comes from the Public Transportation Act (PTA), which derives its revenue from the state sales tax on diesel fuel. STA revenues are pooled at the state level for the purposes of sections 99313 and 99314 of the California Public Utilities Code (PUC). The revenues for sections 99313 and 99314 are then allocated to transportation entities on a quarterly basis. PUC section 99313 allocations are based on the latest available annual population estimates from the Department of Finance. PUC section 99314 allocations are based primarily on qualifying revenues from the Annual Report of Financial Transactions of Transit Operators and Non-Transit Claimants under the Transportation Development Act.

The California State Controller's Office projects total sales tax revenues for the coming fiscal year and the resulting STA revenue pool, and then estimates the allocation to each transportation entity. The State Controller's Office projects MTS will receive FY 2016 STA funding of \$18,674,000.



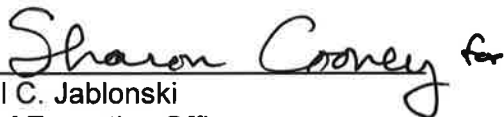
State law and MTS Policy No. 20, "Allocation of State Transit Assistance Funds", require that priority consideration be given to STA claims for the following purposes:

- to enhance existing public transportation services;
- to meet priority regional, county, or area-wide public transportation needs;
- to offset reductions in federal operating assistance and unanticipated increases in fuel costs.

STA revenues have been volatile in the past, and for that reason, the MTS Board has directed the majority of these revenues into the MTS Capital Improvement Program. However, in FY 2013, the MTS Board authorized the usage of a portion of annual STA proceeds for the operating budget to fund service restoration. For FY 2016, projected use is as follows:

- | | |
|-------------------------------|---------------|
| • Capital Improvement Program | \$ 13,900,000 |
| • Operating Budget | \$ 4,774,000 |

Since these STA revenue allocations are based on sales tax revenue projections, in certain instances, it may be necessary to revise the original STA claim. MTS will claim up to the amount authorized by the attached Board resolution (Attachment A), and any revisions over the amount of this claim will come back to the MTS Board for approval.


Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. MTS Resolution No. 16-3

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 16-3

Resolution Approving the MTS Area Fiscal Year 2016 STA Claim

WHEREAS, California Public Utilities Code (PUC) Sections 99313.3 and 99313.6 established a State Transit Assistance (STA) fund and grants the San Diego Metropolitan Transit System (MTS) authority to allocate monies from this fund; and

WHEREAS, MTS, through its various operating entities and divisions, including San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contracted Services (collectively referred to as "MTS"), and other operators on the basis of revenue generated, qualifies for STA monies under the provision of PUC Section 99260 et seq.; and

WHEREAS, the County Auditor has informed MTS that its eligible STA allocation for Fiscal Year 2016 is \$18,674,000 and

WHEREAS, the claimants' proposed expenditures of STA monies are in conformance with the *Regional Transportation Plan* and *Transportation Improvement Program*; and

WHEREAS the level of passenger fares and charges is sufficient to enable MTS to meet the fare revenue requirements of the PUC sections 99268.2, 99268.3, 99268.5, and 99268.9 as they may be applicable to MTS, and

WHEREAS MTS is making full use of federal funds available under the Urban Mass Transportation Act of 1964, as amended, and

WHEREAS, the sum of MTS' allocations of STA and local transportations funds do not exceed the amounts they are eligible to receive during the fiscal year; and

WHEREAS, priority consideration has been given to claims to offset reductions in federal operating assistance and the unanticipated increase in the cost of fuel, to enhance existing public transportation services, and to meet high-priority, area-wide public transportation needs; and

WHEREAS, in the last thirteen months, MTS has received a certification from the California Highway patrol verifying that MTS is in compliance with section 1808.1 of the Vehicle Code, as required in PUC section 99251, and

WHEREAS, MTS is in compliance with the eligibility requirements of PUC section 99314.6,

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board does hereby direct and empower MTS staff to prepare and transmit allocation instructions to the County Auditor to disburse to MTS the Fiscal Year 2016 STA amount totaling \$18,674,000.

PASSED AND ADOPTED by the Board this 11th day of February 2016, by the following
vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairman
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

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

Office of the General Counsel
San Diego Metropolitan Transit System

Resolution No. 16-3



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

February 11, 2016

**Draft for
Executive Committee
Review Date: 2/4/16**

SUBJECT:

SECURITY SERVICES AGREEMENT – CONTRACT AMENDMENT

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1299.5-10 (in substantially the same format as Attachment A) to amend the contract with Universal Protection Service (UPS) to authorize additional contract authority of \$900,000 in fiscal year (FY) 2016.

Budget Impact

This amendment would increase the previously authorized contract limit by \$900,000, from the original amount of \$39,802,392.64 to \$40,702,392.64. Funding is included in Security department's operating budget 420010-535100.

DISCUSSION:

On January 16, 2014, the MTS Board of Directors approved an amendment to MTS's security services contract with UPS to exercise option years 1 and 2. The final option term expires on June 30, 2016.

The table below illustrates the actual expenses versus the authorized expense amounts in order to maintain security service levels allowing MTS the ability to effectively respond to security events that may arise. Increases in the actual contract expenditures can be attributed to the following:

- 1) Continued construction and Transnet related projects for which MTS receives reimbursement. This activity does not impact the operating budget, but does impact the contract spend amount.



- 2) Increases to the Eagle Team Program and heightened security presence at special events not included in previous projections.
- 3) Unanticipated overtime associated with conflicting special events and emergencies.

	Actual Spend	Authorized Spend	Fiscal Year Difference	Cumulative Difference
FY 14	\$ 7,114,770.59	\$ 6,796,800.00	\$ (317,970.59)	\$ (317,970.59)
FY 15	\$ 7,376,967.84	\$ 7,022,400.00	\$ (354,567.84)	\$ (672,538.43)
FY 16 (Estimate)	\$ 7,491,377.05	\$ 7,324,800.00	\$ (166,577.05)	\$ (839,115.48)

At the end of FY 15 \$6,652,261.57 remained in the contract. Under the current trend, the estimated spend for FY16 is \$7,491,000, creating a shortfall of approximately \$840,000.

Therefore, staff recommends that the Board of Directors authorize the CEO to add \$900,000 to the UPS contract G1299.0-10, (in substantially the same format as Attachment A), to cover security services until June 30, 2016. The contract terms and rates remain the same.


 Paul C. Jablonski
 Chief Executive Officer

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

Attachment: A. Draft MTS Doc. No. G1299.5-10

February 11, 2016

MTS Doc. No. G1299.5-10

Mr. Steve Jones
Universal Protection Service
P.O. Box 10134
Pasadena, CA 91189-1034

Dear Mr. Jones:

Subject: AMENDMENT NO. 5 TO MTS DOC. NO. G1299.0-10; SECURITY SERVICES

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

SCOPE

Contractor shall continue to provide security services in accordance with the terms and conditions of the original agreement.

SCHEDULE

The term of the contract shall remain the same, terminating on June 30, 2016.

PAYMENT

This contract amendment shall authorize additional costs for the contract option period (FY 16) not to exceed \$900,000. The total value of this contract, including this amendment and the option years, shall be \$40,702,392.64. This amount shall not be exceeded without prior 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

Steve Jones
Universal Protection Service

Date: _____

cc: M. Guaderrama
E. DeGuzman
Procurement File



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
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Agenda Item No. 10

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 11, 2016

**Draft for
Executive Committee
Review Date: 2/4/16**

SUBJECT:

AMENDMENT TO CHIEF EXECUTIVE OFFICER EMPLOYMENT AGREEMENT

RECOMMENDATION:

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

Budget Impact

The proposed 3.5% merit increase (\$12,131 salary adjustment from \$346,629 to \$358,760) and the \$24,000 deferred compensation contribution total \$36,131. The proposed merit increase and deferred compensation contribution recommended above increases the total cost of the CEO contract by \$9,211 as compared to calendar year 2015, as MTS's pension and health insurance costs have decreased.

DISCUSSION:

At the Board's regular meeting on January 14, 2016, the Board conducted a closed session performance evaluation of Chief Executive Officer Paul Jablonski. The Board also conducted a closed session conference with Board Chairman Harry Mathis, who acts as the Board's chief negotiator regarding the CEO contract, to discuss a potential merit increase for the CEO.

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

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



Some highlights of Mr. Jablonski's 2015 performance achievements include:

- MTS adopted a balanced budget for Fiscal Year (FY) 2016, using no one-time monies and increasing MTS's reserve.
- Mr. Jablonski negotiated an agreement with ATU International and Local 1309 not to challenge MTS's FY 16 federal funding grants based on the state pension reform law (PEPRA), avoiding potentially significant funding shortfalls and service cuts. Mr. Jablonski's proactive actions on pension reform and reaching cooperative agreements with its labor organizations have placed MTS in a substantially better legal position in the statewide threats to federal transit funding because of PEPRA.
- Mr. Jablonski took the lead in the statewide effort to modify California law to increase the allowable weight for buses on California roads and highways. Various state and federal requirements for clean fuel, Americans' with Disabilities Act equipment, and other features increased bus axle weights over the previous 20 years. This created a situation where almost all 40 foot and 60 foot buses in the state would be subject to citation for noncompliance with the axle weight limitations. Mr. Jablonski worked with a coalition of transit agencies to update state law to set the weight at 22,000 pounds and apply it to bus weights excluding passenger loads. MTS buses are compliant with the new limits.
- Mr. Jablonski again took the statewide lead in educating members of the California Air Resources Board (CARB) and other transit agencies about the inequities and impracticalities of proposed Zero Emission Bus regulations. The regulations would significantly increase MTS' costs to purchase electric buses (\$900K/bus instead of \$500K), require a commitment to costly and proprietary electric bus charging infrastructure, and increase MTS's operating costs because of inefficient routing and scheduling that would be required to accommodate the service limitations of electric buses. The proposed regulations also carry a significant cost difference between electricity and compressed natural gas (CNG), potentially leading to service cuts to offset the increased electricity/operating costs. The proposed regulations fail to recognize significant investment made by MTS and other agencies to adopt low and zero emission programs (conversion of bus fleet from diesel to CNG and all-electric trolley). Mr. Jablonski will continue his efforts on this issue in 2016; he was recently appointed as the Chair of CARB's Transit Agency Advisory Subcommittee for this issue. In this role, Mr. Jablonski will be representing transit agencies state-wide on zero emission bus and related issues.
- Mr. Jablonski negotiated a 30-year, \$35 million naming rights agreement with UC San Diego for the Blue Line, exceeding any previous transit agency naming rights deal in the nation. This provides a new and significant revenue source that will assist MTS in providing additional service or implementing additional capital projects in future years.
- Mr. Jablonski was successful in receiving a \$31 million state grant towards the construction of a new downtown courthouse trolley station and the purchase of additional low-floor rail cars.
- MTS set a new ridership record for FY 2015 – 96,710,268 passengers.

In recognition of his exceptional performance, an amendment to Mr. Jablonski's Executive Employment Agreement is proposed to provide a merit increase to his salary of 3.5%, consistent with the merit pool provided for Management employees in the FY

16 budget, and also to provide Mr. Jablonski with a one-time \$24,000 contribution to a deferred compensation account designated by Mr. Jablonski. This increase is partially offset by Mr. Jablonski contributing an additional 1% of his pensionable salary towards his CalPERS pension, bringing his total contribution to 7% (consistent with other Management employees in the pre-PEPRA defined benefit pension plan). MTS's health insurance costs for Mr. Jablonski also decreased in 2016.

Additional CEO Contract Issue – Vested Retiree Health Benefits

The proposed contract amendment also includes language that is necessary to resolve an issue with Mr. Jablonski's vested right to receive certain health benefits upon retirement. The current contract entitles Mr. Jablonski to receive health benefits upon retirement in accordance with a 2008 formula (either 60% or 75% paid by MTS depending on his age -outlined below) for "any health insurance plan he selects". This formula/retiree health benefit was based upon a previous retiree health plan model, which included retirees in the same group health plans as active MTS employees.

In order to better control health plan costs, MTS no longer includes retirees in the active group health plan. Instead, retirees receive funds (based on years of service and the current cost of MTS's HMO health plan) into a Health Reimbursement Account (HRA) to purchase individual health insurance policies on the Affordable Care Act private insurance and Medicare exchanges. Because retirees are no longer included in the MTS group health plan, it would be difficult for MTS to implement Mr. Jablonski's retiree health benefit as currently described in the EEA. To resolve this issue, but fulfill the obligation in the contract, the contract amendment revises the EEA to define the retiree health benefit as entitling Mr. Jablonski to a lump sum contribution to an HRA. The lump sum is equivalent to the contractual formula and health plan costs in effect today:

2008 Formula: Age 60 to 64, retiree pays 40% of current COBRA rates.

- For 2016, Anthem Blue Cross HDHP/HSA (EE+1) costs \$2,568.72/month
- Mr. Jablonski would pay \$1,025.88
- MTS would pay \$1,541.23 (annual MTS cost \$18,495)

2008 Formula: Age 65 and older, retiree pays 25% of current COBRA rates.

- For 2016, Anthem Blue Cross HDHP/HSA/Medicare Eligible (EE+1) costs \$1,576.43/month
- Mr. Jablonski would pay \$394.10
- MTS would \$1,182.32 (annual MTS cost \$14,188)

The proposed contract amendment codifies these lump sum contribution amounts, provides for a CPI adjustment starting in 2017, and addresses how the formula is implemented when Mr. Jablonski is over 65 (e.g., Medicare eligible), but his spouse is under 65.

Harry Mathis
Chair, MTS Board of Directors

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

Attachment: A. MTS Doc. No. G0912.9-04 – Proposed Amendment No. 9 to CEO Executive Employment Agreement

February 11, 2016

MTS Doc. No. G0912.9-04

Mr. Paul Jablonski
Chief Executive Officer
San Diego Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, California 92101

Dear Mr. Jablonski:

Subject: AMENDMENT 9 TO MTS DOC. NO. G0912.0-04
EXECUTIVE EMPLOYMENT AGREEMENT (CHIEF EXECUTIVE OFFICER)

This letter shall serve to modify our agreement for professional services pursuant to the Executive Employment Agreement dated July 1, 2008 and modified by amendments dated March 5, 2009, March 24, 2011, December 13, 2012, March 21, 2013, February 20, 2014 and March 12, 2015 ("Agreement"), as set forth below:

- A. Modify base salary pursuant to Section 4(a) to increase compensation by 3.5% retroactive to January 1, 2016 (increasing base pay from \$346,629 to \$358,760).
- B. Modify Exhibit A "Fringe Benefits for Chief Executive Officer" to include the following additional fringe benefit, for calendar year 2016 only:
- 2016 Additional Deferred Compensation: One-time contribution of \$24,000.00 to a deferred compensation account as directed by Mr. Jablonski.
- C. Add Attachment A as a clarification of Mr. Jablonski's vested retiree health benefit set forth in Exhibit A, Paragraph 1(b) and Exhibit B of the Agreement (MTS Doc. No. G0912.2-04) dated July 1, 2008.

If you agree with the above, please sign in the space provided below and return one document marked "Original" to MTS. All other terms and conditions shall remain in effect.

Sincerely,

Accepted:

Harry Mathis
Chairman

Paul C. Jablonski

Approved as to Form:

By: _____
Karen Landers, General Counsel

ATTACHMENT A

The parties acknowledge that the current contract entitles Mr. Jablonski to receive health benefits upon retirement in accordance with a 2008 formula for "any health insurance plan he selects". Because retirees are no longer included in the MTS group health plan, the parties acknowledge that it would be difficult for MTS to implement Mr. Jablonski's retiree health benefit as currently described in the EEA. To resolve this issue, but fulfill the obligation in the contract, the parties hereby agree that the EEA retiree health premium benefit can be paid in a lump sum to a Health Retirement Account (HRA), and that Mr. Jablonski will be responsible for securing and maintaining health insurance thereafter. The parties agree that this revision does not provide any new benefit, but is intended to define the scope of MTS's financial obligation under the existing EEA, and to convert that benefit into a lump sum payment.

Therefore, the Retirement Health Care Benefit set forth in Exhibit A, Paragraph 1(b) and Exhibit B to the EEA shall be modified to read:

Retirement Health Care Benefit (CEO and Spouse Pre 65 Years of Age)

Beginning the first of the month after the retirement of CEO, MTS will begin contributing \$1,541/month into Health Reimbursement Arrangement (HRA) on his behalf until he reaches Medicare eligibility. HRA contributions will be front loaded in three (3) month increments. CEO will be responsible for obtaining health care on his own and is not eligible for MTS group plans. If spouse predeceases CEO or is otherwise no longer eligible for coverage, MTS will reduce contribution to \$750/month. Similarly, if CEO predeceases spouse, then spouse would receive \$750/month into HRA until her death. These contributions shall increase each year by the Consumer Price Index - Medical Care Services rate, beginning January 1, 2017.

Retirement Health Care (CEO 65 or Older and Spouse Under 65 Years of Age)

Beginning the first of the month after 65th birthday, MTS will begin contributing \$1,350/month into Health Reimbursement Arrangement (HRA) on his behalf for the remaining life of the CEO. HRA contributions will be front loaded in three (3) month increments. CEO will be responsible for obtaining health care on his own and is not eligible for MTS group plans. If spouse predeceases CEO or is otherwise no longer eligible for coverage, MTS will reduce contribution to \$600/month. Similarly, if CEO predeceases spouse, then spouse would receive \$750/month into HRA until her death. These contributions shall increase each year by the Consumer Price Index - Medical Care Services rate, beginning January 1, 2017.

Retirement Health Care (CEO and Spouse Are 65 Years of Age)

Beginning the first of the month after spouse's 65th birthday, MTS will begin contributing \$1,182/month into Health Reimbursement Arrangement (HRA) on his behalf for the remaining life of the CEO. HRA contributions will be front loaded in three (3) month increments. CEO will be responsible for obtaining health care on his own and is not eligible for MTS group plans. If spouse predeceases CEO or is otherwise no longer eligible for coverage, MTS will reduce contribution to \$600/month. Similarly, if CEO predeceases spouse, then spouse would receive \$600/month into HRA until her death. These contributions shall increase each year by the Consumer Price Index - Medical Care Services rate, beginning January 1, 2017.



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Agenda Item No. 11

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

February 11, 2016

**Draft for
Executive Committee
Review Date: 2/4/16**

SUBJECT:

SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS) BUS SHELTERS -
CONTRACT AWARD

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0638.0-16 (in substantially the same format as Attachment A) with Tolar Manufacturing Company, Inc. (Tolar) for the provision of Bus Shelters.

Budget Impact

The total estimated cost of this agreement would not exceed \$7,913,154.60. Funding will be through Capital Improvement Project (CIP) 11362P for fiscal years 2016 through 2018.

DISCUSSION:

On February 12, 2015, MTS awarded a contract to Brasco International for the provision of bus shelters. Per the contract terms, Brasco was required to fabricate one full scale 13' shelter as a prototype for inspection and acceptance by MTS or its representative.

Brasco delivered the first prototype in May 2015. MTS inspected the shelter and noted multiple deficiencies. After detailing the deficiencies, MTS provided Brasco the opportunity to submit a second prototype.

The second prototype was delivered and installed by Brasco in September 2015. Again, several deficiencies were detailed to Brasco. After careful consideration, Brasco agreed to terminate the contract for convenience on November 18, 2015.

MTS determined that re-opening negotiations with the next highest ranked submitter,



Tolar, was in the best interest of MTS. Tolar and Brasco were the top ranked proposals with a substantial gap from the next highest proposal. Brasco and Tolar scored 86 and 84 points respectively while the next highest ranking submitter scored 68 points.

MTS staff representing Marketing, Capital Project Management, Passenger Facilities, Transit Operations, and Procurement met with Tolar to discuss construction, materials, and negotiate price. On January 8, 2016, Tolar agreed to maintain their original pricing from the competitive RFP and offered several materials options to reduce costs.

Based on the evaluation panel's analysis of the technical proposal, discussions, negotiations, and evaluation of price (Attachment B), MTS staff has determined that Tolar Manufacturing's proposal is fair and reasonable and represents the best overall value for MTS.


Paul C. Jablonski
Chief Executive Officer

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

Attachments: A. Draft Standard Services Agreement; Contract B0638.0-16
B. Tolar Pricing

STANDARD PROCUREMENT AGREEMENT

B0638.0-16
CONTRACT NUMBER

DRAFT

FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2016, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: Tolar Manufacturing Company, Inc.Address: 258 Mariah CircleForm of Business: Corporation
(Corporation, partnership, sole proprietor, etc.)Corona, CA 92879Telephone: (800) 339-6165

Authorized person to sign contracts: Patrick Merrick Executive Vice President
Name Title

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

Provide Bus Shelters as set forth in the MTS Scope of Work (attached as Exhibit A), Tolar's Proposal (attached as Exhibit B), in accordance with the Standard Procurement Agreement, including Standard Conditions Procurement (attached as Exhibit C).

The total contract cost shall not exceed \$7,913,154.60.

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 YEARS
\$7,913,154.60	CIP11362P	2016-18

By: _____ Date
Chief Financial Officer

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
COST PROPOSAL FORMS (UPDATED 12/29/15)**

RFP TITLE: BUS SHELTERS

MTS DOC. NO.: Original: B0615.0-14 New: B0638.0-16

PROPOSER NAME: TOLAR

Year One (1) - Year Three (3)

Line #	Description	Est. Qty*	Unit Price	Extended Price
Base Requirements				
1	13' Shelter - Flat roof, standard 110V electrical, map case, back panel with MTS logo, and side panels Model 23678-00	210	\$ 5,655.00	\$ 1,187,550.00
2	17' Shelter - Flat roof, standard 110V electrical, map case, back panel with MTS logo, and side panels Model 23681-00	90	\$ 6,675.00	\$ 600,750.00
3	5' Metal Bench (2 for each 17' Shelter)	180	\$ 410.00	\$ 73,800.00
4	8' Metal Bench (1 for each 13' Shelter)	210	\$ 590.00	\$ 123,900.00
5	20 Gallon Pole Mount Trash Receptacle	300	\$ 340.00	\$ 102,000.00
6	Advertising Panels/Kiosks for 13' Shelter	168	\$ 1,785.00	\$ 299,880.00
7	Advertising Panels/Kiosks for 17' Shelter	72	\$ 1,785.00	\$ 128,520.00
8	Prototype Shelter	1	\$ 12,525.00	\$ 12,525.00
Options				
9	Arched Roof for 13' Shelter Models 23671/23670/23672	210	\$ 225.00	\$ 47,250.00
10	Arched Roof for 17' Shelter Models 23672/23674/23675	90	\$ 300.00	\$ 27,000.00
11	Solar Power - Ad Kiosk--ADD TO LINE 13 FOR ILLUMINATION SET	1	\$ 1,495.00	\$ 1,495.00
12	Solar Power - Ad Kiosk - FLEX PANEL --ADD TO LINE 14 FOR SET	299	\$ 1,525.00	\$ 455,975.00
13	Solar Power - Shelter Interior --ROOF/COMPONENT HOUSING ONLY	1	\$ 1,600.00	\$ 1,600.00
14	Solar Power - Shelter Interior - FLEX PANEL --ROOF COMP/HOUSING ONLY	299	\$ 2,050.00	\$ 612,950.00
15	Roof Front Tube Highlight Color	100	\$ 125.00	\$ 12,500.00
16	20 Gallon Pole Mount Receptacle for Recyclable Materials	300	\$ 410.00	\$ 123,000.00
17	LED Lighting - 7' Strips	600	\$ 55.00	\$ 33,000.00
18	Escutcheons (Shoe Covers) - (Tolar to suggest appropriate quantities)	720	\$ 45.00	\$ 32,400.00
19	Escutcheon Spacers (Tolar to suggest appropriate quantities)	300	\$ 39.00	\$ 11,700.00
20	Rod support sleeve for mid-panel support in the back wall -	270	INCLUDED	\$ -
Cost Savings Options				
<i>Please show credits as negative numbers.</i>				
21	Aluminum Roof 3 panels for 13' shelter 4 for 17' shelter-3 in table	300	\$ (450.00)	\$ (135,000.00)
22	Scaled back map case	300	INCLUDED	\$ -
23	Plastic slats on benches - 5' bench	180	\$ (50.00)	\$ (9,000.00)
24	Plastic slats on benches - 8' bench	210	\$ (50.00)	\$ (10,500.00)
25	Roof Rear Tube INSERT Highlight Color	300	INCLUDED	\$ -
26	Removal of gutters	300	\$ (100.00)	\$ (30,000.00)
27	No back panels on 13' shelter	21	\$ (1,350.00)	\$ (28,350.00)
28	No back panels on 17' shelter	9	\$ (1,600.00)	\$ (14,400.00)
29	Back Panel Reduction (Removing 1 of 3 on 13' shelters and 1 of 4 on 17' shelters - Securement hardware should be included)	270	\$ (250.00)	\$ (67,500.00)
Spare Parts				
30	Advertising Glass Panels	30	\$ 66.00	\$ 1,980.00
31	Back Screens with MTS Logo	6	\$ 515.00	\$ 3,090.00
32	Side Panels	6	\$ 160.00	\$ 960.00
33	Flat Roof Structures	1	\$ 2,100.00	\$ 2,100.00
34	"Snap-In" - Pocketed Column Fill Material	600ft	\$ 1.00	\$ 600.00
35	Trash Receptacles	30	\$ 340.00	\$ 10,200.00
8% CA Sales Tax:				\$ 288,958.00
Sub-Total Years 1-3:				\$ 3,900,933.00

*Estimated quantities are for proposal purposes only. The quantities do not reflect guaranteed usage by MTS. The actual quantity ordered may be more or less than estimated on the form and is dictated by MTS's actual usage.

*Unit Price shall include all handling and delivery costs.

Year Four (4)

Line #	Description	Est. Qty.*	Unit Price	Extended Price
Base Requirements				
1	13' Shelter - Flat roof, standard 110V electrical, map case, back panel with MTS logo, and side panels	70	\$ 5,890.00	\$ 412,300.00
2	17' Shelter - Flat roof, standard 110V electrical, map case, back panel with MTS logo, and side panels	30	\$ 6,955.00	\$ 208,650.00
3	5' Metal Bench (2 for each 17' Shelter)	60	\$ 427.00	\$ 25,620.00
4	8' Metal Bench (1 for each 13' Shelter)	70	\$ 610.00	\$ 42,700.00
5	20 Gallon Pole Mount Trash Receptacle	100	\$ 355.00	\$ 35,500.00
6	Advertising Panels/Kiosks for 13' Shelter	56	\$ 1,860.00	\$ 104,160.00
7	Advertising Panels/Kiosks for 17' Shelter	24	\$ 1,860.00	\$ 44,640.00
Options				
8	Arched Roof for 13' Shelter	70	\$ 235.00	\$ 16,450.00
9	Arched Roof for 17' Shelter	30	\$ 312.00	\$ 9,360.00
10	Solar Power - Ad Kiosk	1	\$ 1,558.00	\$ 1,558.00
11	Solar Power - Ad Kiosk - FLEX PANEL	99	\$ 1,584.00	\$ 156,816.00
12	Solar Power - Shelter Interior	1	\$ 1,562.00	\$ 1,562.00
13	Solar Power - Shelter Interior - FLEX PANEL	99	\$ 2,140.00	\$ 211,860.00
14	Roof Front Tube Highlight Color	100	\$ 130.00	\$ 13,000.00
15	20 Gallon Pole Mount Receptacle for Recyclable Materials	100	\$ 427.00	\$ 42,700.00
16	LED Lighting - 7' Strips	200	\$ 58.00	\$ 11,600.00
17	Escutcheons (Shoe Covers) - (Tolar to suggest appropriate quantities)	360	\$ 47.00	16920
18	Escutcheon Spacers (Tolar to suggest appropriate quantities)	300	\$ 42.00	12600
19	Rod support sleeve for mid-panel support in the back wall	90	INCLUDED	\$ -
Cost Savings Options				
<i>Please show credits as negative numbers.</i>				
20	Aluminum Roof	100	\$ (470.00)	\$ (47,000.00)
21	Scaled back map case	100	INCLUDED	\$ -
22	Plastic slats on benches - 5' bench	60	\$ (52.00)	\$ (3,120.00)
23	Plastic slats on benches - 8' bench	70	\$ (52.00)	\$ (3,640.00)
24	Roof Rear Tube INSERT Highlight Color	100	INCLUDED	\$ -
25	Removal of gutters	100	\$ (105.00)	\$ (10,500.00)
26	No back panels on 13' shelter	7	\$ (1,404.00)	\$ (9,828.00)
27	No back panels on 17' shelter	3	\$ (1,664.00)	\$ (4,992.00)
28	Back Panel Reduction (Removing 1 of 3 on 13' shelters and 1 of 4 on 17' shelters - Securement hardware should be included)	90	\$ (260.00)	\$ (23,400.00)
Spare Parts				
29	Advertising Glass Panels	10	\$ 58.00	\$ 580.00
30	Back Screens with MTS Logo	2	\$ 640.00	\$ 1,280.00
31	Side Panels	2	\$ 198.00	\$ 396.00
32	Flat Roof Structures	1	\$ 2,188.00	\$ 2,188.00
33	"Snap-In" - Pocketed Column Fill Material	200ft	\$ 1.00	\$ 200.00
34	Trash Receptacles	10	\$ 42.00	\$ 420.00
CA Sales Tax:				\$ 101,646.40
Sub-Total Year 4:				\$ 1,372,226.40

*Estimated quantities are for proposal purposes only. The quantities do not reflect guaranteed usage by MTS. The actual quantity ordered may be more or less than estimated on the form and is dictated by MTS's actual usage.

*Unit Price shall include all handling and delivery costs.

Year Five (5)

Line #	Description	Est. Qty.*	Unit Price	Extended Price
Base Requirements				
1	13' Shelter - Flat roof, standard 110V electrical, map case, back panel with MTS logo, and side panels	70	\$ 5,890.00	\$ 412,300.00
2	17' Shelter - Flat roof, standard 110V electrical, map case, back panel with MTS logo, and side panels	30	\$ 6,955.00	\$ 208,650.00
3	5' Metal Bench (2 for each 17' Shelter)	60	\$ 427.00	\$ 25,620.00
4	8' Metal Bench (1 for each 13' Shelter)	70	\$ 610.00	\$ 42,700.00
5	20 Gallon Pole Mount Trash Receptacle	100	\$ 355.00	\$ 35,500.00
6	Advertising Panels/Kiosks for 13' Shelter	56	\$ 1,860.00	\$ 104,160.00
7	Advertising Panels/Kiosks for 17' Shelter	24	\$ 1,860.00	\$ 44,640.00
Options				
8	Arched Roof for 13' Shelter	70	\$ 235.00	\$ 16,450.00
9	Arched Roof for 17' Shelter	30	\$ 312.00	\$ 9,360.00
10	Solar Power - Ad Kiosk	1	\$ 1,558.00	\$ 1,558.00
11	Solar Power - Ad Kiosk - FLEX PANEL	99	\$ 1,584.00	\$ 156,816.00
12	Solar Power - Shelter Interior	1	\$ 1,562.00	\$ 1,562.00
13	Solar Power - Shelter Interior - FLEX PANEL	99	\$ 2,140.00	\$ 211,860.00
14	Roof Front Tube Highlight Color	100	\$ 130.00	\$ 13,000.00
15	20 Gallon Pole Mount Receptacle for Recyclable Materials	100	\$ 427.00	\$ 42,700.00
16	LED Lighting - 7' Strips	200	\$ 58.00	\$ 11,600.00
17	Escutcheons (Shoe Covers) - (Tolar to suggest appropriate quantities)	360	\$ 47.00	16920
18	Escutcheon Spacers (Tolar to suggest appropriate quantities)	300	\$ 42.00	12600
19	Rod support sleeve for mid-panel support in the back wall	90	INCLUDED	\$ -
Cost Savings Options				
<i>Please show credits as negative numbers.</i>				
20	Aluminum Roof	100	\$ (470.00)	\$ (47,000.00)
21	Scaled back map case	100	INCLUDED	\$ -
22	Plastic slats on benches - 5' bench	60	\$ (52.00)	\$ (3,120.00)
23	Plastic slats on benches - 8' bench	70	\$ (52.00)	\$ (3,640.00)
24	Roof Rear Tube INSERT Highlight Color	100	INCLUDED	\$ -
25	Removal of gutters	100	\$ (105.00)	\$ (10,500.00)
26	No back panels on 13' shelter	7	\$ (1,404.00)	\$ (9,828.00)
27	No back panels on 17' shelter	3	\$ (1,664.00)	\$ (4,992.00)
28	Back Panel Reduction (Removing 1 of 3 on 13' shelters and 1 of 4 on 17' shelters - Securement hardware should be included)	90	\$ (260.00)	\$ (23,400.00)
Spare Parts				
29	Advertising Glass Panels	10	\$ 58.00	\$ 580.00
30	Back Screens with MTS Logo	2	\$ 640.00	\$ 1,280.00
31	Side Panels	2	\$ 198.00	\$ 396.00
32	Flat Roof Structures	1	\$ 2,188.00	\$ 2,188.00
33	"Snap-In" - Pocketed Column Fill Material	200ft	\$ 1.00	\$ 200.00
34	Trash Receptacles	10	\$ 42.00	\$ 420.00
CA Sales Tax:				\$ 101,646.40
Sub-Total Year 5:				\$ 1,372,226.40

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*Unit Price shall include all handling and delivery costs.

OPTION TO PURCHASE ADDITIONAL QUANTITIES - Year Five (5)

Line #	Description	Est. Qty.*	Unit Price	Extended Price
Base Requirements				
1	13' Shelter - Flat roof, standard 110V electrical, map case, back panel with MTS logo, and side panels	70	\$ 5,890.00	\$ 412,300.00
2	17' Shelter - Flat roof, standard 110V electrical, map case, back panel with MTS logo, and side panels	30	\$ 6,955.00	\$ 208,650.00
3	5' Metal Bench (2 for each 17' Shelter)	60	\$ 427.00	\$ 25,620.00
4	8' Metal Bench (1 for each 13' Shelter)	70	\$ 610.00	\$ 42,700.00
5	20 Gallon Pole Mount Trash Receptacle	100	\$ 355.00	\$ 35,500.00
6	Advertising Panels/Kiosks for 13' Shelter	20	\$ 1,860.00	\$ 37,200.00
7	Advertising Panels/Kiosks for 17' Shelter	8	\$ 1,860.00	\$ 14,880.00
Options				
8	Arched Roof for 13' Shelter	70	\$ 235.00	\$ 16,450.00
9	Arched Roof for 17' Shelter	30	\$ 312.00	\$ 9,360.00
10	Solar Power - Ad Kiosk	1	\$ 1,558.00	\$ 1,558.00
11	Solar Power - Ad Kiosk - FLEX PANEL	99	\$ 1,584.00	\$ 156,816.00
12	Solar Power - Shelter Interior	1	\$ 1,562.00	\$ 1,562.00
13	Solar Power - Shelter Interior - FLEX PANEL	99	\$ 2,140.00	\$ 211,860.00
14	Roof Front Tube Highlight Color	100	\$ 130.00	\$ 13,000.00
15	20 Gallon Pole Mount Receptacle for Recyclable Materials	100	\$ 427.00	\$ 42,700.00
16	LED Lighting - 7' Strips	200	\$ 58.00	\$ 11,600.00
17	Escutcheons (Shoe Covers) - (Tolar to suggest appropriate quantities)	360	\$ 47.00	\$ 16,920.00
18	Escutcheon Spacers (Tolar to suggest appropriate quantities)	300	\$ 42.00	\$ 12,600.00
19	Rod support sleeve for mid-panel support in the back wall	90	INCLUDED	\$ -
Cost Savings Options <i>Please show credits as negative numbers.</i>				
20	Aluminum Roof	100	\$ (470.00)	\$ (47,000.00)
21	Scaled back map case	100	INCLUDED	\$ -
22	Plastic slats on benches - 5' bench	60	\$ (52.00)	\$ (3,120.00)
23	Plastic slats on benches - 8' bench	70	\$ (52.00)	\$ (3,640.00)
24	Roof Rear Tube INSERT Highlight Color	100	INCLUDED	\$ -
25	Removal of gutters	100	\$ (105.00)	\$ (10,500.00)
26	No back panels on 13' shelter	7	\$ (1,404.00)	\$ (9,828.00)
27	No back panels on 17' shelter	3	\$ (1,664.00)	\$ (4,992.00)
28	Back Panel Reduction (Removing 1 of 3 on 13' shelters and 1 of 4 on 17' shelters - Securement hardware should be included)	90	\$ (260.00)	\$ (23,400.00)
Spare Parts				
29	Advertising Glass Panels	10	\$ 58.00	\$ 580.00
30	Back Screens with MTS Logo	2	\$ 640.00	\$ 1,280.00
31	Side Panels	2	\$ 198.00	\$ 396.00
32	Flat Roof Structures	1	\$ 2,188.00	\$ 2,188.00
33	"Snap-In" - Pocketed Column Fill Material	200ft	\$ 1.00	\$ 200.00
34	Trash Receptacles	10	\$ 42.00	\$ 420.00
CA Sales Tax:				\$ 93,908.80
Sub-Total Year 5 (OPTION):				\$ 1,267,768.80

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*Unit Price shall include all handling and delivery costs.

CONTRACT YEAR	TOTAL
CONTRACT YEARS 1-3 SUBTOTAL:	\$ 3,900,933.00
CONTRACT YEAR 4 SUBTOTAL:	\$ 1,372,226.40
CONTRACT YEAR 5 SUBTOTAL (Including OPTION):	\$ 2,639,995.20
GRAND TOTAL FOR 5 YEAR CONTRACT:	\$ 7,913,154.60

PROPOSER ACCEPTS RESPONSIBILITY FOR ACCURACY AND PRESENTATION OF THE ABOVE NUMBERS.

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*Unit Price shall include all handling and delivery costs.

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PATRICK MERRICK
 EXECUTIVE VICE-PRESIDENT
 JANUARY 8, 2016



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Agenda Item No. 12

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

February 11, 2016

**Draft for
Executive Committee
Review Date: 2/4/16**

SUBJECT:

RAIL WELDING MAINTENANCE SERVICES - CONTRACT AWARD

This item will be provided with
the Executive Committee
meeting materials

