



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

## Agenda

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

April 7, 2016

Executive Conference Room  
9:00 a.m.

#### ACTION RECOMMENDED

- A. ROLL CALL
- B. APPROVAL OF MINUTES - February 4, 2016 Approve
- C. COMMITTEE DISCUSSION ITEMS
1. Community Impact and Performance Report (Rob Schupp) Information
2. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY  
NEGOTIATORS Pursuant to California Government Code Section 54956.8  
Property: APNs 535-616-04 and 08  
Negotiating Parties: Zephyr Partners-RE, LLC  
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 Possible  
Action
3. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING  
LITIGATION Pursuant to California Government Code Section 54956.9(d)(1)  
San Diego Metropolitan Transit System v. Grand Central West LLC San  
Diego Superior Court Case No. 37-2014-00044014-CU-OR-CTL Possible  
Action
4. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL -  
ANTICIPATED LITIGATION Pursuant to California Government Code Section  
54956.9 (One potential case) Possible  
Action
- D. REVIEW OF DRAFT April 14, 2016 BOARD AGENDA
- E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA Possible  
Action  
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.



- F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS
- G. PUBLIC COMMENTS
- H. NEXT MEETING DATE: May 5, 2016
- I. ADJOURNMENT

# DRAFT

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

February 4, 2016

## MINUTES

### A. ROLL CALL

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

### B. APPROVAL OF MINUTES

Ms. Bragg moved for approval of the minutes of the January 7, 2016, MTS Executive Committee meeting. Mr. McClellan seconded the motion, and the vote was 5 to 0 in favor.

### C. COMMITTEE DISCUSSION ITEMS

#### 1. Mendoza Agreement Update (Wayne Terry)

Wayne Terry, Chief Operating Officer – Rail, provided a presentation on the disposition of the decommissioned Siemens U-2 Light Rail Vehicle (LRV) fleet. Mr. Terry reviewed the existing and proposed LRV allocations of the 71-Siemens U-2 LRV fleet. He presented photos of U-2 LRVs at their new locations, including Rock Hill Trolley Museum, Western Railway Museum and Mendoza, Argentina. Mr. Terry discussed the contract chronology between MTS and Mendoza. Mr. Jablonski commented that Mendoza may not be able to fulfill the contract as originally drafted due to financial issues. He stated that the new proposed offer for the remaining 30 operable LRVs is \$40,000 per unit, totaling \$1.2 million. He said that if Mendoza does not purchase the LRVs, the vehicles will be sold as scrap salvage. The estimated high value for scrap salvage is \$25,000 per LRV.

#### Action Taken

No action taken. Information item only.

#### 2. Airport Bus Service (Rob Schupp)

Rob Schupp, Director of Marketing and Communications, provided a presentation on Airport bus service. Mr. Schupp stated that there has been a request to rebrand the Middletown Trolley Station to the Airport Station. He noted that the Airport is building a new parking structure and rental car facility and will be providing a new airport shuttle to and from those structures. The Airport Authority and the Coastal Commission have requested that MTS rebrand the Middletown Station to the "Airport Station" to encourage people to get off at that stop and walk to the airport shuttle. He presented a map including the area of the airport structures and the Middletown Station and reviewed the new airport parking structure and Coastal Commission requirements. Mr. Schupp reviewed the details of the Middletown Station and the pedestrian path that would be

taken from the Station down to the airport shuttle area. He noted that SANDAG is planning a project to make improvements to Palm Avenue, which is the path that would be used to walk from the Middletown Station to the airport shuttle. Mr. Schupp reviewed the airport shuttle route compared to MTS bus route 992. He also provided a comparison of the two trips from Santa Fe Depot Station versus Middletown Station. Mr. Schupp stated that the Coastal Commission staff recommendation is to inform the public of alternative transit opportunities to and from the airport and encourage their use. He reviewed the progress at the airport for helping people with transit options including installing TVMs at Terminals 1 and 2; future installation of real time info at TVMs; training 300 airport ambassadors; updating airport shelter wraps; updating all web materials; in-station advertising campaigns; and a newly developed airport brochure. Mr. Schupp discussed the various Airport Authority communications regarding the public transit outreach plan. Lastly, Mr. Schupp stated that staff's recommendation is for MTS and the Airport Authority to continue to promote route 992 as the primary public transportation alternative to/from the airport; continue to offer Middletown Station as an alternative; and to discourage the renaming of Middletown Station to Airport Station or Middletown/Airport Station.

Mr. Roberts commented that both services are not ideal. He recommended that there should be more frequent service on route 992 at Santa Fe Depot. He also commented that the walk from Middletown Station to the airport shuttle is not a convenient walk and is not in a well populated or familiar area.

Ms. Bragg commented about the unsafe conditions for disabled people utilizing the Middletown Station to connect to the airport. She said that pedestrian crossing gates should be installed as a safety measure between the trolley and heavy rail tracks.

Mr. Gloria inquired if it was possible for the airport shuttle stop to be moved to a different location or to add another stop closer to the Middletown Station. He commented that the direction you are traveling from will primarily dictate which route to take to the airport. Mr. Schupp noted that MTS is including an airplane symbol at both the Santa Fe Depot and Middletown Station maps.

Mr. Roberts recommended having a discussion with the Airport Authority to slightly revise their shuttle to include a stop at the Middletown Station.

#### Action Taken

No action taken.

#### D. REVIEW OF DRAFT February 11, 2016 BOARD AGENDA (TAKEN BEFORE CLOSED SESSION)

##### Recommended Consent Items

6. Excess Insurance Renewals for Liability and Workers' Compensation Program  
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  
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  
Action would adopt Resolution No. 16-3, approving the fiscal year (FY) 2016 State Transit Assistance (STA) claim.
9. Security Services Agreement - Contract Amendment  
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  
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  
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

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

Ms. Cooney stated that the meeting will discuss the potential funding measure and their approach in preparation for their upcoming retreat. She said there will also be an item regarding Cap and Trade funding for Affordable Housing and Sustainable Communities. Ms. Cooney noted that staff has been in communication with developers to see if there are projects that will qualify for this funding to combine with transit improvements.

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 10:00 a.m.

C3. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.8

Executive Committee Meeting – DRAFT MINUTES

February 4, 2016

Page 4 of 4

Property: Assessor's 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

The Executive Committee reconvened from Closed Session at 10:55 a.m.

Oral Report on Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- C3. The Executive Committee received a report from negotiators about the list of properties and gave instructions.

H. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for March 3, 2016, at 9:00 a.m. in the Executive Committee Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 10:55 a.m.

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Chairman

Attachment: A. Roll Call Sheet

**EXECUTIVE COMMITTEE  
SAN DIEGO METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) February 4, 2016

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

RECESS \_\_\_\_\_

RECONVENE \_\_\_\_\_

CLOSED SESSION 10:00 a.m.

RECONVENE 10:55 a.m.

ADJOURN 10:55 a.m.

BOARD MEMBER				(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BRAGG	<input checked="" type="checkbox"/>	(Rios)	<input type="checkbox"/>		9:05 a.m.	10:55 a.m.
MCCLELLAN	<input checked="" type="checkbox"/>	(McWhirter)	<input type="checkbox"/>		9:05 a.m.	10:55 a.m.
GLORIA	<input checked="" type="checkbox"/>	(Cole)	<input type="checkbox"/>		9:05 a.m.	10:55 a.m.
MATHIS	<input checked="" type="checkbox"/>				9:05 a.m.	10:55 a.m.
ROBERTS	<input checked="" type="checkbox"/>	(Cox)	<input type="checkbox"/>		9:05 a.m.	10:55 a.m.
Transportation Committee Rep Slot (Mathis)						

SIGNED BY THE CLERK OF THE BOARD: Julia Tuen

CONFIRMED BY THE GENERAL COUNSEL: [Signature]



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## Agenda Item No. C1

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

April 7, 2016

#### SUBJECT:

COMMUNITY IMPACT AND PERFORMANCE REPORT (ROB SCHUPP)

#### INFORMATIONAL ONLY

Budget Impact

N/A

#### DISCUSSION:

Staff will highlight the contents of the 2016 Community Impact and Performance Report that was distributed to regional leaders and MTS staff.

A handwritten signature in black ink, appearing to read 'Paul C. Jablonski', is written over a horizontal line.

Paul C. Jablonski  
Chief Executive Officer

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

Attachment: A. Community Impact and Performance Report

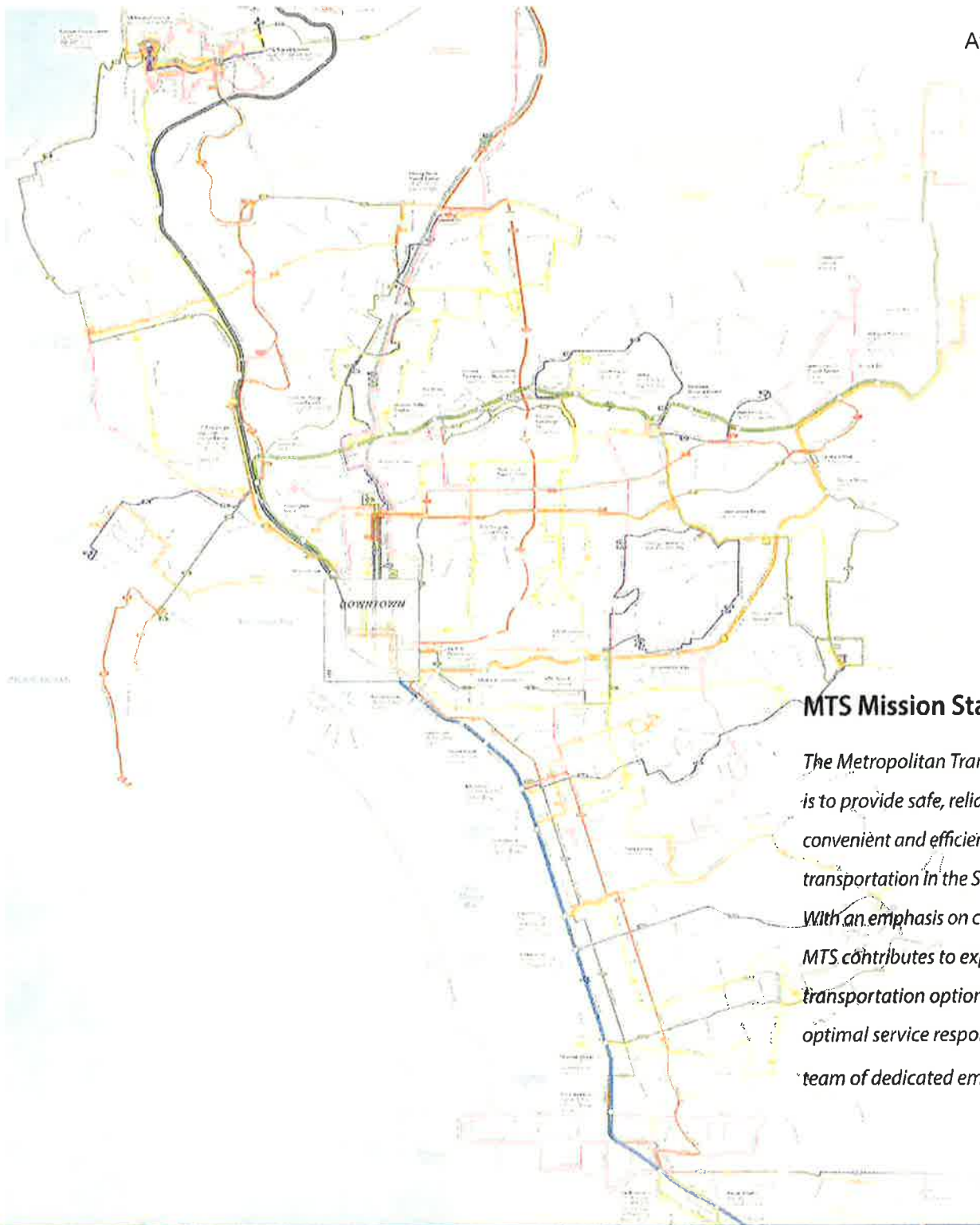






# Community Impact and Performance Report 2016





### **MTS Mission Statement**

*The Metropolitan Transit System's mission is to provide safe, reliable, accessible, convenient and efficient bus and light rail transportation in the San Diego region. With an emphasis on customer satisfaction, MTS contributes to expanding public transportation options and providing optimal service responsibly with a skilled team of dedicated employees.*





## Message from the CEO

For more than 130 years, public transportation has been serving the San Diego community and helping it thrive. The positive impacts of public transportation on our communities has been, and will continue to be, far-reaching.

The purpose of this report is to quantify those positive impacts, not just from a transportation perspective, but from all economic angles. The numbers generated by the Metropolitan Transit System may surprise you.

- We have established new ridership records in each of the last two years and now carry almost 100 million people a year
- We directly and indirectly employ almost 2,500 people
- Our annual budget exceeds \$280 million
- We have invested more than \$500 million in the last 10 years on new and clean-fuel buses and Trolleys (many of which were manufactured in California)
- We have completed major renovations of the UC San Diego Blue, Orange and Green Line trolley system as well as for our major operations centers in Chula Vista and El Cajon. Together these projects represent another \$500 million of investment.

I can say, without hesitation, that MTS is in the best shape in its history. We carry more people and are more efficient than ever before. As you will see in this report, we do more with fewer resources than our peer agencies. We are also well-positioned to accommodate even more riders as our regional growth strategies depend on public transportation for success.

MTS is proud of the service it provides. We want you to be as well. Take a look at our numbers. Please feel free to contact me if you have any questions or would like to talk further about our service.

Sincerely,

Paul C. Jablonski  
Chief Executive Officer  
San Diego Metropolitan Transit System



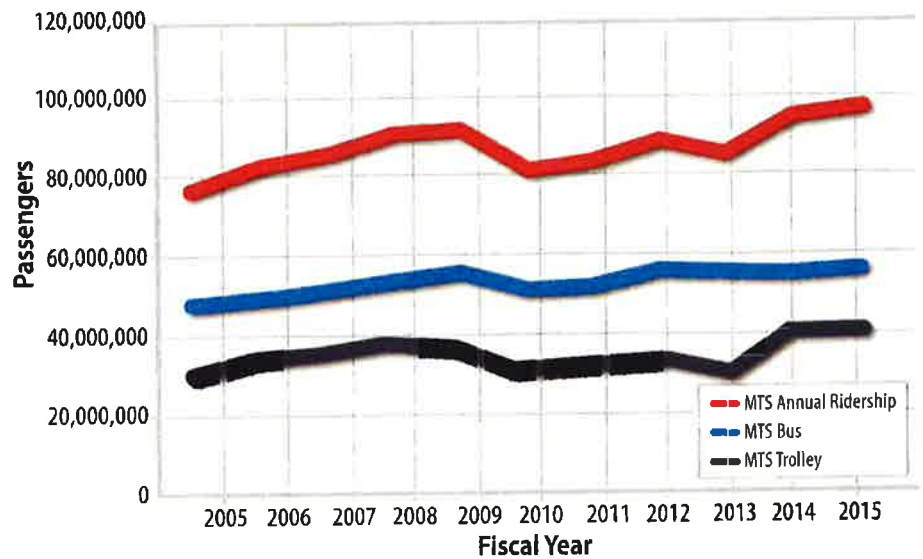


# RIDERSHIP

## How Many People Ride?

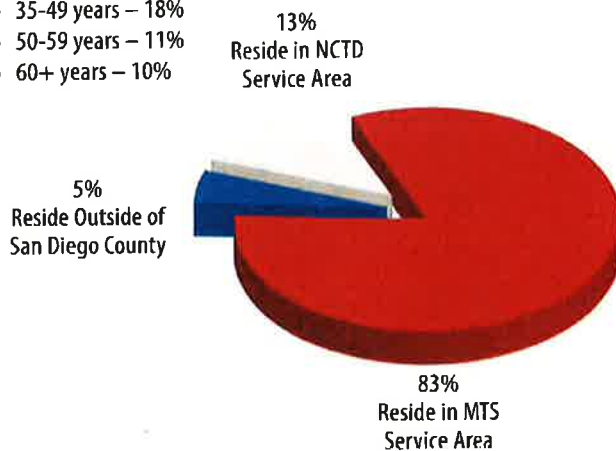
MTS ridership has been steadily growing, particularly in the last two years. MTS broke a ridership record in both FY 2014 and FY 2015, which means more people than ever before are using public transit as their choice for transportation.

More service, higher frequencies and better amenities have all contributed to gains in ridership.



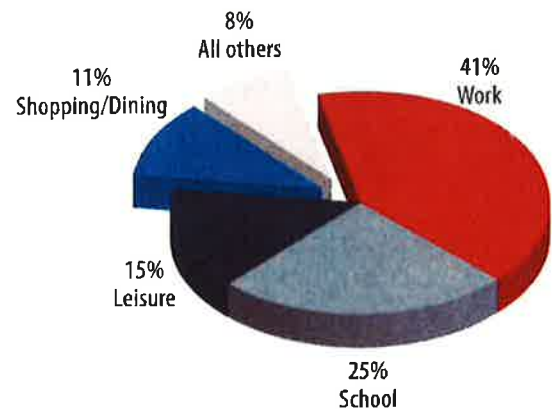
## Who is Riding MTS?

- 13-18 years – 11 %
- 19-24 years – 27%
- 25-34 years – 23%
- 35-49 years – 18%
- 50-59 years – 11%
- 60+ years – 10%



## Where are People Going?

Work, school and leisure are the top three purposes for rider trips.

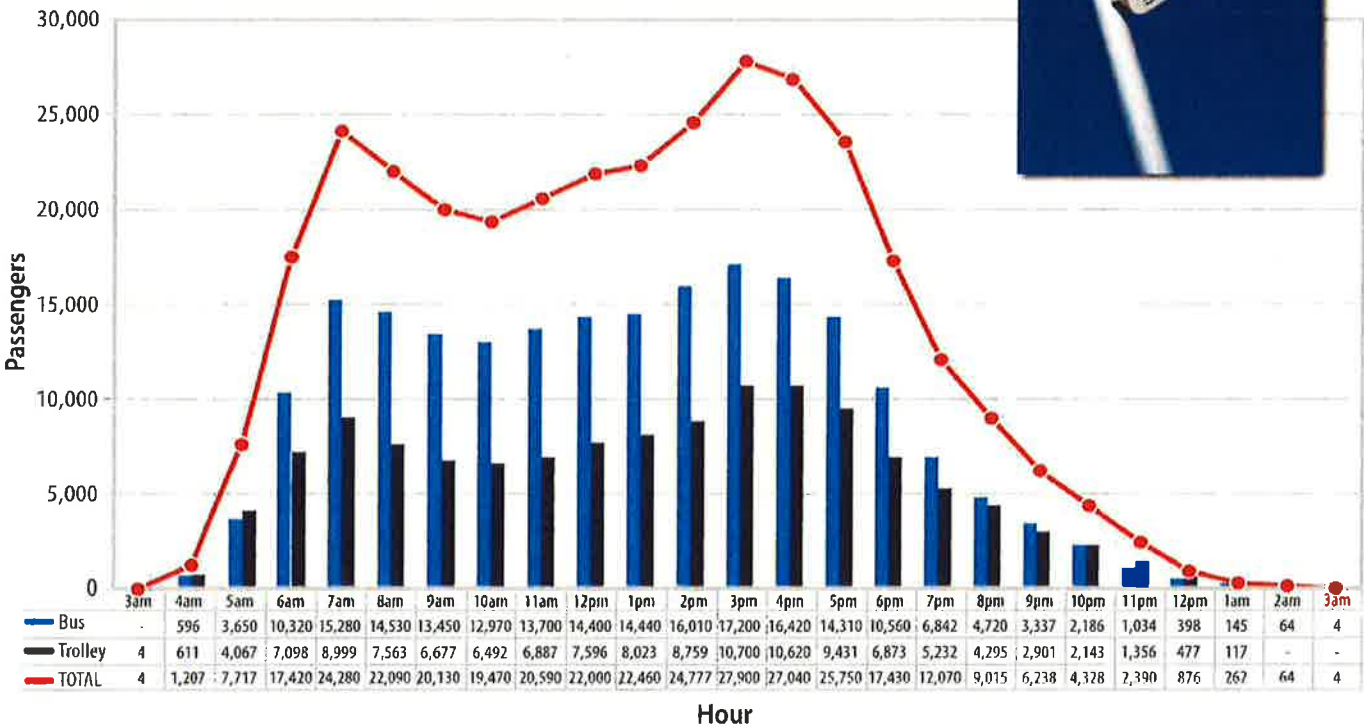
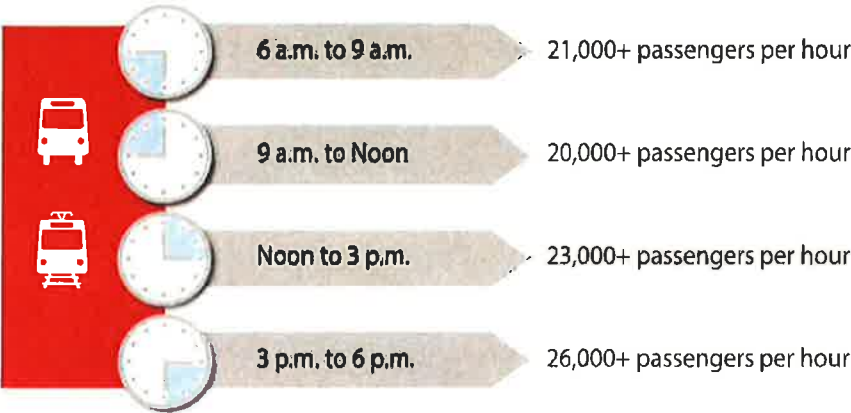


(Source: MTS Passenger Satisfaction Survey)



# When do People Ride?

Public transportation isn't used just during the peak periods.  
*From morning through evening, MTS vehicles are highly used.*





# RIDERSHIP

## Serving San Diego Communities Top 10 Bus Routes

- ① **Route 7** – 3,473,855 passengers (10,852 avg. weekday passengers)  
*Communities served:* Downtown San Diego, Balboa Park, North Park, City Heights, Vista Colina, Rolando, Helix, La Mesa
- ② **Route 929** – 2,581,788 passengers (8,434 avg. weekday passengers)  
*Communities served:* Otay Mesa, Downtown Chula Vista, National City, Barrio Logan, Southcrest, Logan Heights, East Village, Gaslamp Quarter
- ③ **Route 11** – 2,450,774 passengers (8,311 avg. weekday passengers)  
*Communities served:* Skyline, Encanto, Esperanza, Valencia Park, Lincoln Park, Southcrest, Logan Heights, East Village, Gaslamp Quarter, Little Italy, Hillcrest, Kensington, College Heights, College West
- ④ **Route 13** – 2,135,319 passengers (7,045 avg. weekday passengers)  
*Communities served:* Grantville, Allied Gardens, Teralta East, City Heights, Swan Canyon, Ridgeview-Webster, Chollas View, Chollas Creek, Lincoln Park, Paradise Village, National City
- ⑤ **Route 30** – 2,097,354 passengers (6,757 avg. weekday passengers)  
*Communities served:* UTC, UC San Diego, La Jolla Shores, Bird Rock, Pacific Beach, Bay Park, Old Town, Little Italy, Downtown San Diego
- ⑥ **Route 933/934** – 1,828,399 passengers (6,163 avg. weekday passengers)  
*Communities served:* Imperial Beach, Otay Mesa, Riviera Del Sol, Palm City
- ⑦ **Route 3** – 1,814,810 passengers (6,260 avg. weekday passengers)  
*Communities served:* Montecito Point, Hillcrest, Mission Hills, Park West, Cambridge Square, Balboa Park, Cortez Hill, Gaslamp Quarter, East Village, Logan Heights, Mountain View, Lincoln Park, Chollas Creek
- ⑧ **Route 10** – 1,595,138 passengers (5,336 avg. weekday passengers)  
*Communities served:* Old Town, Marine Corps Recruit Depot, Mission Hills, Hillcrest, North Park, City Heights, City View, Teralta East, Vista Colina, El Cerrito, Rolando
- ⑨ **Route 906/907** – 1,583,527 passengers (5,168 avg. weekday passengers)  
*Communities served:* San Ysidro, Otay Mesa West
- ⑩ **Route 955** – 1,579,755 passengers (5,168 avg. weekday passengers)  
*Communities served:* San Diego State University, College West, Talmadge, Colina Del Sol, Vista Colina, Oak Park, Lincoln Park, Southcrest, National City

(FY 2015 passenger data)

## Trolley Lines

### UC San Diego BLUE LINE

16,532,209 passengers  
(52,166 avg. weekday passengers)  
*Communities served:* South Bay, National City, Chula Vista, Barrio Logan, San Ysidro, Imperial Beach, Southcrest, East Village, Gaslamp Quarter

### GREEN LINE

13,113,614 passengers  
(38,761 avg. weekday passengers)  
*Communities served:* Gaslamp Quarter, Little Italy, Middletown, Mission Hills, Old Town, University of San Diego, Mission Valley, Grantville, College West, San Diego State University, Del Cerro, Lake Murray, College East, Grossmont, El Cajon, Santee

### ORANGE LINE

10,404,698 passengers  
(32,230 avg. weekday passengers)  
*Communities served:* Gaslamp Quarter, East Village, Grant Hill, Stockton, Mt. Hope, Mountain View, Chollas View, Emerald Hills, Encanto, Lemon Grove, La Mesa, Grossmont, El Cajon

(FY 2015 passenger data)



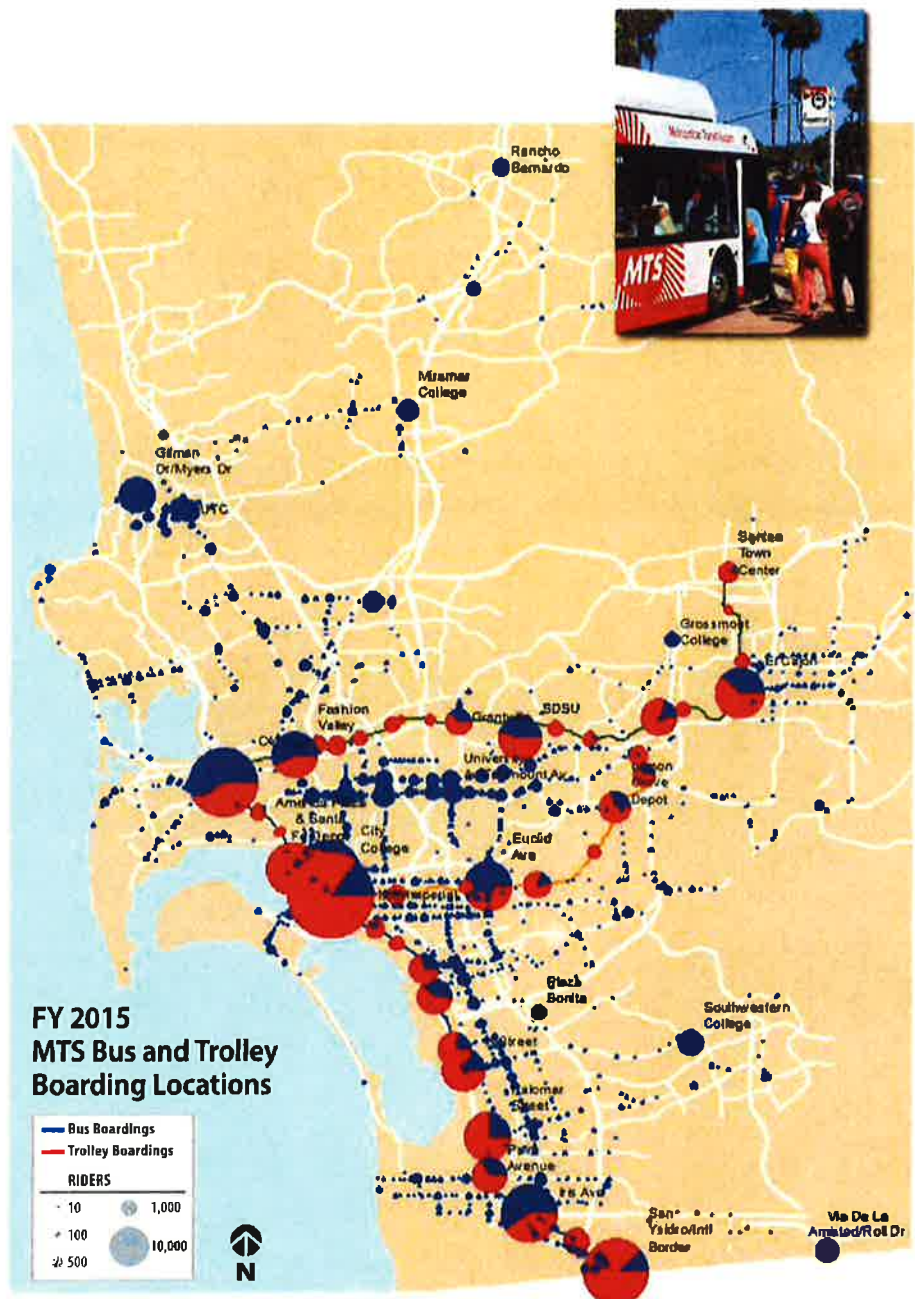


## Depending on Transit

The heat map below depicts transit activity throughout the MTS service area. Significant activity takes place at strategic stations along the Trolley lines, such as 12th & Imperial Transit Center, San Ysidro Transit Center, and the El Cajon Transit Center.

The Trolley and the new **Rapid** bus network create a trunk system that operates at high frequency with high-capacity vehicles, moving people longer distances across the region. Local, urban, and community buses provide feeder services into these main lines, connecting at major transit centers and transfer points. These bus routes serve local destinations within communities and along major corridors, such as Genesee Ave., Euclid Ave., and Palm Ave.

Synergy between the trunk Trolley and bus lines and the supporting bus services multiply the possible travel destinations for riders. This allows MTS to efficiently provide connectivity to both large and small neighborhoods throughout San Diego.



# ECONOMIC IMPACTS

## Where Transit Goes, Communities Grow

**San Diego's public transit system can help household budgets, spur economic activity and create jobs.**

### Savings!

A two-person household can save, on average, more than \$12,000 per year by reducing one car from the family lot.

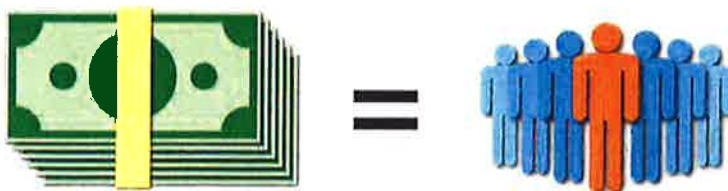
Savings based on the cost of owning and driving a vehicle, and the cost of monthly parking.  
Source: APTA Transit Savings Report

### Did you know?

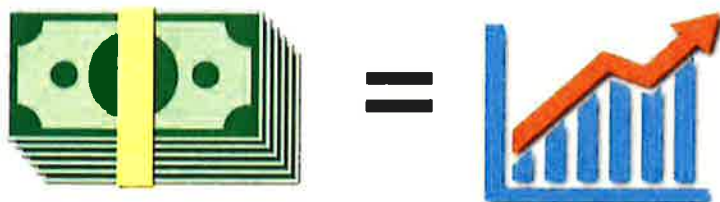
Home values in San Diego perform 17 percent better if they are located near MTS Trolley stations.



Every \$1 invested in public transit generates approximately \$4 in economic returns



Every \$1 billion invested in public transit supports and creates 12,000 jobs



Every \$10 million in public transit investments yields \$30 million in increased business.

**MTS provides economic opportunities and drives community growth**





## Growing Our Network While Maintaining State of Good Repair

MTS doesn't just drive buses and Trolleys through San Diego's core neighborhoods, MTS also helps drive San Diego's economy. MTS and SANDAG have just completed multi-million dollar projects and have a number of high-level projects in the works

that create jobs, improve the economy and strengthen regional infrastructure. *TransNet*, the half-cent sales tax for local transportation projects plays a significant funding role to make these improvements and more.

### A few highlights include:



#### San Diego Trolley Renewal

- Project Cost: \$660 million
- Project Duration: 5 years
- Completion Date: September 2015
- **Jobs Created: 7,920**



Before



After

**Orange Line**  
Euclid Avenue Trolley Station



#### South Bay Rapid

- Project Cost: First phase - \$113 million
- Project Duration: 2 years
- Completion Date: 2018 (estimated)
- **Jobs Created: 1,200** (estimated)



#### East County and South Bay Bus Operations and Maintenance Facilities

- Project Cost: \$54 million
- Project Duration: 3 years
- Completion Dates:  
South Bay  
July 2014  
East County  
Late Summer 2016  
(estimated)
- **Jobs Created: 648**



#### Mid-Coast Trolley Extension

- Project Cost: \$2 billion
- Project Duration: 4 years  
(Construction estimated to begin in 2016)
- Completion Date: 2021 (estimated)
- **Jobs Created: 24,000** (estimated)



# COMMITMENT TO COMMUNITY

## Local Law Enforcement

In March 2015, MTS launched a joint task force with five local law enforcement agencies to enhance the safety and security of San Diego's transit system. The task force operates as a mix of plain clothes and uniformed officers using unmarked and marked vehicles. Uniformed law enforcement officers now conduct operations in conjunction with 200 MTS security personnel. Task force members conduct fare inspections, look for suspicious activity and help ensure a safe environment for passengers.

*Participating agencies are:*

- Chula Vista Police Department
- El Cajon Police Department
- La Mesa Police Department
- San Diego Police Department
- San Diego County Sheriff's Department



## Passenger Safety

**Top priorities of MTS are passenger and employee safety.**

**Highlights of security services include:**

- More than 10,000 security cameras on Trolleys, buses and transit centers
- 220 security officers
- Code compliance officer body cameras
- TSA-trained K-9 unit
- Security details to patrol late-night trains and stations
- Transit Security Task Force working with local law enforcement agencies
- See Something, Say Something public-awareness program

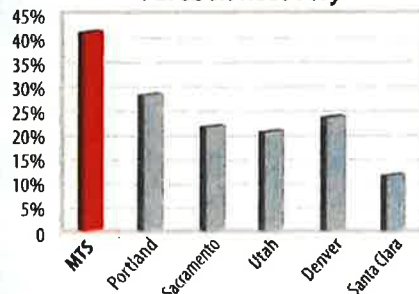




## Accountability

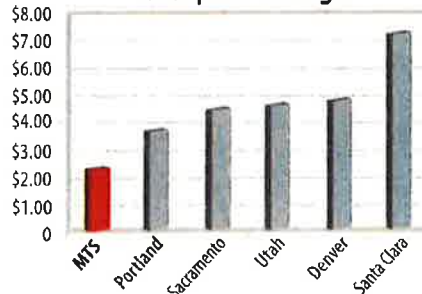
When it comes to being good stewards of the taxpayer dollar, MTS is at the top of the list compared to peer agencies.

**Farebox Recovery**



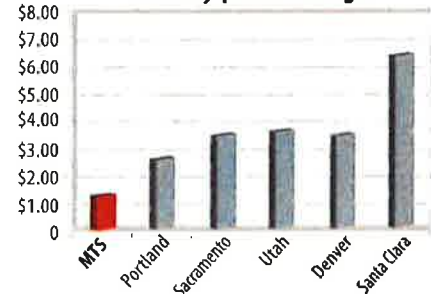
Percent of total operating costs paid for directly by passengers with their fare. Farebox recovery is improved by: 1) increasing ridership; 2) reducing costs; and/or 3) increasing fares.

**Cost per Passenger**



Amount that it costs MTS to transport each passenger on each trip.

**Subsidy per Passenger**



Amount of each passenger's trip cost that is not covered by the fare that they pay. This difference between the cost of transportation and the fare paid is covered by tax dollars.

## Stretching the Dollar

**MTS runs lean and mean at our core, and we are good at it.**

Local sales tax-based revenue for MTS is significantly less than agencies in Los Angeles and San Francisco.

As part of the TransNet spending formula, MTS receives about 1/8 of a cent of every dollar spent.

**San Diego**

1/8¢



**Los Angeles**

1.5¢



**San Francisco**

1.5¢



## Non-Fare Revenue

MTS is always looking for innovative ways to increase non-fare revenue to supplement fares and public funding to improve our service to the community. Examples include:

- **Bus Shelter and Bench Advertising**  
\$1.06 million annually
- **Bus and Trolley Wraps**  
\$750,000 annually
- **Comic-Con**  
\$650,000 annually
- **Desert Line Lease Agreement**  
\$1 million annually
- **UC San Diego Naming Rights Agreement**  
\$675,000 annually, escalating to about \$1.6 million annually
- **Other lease revenue agreements**  
\$1.86 million annually



# COMMITMENT TO COMMUNITY

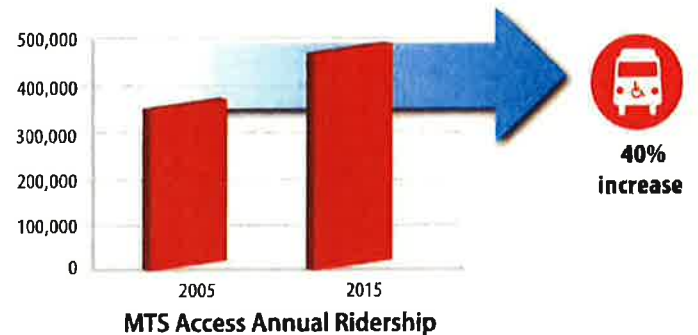
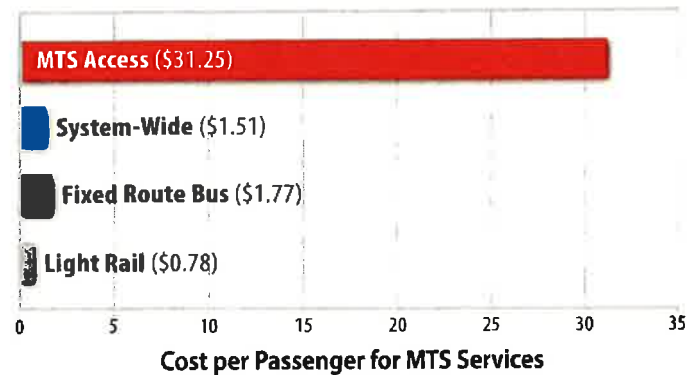
## MTS Commitment to Special Needs Riders

For those unable to access Trolley and bus service due to disabilities, MTS offers Access service, which operates wheelchair lift-equipped buses to provide transportation. It's a costly mandate by the federal government. The cost to provide MTS Access is demanding more MTS resources than ever before. It is an essential service to provide and MTS has launched several initiatives to increase efficiencies.

MTS also provides a **75 percent discount** for monthly transit passes for seniors, the disabled and Medicare recipients who qualify. About 20 percent of MTS daily ridership, or 60,500 passengers, use S/D/M passes.

MTS experienced an uptick in people attempting to use S/D/M reduced-fare passes illegally on the system. In response, MTS stepped up enforcement efforts and began a rider outreach campaign designed to convert S/D/M passengers to a photo ID card.

These efforts have helped safeguard the substantial discount for those who qualify. In FY 2015, more than 15,000 S/D/M photo ID cards were issued. That's more than were issued in 2013 and 2014 combined.



In January 2016, the MTS Board approved an ordinance amendment to step up enforcement efforts for prioritized seating on buses and Trolleys for the elderly (65+) and disabled passengers. Refusal by a passenger to vacate priority seating and wheelchair areas upon request now may result in a citation and a fine up to \$100, plus significant court administrative fees.





## Environment

All San Diego residents have an opportunity to reduce their individual carbon footprint.

***Riding transit helps fight the good fight in many ways, including:***

### Reducing Carbon Emissions

One San Diego resident with a 20-mile round trip commute who switches from driving to public transit can reduce his or her daily carbon emissions by 20 pounds, or more than 4,800 pounds in a year.



### Saving Gas

Public transportation use in the United States saves 4.2 billion gallons of gasoline annually.



### Driving Fewer Miles

Households near public transit drive an average of 4,400 fewer miles than households with no access to public transit.



It's not just our riders who contribute to reducing GHG emissions by taking the bus and Trolley. Our commitment to great service is matched in many ways by our commitment to air quality. Here are a few examples of our efforts:

### Investing in Solar

In 2015, MTS signed a contract to purchase 600 brand new bus shelters with environmentally-friendly features, such as solar power and LED lighting systems.

### LEED Certification

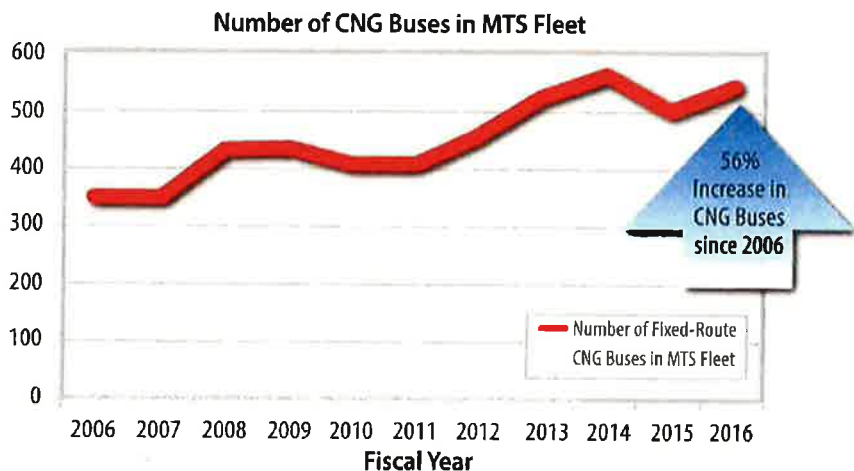
Our South Bay Bus Operations and Maintenance Facility, which opened in 2014, was built to California Green Building code and is certified as "LEED Silver." The same status is planned for a similar facility being built in East County.

### Biogas

MTS is the first transit agency in the State of California to use biogas - a gas extracted from a renewable source, such as agricultural waste. It's a "greener" type of gas than both diesel and natural gas.

### Fighting GHG Emissions

Our zero-emissions Trolleys and fixed-route bus fleet running on Compressed Natural Gas highlight our commitment to help reduce GHG emissions in the air.

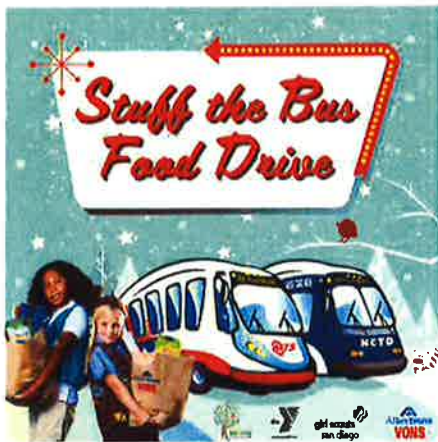


# COMMUNITY PARTNERSHIPS

## Stuff the Bus Annual Food Drive

**More than 475,000 people in San Diego are impacted by hunger, including 138,300 children.**

Over the last seven years, MTS has provided more than 100,000 meals for families in need during the holiday season in partnership with the Girl Scouts of San Diego, the San Diego Food Bank and Vons/Albertson's.



## San Diego City College Apprenticeship Program

MTS has a long-standing 100-year relationship with San Diego City College. When City College opened its doors in Fall 1914, students rode streetcars into downtown. MTS has continued that legacy.

**San Diego City College has been training the Trolley's maintenance employees for more than two decades.**

During the program, students must complete 8,000 of on-the-job training hours. Over the past 20 years, more than 500 students have been through the program.



## Laptop Scholarship Program

In partnership with Coca-Cola, for the last 12 years, MTS has challenged high school seniors to think about ways transit improves the lives of families throughout San Diego through the annual laptop scholarship essay contest.

**In 2015, more than 200 students entered the contest from 66 different high schools.**

Lenovo Yoga 2-in-1 touch-screen laptop computers were awarded to the top 40 student essays from 27 different schools in San Diego County.

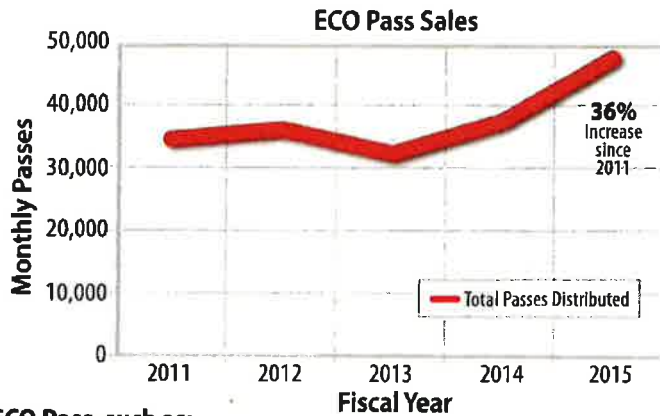




## ECO Pass Program

The MTS ECO Pass program provides San Diego businesses with discounted bus and Trolley passes for their employees. It's a tiered-level discount system ranging from 10 to 25 percent based on the total number of monthly passes pre-purchased as part of an annual contract.

Employers are seeking affordable alternatives to driving for their employees. As traffic and parking congestion and MTS services continue to grow, so does the popularity of the MTS ECO Pass program.



Many prominent San Diego-based organizations participate in ECO Pass, such as:

UC San Diego



Evans Hotels

Scripps



HOTEL DEL CORONADO.

GENERAL DYNAMICS  
ROSSCO

For more information about ECO Pass, visit [www.sdmts.com/fares-passes-pass-programs/employer-programs](http://www.sdmts.com/fares-passes-pass-programs/employer-programs)

## Triton U-Pass

In 2014, a new MTS and UC San Diego partnership created the Triton U-Pass. The program offers UC San Diego students unlimited rides during the fall, winter and spring quarters. More than 30,000 students participate in the program and pay for the service with registration fees.

The introduction of Triton U-Pass saw demand for bus service increase on many of the routes that touch UC San Diego. To match this demand, MTS increased the frequency and number of buses with touchpoints at UC San Diego and added **Rapid** service in University City.

With the Mid-Coast Trolley extension beginning construction in 2016, UC San Diego students will soon gain access to both bus and Trolley service at their doorstep.

- SuperLoop **Rapid** – 56% increase in ridership  
Serves North University City
- **Rapid** 237 – 49% increase in ridership  
Serves UTC, Mira Mesa, Miramar College and Rancho Bernardo
- Route 150 – 46% increase in ridership  
Serves UTC, La Jolla, Old Town and Downtown San Diego



**TRITON**  
**U-PASS**

student transit pass

# MTS MILESTONES



Green Line Mission Valley East extension opens, connecting Old Town to Santee through SDSU



First low-floor Trolley cars deployed on system, operating on the Green Line



TSA-trained bomb-detecting K-9 unit Initiated for Trolley and transit stations



MTS reaches 99-year ground lease agreement with Fairfield Residential for \$100 million for Transit Oriented Development at Grossmont Transit Center

Harry Mathis first elected as MTS Board of Directors Chair

MTS Comprehensive Operational Analysis (COA) redesigns bus network for the first time in 23 years



MTS adds 26 new commuter buses to service



Smart Corner Grand Opening - Mixed-use Transit Oriented Development partnership between MTS, City of San Diego and SANDAG



MTS adds 26 new Compressed Natural Gas-powered articulated buses, replacing older diesel models

MTS passes milestone and honors 500 millionth ride



Initial purchase of 57 new model low-floor Trolley cars for \$205 million

MTS is named Outstanding Public Transit System of the Year by the American Public Transportation Association



Compass Cards first introduced to the public



MTS and SANDAG reaches agreement with Vons for Compass Card distribution in San Diego



The 5-year \$660 million Trolley Renewal project first phase is replacement catenary wire on the BI

MTS signs \$3.3 million agreement to sell 11 Trolleys to Mendoza Province in Argentina



2005

2006

2007

2008

2009

2010





MTS begins service on the Silver Line  
*A downtown San Diego loop featuring renovated PCC streetcars*

MTS dedicates SDSU Trolley Station to Leon Williams



MTS introduces a real-time arrival texting option, the MTS GO! app and GTFS-realtime to improve next-arrival information for riders. MTS was one of eight transit agencies to partner with Google on public transportation scheduling technology.



Extended Green Line Trolley Service from Old Town to Downtown San Diego for more efficient travel

MTS reaches agreement with Albertson's for Compass Card distribution in San Diego



MTS introduces mobile ticketing app called mTicket for special events



Low-Floor Trolleys begin operating on the Orange Line



MTS introduces **Rapid** 215, 235 and 237 - three commuter and express bus routes from SDSU to Downtown, San Diego, Escondido to Downtown San Diego and Rancho Bernardo to UC San Diego

MTS sets a record for Comic-Con Trolley ridership with 239,227 extra trips taken during the four-day event



South Bay Bus Operations and Maintenance Facility opens



\$660 million Trolley Renewal Project is completed, revitalizing entire system

MTS reaches 30-year, \$36 million naming rights agreement with UC San Diego Health for the Blue Line



MTS receives perfect score from federal government during comprehensive review of operations and finances. It was the third straight perfect score for MTS.



2016 East County Bus Operations and Maintenance Facility opens

2018 South Bay Rapid Cost: \$113 million (Phase One)



2021 Mid-Coast Trolley Extension Cost: \$2 billion



2011

2012

2013

2014

2015

Beyond

# MTS FACTS

## By the Numbers

\$282.8 million	MTS budget in FY 2015
314,127	Average weekday passengers
\$99.9 million	Farebox revenue collected in FY 2015
96.7	FY 2015 ridership in millions
570	Service area in square miles
1,514	Number of MTS employees
1,300	Contract employees
797	MTS buses in operation
128	Trolley cars in operation
509	Trolley trips scheduled each weekday
6,580	Bus trips scheduled each weekday
107.6	Total track miles
95	Number of bus routes
89.5	Percent of Trolleys running on time
80.8	Percent of buses running on time



The Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations) and SDVTI, a 501(c)(3) nonprofit corporation. MTS is the taxicab administrator for seven cities.

MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.

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## Board of Directors

This is a joint Board of Directors for the Metropolitan Transit System, San Diego Transit Corporation, and San Diego Trolley, Inc.

### Board Members

**David Alvarez**  
San Diego City Council

**Lorie Bragg**  
Imperial Beach City Council

**Myrtle Cole**  
San Diego City Council

**Jim Cunningham**  
Poway City Council

**George Gastil**  
Lemon Grove City Council

**Todd Gloria**  
San Diego City Council

**Harry Mathis**  
Chairman of MTS Board

**Bob McClellan**  
El Cajon City Council

**Guy McWhirter**  
La Mesa City Council

**John Minto**  
Santee City Council

**Mona Rios**  
National City City Council

**Ron Roberts**  
Vice Chairman of MTS Board,  
San Diego County  
Board of Supervisors

**Mary Salas**  
Chula Vista Mayor

**Mike Woiwode**  
Coronado City Council

**Lorie Zapf**  
San Diego City Council







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San Diego, CA 92101-7490  
619.231.1466 FAX 619.234.3407

DRAFT

## Agenda

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

April 14, 2016

9:00 a.m.

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

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#### ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes - March 17, 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. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). MTS is the taxicab administrator for seven cities.

MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.



## CONSENT ITEMS

- |     |   |             |
|-----|---|-------------|
| 6.  | <u>San Diego and Arizona Eastern (SD&amp;AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&amp;AE Board of Directors at its Meeting on January 19, 2016</u>   | Information |
| 7.  | <u>Authorization to Increase Legal Services Contract with Tyson &amp; Mendes, LLP to Pay Projected Expenses</u><br>Action would: (1) approve increasing the spend authority for Tyson & Mendes, LLP contract by \$200,000 to cover anticipated legal expenses; and (2) extend the contract for an additional two years with this firm effective January 1, 2017 through December 31, 2018.                          | Approve     |
| 8.  | <u>Arc of San Diego Interior Bus Cleaning Services - Contract Amendment</u><br>Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0602.1-13, to amend the contract with The Arc of San Diego (Arc) to authorize an additional expense authority of \$216,248.45 for the remainder of the contract term.  | Approve     |
| 9.  | <u>Rail Welding Maintenance Services - Contract Award</u><br>Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL169.0-15, with Morrison Metalweld Process Corp. for the provision of rail welding maintenance services for five years, beginning on May 1, 2016 and ending on April 30, 2021.  | Approve     |
| 10. | <u>Investment Report - February 2016</u>  | Information |
| 11. | <u>Light Rail Vehicle (LRV) Tire Kits - Contract Award</u><br>Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1285.0-16 with Siemens Industry, Inc., for the purchase of Light Rail Vehicle (LRV) tire kits for up to six years.  | Approve     |
| 12. | <u>San Diego Metropolitan Transit System (MTS) Intranet Redesign, Implementation, and Annual Maintenance Services - Contract Award</u><br>Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1866.0-16 with Steer Davies & Gleave, Inc. for the provision of redesign and implementation services for MTS's Intranet, as well as, software maintenance services for three (3) years. | Approve     |

## CLOSED SESSION

- 24.
- Oral Report of Final Actions Taken in Closed Session

## NOTICED PUBLIC HEARINGS

25. None.

## DISCUSSION ITEMS

- |     |   |         |
|-----|---|---------|
| 30. | <u>Mobile Ticketing Services Agreement - Contract Award</u> | Approve |
|-----|---|---------|

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1818.0-15 with GlobeSherpa, for the provision of Mobile Ticketing Services for three (3) years with an option to extend for an additional three (3) years.

#### REPORT ITEMS

- |     |   |             |
|-----|---|-------------|
| 45. | <u>Enterprise Resource Planning/Transit Asset Management Implementation - Final Update (Larry Marinesi)</u>   | Information |
| 60. | <u>Chairman's Report</u>  | Information |
| 61. | <u>Chief Executive Officer's Report</u>   | Information |
| 62. | <u>Board Member Communications</u>  |             |
| 63. | <u>Additional Public Comments Not on the Agenda</u><br>If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments. |             |
| 64. | <u>Next Meeting Date:</u> May 12, 2016  |             |
| 65. | <u>Adjournment</u>  |             |



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## Agenda Item No. 6

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

April 14, 2016

**Draft for  
Executive Committee  
Review Date: 4/7/16**

#### SUBJECT:

SAN DIEGO AND ARIZONA EASTERN (SD&AE) RAILWAY COMPANY QUARTERLY  
REPORTS AND RATIFICATION OF ACTIONS TAKEN BY THE SD&AE BOARD OF  
DIRECTORS AT ITS MEETING ON JANUARY 19, 2016.


#### INFORMATIONAL ONLY

##### Budget Impact

None.

#### DISCUSSION:

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

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

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

Attachment: A. SD&AE Meeting Agenda and Materials





# AGENDA

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

January 19, 2016

9:00 a.m.

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



**SAN DIEGO & ARIZONA  
EASTERN RAILWAY  
COMPANY**

A NEVADA NONPROFIT  
CORPORATION

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

BOARD OF DIRECTORS  
PAUL JABLONSKI, CHAIRPERSON  
MATT DOMEN  
BLAKE JONES

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

LEGAL COUNSEL  
KAREN LANDERS

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## ACTION RECOMMENDED

1. Approval of the Minutes of October 13, 2015 Approve  
Action would approve the SD&AE Railway Company Minutes of October 13, 2015.
2. Statement of Railway Finances (Erin Dunn) Receive  
Action would receive a report for information.
3. Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Matt Domen) Receive  
Action would receive a report for information.
4. Report on Pacific Southwest Railway Museum (Diana Hyatt) Receive  
Action would receive a report for information.
5. Report on the Desert Line (Don Stoecklein/Arturo Alemany) Receive  
Action would receive a report for information.
6. Real Property Matters (Tim Allison)
  - a. Summary of SD&AE Documents Issued Since October 13, 2015 Receive  
Action would receive a report for information.
    - S200-15-629: Right of Entry Permit to Aguirre and Associates, for performing various field surveys in the City of La Mesa.
    - S200-16-631: Right of Entry Permit to Cal Poly State University for public surveys at the Lemon Grove Trolley Station.
    - S200-16-632: Right of Entry Permit to Henkels & McCoy, Inc., for removing SDG&E transmission towers along the South Line between Sampson St. and Schley St.
7. Amendment to Articles of Incorporation (Karen Landers)  
Action would approve the Amendment of Articles of Incorporation

8. Board Member Communications
9. Public Comments
10. Next Meeting Date: April 12, 2016
11. Adjournment

## MINUTES

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

October 13, 2015

A meeting of the Board of Directors of the San Diego & Arizona Eastern (SD&AE) Railway Company, a Nevada corporation, was held at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101, on October 13, 2015, at 9:00 a.m.

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

San Diego Metropolitan Transit System:	Tim Allison, Karen Landers, Wayne Terry, Erin Dunn, Traci Wutke
Pacific Southwest Railway Museum:	Diana Hyatt
Trains Magazine:	Don Jones

1. Approval of Minutes

Mr. Jones moved to approve the Minutes of the July 14, 2015, SD&AE Railway Board of Directors meeting. Mr. Domen seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Erin Dunn reviewed the financial statement for the first quarter of 2016 (attached to the agenda item).

Mr. Jablonski inquired about the uncollectable Port of San Diego invoices totaling \$14,000 that were written off in FY 2014. Ms. Dunn explained that the Port of San Diego refused to pay the invoice regarding fiber-optics. Ms. Landers and Mr. Allison added that this is being reviewed, and the charges are good and fair. Currently, the Port of San Diego is asking for more crossings. Mr. Jablonski and Ms. Landers agreed that with unpaid invoices, these projects are not likely to move forward.

Action Taken

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

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

Mr. Domen reviewed the report of activities for the third quarter of 2015 (attached to the agenda item).

Mr. Jablonski asked if the cattle feed commodity was relatively new or if SD&IV has always been involved. Mr. Domen said that they have always been involved in cattle feed, but it was contingent on the price as to whether it was purchased in Mexico or in the United States.

Action Taken

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

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the third quarter of 2015 report (attached to the agenda item). Ms. Hyatt reported that the west portal of tunnel four is deteriorating. Ms. Hyatt recognizes that this is not the responsibility of the SD&AE Board; however, she would like to bring this to the Board's attention. Ms. Landers commented that this issue is something that will have to be rectified before too long as it poses a safety threat to traffic using that line. Ms. Landers mentioned that Dan Davis is aware of this need and will be including it in his report.

Action Taken

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

5. Report on the Desert Line

There were no representatives from Pacific Imperial Railroad to give an oral report. The Board acknowledged the written report submitted by PIR. Karen Landers gave a brief review of the contents of the PIR report.

Ms. Landers commented that she will join PIR representatives who will be attending a U.S. State Department working group (US/Mexico Bi-national Bridges and Border Crossings Group) on October 28, 2015. The working group asked for a report on the Desert Line project at that time.

Action Taken

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

6. Real Property Matters

6a. Since the July 14, 2015, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-15-625: Right of Entry Permit to Hulcher Services, Inc., for moving GATX cars on the Desert Line.
- S200-16-626: Right of Entry Permit to the San Diego County Bicycle Coalition for the annual Bike the Bay bike ride.

Mr. Jablonski noted that the Salt Works easement has expired and needs to be renewed. Mr. Allison said that MTS would be entering into new agreements in the near future.

6b. Tim Allison gave a report regarding the drainage easement to the City of La Mesa for a portion of Alvarado Creek.

Action Taken

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

7. Approval of the 2016 SD&AE Board of Directors Meeting Schedule

Karen Landers explained that SD&AE holds quarterly meetings in January, April, July, and October and asked members to review the proposed dates for the 2016 meeting schedule. All Board members were in agreement of the proposed dates as listed:

Tuesday, January 19, 2016	9:00 a.m.	(Fourth Quarter 2015 Reports)
Tuesday, April 12, 2016	9:00 a.m.	(First Quarter 2016 Reports)
Tuesday, July 19, 2016	9:00 a.m.	(Second Quarter 2016 Reports)
Tuesday, October 11, 2016	9:00 a.m.	(Third Quarter 2016 Reports)

Action Taken

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

8. Board Member Communications

None.

9. Public Comments

None.

10. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors will be on January 19, 2016.

11. Adjournment

The meeting was adjourned at 9:24 a.m.

  
President

  
General Counsel

# San Diego and Arizona Eastern Railway Company

1/19/2016

## Sign-in Sheet (VOLUNTARY)

Name	Company
1. <i>MATT DORCE</i>	<i>SDIV</i>
2. <i>Jared Gooch</i>	<i>SDIV</i>
3. <i>Clint Ashmead</i>	<i>" "</i>
4. <i>Jeff Owen</i>	<i>SDIV</i>
5. <i>DON JONES</i>	<i>TRAINS MAGAZINE</i>
6. <i>Diane Hyatt</i>	<i>PSRM</i>
7.	
8.	
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22.	
23.	

## **Agenda**

## **Item No. 2**

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

January 19, 2016

**SUBJECT: STATEMENT OF RAILWAY FINANCES**

### **RECOMMENDATION:**

That the SD&AE Railway Company Board of Directors receive a financial report for the period ending November 30, 2015.

#### **Budget Impact**

None

### **DISCUSSION:**

Attached are SD&AE's financial results for the period ending November 30, 2015, as well as the financial results for the fiscal year-to-date actuals as of December 31, 2014. Due to the implementation of MTS's new Enterprise Resource Planning (ERP) system on January 1, 2016, December's figures are not available. Results of operation for December 2015 will be reported to the Board at the next quarterly meeting.

The current fiscal year-to-date revenues are \$411,000 favorable to budget primarily due to the Desert Line Lease revenue not included in the budget. This revenue is partially reduced by Right of Entry Permits under budget by \$8,000.

Expenses are \$19,000 favorable to budget primarily due to favorable variances in Personnel Costs and Outside Services.

The Net Income for the period ending November 30, 2015 was \$418,000.

**Attachments: SD&AE Operating Statement For The Period Ending November 30, 2015**

**SD&AE Operating Statement FY2016-15**

	FY 2016				FY 2015	
	Q1 Actual	Oct - Nov Actual	YTD - Actual (Jul - Nov)	YTD Budget (Jul - Nov)	Variance	Q1 - Q2 Actual (Jul - Dec)
<b>Revenues</b>						
Right of Entry Permits	\$ 750	\$ 4,150	4,900	\$ 12,500	\$ (7,600)	\$ 8,906
Lease Income	18,528	14,785	31,314	29,165	\$ 2,149	\$ 36,504
Desert Line Lease Revenue	250,000	166,667	416,667	-	\$ 416,667	\$ 500,000
Operator Income - SD&IV 1% Freight Fee	8,500	5,700	14,200	14,585	\$ (385)	\$ 18,000
<b>Total Revenue</b>	<b>275,779</b>	<b>191,302</b>	<b>467,081</b>	<b>56,250</b>	<b>410,831</b>	<b>563,410</b>
<b>Expenses</b>						
Personnel Costs	16,642	8,771	25,413	40,124	14,711	61,814
Outside Services	422	17,011	17,433	20,901	3,468	34,048
Risk Management	3,347	2,646	5,993	6,670	677	7,375
Misc. Operating Expenses	250	156	406	210	(196)	284
<b>Total Expense</b>	<b>20,661</b>	<b>28,584</b>	<b>49,245</b>	<b>67,905</b>	<b>18,660</b>	<b>103,521</b>
<b>Net Income/(Loss)</b>	<b>\$ 255,118</b>	<b>\$ 162,718</b>	<b>\$ 417,836</b>	<b>\$ (11,655)</b>	<b>\$ 429,491</b>	<b>\$ 459,889</b>
<b>Reserve Balance 2015</b>	<b>\$ 1,553,150</b>					<b>\$ (42,063)</b>

Allocated Interest Earnings - Estimated	2,083
Operating Profit/(Loss) - YTD	417,836
<b>Reserve Balance 2016 as of Nov. 30, 2015</b>	<b>\$ 1,973,069</b>



## **Agenda Item No. 3**

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

January 19, 2016

**SUBJECT:**

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

**RECOMMENDATION:**

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

**Budget Impact**

None.

**DISCUSSION:**

An oral report will be given during the meeting.

**Attachment:** Periodic Report for the 4th Quarter of 2015



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

January 6 , 2016

## Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company activities of interest for the 4th Quarter of 2015 are listed as follows:

### 1. Labor

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

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

## 2. Marketing

Volume in the 4th Quarter increased 12% as compared to 2015. Bridge traffic into Mexico had a 5% increase, primarily driven by increases in LPG. Traffic terminating or originating on the SDIY was up over 30% versus last year. Increase is due primarily to the addition of a new ethanol transload operation in San Ysidro.

## 3. Reportable Injuries/Environmental

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

Days FRA Reportable Injury Free: 6845

## 4. Summary of Freight

	2015	2014	2013
<b>Total rail carloads that moved by SDIY Rail Service in the quarter.</b>	<b>923</b>	<b>826</b>	<b>1301</b>
<b>Total railroad carloads Terminating/Oriinating Mexico in the quarter.</b>	<b>655</b>	<b>622</b>	<b>1119</b>
<b>Total railroad carloads Terminating/Oriinating El Cajon, San Diego, National City, San Ysidro, California in the quarter.</b>	<b>268</b>	<b>204</b>	<b>182</b>
<b>Total customers directly served by SDIY in the quarter</b>	<b>10</b>	<b>11</b>	<b>11</b>
<b>Regional Truck trips that SDIY Railroad Service replaced in the quarter</b>	<b>2769</b>	<b>2478</b>	<b>3903</b>

Respectfully,

Matt Domen

General Manager

## **Agenda Item No. 4**

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

January 19, 2015

**SUBJECT:**

**REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM**

**RECOMMENDATION:**

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

**Budget Impact**

None.

**DISCUSSION:**

A report will be presented during the meeting.

**Attachment: Quarterly Report**



## Pacific Southwest Railway Museum

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

January 8, 2016

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

Re: Fourth Quarter 2015

Dear SD&AE Board:

During the fourth quarter of 2015, utilizing all volunteer crews, the Pacific Southwest Railway Museum ran 39 passenger trains to Division and return and 56 passenger trains operated within Campo Yard limits carrying 7,110 passengers with no FRA reportable accidents or injuries. Total income from SD&AE property for fourth quarter, 2015 was \$234,294.32. Our check for \$4,685.89 will follow under separate cover. By comparison, PSRM carried 6,765 passengers during the fourth quarter of 2014 and total income from SD&AE property was \$196,218.

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

7,110	Passengers during the fourth quarter of 2015
6,765	Passengers during the fourth quarter of 2014
6,535	Passengers during the fourth quarter of 2013
6,889	Passengers during the fourth quarter of 2012
6,109	Passengers during the fourth quarter of 2011
4,384	Passengers during the fourth quarter of 2010
3,268	Passengers during the fourth quarter of 2009
4,554	Passengers during the fourth quarter of 2008

Passenger ridership has significantly increased during this period as compared to past years. During this season an additional four trains were added to the North Pole Limited offering. And Pumpkin Express trains were offered for one additional day: three additional trains with Halloween landing on a Saturday in 2015.

PSRM continues to maintain both signalized railroad crossings at Highway 94 in Campo, performing the monthly, quarterly and annual inspections. PSRM also performs twice-weekly

**Page 2: PSRM 4<sup>th</sup> quarter 2015 Report**

track inspections between MP 59.9 and 66.77 while operating passenger trains and as necessary after inclement weather. Our volunteer track crew continues to perform track maintenance tasks, and tie replacement on the mainline.

In early 2016, PSRM looks forward to assisting with the Christmas Train event also known as the Three Kings Train in Tecate, B.C., Mexico on Sunday, January 10, 2016. This will be the seventh year that a train from Campo to Tecate has not been possible. Track work is progressing near Lindero on the Mexican side of the border and the west portal of tunnel 4, the international tunnel has been inspected several times in the past two months with the intention of mitigation and repairs.

Members of this board and staff are always welcome to visit us at Campo, please contact me whenever there is an interest.

Sincerely,

  
Diana Hyatt  
President

## **Agenda Item No. 5**

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

January 19, 2016

**SUBJECT:**

**REPORT ON THE DESERT LINE**

**RECOMMENDATION:**

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

**Budget Impact**

None.

**DISCUSSION:**

A report will be presented during the meeting.

**Attachment: Quarterly Report**

SD&AE 01/19/16



# PERIODIC REPORT

January 19, 2016

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

**Pacific Imperial Railroad, Inc.**



SD&AE 01/19/16

## **Fourth Quarter 2015**

### **CONTENTS**

- I. MAJORITY OWNERSHIP TRANSFER**
- II. RECONSTRUCTION PLAN – AMENDMENT I**
- III. RL BANKS**
- IV. MOU WITH INTERZONE, INC.**
- V. WILSON & CO**
- VI. PROGRESS WITH MEXICO**
- VII. REPORTABLE INJURIES / ACCIDENTS /  
ENVIRONMENTAL INCIDENTS**
- VIII. FREIGHT ACTIVITY**
- IX. MTS LEASE PAYMENT**

SD&amp;AE 01/19/16

**I. MAJORITY OWNERSHIP TRANSFER**

On October 28, 2015, Pacific Imperial Railroad, Inc. (PIR), announced the closing of a transaction resulting in the immediate acquisition of the majority controlling interest in PIR by the New York based conglomerate, Pacific Transportation Investments, Inc. (PTI) (formerly Conatus Capital Group, Inc.), represented by Ambassador Joseph Zappala, his legal counsel, Phillip Mindlin of Wachtell, Lipton, Rosen & Katz, Charles E. Fletcher, of the Fletcher Infrastructure Group and Arturo Alemany of Alemany & Associates; from the Nevada Group consisting of International Railroad Investment Fund, Inc. and Gold Mountain North, LLC, sellers represented by Charles McHaffie. Also, Arturo Alemany, principal of PTI, has been confirmed as CEO and President of PIR.

Mr. Alemany has more than 25 years of experience in international business development and operations in the U.S., Europe and Latin America. He is President and Chief Executive Officer of Alemany and Associates, a company providing multicultural expertise in international contract negotiations, and has ten (10) years of prior railroad experience with Amtrak.

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Donald Stoecklein, former CEO of PIR, who will remain as Chief Compliance Officer also stated that “We welcome Arturo’s experience with Amtrak and his leadership to PIR, and in his new role as CEO & President. His results-oriented approach and ability to think strategically, along with his vital contacts in Mexico and New York will play a pivotal role in helping us grow,” said Stoecklein.

PTI and Alemany intend to work closely with Ambassador Joseph Zappala, former United States Ambassador to Spain, Charles E. Fletcher of the Fletcher Infrastructure Group in New York and New York City lawyer Philip Mindlin to reconstruct and develop the Desert Line railroad.

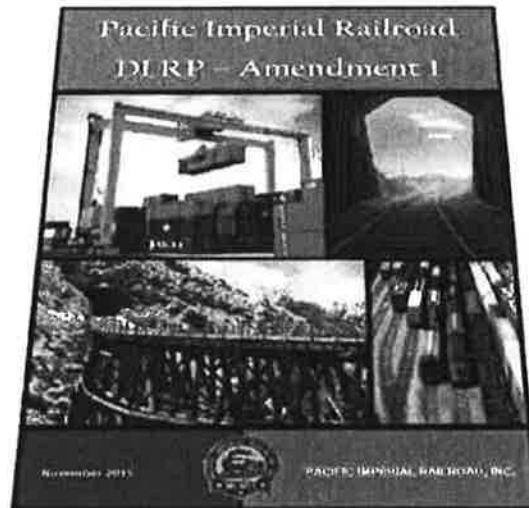
## **II. DESERT LINE RECONSTRUCTION PLAN – AMENDMENT I**

In accordance with the lease, PIR submitted the Desert Line Reconstruction Plan – Amendment 1 (DLRP – A/1) to MTS on December 1st, 2015. The purpose of this report was to provide an exposition of PIR’s new reconstruction strategy as it relates to our revenue-generating business model as well as a description of the

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different phases, the financing plan and the role of our engineering consultant and contractor.

This DLRP/A-1 amends the DLRP Supplement dated June of 2014 as a result of PIR approaching American Pacific Constructors (APC) in March 2015. APC



was a critical component during the initial planning and development stages of the Reconstruction Plan Amendment. APC was the first contractor to bid the phase 1 job and also aided in the reorganization of the lease. We have been in negotiations with APC over the past several months during which several key issues arose including the type and availability of the material, job costing and mobilization expenses as well as environmental concerns.

Once the GATX cars were removed from the Line, the final track inspection and material inventory was conducted by APC and JLP. Based on these inspections and subsequent discussions, our

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team realized we needed to use a higher grade of lumber in order to be in compliance with FRA regulations. Once this requirement was established, APC asserted it would take 6 months to get this type of lumber and would cost significantly more. Once we discussed this with JLP and MTS, we decided to approach a pre-fabricated concrete company in order to evaluate our options in order to determine the most efficient and cost effective approach to the rehabilitation of the phase 1 bridges.

On August 27th, 2015, the PIR team met with APC and Trabis, a Mexican precast concrete company, in order to conduct a cost-benefit analysis of concrete vs. wood. During the field inspection, Trabis gathered information and compiled a preliminary bid for the bridge repairs in concrete. The goal was to determine which type of building material would allow for the repairs to be completed on schedule while staying within our budget. Upon further investigation and discussions with JLP, it was determined that the environmental complications associated with the construction of new pre-cast cement bridges and all-new cement pilings would cause similar or worse delays than ordering the lumber. Furthermore, the cost of pre-cast similarly offset the

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benefits of using Trabis. As such, it was determined phase 1 would proceed with wooden reconstruction.

After the decision was made to proceed with wooden bridge reconstruction; discussions with APC over the proposed contract revealed that APC's mobilization and material deposit cost were too expensive and required too much up-front capital. It is PIR's understanding that APC's high upfront cost is due to the small size of their operation and their lack of rail specific equipment. Although, we appreciate APC's involvement in the renegotiations of the Lease and the overall reconstruction process, the PIR team decided not to execute the contract with APC..

After being unable to reach an agreement with APC over payment






















































































































































































































































































































schedules, mobilization cost and price changes, PIR management approached Railworks Track Services to get a second bid on Phase 1 from a rail specialist. "Railworks is North America's leader in Track and Transit & Systems construction and maintenance services. Railworks provides railway construction and railroad maintenance services for a range of clients, from major transit

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authorities and transportation agencies, to industries served by rail, ports, waterways and utilities, to railroads of all sizes". On November 12, 2015, Railworks submitted their proposal and statement of qualification. PIR was impressed with their history of work with MTS and SANDAG as well as their overall railroad expertise. Railworks has an established system for job costing and communicating with their clients as well as a expansive inventory of railroad equipment. Although their prices are slightly higher than APC's, PIR decided to choose Railworks due to the other important advantages listed above. The Railworks contract and scope of work which is included in section 6 is currently under final review and we hope to have a fully executed agreement in the near future. As a disclaimer, the contract is subject to change due to recent discussions over the exact scope work which will best achieve operational status.

### **III. RL BANKS AND ASSOCIATES**

During October,                                                            

                                                            

                                                            

                                                            

                                                            

  

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& Associates, Inc. embodies deep and diverse expertise in railroad economics, engineering and service planning. RLBA brings over 50 years of experience integrating these disciplines in a unique way across intercity passenger rail, commuter rail and freight rail projects in North America. RLBA's team of rail consultants combines its strong technical understanding of railroad operations, economics and engineering to perform complex analyses and effectively communicate findings that strengthen the work of rail customers, railroads, government agencies, rail authorities, investors, attorneys, planners and economic developers."

RLBA's role was to act as a neutral third-party mediator to provide diverse railroad expertise to both parties specific to the formation of a definitive agreement. During their consultation, RLB and PIR conducted a visual inspection of the entire Desert Line via truck and rail. The final recommendation evaluates the strengths and weaknesses of several different alternative types of agreements including an interchange agreement, a sub-lease agreement and trackage rights agreement.

After the MTS recommendation was completed, PIR entered into a separate consulting agreement with RL Banks on November



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6, 2015, in order to obtain further professional support with both the intermodal design and the reconstruction process. The contract with RLBA is to provide on-call professional consulting services to assist PIR in the reactivation of the Desert Line and to assist PIR and InterZone in the construction and operation of the intermodal facility. Under the agreement, RLB acts as an extension of PIR's and InterZone's staffs on an as-needed basis to assist in managing the desert line restoration efforts. Since signing the agreement, RLBA has performed a review of the Railworks contract discussed below as well as a review of the initial Coyote Well's site plans.

PIR has also approached RLBA for assistance with the pro forma economic analysis which is necessary to obtain high-level project financing. On December 29, 2015, RLBA submitted a five step proposal to perform this analysis of the prospective intermodal terminal at Coyote Wells, CA and associated railroad operations developed to a level which can be presented to prospective investors to demonstrate profitability and return on investment. The proposed work would include market research, intermodal and rail operations' costs and revenues and the corresponding

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infrastructural requirements as well as the final pro forma economic analysis.

#### IV. MOU WITH INTERZONE, INC.

Inter-Zone, Inc. ("InterZone") is a Nevada corporation incorporated on July 1st, 2015, for the purpose of constructing and operating the intermodal facility as an agent on behalf of PIR. On September 28, 2015, PIR and InterZone entered into a Memorandum of Understanding in pursuit of this mutually beneficial relationship.



#### V. WILSON & COMPANY

Although the Intermodal construction will have its own timing and phasing, PIR and InterZone believe it is important to concurrently develop the site plans for the Coyote Wells facility. As such, InterZone retained Wilson & Company (W&C) on November 9th to develop a conceptual site layout for the Coyote Wells intermodal facility. "For more than eight decades, clients have chosen Wilson & Company to help them



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move from concept to completion, unused spaces to productive places, underutilized to efficient facilities, and rural to urban challenges to achievable solutions. Wilson & Company provides engineering, architecture, planning, environmental, survey & mapping, and construction management services. Their focus on their client's specific needs to deliver high-quality professional services with lasting Higher Relationships in mind; discipline, intensity, collaboration, shared ownership, and solutions."

InterZone's management team was attracted to W&C specifically due to their involvement with the newly constructed Union Pacific Santa Teresa Terminal Fueling Facility, Block Swap Yard and Intermodal Ramp. W&C completed all survey; permitting; hydraulic & hydrologic design; utility design; roadway design; grading and track design; electrical design' mechanical design; architectural design; and construction management for the project. David Olsen, the Facility & Utility Design Program Manager for this project, was retained by InterZone for the Coyote Wells initial design work.

On November 13, 2015, InterZone received the initial conceptual design for the layout of the facility which includes the

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facility entrance and checkpoint, the parking and maintenance facilities as well as the intermodal strip tracks, gantry crane configuration as well as the circulation roadway and blocking swap yard. The site design directly affects Phase 1 reconstruction because the blocking yard on the eastern side of the freeway extends 8,000 ft. towards Plaster City. As such, it was decided to remove that portion of track and bridge 123.89 from the Phase 1 scope of work because it will require specific planning and design characteristics in order to accommodate 6 blocking and storage tracks. This portion of track and bridge 123.89 will now be considered part of the first phase of the intermodal construction process. The proposed contract with Railworks reflects this decision.

## **VI. PROGRESS WITH MEXICO**

On December 12, 2015, the leadership from PIR and BJRR, in addition to Charles Castany, a former Union Pacific executive who oversaw UP's Mexican operations, met to discuss the rehabilitation of the Desert Line, evaluate the obstacles associated with the rehabilitation, and devise the framework for moving forward that aligns the initiatives of both parties with the aim of

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reestablishing binational rail operations in the most cost effective and operationally efficient manner possible. In addition to these fundamental shipping questions Mr. Romandia and Mr. Castany were able to shed some light on other challenges, specific to the Cali Baja freight transportation status quo, to anticipate when attempting to determine accurate pro forma numbers.

In addition to concerns over anticipated freight volumes, there was some discussion on how the unified rail line would be operated. Mr. Romandia was under the impression that it would be more profitable for BJRR to interchange with UP at Plaster City, or even as far east as El Centro by collecting fees for the extra mileage. However, PIR and Mr. Castany asserted that this would create operational inefficiencies because BJRR would be wasting time waiting for their 30-40 car trains to be built into the more desirable 100 car trains for UP, when they could be turning around and retrieving more freight instead. Mr. Castany felt that the most efficient operating method would involve BJRR dropping freight at Coyote Wells, allowing Interzone to build the trains into 100 cars, and then PIR can pull the trains in UP engines to Sealy and simply switch out crews.

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It was agreed by all parties that in order to better coordinate our efforts it was necessary to start working on a "Customer Matrix" that includes a list of our top potential customers and the information regarding the movement of their freight in/out of Tijuana. Mr. Romandia suggested hiring a 3rd party to do a feasibility study, however based on past experiences with consultants, everyone felt that it would be beneficial to do as much internally as possible before incurring such expenses. Both parties agreed that it would also be beneficial to have regular meetings face to face at least once weekly in order to effectively coordinate the advancement of our common interests. It was decided that by working together, we could plausibly answer the questions regarding the volumes by January 30th, at the latest.

Another important discussion item was PIR's lease payment schedule in the lease with MTS that ultimately results in a payment of 15% of gross revenue after five years of operations. In recent weeks PIR has undergone extensive research to ascertain expense ratios common to North American short line railroads as part of the effort to develop and refine an accurate pro forma modeling a unified binational railroad. This work included comparing the



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operating ratios (operating expenses/operating revenue) of Class I carriers to short lines, retaining R.L. Banks and Associates, and prior meetings with BJRR.

The conclusion of these efforts is that a unified binational rail line operating efficiently will have an operating ratio between 75-85%. As such the lease payments to MTS become problematic for PIR for several reasons given that it poses the threat of running a deficit if operating expenses for a given year exceed 85% of operating revenues. Therefore, it was agreed that renegotiation of the lease payments will be required for reaching a definitive agreement between BJRR and PIR with both parties endeavoring to negotiate a structure minimizing payments to MTS. Mr. Castany expressed a continued willingness to be available to assist us with advancing this project and advising us on any further issues, questions, or concerns. As a result, in December, 2015, PIR was excited to welcome Mr. Castany to the PIR team as an official consultant.

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**VII. REPORTABLE INJURIES / ACCIDENTS /  
ENVIRONMENTAL INCIDENTS**

- i. There have not been any reportable injuries.
- ii. There have not been any reportable accidents or environmental incidents in the third quarter.

**VIII. FREIGHT ACTIVITY**

- a. Currently, PIR has not commenced revenue generation pending completion of the construction required to move freight on both Baja Rail and the Desert Line as well as the intermodal facility.

**IX. LEASE PAYMENT**

- a. On January 1, 2016, the semi-annual lease payment was due to MTS, which PIR paid. To date, PIR has made 6 lease payments totaling \$3,000,000.

## Agenda

## Item No. 6

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

January 19, 2016

### SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE OCTOBER 13, 2015

### RECOMMENDATION:

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

#### Budget Impact

None.

### DISCUSSION:

Since the October 13, 2015, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-15-629: Right of Entry Permit to Aguirre and Associates, for performing various field surveys in the City of La Mesa.
- S200-16-631: Right of Entry Permit to Cal Poly State University for public surveys at the Lemon Grove Trolley Station.
- S200-16-632: Right of Entry Permit to Henkels & McCoy, Inc., for removing SDG&E transmission towers along the South Line between Sampson St. and Schley St.

## Agenda

Item No. 7

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

SDAE 710.1 (PC 50771)

January 19, 2016

### SUBJECT:

REVISIONS TO ARTICLES OF INFORMATION

### RECOMMENDATION:

That the SD&AE Railway Company Board of Directors adopt Resolution No. 16-1, approving changes to the Articles of Information (Attachment A).

#### Budget Impact

None.

### DISCUSSION:

San Diego Metropolitan Transit System (MTS) purchased SD&AE from Southern Pacific Railroad on November 1, 1979 for purposes of constructing San Diego's light rail system. Because it was an operating freight railway corridor, federal law obligated MTS to continue honoring SD&AE's freight railroad status. Consequently, using the SD&AE entity, MTS contracts with separate freight railroad operators to transport freight – San Diego & Imperial Valley Railroad (SD&IV) on the Blue Line and Orange Line corridors, and Pacific Imperial Railroad on the Desert Line. MTS Administration employees act as SD&AE staff to oversee real property-related issues and perform general corporate functions for SD&AE.

SD&AE was incorporated in the State of Nevada on September 9, 1931. Upon the purchase of SD&AE in 1979, MTS revised the Articles of Incorporation to be a nonstock, nonprofit corporation and to provide that the "specific and primary purpose [of SD&AE] is to own railroad right-of-ways for use as public mass transit corridors and, in conjunction therewith, to operate railway systems thereon for freight transportation." (Article III subparagraph (a).) The Articles of Incorporation have not been amended since November 1, 1979.

In approximately 2007, MTS staff realized that its freight operations contractor, SD&IV, had been filing various tax forms for SD&AE since their contract was awarded in 1984. At that time, MTS formally took on the corporate and administrative tasks of SD&AE, with SD&IV only responsible for its own business/freight transportation obligations. Because SD&AE was an instrumentality of MTS, a public agency, its operations and finances were treated as instrumentalities of the state and reported as a

component unit of MTS. However, at the time of this shift, no formal recognition of SD&AE's exempt status was received from state or federal tax authorities.

Recently, staff has been working with outside legal counsel at Best Best & Krieger LLP to receive formal recognition from the Internal Revenue Service (IRS) and State of California Franchise Tax Board (FTB) that SD&AE is an exempt organization and that SD&AE income is not be subject to taxation as unrelated business taxable income. In Fiscal Year 2015, the FTB confirmed SD&AE's exempt status. MTS and SD&AE are now seeking a formal exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code as a charitable organization on the basis that it lessens the burdens of government (i.e., MTS).

In order to support SD&AE's application for exemption (IRS Form 1023), certain amendments to the SD&AE Articles of Incorporation are necessary to properly document SD&AE's exempt purpose. Today's action would adopt Resolution NO. 16-1, making the following changes to the current Articles of Incorporation:

Amend Article III subparagraph (a) to read:

The specific and primary purpose is to lessen the burdens of government by owning railroad right-of-ways for use as public mass transit corridors and, in conjunction therewith, to operate railway systems thereon for freight transportation.

Add new Article VIII, titled "DISSOLUTION" to read:

Upon the dissolution of the Corporation, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

Attachments: A. Resolution No. 16-1

**RESOLUTION NO. 16-1**

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
SAN DIEGO & ARIZONA EASTERN RAILWAY COMPANY  
APPROVING AN AMENDMENT TO ARTICLES OF INCORPORATION**

**WHEREAS**, the Board of Directors ("Board") of the San Diego & Arizona Eastern Railway Company ("SD&AE"), a Nevada nonprofit corporation, adopted the Restated Articles of Incorporation of SD&AE effective November 1, 1979 ("Articles"); and

**WHEREAS**, the Board desires to amend the Articles in order to conform to the requirements for an exemption from federal taxation under Internal Revenue Code Section 501(c)(3); and

**WHEREAS**, the Board has been provided a copy of the Certificate of Amendment of the Articles prepared by Best Best & Krieger LLP.

**NOW, THEREFORE**, be it resolved, determined, and ordered by the Board of Directors that the Certificate of Amendment heretofore considered and discussed is hereby adopted and approved effective as of the date set forth below.

**APPROVED** this 19<sup>th</sup> day of January, 2016.

  
FOR  
President

**ATTEST:**

  
Secretary



**EXHIBIT A**

**CERTIFICATE OF AMENDMENT**

**CERTIFICATE OF AMENDMENT TO  
ARTICLES OF INCORPORATION  
OF  
SAN DIEGO & ARIZONA EASTERN RAILWAY COMPANY**

PAUL C. JABLONSKI and MATT DOMEN certify that:

1. They are the President and Secretary, respectively, of the SAN DIEGO & ARIZONA EASTERN RAILWAY COMPANY, a Nevada nonprofit corporation ("Corporation").

2. Subparagraph (a) of Article III of the Articles of Incorporation of this Corporation is amended in its entirety to read as follows:

"The specific and primary purpose is to lessen the burdens of government by owning railroad right-of-ways for use as public mass transit corridors and, in conjunction wherewith, to operate railway systems thereon for freight transportation."

3. A new Article VIII is added to the Articles of Incorporation of this Corporation to read as follows:

**"Article VIII  
DISSOLUTION**

Upon the dissolution of the Corporation, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose."

4. The Board of Directors has approved the amendment by resolution dated January 19, 2016. The vote by which the amendment was adopted by the Board of Directors is as follows: 2 in favor and 0 opposed.

Date: January 19, 2016

  
PAUL C. JABLONSKI, President

  
MATT DOMEN, Secretary



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

April 14, 2016

**Draft for  
Executive Committee  
Review Date: 4/7/16**

#### SUBJECT:

AUTHORIZATION TO INCREASE LEGAL SERVICES CONTRACT WITH TYSON & MENDES, LLP TO PAY PROJECTED EXPENSES

#### RECOMMENDATION:

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

- 1) Approve increasing the spend authority for Tyson & Mendes, LLP contract by \$200,000 to cover anticipated legal expenses; and
- 2) Extend the contract for an additional two years with this firm effective January 1, 2017 through December 31, 2018.

#### Budget Impact

Sufficient funding has been programmed to pay these expenses in the fiscal year (FY) 2017 operating budget. Payments will be drawn against the Risk Department legal services line item of the operating budget.

#### DISCUSSION:

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

On May 21, 2015, MTS established a contract on a sole source basis with Tyson & Mendes in the amount of \$100,000 to defend against a high exposure lawsuit. Calderon v. MTS case is currently scheduled for trial in October 2016. Discovery is ongoing and the additional contract authority is necessary to cover attorney's fees and litigation expenses through trial. Tyson & Mendes' rates are fair and reasonable based on past



purchase history and are comparable to MTS's panel attorneys' rates for general litigation and special litigation.

Staff is requesting that the Board of Directors: (1) Approve increasing spend authority with Tyson & Mendes, LLP contract by \$200,000 to cover anticipated legal expenses and (2) Extend the contract for an additional two years with this firm effective January 1, 2017 through December 31, 2018.

  
Paul C. Jablonski  
Chief Executive Officer

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

Attachment: A. Draft Legal Services

DRAFT

April 14, 2016

MTS Doc. No. G1824.1-15  
LEG 491 (PC 50633)

Tyson & Mendes, LLP  
Mr. Robert Tyson, Jr.  
Managing Partner  
5661 La Jolla Blvd.  
San Diego, CA 92037

Dear Mr. Tyson:

Subject: AMENDMENT NO. 1 TO MTS DOC. NO. G1824.0-15; LEGAL SERVICES – SPECIAL LITIGATION (*CALDERON V MTS, et al*)

This shall serve as Amendment No. 1 to our agreement for the legal services as further described below.

#### STATEMENT OF WORK

Continue to represent MTS as attorney of record in the Calderon v MTS, et al (SD case No. 37-2014-00019527-CU-PO-CTL) litigation, including all post-trial or appellate work, if any.

#### SCHEDULE

The contract shall be extended for an additional two (2) years. The contract extension shall be effective from January 1, 2017 through December 31, 2018.

#### PAYMENT

This contract amendment shall authorize additional costs not to exceed \$200,000 for legal services. The total value of this contract including this amendment shall be in the amount of \$300,000. This amount shall not be exceeded without written approval from MTS.

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

Sincerely,

Agreed:

Paul C. Jablonski  
Chief Executive Officer

Robert Tyson, Managing Partner  
Tyson & Mendes, LLP

APRIL2016.G1824.1-15.TYSON&MENDES.LEGAL.doc

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

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



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

## Agenda Item No. 8

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

April 14, 2016

**Draft for  
Executive Committee  
Review Date: 4/7/16**

#### SUBJECT:

ARC OF SAN DIEGO INTERIOR BUS CLEANING SERVICES - CONTRACT  
AMENDMENT

#### RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0602.1-13 (in substantially the same format as Attachment A), to amend the contract with The Arc of San Diego (Arc) to authorize an additional expense authority of \$216,248.45 for the remainder of the contract term.

#### Budget Impact

This amendment would increase the previously authorized contract limit by \$216,248.45, from the original \$1,139,990.59 to a new \$1,356,239.04. Funding for fiscal year (FY) 2016 is included in the MTS Bus Maintenance Department's operating budget 311014-536150. Funding for future fiscal years will be included in each respective fiscal year's budget.

#### DISCUSSION:

The Arc of San Diego is a not-for-profit organization that provides services to individuals with disabilities in San Diego County to promote personal, social, and economic independence. One Arc program provides jobs for individuals with disabilities such as supervised cleaning crews. In 2013, the MTS Board of Directors awarded a sole source contract to Arc to provide services for the deep cleaning of San Diego Transit Corporation (SDTC) buses for up to a five-year period (3-year base with two 1-year options).

In September 2013, the California Legislature passed Assembly Bill No. 10, which mandated an increase in the hourly minimum wage rate for California from \$9.00 per hour to \$10.00 per hour effective January 1, 2016. This request will allow Arc to comply with the new mandate.





The table below illustrates the periodic increases needed to ensure Arc is able to provide the services without sustaining undue financial hardship:

<b>Required Cost Increase</b>				
<b>Description</b>	<b>Portion of Base Year 2</b>	<b>Base Year 3</b>	<b>Option Year I</b>	<b>Option Year II</b>
	Jan-Mar 2016	Apr 2016- Mar 2017	Apr 2017 – Mar 2018	Apr 2018 – Mar 2019
Current Contracted Monthly Amount	\$18,187.84	\$18,733.47	\$19,295.48	\$19,874.34
Requested Increase per month	\$ 5,327.91	\$ 5,751.31	\$ 5,267.30	\$ 5,670.95
Requested Annual Increase	\$15,983.73	\$69,015.72	\$63,207.60	\$68,051.40
Subtotal (Base Years)	<b>\$84,999.45</b>			
Subtotal (Option Years)			<b>\$131,259.00</b>	
<b>TOTAL (Base + Options)</b>	<b>\$216,258.45</b>			

Current contracted rate includes consumer wages based on \$8.00/hour plus a burden of 22.05% while the proposed price includes consumer wages based on \$10.00/hour plus a burden of 37.49%.

The increase in wages is a result of the increase in State Minimum Wage while the increase in burden is a result of the Affordable Care Act, which requires Arc to offer medical benefits to employees working 30 hours per week or more.

Arc's performance has been satisfactory, and its costs, even with this recent increase, remain fair and reasonable in comparison with other alternatives. Furthermore, allowing this contract to continue provides a distinct socioeconomic benefit to Arc's clients.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. B0602.1-13 (in substantially the same format as Attachment A), to amend the contract with The Arc of San Diego (Arc) to authorize an additional expense authority of \$216,248.45 for the remainder of the contract term.



Paul C. Jablonski  
Chief Executive Officer

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

Attachment: A. Draft MTS Doc. No. B0602.1-13

**DRAFT**

April 14, 2016

MTS Doc. No. B0602.1-13  
311014-536150

The ARC of San Diego  
Mr. Matt Mouer  
3030 Market Street  
San Diego, CA 92101

Subject: AMENDMENT NO. 1 TO MTS DOC. NO. B0602.0-13; INTERIOR BUS CLEANING

This shall serve as Amendment No. 1 to our agreement for the Interior Bus Cleaning for MTS Bus (IAD/KMD) as further described below.

SCOPE OF SERVICES

Due to the State minimum wage increase mandate under Assembly Bill No. 10, Section 1182.12 of the Labor Code, the hourly rate has been increased effective January 1, 2016.

SCHEDULE

There shall be no changes to scope of services provision of this contract.

PAYMENT

Payment shall be based on actual cost not-to-exceed \$216,258.45 (\$84,999.45 for the base period and \$131,259 for the option periods) without prior written approval from MTS. The total value of this contract, including this amendment, shall not exceed \$1,356,239.04.

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

\_\_\_\_\_  
Matt Mouer, Dir. Of Community Employment  
The ARC of San Diego

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

Typist  
MARCH2016.B0602.1-13.ARC

Cc: J. Stafford, J. Ortiz, E. DeGuzman, C. Aquino, Procurement File



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

April 14, 2016

**Draft for  
Executive Committee  
Review Date: 4/7/16**

#### SUBJECT:

RAIL WELDING MAINTENANCE SERVICES - 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. PWL169.0-15 (in substantially the same format as Attachment A), with Morrison Metalweld Process Corp. for the provision of rail welding maintenance services for five years, beginning on May 1, 2016 and ending on April 30, 2021.

#### Budget Impact

The value of this agreement will not exceed \$205,320 and will be funded through the San Diego Trolley Inc. (SDTI) Track Department's annual operating budget for each fiscal year as follows:

Year	Period	Budget Account	Budget Amount
Year 1	May 1, 2016 – April 30, 2017	370016-536600	\$36,440.00
Year 2	May 1, 2017 – April 30, 2018	370016-536600	\$38,576.00
Year 3	May 1, 2018 – April 30, 2019	370016-536600	\$40,888.00
Year 4	May 1, 2019 – April 30, 2020	370016-536600	\$43,376.00
Year 5	May 1, 2020 – April 30, 2021	370016-536600	\$46,040.00
Grand Total:			\$205,320.00

#### DISCUSSION:

SDTI currently has 110 miles of track including track maintenance yards A and C, as well as, auxiliary tracks. SDTI operates 128 Light Rail Vehicles (LRVs) and two Vintage PCC cars. Regular LRV service operates daily from 4:00am of one day to 2:00am the following day. Vintage PCC service operates three days per week during mid-day only. In addition, the San Diego and Imperial Valley Railroad shares the same rail system for



heavy freight transportation on an average of three times per week. This constant daily use causes extreme wear on the tracks, and requires SDTI to keep a rail welding maintenance services provider to look after the reconditioning of track components such as diamond rail crossing, manganese frogs, switch points, joints, wing frogs, guardrails and rail in general. Not reconditioning tracks on time can cause weld points to wear out which may result in a derailment.

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

On June 8, 2015, staff issued MTS Doc. No. PWL169.0 -15 to solicit bids. Two responsive bids were received from Morrison Metalweld Process Corp. and Rail Works - Track Services Inc. Their bids are as follows:

FIRM	COST
<i>Morrison Metal Weld</i>	<b>\$205,320.00</b>
Rail Works – Track Services	\$566,220.00.

After conducting price reasonableness analyses and reviewing both bids for responsiveness and responsibility, staff determined that Morrison Metalweld Process Corp. presented the lowest responsive and responsible bid.

Morrison Metal Weld is a small company and has been doing business with SDTI since 2004. Morrison Metal Weld is a Women Business Enterprise certified company. They are located in Southern California and a large portion of their business is working with medium and short line rail agencies on the west coast. Rail Works – Track Services is a coast to coast corporation which focuses on large rail lines and subcontracts out all of their rail welding services, which incurs higher expenses on their operational requirements.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. PWL169.0-15 (in substantially the same format as Attachment A), with Morrison Metalweld Process Corp. for the provision of rail welding maintenance services for five years, beginning on May 1, 2016 and ending on April 30, 2021.



Paul C. Jablonski  
Chief Executive Officer

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

Attachments: A. Draft MTS Doc. No. PWL169.0-15  
B. Morrison Metal Weld Price Breakdown

## ATTACHMENT A

**DRAFT**

**STANDARD SERVICES AGREEMENT  
FOR  
RAIL WELDING MAINTENANCE SERVICES**

**PWL169.0-15  
CONTRACT NUMBER**

**OPS 970.4  
FILE/PO 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: Morrison Metalweld Process Corp. Address: 3685 Stutz Drive Suite 102

Form of Business: Corporation Canfield OH 44406-9155  
(Corporation, Partnership, Sole Proprietor, etc.)

Telephone: 330-702-5188

Authorized person to sign contracts: Robin Eisenbrei President  
Name Title

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

Rail Welding Maintenance Services for a five year period as specified in the Technical Specifications (attached as Exhibit A), the Bid Summary (attached as Exhibit B), Standard Services Conditions (attached as Exhibit C), and the Federal Requirements (attached as Exhibit D).

The contract period of performance shall be from May 1, 2016 through April 30, 2021. The total amount of this contract shall not exceed \$205,320.00 including mobilization and transportation fees without prior written approval from MTS.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	CONTRACTOR AUTHORIZATION
By: _____ Paul C. Jablonski, Chief Executive Officer	Firm: _____
Approved as to form:	By: _____ Signature
By: _____ Office of General Counsel	Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$ 205,320.00	370016-536600	FY 2016 - 2021

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

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

## MTS BID FORMS

## SAN DIEGO METROPOLITAN TRANSIT SYSTEM

MTS Doc. No. PWL169.0-15

Opening: June 24, 2015  
2:00 P.M. PLCFor: RAIL WELDING MAINTENANCE SERVICES

## Year One

Item	Description	Qty.	Unit Price	Extended Price
1	Hourly Labor Rate	160 Hrs.	\$ 190.00	\$ 30,400.00
2	Option Hourly Labor Rate	Up to 16 Hrs.	\$ 190.00	\$ 3,040.00
3	Mobilizations and Transportation Fee's	2	\$ 1500.00	\$ 3,000.00
Year One Total:				\$36,440.00

## Year Two

Item	Description	Qty.	Unit Price	Extended Price
1	Hourly Labor Rate	160 Hrs.	\$201.00	\$32,160.00
2	Option Hourly Labor Rate	Up to 16 Hrs.	\$201.00	\$ 3,216.00
3	Mobilizations and Transportation Fee's	2	\$1600.00	\$3,200.00
Year Two Total:				\$38,576.00

## Year Three

Item	Description	Qty.	Unit Price	Extended Price
1	Hourly Labor Rate	160 Hrs.	\$213.00	\$ 34,080.00
2	Option Hourly Labor Rate	Up to 16 Hrs.	\$213.00	\$ 3,408.00
3	Mobilizations and Transportation Fee's	2	\$1,700.00	\$3,400.00
Year Three Total:				\$40,888.00

## Year Four

Item	Description	Qty.	Unit Price	Extended Price
1	Hourly Labor Rate	160 Hrs.	\$226.00	\$36,160.00
2	Option Hourly Labor Rate	Up to 16 Hrs.	\$226.00	\$ 3,616.00
3	Mobilizations and Transportation Fee's	2	\$1,800.00	\$3,600.00
Year Four Total:				\$43,376.00

## BIDDER ACCEPTS RESPONSIBILITY FOR ACCURACY OF THE ABOVE NUMBERS

**NOTE:** Unit prices will prevail regardless of extensions submitted by the Bidder. This offer shall remain firm for (Minimum 30) days from the date of proposal.

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



## SAN DIEGO METROPOLITAN TRANSIT SYSTEM

MTS Doc. No. PWL169.0-15

Opening:

June 24, 2015

2:00 P.M. PLC

For: RAIL WELDING MAINTENANCE SERVICES

## Year Five

Item	Description	Qty.	Unit Price	Extended Price
1	Hourly Labor Rate	160 Hrs.	\$ 240.00	\$38,400.00
2	Option Hourly Labor Rate	Up to 16 Hrs.	\$ 240.00	\$ 3,840.00
3	Mobilizations and Transportation Fee's	2	\$ 1,900.00	\$ 3,800.00
Year Five Total:				\$46,040.00

Total Year 1:	\$36,440.00
Total Year 2:	\$38,576.00
Total Year 3:	\$40,888.00
Total Year 4:	\$43,376.00
Total Year 5:	\$46,040.00
Grand Total Basis of Award	\$205,320.00

## BIDDER ACCEPTS RESPONSIBILITY FOR ACCURACY OF THE ABOVE NUMBERS

**NOTE:** Unit prices will prevail regardless of extensions submitted by the Bidder. This offer shall remain firm for (Minimum 30) days from the date of proposal.

MTS does not guarantee a minimum value for this agreement.

DATE:

6-19-15

FIRM:

Morrison Metalweld Process Corp

SIGNATURE:

Robin Eisenbrei

TYPE OR PRINT NAME:

Robin Eisenbrei

TITLE:

President + CEO

ADDRESS:

3685 Stutz Dr Suite 102

CITY, STATE &amp; ZIP:

Canfield OH. 44406-9155

PHONE NUMBER:

330-702-5188 Direct # 330-519-4311

FAX NUMBER:

330-702-5198

E-MAIL ADDRESS:

Robin@MorrisonMetalweld.com

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RETAIN OTHER PAGES FOR YOUR RECORDS**



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## Agenda Item No. 10

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

April 14, 2016

**Draft for  
Executive Committee  
Review Date: 4/7/16**

#### SUBJECT:

INVESTMENT REPORT – FEBRUARY 2016

#### INFORMATIONAL ONLY

##### Budget Impact

None.

#### DISCUSSION:

Attachment A comprises a report of the San Diego Metropolitan Transit System (MTS) investments as of February 29, 2016. The combined total of all investments has increased month to month from \$96.5 million to \$102.0 million. This \$5.5 million increase is attributable to \$3.2 million in State Transit Assistance (STA) revenue as well as normal timing differences in other payments and receipts.

The first column provides details about investments restricted for capital improvement projects.

The second column, unrestricted investments, reports the working capital for MTS operations allowing payments for employee payroll and vendors' goods and services.

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

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

Attachment: A. Investment Report for February 2016



**San Diego Metropolitan Transit System  
Investment Report  
February 29, 2016**

	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>	<b>Average rate of return</b>
Cash and Cash Equivalents				
JP Morgan Chase - concentration account	-	25,654,572	25,654,572	0.00%
Total Cash and Cash Equivalents	-	25,654,572	25,654,572	
Cash - Restricted for Capital Support				
US Bank - retention trust account	4,758,582	-	4,758,582	N/A *
San Diego County Investment Pool Proposition 1B TSGP grant funds	6,885,243	192,601	7,077,844	
Total Cash - Restricted for Capital Support	11,643,826	192,601	11,836,427	
Investments - Working Capital				
Local Agency Investment Fund (LAIF)	17,370,327	47,097,160	64,467,487	0.467%
Total Investments - Working Capital	17,370,327	47,097,160	64,467,487	
Total cash and investments	<b>\$ 29,014,153</b>	<b>\$ 72,944,333</b>	<b>\$ 101,958,485</b>	

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



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

## Agenda Item No. 11

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

April 14, 2016

**Draft for  
Executive Committee  
Review Date: 4/7/16**

#### SUBJECT:

LIGHT RAIL VEHICLE (LRV) TIRE KITS – 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. L1285.0-16 (in substantially the same format as Attachment A) with Siemens Industry, Inc., for the purchase of LRV tire kits for up to six years.

#### Budget Impact

The total value of this agreement will not exceed \$4,342,553.08 and is funded under the San Diego Trolley, Inc. (SDTI) LRV Maintenance budget account 350016-545100 for the current fiscal year. Funding for future years will be under each respective fiscal year's SDTI LRV Maintenance budget.

#### DISCUSSION:

The SDTI LRV fleet is comprised of 76 low floor S70 and 52 SD100 vehicles. To ensure trolley tire maintenance and repair programs are sustained without interruption, SDTI must have an adequate inventory of tire kits. The award of this contract to Siemens will make certain that the tire kits are available when needed.

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

On November 24, 2015, MTS issued Doc. No. L1285.0-16 to solicit bids for LRV tire kits for up to a six year period. Two bids were received by the due date of March 10, 2016, as follows:



LRV Tire Kits		
COMPANY NAME	BID AMOUNT	Meets Buy America Requirements
<b>** Siemens Industry</b>	<b>\$ 4,028,115.00</b>	<b>Y</b>
<i>Penn Machine</i>	\$ 4,140,000.00	Y

After a price reasonability analysis, and a review for responsiveness and responsibility, Siemens Industry, Inc.'s offer was determined to be the lowest responsive and responsible bid.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. L1285.0-16 (in substantially the same format as Attachment A) with Siemens Industry, Inc., for the purchase of LRV tire kits for up to six years.



Paul C. Jablonski  
Chief Executive Officer

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

Attachment: A. Draft MTS Doc. No. L1285.0-16  
B. Siemens Industry, Inc. Pricing Breakdown

**ATTACHMENT A  
(DRAFT)**

**STANDARD PROCUREMENT AGREEMENT  
FOR  
LRV TIRE KITS**

**L1285.0-16**  
CONTRACT NUMBER

FILE/PO 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, hereinafter referred to as "Contractor":

Name: Siemens Industry Address: 5301 Price Ave.

Form of Business: Corporation McClellan, CA 95652  
(Corporation, partnership, sole proprietor, etc.)

Telephone: 916-621-2641

Authorized person to sign contracts: Reiner Martin Director  
Name Title

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

LRV Tire Kits as specified in the Scope of Work (attached as Exhibit A), Siemens' Bid dated March 8, 2016 (attached as Exhibit B), and in accordance with the Standard Conditions Procurement Agreement, including the Standard Conditions Procurement (attached as Exhibit C), and the Federal Requirements (attached as Exhibits D).

Total contract will be in the amount of **\$4,342,553.08** (May 2016 through April 2021)

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
<b><u>\$ 4,342,553.08</u></b>	<b><u>350016-545100</u></b>	<b><u>FY 16</u></b>

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

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

SA-SERVICES REVISED (REV 6-13)  
DATE

## MTS BID FORMS

## SAN DIEGO METROPOLITAN TRANSIT SYSTEM

MTS Doc. No. L1285.0-16Opening: January 6, 2016  
2:00 P.M.For: LRV Tire Kits**Year One (1) – March 1, 2016 – February 28, 2017**

Item #	Description	Estimated Qty.	Unit Price	Extended Price
1	LRV Tire Kits for Siemens U2s and SD-100 Vehicles	90	\$ 1817.00	\$ 163,530.00
2	LRV Tire Kits for Siemens S-70 Vehicles	0	\$ -	\$ -
3	Sub-Total:			\$ 163,530.00
4	California Sales Tax 8% (if applicable):			\$ 13,082.40
5	Freight Charges (if applicable):			\$ 5,130.00
6	Sub-Total Amount – Year One (1):			181,742.40

**Year Two (2) – March 1, 2017 – February 28, 2018**

Item #	Description	Estimated Qty.	Unit Price	Extended Price
1	LRV Tire Kits for Siemens U2s and SD-100 Vehicles	164	\$ 1908.00	\$ 312,912.00
2	LRV Tire Kits for Siemens S-70 Vehicles	34	\$ 2038.00	\$ 69,292.00
3	Sub-Total:			\$ 382,204.00
4	California Sales Tax 8% (if applicable):			\$ 30,576.32
5	Freight Charges (if applicable):			\$ 11,195.00
6	Sub-Total Amount – Year Two (2):			423,975.32

**Year Three (3) – March 1, 2018 – February 28, 2019**

Item #	Description	Estimated Qty.	Unit Price	Extended Price
1	LRV Tire Kits for Siemens U2s and SD-100 Vehicles	104	\$ 2004.00	\$ 208,416.00
2	LRV Tire Kits for Siemens S-70 Vehicles	104	\$ 2140.00	\$ 222,560.00
3	Sub-Total:			\$ 430,976.00
4	California Sales Tax 8% (if applicable):			\$ 34,478.08
5	Freight Charges (if applicable):			\$ 11,752.00
6	Sub-Total Amount – Year Three (3):			477,206.08

\* The quantities described on the bid form are for bidding purposes only. They represent what MTS anticipates as a requirement, but MTS does not guarantee this quantity. The actual quantity ordered may be more or less than what is anticipated on the bid form, and it is dictated by MTS' actual requirements and the available funding at the time each phase and/or option is initiated.

**BIDDER ACCEPTS RESPONSIBILITY FOR ACCURACY AND PRESENTATION OF THE ABOVE NUMBERS.**

RETURN THIS FORM WITH YOUR BID  
RETAIN OTHER PAGES FOR YOUR



**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**LIGHT RAIL VEHICLE (LRV) TIRE KITS – MTS DOC. NO. L1285.0-16**  
**BID FORM – CONTINUED**

Bidder Name: Siemens Industry, Inc.

**Year Four (4) / Option Year One (1) – March 1, 2019 – February 28, 2020**

Item #	Description	Estimated Qty.	Unit Price	Extended Price
1	LRV Tire Kits for Siemens U2s and SD-100 Vehicles	104	\$ 2104.00	\$ 218,816.00
2	LRV Tire Kits for Siemens S-70 Vehicles	148	\$ 2247.00	\$ 332,556.00
3			Sub-Total:	\$ 551,372.00
4			California Sales Tax 8.75% (if applicable):	\$ 48,245.05
5			Freight Charges (if applicable):	\$ 14,216.00
6	<b>Sub-Total Amount – Year Four (4) / Option Year One (1):</b>			<b>613,833.05</b>

**Year Five (5) / Option Year Two (2) – March 1, 2020 – February 28, 2021**

Item #	Description	Estimated Qty.	Unit Price	Extended Price
1	LRV Tire Kits for Siemens U2s and SD-100 Vehicles	168	\$ 2251.00	\$ 378,168.00
2	LRV Tire Kits for Siemens S-70 Vehicles	374	\$ 2404.00	\$ 899,096.00
3			Sub-Total:	\$1,277,264.00
4			California Sales Tax 8.75% (if applicable):	\$ 111,760.60
5			Freight Charges (if applicable):	\$ 30,520.00
6	<b>Sub-Total Amount – Year Five (5) / Option Year Two (2):</b>			<b>1,419,544.60</b>

**Year Five (6) / Option Year Three (3) – March 1, 2021 – February 28, 2022**

Item #	Description	Estimated Qty.	Unit Price	Extended Price
1	LRV Tire Kits for Siemens U2s and SD-100 Vehicles	74	\$ 2409.00	\$ 178,266.00
2	LRV Tire Kits for Siemens S-70 Vehicles	368	\$ 2573.00	\$ 946,864.00
3			Sub-Total:	\$ 1,125,130.00
4			California Sales Tax 8.75% (if applicable):	\$ 98,448.88
5			Freight Charges (if applicable):	\$ 24,826.00
6	<b>Sub-Total Amount – Year Six (6) / Option Year Three (3):</b>			<b>1,248,404.88</b>

\* The quantities described on the bid form are for bidding purposes only. They represent what MTS anticipates as a requirement, but MTS does not guarantee this quantity. The actual quantity ordered may be more or less than what is anticipated on the bid form, and it is dictated by MTS' actual requirements and the available funding at the time each phase and/or option is initiated.

**BIDDER ACCEPTS RESPONSIBILITY FOR ACCURACY AND PRESENTATION OF THE ABOVE NUMBERS.**

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

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**LIGHT RAIL VEHICLE (LRV) TIRE KITS – MTS DOC. NO. L1285.0-16**  
**BID FORM – CONTINUED**

Bidder Name: Siemens Industry, Inc.

**Grand Totals**

Item #	Contract Year	Totals
1	Contract Year One (1) – 2016:	\$ 181,742.40
2	Contract Year Two (2) – 2017:	\$ 423,975.32
3	Contract Year Three (3) – 2018:	\$ 477,206.08
4	Contract Year Four (4) / Option Year One (1) – 2019:	\$ 613,833.05
5	Contract Year Five (5) / Option Year Two (2) – 2020:	\$ 1,419,544.60
6	Contract Year Five (5) / Option Year Three (3) – 2021:	1,248,404.88
7	<b>GRAND TOTAL – BASIS OF AWARD:</b>	<b>\$ 4,364,706.33</b>


\* The quantities described on the bid form are for bidding purposes only. They represent what MTS anticipates as a requirement, but MTS does not guarantee this quantity. The actual quantity ordered may be more or less than what is anticipated on the bid form, and it is dictated by MTS' actual requirements and the available funding at the time each phase and/or option is initiated.

**BIDDER ACCEPTS RESPONSIBILITY FOR ACCURACY AND PRESENTATION OF THE ABOVE NUMBERS.**

F.O.B. POINT: San Diego Trolley, Inc., Attn: , Project Manager, 1341 Commercial Street, San Diego, CA 92113

DELIVERY DATE: Delivery is estimated at 24 weeks ARO

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:

DATE: 03/08/2016  
 FIRM: Siemens Industry Inc.  
 SIGNATURE:   
 TYPE OR PRINT NAME: Reiner Martin  
 TITLE: Director  
 ADDRESS: 5301 Price Avenue  
 CITY, STATE & ZIP: McClellan Ca 95652  
 PHONE NUMBER: 916-621-2641  
 FAX NUMBER: 916-681-3116  
 E-MAIL ADDRESS: reiner.g.martin@siemens.com

**NOTE: ALL BIDDERS MUST COMPLETE BID FORMS AS PROVIDED, FAILURE TO DO SO WILL DEEM THE BID NON-RESPONSIVE.**

**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. 12

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

April 14, 2016

**Draft for  
Executive Committee  
Review Date: 4/7/16**

#### SUBJECT:

SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS) INTRANET REDESIGN,  
IMPLEMENTATION, AND ANNUAL MAINTENANCE SERVICES – CONTRACT  
AWARD

#### RECOMMENDATION:

That the MTS Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1866.0-16 (in substantially the same format as Attachment A) with Steer Davies & Gleave, Inc. for the provision of redesign and implementation services for MTS's Intranet, as well as, software maintenance services for three (3) years.

#### Budget Impact

The total cost of this agreement would not exceed \$299,757.50 (\$268,257.50 for intranet redesign and implementation, and \$31,500 for a three-year intranet annual maintenance service period). The redesign and implementation services are funded by the FY 2016 Capital Improvement Project (CIP) 1007002602. Funding for the annual software maintenance service for FY 2016 is in the Information Technology Department's Operating Budget 661010-571250. Funding for future fiscal years will be included in each of the respective fiscal year's operating budgets.

#### DISCUSSION:

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

On January 29, 2016, MTS issued a Request for Proposals (RFP) for Intranet Redesign, Implementation and Annual Maintenance Services. The services include the creation of a contemporary and dynamic ADA compliant internal website that is responsive to all software platforms. The new internal website will be used to manage organizational



knowledge, publish content, be a communication tool, enable collaboration, improve knowledge sharing, and manage content. It is anticipated that improved usability and accessibility of information for MTS staff will improve efficiency and effectiveness leading to increased productivity throughout the organization.

In particular the new Intranet will drive:

- Innovation – Improving and developing products, services and business processes
- Operations – Producing and delivering current services and products
- Engagement – Enabling MTS team members to perform at their best

On March 1, 2016, MTS received a total of five (5) proposals from the following:

1. Interpersonal Frequency, McLean, VA 22101
2. 360 Business Consulting, Orange, CA 92867
3. Civic Resource Group International Inc., Los Angeles, CA 90017
4. Steer Davies Gleave Inc., Los Angeles, CA 90014
5. Meijun, San Diego, CA 92111

Meijun's submission was found to be non-responsive as its proposal was delivered late. The remaining four (4) proposals were deemed responsive and responsible and were provided to the selection committee for evaluation.

The selection committee, consisting of representatives from the MTS Finance, Human Resources, Marketing, IT and Security departments, met and scored the proposals based on the following:

1.	Capacities and Capabilities	20%
2.	Qualifications, Experience and References	15%
3.	Staffing, Org., Management Plan	25%
4.	Work Plan	20%
5.	Cost and Price	20%
		Total 100%

After the initial evaluation, Civic Resources Group International Inc., and Steer Davies & Gleave Inc. were deemed to be within the competitive range and advanced to the next step of the selection process, which included interviews and discussions.

Based on the selection panel's analysis of the technical proposal, discussions, and interviews, MTS staff determined that the offer from Steer Davies & Gleave, Inc., provided the best technical value for MTS.

Additionally, as a result of negotiations between MTS and Steers Davies & Gleave Inc., the total project cost was reduced from the originally proposed \$420,493.00 to a revised \$299,757.50, resulting in a savings of \$120,735.50 or 29%.

PROPOSER NAME	<u>Original Proposed Costs</u> (Redesign and Implementation)	<u>Original Proposed Costs</u> (Three Years of Annual Maintenance)	Total <u>Original Proposed</u> Project Costs
Steer Davies Gleave, Inc.	\$ 321,850.00	\$ 98,643	\$ 420,493.00

PROPOSER NAME	<u>Negotiated Costs</u> (Redesign and Implementation)	<u>Negotiated Costs</u> (Three Years of Annual Maintenance)	Total <u>Negotiated Project</u> Costs
Steer Davies Gleave, Inc.	\$ 299,757.50	\$31,500	\$ 299,757.50

As such, Steer Davies & Gleave Inc., technical proposal and negotiated costs represent the overall best value for MTS.

The following table represents the final scores and rankings:

PROPOSER NAME	TOTAL AVG. TECH. SCORE	AVG. COST SCORE	TOTAL SCORE (Tech + Cost) Total Possible Points: 100	RANKING
Steer Davies Gleave, Inc.	69	17	86	1
Civic Resources Group International Inc.	62	20	82	2

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. G1866.0-16 (in substantially the same format as Attachment A) with Steer Davies & Gleave, Inc. for the provision of redesign and implementation services for MTS' Intranet, as well as, software maintenance services for three (3) years.

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

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

Attachment: A. Draft Standard Services Agreement; Contract G1866.0-16

**DRAFT**  
**STANDARD SERVICES AGREEMENT**  
**FOR**  
**MTS INTRANET REDESIGN, IMPLEMENTATION**  
**AND ANNUAL MAINTENANCE**

G1866.0-16  
 CONTRACT NUMBER

121.9  
 FILE/PO 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, hereinafter referred to as "Contractor":

Name: Steer, Davies & Gleaves, Inc.

Address: 523 West 6<sup>th</sup> Street Suite 741,  
Los Angeles, CA 90014

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

Telephone: 213-425-0942

Email Address: lisa.buchanan@sdgworld.net

Authorized person to sign contracts: Lisa Buchanan  
 Name

Director  
 Title

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

Intranet Redesign, Implementation, and Annual Maintenance services, as specified in the Scope of Work (attached as Exhibit A), the Contractors Proposal (attached as Exhibit B), and in accordance with the Standard Services Agreement, including the Standard Conditions Services (attached as Exhibit C).

The period of performance for the Intranet Redesign and Implementation shall commence on May 2, 2016 and conclude on November 7, 2016.

The period of performance for the Intranet annual maintenance services shall commence on November 8, 2016 and conclude on November 7, 2019.

The total contract amount shall not exceed \$299,757.50

SAN DIEGO METROPOLITAN TRANSIT SYSTEM		CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer		Firm: _____
Approved as to form:		By: _____ Signature
By: _____ Office of General Counsel		Title: _____
AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$299,757.50	CIP 1007002602 / Operational 661010	2016-2019

By: \_\_\_\_\_  
 Chief Financial Officer  
 ( \_\_\_\_\_ total pages, each bearing contract number)

Date \_\_\_\_\_  
 SA-SERVICES REVISED (REV 12-15)