



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

## Agenda

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

November 9, 2017

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 - October 19, 2017 Approve
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.

Please SILENCE electronics  
during the meeting

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Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. 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. Fiscal Year 2018 State Transit Assistance Claim Adopt  
Action would adopt Resolution No. 17-13 approving the fiscal year (FY) 2018 State Transit Assistance (STA) claim.
7. Fare Collection Technical Support Services - Contract Amendment Approve  
Action would authorize the Chief Executive Officer (CEO) to extend the contract with CH2M (MTS Doc. No. G1923.0-16) consistent with draft Amendment No. 4.
8. Payroll and Human Resources Information System Solution & Implementation Services - Contract Award Approve  
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1935.0-17, with Automatic Data Processing (ADP), for Payroll and Human Resources Information System (HRIS) Solution & Implementation Services.
9. Occupational Health Services - Contract Award Approve  
Action would: (1) Authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G194.0-17, with Kaiser Permanente, to provide occupational health services for a three (3) year base term with three (3) one year options in the amount of \$599,265.00; (2) Authorize the CEO to execute MTS Doc. No. G2069.0-18, with Concentra, to provide occupational health services for a three (3) year base term with three (3) one year options in the amount of \$122,542.00; and (3) Authorize the CEO to execute MTS Doc. No. G2070.0-18, with UCSD Health, to provide occupational health services for a three (3) year base term with three (3) one year options in the amount of \$40,397.00.
10. Investment Report - September 2017 Informational
11. Relocation of SDG&E Facilities for the New Orange Line Courthouse Station - Change Orders Approve  
Action would authorize the Chief Executive Officer (CEO) to execute Construction Change Order 9 to MTS Doc. No. PWL204.0-16, Work Order No. MTSJOC7504-26 with ABC for additional trenching for SDG&E utility relocation.
12. Courthouse Station - Additional Design Services (HDR/RailPros Work Order) Approve  
Action would ratify the action taken by the Chief Executive Officer (CEO) approving Work Order WOA1947-AE-10 to MTS Doc. No. G1947.0-17 with HDR Engineering, Inc. (HDR) for \$97,209 for Design Services during Construction (DSDC) and authorizing an additional project contingency of \$25,000 for unforeseen conditions.
13. Orange Line Grade Crossing Warning Approach and Signal Improvements Engineering Design Services - Work Order Approve  
Action would authorize the Chief Executive Officer (CEO) to execute Work Order No. WOA-AE-07 to MTS Doc. No. G1953.0-17 with Pacific Railway Enterprises, Inc. (PRE) for the Orange Line Grade Crossing Warning Approach and Signal Improvements Engineering design services.

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| 14. | <u>Interlocking E22 to E24 AC Low Voltage and E26 Upgrade Design Services - Work Order</u><br>Action would authorize the Chief Executive Officer (CEO) to execute Work Order No. WOA1953-AE-08 to MTS Doc. No. G1953.0-17 with Pacific Railway Enterprises, Inc. (PRE) for design services for the Orange Line Interlocking E22 to E24 AC Low Voltage and E26 upgrade design services.  | Approve |
| 15. | <u>Purchase of Three (3) Class E Medium Duty Buses for Rural Service - Contract Award</u><br>Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0681.0-18 with Creative Bus Sales, for the purchase of three (3) gasoline powered 32ft Class E mid-size rural buses.   | Approve |
| 16. | <u>Davra Networks, RuBAN Software and Support Infrastructure Solution Five Years - Sole Source Contract Award</u><br>Action would authorize the Chief Executive Officer (CEO) to: (1) Execute MTS Doc. No. G2071.0-18 with Davra Networks, for a three (3) year period with two (2) one-year options to provide Software and Supporting Infrastructure for RuBAN system; and (2) Exercise each option year at CEO's discretion. | Approve |
| 17. | <u>SDSU Tunnel Safety Equipment Maintenance - Contract Award</u><br>Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL226.0-17 with Comfort Mechanical, Inc. to provide maintenance services for San Diego State University (SDSU) Tunnel Safety Equipment.   | Approve |
| 18. | <u>San Diego Trolley, Inc. (SDTI) S70 Axle Overhaul Contract Award - Sole Source</u><br>Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1416.0-18 with Siemens Industry, Inc., on a sole source basis, for S70 Light Rail Vehicle Axle Overhaul services.   | Approve |

CLOSED SESSION

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| 24. | CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(d)(1) <u>Donald Wood v. San Diego Metropolitan Transit System et al.</u> San Diego Superior Court Case No. 37-2015-00034512-CU-PO-CTL | Possible Action |
|-----|---|-----------------|

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

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|-----|--|---------------|
| 30. | <u>Fiscal Year 2017 Comprehensive Annual Financial Report (Erin Dunn and Larry Marinesi; Ken Pun of The Pun Group)</u>   | Informational |
| 31. | <u>Fiscal Year 2017 Final Budget Comparison (Mike Thompson)</u><br>Action would receive the MTS operations budget status report for Fiscal Year 2017 and approve staff recommendations to program the excess revenues less expenses. | Approve       |

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|-----|--|---------|
| 32. | <u>AB 805 Implementation and Process for Electing Chairperson (Karen Landers)</u><br>Action would: (1) Approve revisions to Board Policy No. 22, "Rules of Procedures for the San Diego Metropolitan Transit System (MTS) Board of Directors"; (2) Approve revisions to Board Policy No. 27, "Weighted Vote Procedure"; (3) Approve revisions to Board Policy No. 52, "Procurement of Goods and Services"; (4) Appoint an Ad Hoc Nominating Committee to recommend a candidate or candidates for a new Chairperson; and (5) Direct staff as to the timeline to elect a new Chairperson for the 2018-2019 term. | Approve |
| 33. | <u>Appointment of Ad Hoc Nominating Committee for Recommending Appointments to MTS Committees for 2018 (Sharon Cooney)</u><br>Action would appoint an Ad Hoc Nominating Committee to make recommendations to the Board with respect to the appointment of members of the Board to serve as Vice-Chair, Chair Pro-Tem and on MTS and non-MTS committees for 2018.   | Appoint |

REPORT ITEMS

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| 45. | <u>2017 Customer Satisfaction Report (Rob Schupp and Judith McCourt with Redhill Principal)</u>   | Informational |
| 46. | <u>Year End Operations Report (Wayne Terry, Bill Spraul and Denis Desmond)</u>  | Informational |
| 47. | <u>Semi-Annual Security Report (January 1, 2017 through June 30, 2017) (Manny Guaderrama)</u>   | Informational |
| 48. | <u>Operations Budget Status Report for September 2017 (Mike Thompson)</u>   | Informational |
| 60. | <u>Chairman's Report</u>  | Informational |
| 61. | <u>Chief Executive Officer's Report</u>   | Informational |
| 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> December 14, 2017   |               |
| 65. | <u>Adjournment</u>  |               |

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

DRAFT MINUTES

October 19, 2017

[Clerk's note: Except where noted, public, staff and board member comments are paraphrased].

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:04 a.m. A roll call sheet listing Board member attendance is attached.

CHAIRMAN PRESENTATION

Chairman Mathis presented commendation awards to Iesha Booker, First Transit Bus Operator and Ryan Berg, Code Compliance Supervisor – Canine Unit. He presented Ms. Booker with a distinguished service award for her deeds of exceptional merit recognizing her extraordinary action on July 17, 2017 to protect the life of another. Chairman Mathis presented Mr. Berg with a distinguished service award for graduating from the Transportation Security Administration's Canine Training Handler Course at the top of his class. Chairman Mathis noted that Yobanni Aguilar, with Transdev, was also awarded a distinguished service award, but was not able to attend today's Board meeting. He was recognized for his exceptional actions to protect the life of another on September 22, 2017.

2. Approval of Minutes

Mr. McWhirter moved to approve the minutes of the September 21, 2017, MTS Board of Directors meeting. Ms. Cole seconded the motion, and the vote was 13 to 0 in favor with Ms. Salas and Ms. Zapf absent.

3. Public Comments

There were no public comments.

CONSENT ITEMS

6. Adoption of the 2018 San Diego Metropolitan Transit System (MTS) Executive Committee and Board of Directors Meeting Schedule

Action would adopt the 2018 Executive Committee and Board of Directors meeting schedule.

7. Investment Report - August 2017

8. Unallocated Transportation Development Act (TDA) Funds for Transit-Related Projects

Action would approve the use of \$171,285.69 in unallocated TDA funds currently held by the County of San Diego for transit-related expenses for the City of El Cajon.

9. U2 Light Rail Vehicle Disposal Services - Contract Award  
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1371.0-17 with EKCO Metals Corp. for the purchase of Disposal Services for the U2 Light Rail Vehicles (LRV).
10. Green Line Trolley Stations Improvement Construction Management Services - Work Order Agreement  
Action would authorize the Chief Executive Officer (CEO) to execute Work Order No. WOA2021-CM01 to MTS Doc. No. G2021.0-17 with DHS Consulting, Inc. (DHS) for the Green Line Trolley Stations Improvement Construction Management Services.
11. Purchase New Shelters - Green Line Trolley Stations - Contract Award  
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1404.0-18 with Next Stage Engineering for the purchase of Station Shelters for the Green Line.
12. Pyramid Building Sewer Line Replacement - Ratify Work Order Under a Job Order Contract  
Action would ratify the action taken by the Chief Executive Officer (CEO) approving Work Order No. MTSJOC7504-40, under MTS Doc. No. PWL204.0-16 with ABC Construction, Inc. for the sewer line replacement project at the MTS Pyramid Building located at 1695 Main Street and authorizing an additional project contingency of \$25,000 for unforeseen conditions.
13. 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 October 10, 2017  
Action would: (1) receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Desert Line quarterly reports for information; and (2) ratify actions taken by the SD&AE Board at its quarterly meeting on October 10, 2017.

Action on Recommended Consent Items

Mr. Cunningham moved to approve Consent Agenda Item Nos. 6 – 13. Mr. McClellan seconded the motion, and the vote was 14 to 0 in favor with Ms. Zapf absent.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS:

30. Zero Emission Bus (ZEB) Discussion (Paul Jablonski)

Paul Jablonski, Chief Executive Officer, introduced the ZEB discussion item. He stated that Bill Spraul, Chief Operating Officer – Transit Services, and Sharon Cooney, Chief of Staff would be presenting the staff report. He stated that Stephen Clermont with the Center for Transportation and the Environment (CTE) and Jack Kitowski with the California Air Resources Board (CARB) were also here to present. Mr. Spraul continued the presentation. He reviewed ZEB regulation and discussed the Advanced Clean Transit (ACT) regulation. He stated that there are currently 107 ZEBs in the state of California, which are mainly in pilot programs. Mr. Spraul discussed the potential benefits of ZEBs including emissions reductions, lower maintenance costs, energy

efficiency, lower total cost of ownership, noise reduction and better performance. He reviewed the various types of ZEBs including fuel cell/hydrogen (FCEV) and battery electric buses (BEBs). Mr. Spraul stated that there are four major BEB manufacturers including BYD, Proterra, New Flyer and Gillig. He provided a high level overview of battery electric technology and noted that there are two types of fueling, either slow charge/depot charging or fast charge/in route charging. Mr. Spraul discussed the pros and cons of slow charge/depot charging and fast charge/in route charging. He stated that the most common type of charging systems now include a hybrid of both slow charge/depot charging and fast charge/in route charging stations. Mr. Spraul discussed a case study with Antelope Valley Transit Authority (AVTA) and their experience with BEBs. He stated that staff is recommending running a ZEB pilot to evaluate the technology on our system. He reviewed the key components that will be evaluated during the pilot. Mr. Spraul discussed some challenges specific to San Diego which would also be evaluated during the pilot phase.

Ms. Cooney continued the presentation and discussed potential pilot financing. She stated that some potential funding sources include SB 1 funds for FY 2018; Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) funds; VW settlement funds; Federal 5339(c): Low or No Emission Bus Program funds; Cap and Trade funds; and Low Carbon Fuel Standard (LCFS) credit program funds. She reviewed the staff recommendation and turned over the presentation to Mr. Clermont.

Mr. Clermont provided a brief background on CTE, the ZEB services they provide, and their current ZEB projects. He discussed ZEB U.S. annual sales and deliveries as well as the market development. Mr. Clermont stated that the key to ZEB success is planning and understanding the ZEB technology options. He stated that it is important to understand your requirements to determine the best ZEB and infrastructure needed for your transit agency. He noted it is also important to understand how to deploy ZEB technologies. Mr. Clermont stated that an agency should conduct a technology assessment. He presented a tool CTE developed which illustrates various factors of BEBs. The tool demonstrates results of a BEB on routes in different scenarios and the result of the efficiency of the bus. Mr. Clermont stated that CTE uses a tool to assess bus energy consumption based on nominal vs. strenuous loads, and beginning-of-life vs. end-of-life batteries. He stated that results of the BEBs are highly dependent on the type of route the bus is running. Mr. Clermont stated that it is important to plan for infrastructure, deployment planning and implementation. He noted that CTE generally takes their customers through a benefits realization process and key performance indicators (KPI) analysis after deployment.

Jack Kitowski, with CARB, discussed CARB's efforts as it relates to transit. He stated that they have done work on trying to reach air quality and climate goals. He stated that he has seen a lot of growth in the last few years as it relates to ZEBs. Mr. Kitowski stated that they have also seen progress in price reductions and utility improvements. He stated that there are six transit agencies that have committed to 100% ZEBs by 2030. He said there are still issues related to ZEBs, including upfront costs and utility costs. He noted that they are working with utility companies to address these issues. Mr. Kitowski stated that CARB offers approximately \$100,000 per bus with their HVIP program. He said they have a proposal for the CARB Board that would increase that amount to \$150,000 per bus. Mr. Kitowski said that for the past couple years they have worked with transit agencies and noted that there is not a one size fits all solution for ZEB technology and all transit agencies. He said as they move forward with a regulatory structure, they are looking to have a clear end goal of a zero emission clean robust transit fleet, which meets the needs of the local communities and disadvantaged communities

and enhances unique mobility options. He said they want a clear goal of the zero emission future and understands that there is a transition to get to that goal. Mr. Kitowski stated that they are going to continue moving forward with their regulatory efforts and will bring a proposal to their board next year and continue to work towards obtaining more funding options.

Mr. Hall commented that he has an electric car and asked if the fast charging option would completely fuel or only partially fuel the bus. Mr. Spraul replied that the fast charging system would not charge the bus entirely, but approximately 1% per minute. Mr. Hall asked about the break-even point for funding. Mr. Clermont responded that when CTE has done life cycle assessments for other agencies, it comes down to utility costs. He said that if you calculate out the utility cost analysis, it will better tell you the break-even cost. Mr. Hall commented that the main anxiety of being an electric car owner is hoping you make it to a charger in time before it runs out of fuel. Mr. Clermont stated that the pilot routes would be evaluated to see where the charging stations would be placed throughout the system to ensure buses are not stranded.

Ms. Salas inquired about proprietary charging infrastructure and asked if there will be a change to a more universal charging system. Mr. Spraul stated that the major bus manufacturers have been discussing going to a universal charging system. He stated that it will be more difficult to change to a universal overhead charging system; however the wave charging system could be used on multiple types of buses. Mr. Spraul stated that based on the market demand that they are hoping we will see universal chargers in the near future. He also noted that the buses all accept the same slow charge/depot charging systems now. Ms. Salas inquired if transit depots could use wave charging. Mr. Clermont replied that it's possible however the cost is very high.

Mr. Roberts thanked both Mr. Clermont and Mr. Kitowski for presenting to the Board. He asked for more detail related to the available funding options. Mr. Kitowski stated that the HVIP program which is made to be easy and straight forward awards approximately \$100,000 per bus and that amount is likely to be increased to \$150,000 near the end of this year. He stated that the LCFS credit program provides about \$100,000 over the entire life of the bus and is not funding that agencies receive up front. Mr. Kitowski stated that the VW settlement includes funding of \$423 million. He said CARB will be going to their Board next spring to determine how to allocate those funds. Mr. Kitowski noted those funds are intended to mitigate the harm caused by the Volkswagen defeat devices on their diesel 2.5 and 3 liter vehicles, so the program will be NOx focused. Ms. Cooney stated that there are initiatives to rescind SB 1, so that funding for the future is pending. She said there are small Low or No Emission Bus Program grants available as competitive funds. Ms. Cooney stated that Cap and Trade funding is also a competitive process. She noted that these funds are based on appropriation.

Mr. Alvarez asked if the HVIP program funds are automatic. Mr. Kitowski stated that transit agencies have to first apply and as long as there is funding, the transit agencies will likely receive the funds as long as there are no constraints that conflict with their requirements. Mr. Alvarez asked if the funding includes infrastructure assistance. Mr. Kitowski replied that they do not, but CARB is looking into having some components in infrastructure. Mr. Alvarez asked if funding includes research and studies. Mr. Kitowski replied that they do not, however they do sometimes have competitive grants for that area. Mr. Alvarez asked if there are opportunities with the Energy Commission (EC) on infrastructure costs. Mr. Kitowski replied that there are opportunities with the EC during their annual planning process. Mr. Alvarez asked about electricity costs in San Diego compared to other areas of the state. Ms. Cooney replied that she does not have the exact numbers in other areas of the state, but San Diego has the highest



electricity costs in the state of California. She noted that each utility company has to provide the Public Utilities Commission (PUC) with a program of what they are going to fund and offset each year. She stated that every other utility company in the state is looking toward infrastructure for electrification for transit buses except for SDG&E. Ms. Cooney stated that MTS has a blended electricity rate of \$0.22/kWh. Mr. Jablonski noted Sacramento pays about half the cost of us and Florida pays about \$0.04/kWh. Mr. Alvarez inquired if Community Choice Aggregation (CCA) had anything to do with other transit agencies going towards electrification of their fleets. Ms. Cooney replied that MTS is already in a Direct Access Program, which is similar to CCA however CCA is more geared towards residential. Mr. Alvarez inquired who will be our consultant for the pilot program. Ms. Cooney stated that we will have to go through a regular procurement process, which will take approximately three months.

Ms. Sotelo-Solis commented that she was glad to see the VW settlement funding as an option. She asked what the name of the application is that CTE demonstrated. Mr. Clermont stated CTE's modeling software is called Autonomy. Ms. Sotelo-Solis stated that she thinks it's important to begin communication with MTS's respective cities to expedite and offset costs in the pilot program process. She asked who MTS is looking at to possibly build the infrastructure system. Mr. Spraul replied a consultant will help plan the pilot program and the bus manufacturers help with the infrastructure component. He stated that through the pilot process, the need for the extra infrastructure will hopefully go down. Mr. Spraul said that he hopes that we will get to a point where we will not need in route charging and can utilize only depot charging.

Ms. Gomez inquired about leasing versus purchasing for the pilot. Mr. Spraul replied that is something staff will look into during the pilot process. Ms. Gomez asked if staff is working with the utility companies to see if there is a potential to reduce costs. Ms. Cooney replied that staff has been working with SDG&E for the last couple of years and they have not been receptive yet. Mr. Spraul also commented that staff will come back to the Board with more details of a pilot program at an upcoming meeting. Ms. Gomez commented that she would like to see the pilot program to be run in a disadvantaged community with high ridership.

Mr. Arambula asked for more details of the pilot program. Mr. Spraul replied that staff will bring back more information on the pilot program at a later meeting which will include all details. He stated that we are likely looking at a pilot beginning in 2019. Mr. Arambula asked how many buses will be in the pilot. Mr. Jablonski stated that it will depend on a few factors, but we will likely have between 5 and 10 buses. Mr. Jablonski stated that we may also look into getting a fuel cell bus to pilot as well. He stated that we want to be able to test the full spectrum of our system to understand the full range of the performance of the vehicles. Mr. Arambula asked for staff to include in the future report any likely staffing displacements and proposed options to avoid layoffs.

## PUBLIC COMMENTS

*Ray Pingle* – Mr. Pingle with the Sierra Club provided comments regarding the feasibility of transition of MTS's transit fleet to electric buses. He stated that he also wanted to respond to some comments made by Mr. Jablonski at the last Board meeting. He stated that there are approximately 1,200 ZEBs nationwide and 107 ZEBs in the state with more coming online soon. Mr. Pingle stated that Los Angeles Metro has committed to 100% ZEBs by 2030; San Joaquin Regional Transit District has committed to 100% ZEBs by 2025; Antelope Valley Transit

Authority has committed to 100% ZEBs by 2018; and Foothill Transit has committed to 100% ZEBs by 2030. Mr. Pingle stated that electric buses have continued to have higher ranges reaching up to 426 miles. He noted that some estimated ranges are nominal and there are other factors that contribute to the ranges. Mr. Pingle said that batteries are continuing to come down in cost. He said that the cost of the buses are also continuing to come down and are estimated to come down another \$100,000 in the next five years. He commented on the HVIP program and noted that the funding will likely be increased and will be available through 2030. Mr. Pingle stated that transit agencies should largely count on the HVIP funds. He commented on operating costs and said that with the LCFS credits, the costs will be about 30% less than a CNG bus, and maintenance costs are about 30% less. He noted that more detail is provided in the handout provided to the Board. He reviewed the total cost of ownership model for transit agencies and MTS. He said that economically, we are at a time of advancements. He said that agencies can also install solar to provide electricity. Mr. Pingle commented on the possibility of having the utility company help pay the costs for infrastructure. Lastly, he stated that with LCFS credits and HVIP funds, you can implement ZEBs at a cost effective rate. A full transcription of Mr. Pingle's comments is included in the final Board meeting packet.

*Gretchen Newsom* – Ms. Newsom spoke on behalf of IBEW 569. She commented that she is in support of Ray Pingle's comments and MTS staff's recommendation for the pilot. She stated that this will provide an opportunity for good paying jobs. Ms. Newsom said that transitioning to 100% zero emission buses will create additional electrical infrastructure jobs, which can help create new training and career opportunities for those in disadvantaged communities.

*David Grubb* – Mr. Grubb commented on behalf of the Sierra Club. He commented that he remembers when the steam engine train went away to the internal combustion engines. He said that similar to the steam engine, the internal combustion engines will soon also go away and move towards zero emission. Mr. Grubb stated that using electricity is a better way of using fuel than CNG. He said that they strongly support MTS's plan of a ZEB pilot project.

*Ana Reynoso* – Ms. Reynoso commented on behalf of the Environmental Health Coalition (EHC). She said that they support the staff action to implement a ZEB pilot program. She asked that the pilot be in an environmental justice community that already experiences disproportionate exposure from the emissions from transit systems. Ms. Reynoso discussed some of the issues that low income communities experience with pollution and stated that those communities would be the best option to host the pilot. She provided examples of low income communities that experience more exposure to pollution than others in the county. She also discussed a feasibility study conducted at King County Metro regarding the transition of their fleet to zero emission buses. Ms. Reynoso stated that EHC suggests that MTS should not only move forward on conducting this pilot program, but that they focus their efforts in the communities that need it most.

#### BOARD COMMENTS – CONTINUED

Ms. Gomez thanked staff for giving her the opportunity to attend and participate in the APTA Annual Conference and Expo. She stated that she wanted to acknowledge that she understands why staff has been cautious moving forward with ZEBs, because there are a lot of challenges that we need to be mindful of. She said that we do have an opportunity to introduce the technology and hopefully move towards transitioning our entire fleet to ZEBs. Ms. Gomez commented that she would like to see the pilot operated in underserved communities if possible.

Ms. Salas thanked staff for the thorough report and said that it clarified a lot of her questions. She commented that she is happy to hear about the rapidly changing technology that is going to move us towards ZEBs sooner rather than later.

Mr. Roberts stated that in the mid-90s there was work being done on a mandate for electric vehicles at the CARB level. He commented that the technology has come a long way since that time. Mr. Roberts stated that it is time for MTS to work towards learning about and testing this technology. He asked for clarification whether the recommendation implies that staff obtains the services of a consultant to assist MTS in developing the program and planning for the future and long term. Mr. Jablonski replied that is correct and implied in the recommendation.

Ms. Cole commented that she really enjoyed attending the APTA conference. She stated that she understands that there are challenges ahead of us, but knows that the team will work through the challenges. She said that she would like to see the pilot program operating in a few districts including district 9 and district 4 as well as other underserved communities. Ms. Cole stated that she fully supports the pilot program.

Ms. Sotelo-Solis commented that she supports the staff motion. She stated that Sweetwater Unified School District just received \$8.5 million to focus on Science, Technology, Engineering and Math (STEM) research educational studies. She said that this could be a great opportunity for alternative partnerships for funding.

#### Action Taken

Ms. Gomez moved to direct the Chief Executive Officer (CEO) to complete a plan for a zero emission bus (ZEB) pilot program and return to the Board with a recommendation for its implementation. Ms. Salas seconded the motion, and the vote was 14 to 0 in favor with Mr. Cunningham absent.

#### 31. San Diego Metropolitan Transit System Green Line Naming Rights (Paul Jablonski)

Mr. Jablonski introduced the Green Line Naming Rights item. He stated that two years ago staff brought the UC San Diego Blue Line naming rights contract to the Board. He said that staff has been working on a second naming rights deal and is pleased to bring forward a naming rights proposal with Sycuan. Rob Schupp, Director of Marketing and Communications, continued the presentation and reviewed the details and terms of the naming rights agreement. He noted that there is some forgone revenue based on clauses in the agreement, however the 10-year net to MTS will be \$4.7 million to \$5.0 million. Mr. Schupp presented pictures and examples of naming rights signage and marketing items throughout the system. He reviewed the staff recommendation and asked for any questions.

Ms. Salas asked how this agreement compares in value to UC San Diego Blue Line agreement. Mr. Jablonski replied that MTS receives approximately \$600,000 per year from UC San Diego Heath until Mid-Coast opens and then MTS will receive just under \$1.0 million per year. Mr. Jablonski noted that there are more public impressions along the Blue Line than the Green Line which is how the pricing is determined. Ms. Salas commented that she wants to make sure we are not selling ourselves short on the deal. Mr. Jablonski stated that this is where the market currently is and this offer is the best deal we received. He noted that MTS negotiated in the deal

that if after ten years there is more interest from other entities in naming rights that we have the ability to exit the agreement and rebid.

Mr. Alvarez inquired about the difference between the two naming rights deals. Mr. Schupp replied that it is based on total impressions and the Blue Line has about 320 million impressions per year and the Green Line has about 240 million impressions per year. Mr. Alvarez inquired about trolley wraps and revenue loss. Mr. Schupp replied that MTS will continue to have the ability to wrap all of our trolleys during Comic-Con. Mr. Alvarez commented that he is not a fan of the retaining wall freeway signage. He asked about the sign ordinance related to MTS property. Ms. Landers replied that MTS's property is not subject to the City of San Diego's sign ordinance. She stated that those freeway visible signs would have to be approved by Caltrans to ensure that they comply with the Outdoor Advertising Act. Mr. Alvarez asked what entails in the naming rights at the trolley stations. Mr. Schupp replied that Sycuan will have naming rights at the three trolley stations listed in the agreement. He said that he has been in communication with Sycuan's Marketing Director and has been iterating that geographic location is very important to MTS to communicate with clarity to our passengers as to where their destination is. Mr. Schupp said that MTS will continue to work closely with Sycuan on those naming rights to come up with station names that make sense for them and our passengers.

Mr. Roberts stated that it is exciting to discuss an item where we will be receiving new non-fare revenue. He commented that everyone was given an opportunity for this naming rights deal, but only Sycuan was the most interested and came forward. He noted that this new revenue can help to pay for projects like the ZEB pilot.

#### Action Taken

Mr. Hall moved to authorize the Chief Executive Officer (CEO) to execute an agreement with the Sycuan Casino for the exclusive naming rights of the Green Line in substantially the same format as Attachment A. Mr. Roberts seconded the motion, and the vote was 14 to 0 in favor with Mr. Cunningham absent.

32. San Diego Metropolitan Transit System (MTS) Safety Management System Policy Statement (Samantha Leslie)

This staff report was waived. Mr. Jablonski commented that safety is inherently MTS's number one priority with passengers, employees and property. He said we have really increased the focus on safety on the bus and trolley side over the last year. He noted that both Safety Managers and Chief Operating Officers meet with him once per month to go over accidents, plans and trends. He said that MTS has made a big effort of communicating being safe and operating safe and has won safety awards in that regard. He said there is a standard throughout the industry called the Safety Management System (SMS) Program. One of the elements of the SMS program is for the agency to have a policy adopted by the Board for safety, which is what the statement is included in the attachment. He said that staff is currently working on a comprehensive SMS program, but we first wanted to start with the Board policy.

#### Action Taken

Ms. Cole moved to adopt the MTS Safety Management System Policy Statement. Ms. Bragg seconded the motion, and the vote was 14 to 0 in favor with Mr. Cunningham absent.

REPORT ITEMS

45. Comic-Con 2017 Recap (Rob Schupp and Tom Doogan)

This report was deferred to the next meeting.

Action Taken

No action taken. Informational item only.

46. 2017 Customer Satisfaction Report (Rob Schupp and Judith McCourt with Redhill Principal)

This report was deferred to the next meeting.

Action Taken

No action taken. Informational item only.

47. Operations Budget Status Report for August 2017 (Mike Thompson)

This report was waived.

Action Taken

No action taken. Informational item only.

60. Chairman's Report

Chairman Mathis reported that he attended the APTA Annual Conference and Expo and met with a few of the electric bus manufacturers. He stated that he is pleased to see MTS making the steps today towards ZEBs.

61. Chief Executive Officer's Report

Mr. Jablonski reported that AB 805 was signed by the Governor last week. He stated that General Counsel will provide a report about next steps going forward related to AB 805 at the next Board meeting.

62. Board Member Communications

There were no Board Member communications.

63. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

CLOSED SESSION (TAKEN OUT OF ORDER)

24. Closed Session Items

The Board convened to Closed Session at 11:26 a.m.

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

Property: 5159 Baltimore Drive (Assessor Parcel No. 470-050-16)

Agency Negotiators: Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets

Negotiating Parties: DJR Companies, LLC

Under Negotiation: Price and Terms of Payment

The Board reconvened to Open Session at 11:39 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- a. The Board received a report and gave instructions to negotiators.

64. Next Meeting Date

The next regularly scheduled Board meeting is November 9, 2017.

65. Adjournment

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

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Chairperson  
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

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Clerk of the Board  
San Diego Metropolitan Transit System

---

General Counsel  
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
BOARD OF DIRECTORS  
ROLL CALL

MEETING OF (DATE): October 19, 2017

CALL TO ORDER (TIME): 9:04 a.m.

RECESS: \_\_\_\_\_

RECONVENE: \_\_\_\_\_

CLOSED SESSION: 11:26 a.m.

RECONVENE: 11:39 a.m.

PUBLIC HEARING: \_\_\_\_\_

RECONVENE: \_\_\_\_\_

ORDINANCES ADOPTED: \_\_\_\_\_

ADJOURN: 11:40 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ALVAREZ	<input checked="" type="checkbox"/> (Cate) <input type="checkbox"/>	9:04 a.m.	11:40 a.m.
ARAMBULA	<input checked="" type="checkbox"/> (Mendoza) <input type="checkbox"/>	9:04 a.m.	11:26 a.m.
BRAGG	<input checked="" type="checkbox"/> (Spriggs) <input type="checkbox"/>	9:04 a.m.	11:40 a.m.
COLE	<input checked="" type="checkbox"/> (Cate) <input type="checkbox"/>	9:04 a.m.	11:40 a.m.
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:04 a.m.	10:30 a.m.
GOMEZ	<input checked="" type="checkbox"/> (Cate) <input type="checkbox"/>	9:04 a.m.	11:40 a.m.
HALL	<input checked="" type="checkbox"/> (TBD) <input type="checkbox"/>	9:04 a.m.	11:40 a.m.
MATHIS	<input checked="" type="checkbox"/>	9:04 a.m.	11:40 a.m.
MCCLELLAN	<input checked="" type="checkbox"/> (Goble) <input type="checkbox"/>	9:04 a.m.	11:40 a.m.
MCWHIRTER	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>	9:04 a.m.	11:40 a.m.
RIOS	<input type="checkbox"/> (Sotelo-Solis) <input checked="" type="checkbox"/>	9:04 a.m.	11:40 a.m.
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:06 a.m.	11:26 a.m.
SALAS	<input checked="" type="checkbox"/> (Diaz) <input type="checkbox"/>	9:13 a.m.	11:40 a.m.
SANDKE	<input type="checkbox"/> (Donovan) <input checked="" type="checkbox"/>	9:04 a.m.	11:40 a.m.
ZAPF	<input checked="" type="checkbox"/> (Cate) <input type="checkbox"/>	9:15 a.m.	11:40 a.m.

SIGNED BY THE CLERK OF THE BOARD: Julia Tuer

CONFIRMED BY THE GENERAL COUNSEL: Paul C. ...



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

## Agenda Item No. 6

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

November 9, 2017

#### SUBJECT:

FISCAL YEAR 2018 STATE TRANSIT ASSISTANCE CLAIM

#### RECOMMENDATION:

That the Board of Directors adopt Resolution No. 17-13 (Attachment A) approving the fiscal year (FY) 2018 State Transit Assistance (STA) claim.

#### Budget Impact

The FY18 STA claim would result in the approval of \$20,325,236 in STA funds for the San Diego Metropolitan Transit System (MTS) to be utilized in the FY18 operating and capital budgets, and \$4,551,892 of State of Good Repair funds to be utilized in the FY19 capital budget.

#### DISCUSSION:

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

Senate Bill 1 (SB1) increased the overall funding allocation for these formula funds, which could be an annual increase of approximately \$12 million to MTS. SB1 also added an additional funding for State of Good Repair (SGR). This funding is also allocated by the formulas described above and is expected to generate an additional \$6 million per year of funding for MTS. The SB1 funding allocations for FY18 are prorated to reflect the staggered implementation dates of these new programs.





The California State Controller's Office (SCO) projects total sales tax revenues for the coming fiscal year and the resulting STA revenue pool, and then estimates the allocation to each transportation entity. The SCO projects MTS will receive FY 2018 STA funding of \$20,325,236 (attachment B). This projection does include new STA revenues sources as a result of SB1, which increased the amount available to MTS by approximately \$6 million.

The SCO also projects MTS will receive FY 2018 SGR funding of \$4,551,892 (attachment C). Each agency receiving this funding must submit a list of projects proposed to be funded under this program, and the California Department of Transportation will approve the list of projects. Due to this extra administrative step, staff plans to include this funding and develop the project list as part of the FY19 Capital Improvement Program (CIP).

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

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

STA revenues have been volatile in the past, and for that reason, the MTS Board has taken a conservative approach to using and programming these funds. Typically, the majority of these revenues are directed into the MTS CIP. However, in FY13, the MTS Board authorized the usage of a \$3.6 million of annual STA proceeds for the operating budget to fund service restoration. For FY18, the programmed usage projects as follows:

- FY18 Capital Improvement Program \$ 8,900,000
- FY18 Operating Budget \$ 3,600,000
- FY19 Capital Improvement Program \$ 4,551,892
- Un-programmed \$ 7,825,236

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

/s/ Paul C. Jablonski  
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. MTS Resolution No. 17-13  
B. Letter from State Controller's Office for STA Allocation  
C. Letter from State Controller's Office for SGR Allocation

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 17-13

Resolution Approving the MTS Area Fiscal Year 2018 STA Claim

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

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

WHEREAS, the State Controller's Office has informed MTS that its eligible STA allocation for Fiscal Year 2018 is \$20,325,236 and its eligible State of Good Repair (SGR) allocation for Fiscal Year 2018 is \$4,551,892; and

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

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

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

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

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

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

WHEREAS, MTS has ensured operators are in compliance with the efficiency standards of PUC section 99314.6 prior to the allocation of funding for operating purposes;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the MTS Board does hereby direct and empower MTS staff to prepare and transmit allocation instructions to the County Auditor to disburse to MTS the Fiscal Year 2018 STA and SGR amounts totaling \$24,877,128.

PASSED AND ADOPTED by the Board this \_\_\_\_\_ day of \_\_\_\_\_ 2017, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

\_\_\_\_\_  
Chairman  
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

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

\_\_\_\_\_  
Office of the General Counsel  
San Diego Metropolitan Transit System



**BETTY T. YEE**  
**California State Controller**

November 3, 2017

County Auditors Responsible for State Transit Assistance funds  
Transportation Planning Agencies  
County Transportation Commissions  
San Diego Metropolitan Transit System

**SUBJECT: Reissuance of the 2017-18 State Transit Assistance Allocation Revised Estimate**

We are reissuing the schedules of State Transit Assistance (STA) funds allocation estimate that was released on October 20, 2017. We were informed of an error in our previous estimate and have recalculated the estimate to include all STA-eligible operators.

Enclosed is a revised summary schedule of STA funds estimated to be allocated for fiscal year (FY) 2017-18 to each Transportation Planning Agency (TPA), county transportation commission, and the San Diego Metropolitan Transit System for the purposes of Public Utilities Code (PUC) sections 99313 and 99314. Also enclosed is a schedule detailing the amount of the PUC section 99314 allocation for each TPA by operator.

PUC section 99313 allocations are based on the latest available annual population estimates from the Department of Finance. PUC section 99314 allocations are based on the revenue amount for each STA-eligible operator, determined from annual reports submitted to the Controller pursuant to Section 99243. Pursuant to PUC section 99314.3, each TPA is required to allocate funds to the STA-eligible operators in the area of its jurisdiction.

The estimated amount of STA funds budgeted, according to the FY 2017-18 enacted California Budget, is \$468,849,000. We anticipate that the first quarter's allocation will be paid in November 2017. Please refer to the schedule for the amounts that relate to your agency.

The revenue basis amounts are not comparable to the amounts in the prior year because of the change from Chapter 339, Statutes of 2016 to Chapter 86, Statutes of 2017. The prior year's calculation was pursuant to section 6722 of the California Code of Regulations, which included a sub-calculation that included all revenues and expenses from the annual reports submitted to the Controller. The sub-calculation included summations of qualifying revenue, non-qualifying revenue, and operating costs that were compared to determine the revenue basis amount. This year's calculation includes only "qualifying revenue," as defined in PUC section 99314(b), not to exceed operating costs.

November 3, 2017

Page 2

Please contact Mike Silvera by telephone at (916) 323-0704 or email at [msilvera@sco.ca.gov](mailto:msilvera@sco.ca.gov) with any questions, or for additional information. We apologize for any inconvenience this may have caused.

Sincerely,

A handwritten signature in black ink, appearing to be 'Evelyn Calderon-Yee', written over a horizontal line.

EVELYN CALDERON-YEE, Bureau Chief  
Bureau of Payments

Enclosures

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE TRANSIT ASSISTANCE FUND ALLOCATION ESTIMATE**

Att. B, Al 6, 11/9/17

**SUMMARY**  
**NOVEMBER 3, 2017**

**REVISED**

<u>Regional Entity</u>	PUC 99313 Fiscal Year 2017-18 Estimate	PUC 99314 Fiscal Year 2017-18 Estimate	Total Fiscal Year 2017-18 Estimate
	<b>A</b>	<b>B</b>	<b>C= (A + B)</b>
Metropolitan Transportation Commission	\$ 45,757,460	\$ 122,016,490	\$ 167,773,950
Sacramento Area Council of Governments	11,300,215	4,207,462	15,507,677
San Diego Association of Governments	5,682,424	2,101,449	7,783,873
San Diego Metropolitan Transit System	13,986,746	6,338,490	20,325,236
Tahoe Regional Planning Agency	606,304	65,089	671,393
Alpine County Transportation Commission	6,828	413	7,241
Amador County Transportation Commission	227,653	12,122	239,775
Butte County Association of Governments	1,342,859	82,452	1,425,311
Calaveras County Local Transportation Commission	267,903	4,604	272,507
Colusa County Local Transportation Commission	130,743	4,765	135,508
Del Norte County Local Transportation Commission	160,879	9,312	170,191
El Dorado County Local Transportation Commission	976,824	75,559	1,052,383
Fresno County Council of Governments	5,907,378	869,480	6,776,858
Glenn County Local Transportation Commission	170,411	5,483	175,894
Humboldt County Association of Governments	812,303	131,843	944,146
Imperial County Transportation Commission	1,117,056	95,098	1,212,154
Inyo County Local Transportation Commission	110,434	0	110,434
Kern Council of Governments	5,309,135	354,958	5,664,093
Kings County Association of Governments	886,942	50,871	937,813
Lake County/City Council of Governments	385,205	23,130	408,335
Lassen County Local Transportation Commission	183,382	9,611	192,993
Los Angeles County Metropolitan Transportation Authority	60,743,598	80,757,179	141,500,777
Madera County Local Transportation Commission	928,193	12,001	940,194
Mariposa County Local Transportation Commission	107,640	311	107,951
Mendocino Council of Governments	528,676	47,318	575,994
Merced County Association of Governments	1,629,107	116,025	1,745,132
Modoc County Local Transportation Commission	56,822	6,394	63,216
Mono County Local Transportation Commission	81,335	128,060	209,395
Transportation Agency for Monterey County	2,623,778	824,553	3,448,331
Nevada County Local Transportation Commission	586,174	29,048	615,222
Orange County Transportation Authority	18,944,561	6,386,874	25,331,435
Placer County Transportation Planning Agency	1,785,224	264,808	2,050,032
Plumas County Local Transportation Commission	117,551	5,686	123,237
Riverside County Transportation Commission	14,144,748	2,362,888	16,507,636
Council of San Benito County Governments	337,215	7,432	344,647
San Bernardino County Transportation Authority	12,813,022	2,192,526	15,005,548
San Joaquin Council of Governments	4,429,862	1,131,595	5,561,457
San Luis Obispo Area Council of Governments	1,661,350	112,852	1,774,202
Santa Barbara County Association of Governments	2,672,996	687,310	3,360,306
Santa Cruz County Transportation Commission	1,640,602	1,355,922	2,996,524
Shasta Regional Transportation Agency	1,059,351	61,617	1,120,968
Sierra County Local Transportation Commission	19,023	1,008	20,031
Siskiyou County Local Transportation Commission	265,056	12,994	278,050
Stanislaus Council of Governments	3,250,664	197,813	3,448,477
Tehama County Transportation Commission	379,570	9,305	388,875
Trinity County Transportation Commission	80,831	4,735	85,566
Tulare County Association of Governments	2,798,614	371,394	3,170,008
Tuolumne County Transportation Council	324,481	19,273	343,754
Ventura County Transportation Commission	5,085,372	858,898	5,944,270
State Totals	\$ 234,424,500	\$ 234,424,500	\$ 468,849,000

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE TRANSIT ASSISTANCE ALLOCATION ESTIMATE PUC 99314**  
**ALLOCATION DETAIL**  
**NOVEMBER 3, 2017**  
**REVISED**

Att. B, AI 6, 11/9/17

Regional Entity and Operator(s)	Revenue Basis	PUC 99314 Fiscal Year 2017-18 Estimate
<b>Altamont Corridor Express*</b>		
Alameda County Congestion Management Agency	\$ NA	\$ 167,020
Santa Clara Valley Transportation Authority	NA	130,595
San Joaquin Regional Rail Commission	NA	590,787
Regional Entity Totals	0	888,402
	0	(888,402)
<b>Metropolitan Transportation Commission</b>		
Alameda-Contra Costa Transit District, San Francisco Bay Area Rapid Transit District, and the City of San Francisco**	1,810,504,529	83,726,608
Central Contra Costa Transit Authority	11,505,773	532,083
City of Dixon	100,278	4,637
Eastern Contra Costa Transit Authority	5,325,782	246,290
City of Fairfield	2,537,148	117,330
Golden Gate Bridge Highway and Transportation District	55,834,606	2,582,066
Livermore-Amador Valley Transit Authority	5,372,372	248,445
Marin County Transit District	19,804,877	915,875
Napa County Transportation and Planning Agency	1,298,593	60,053
Peninsula Corridor Joint Powers Board	120,238,982	5,560,440
City of Petaluma	633,199	29,282
City of Rio Vista	35,699	1,652
San Francisco Bay Area Water Emergency Transportation Authority (WETA)	26,770,662	1,238,007
San Mateo County Transit District	118,401,842	5,475,482
Santa Clara Valley Transportation Authority	418,133,467	19,336,542
City of Santa Rosa	2,779,985	128,560
Solano County Transit (SOLTRANS)	5,674,700	262,426
County of Sonoma	3,278,690	151,623
Sonoma-Marin Area Rail Transit District	14,844,615	686,488
City of Union City	1,652,571	76,423
City of Vacaville	426,700	19,733
Western Contra Costa Transit Authority	6,894,384	318,830
Regional Entity Subtotals	2,632,049,454	121,718,875
Alameda County Congestion Management Agency - Corresponding to ACE*	NA	167,020
Santa Clara Valley Transportation Authority - Corresponding to ACE*	NA	130,595
Regional Entity Totals	2,632,049,454	122,016,490
<b>Sacramento Area Council of Governments</b>		
City of Davis (Unitrans)	3,098,134	143,273
City of Elk Grove	1,767,786	81,751
City of Folsom	658,529	30,454
County of Sacramento	1,110,348	51,348
Sacramento Regional Transit System	78,534,612	3,631,825
Yolo County Transportation District	4,361,050	201,676
Yuba Sutter Transit Authority	1,451,725	67,135
Regional Entity Totals	90,982,184	4,207,462
<b>San Diego Association of Governments</b>		
North County Transit District	45,441,742	2,101,449

\* The amounts allocated to the member agencies of Altamont Corridor Express are included with their corresponding transportation planning agency.

\*\* The amounts for Alameda-Contra Costa Transit District, San Francisco Bay Area Rapid Transit District, and the City of San Francisco are combined.

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE TRANSIT ASSISTANCE ALLOCATION ESTIMATE PUC 99314**  
**ALLOCATION DETAIL**  
**NOVEMBER 3, 2017**  
**REVISED**

Att. B, AI 6, 11/9/17

Regional Entity and Operator(s)	Revenue Basis	PUC 99314 Fiscal Year 2017-18 Estimate
San Diego Metropolitan Transit System		
San Diego MTS	34,387,800	1,590,261
San Diego Transit Corporation	55,863,866	2,583,419
San Diego Trolley, Inc.	46,811,865	2,164,810
Regional Entity Totals	137,063,531	6,338,490
Southern California Regional Rail Authority***		
Los Angeles County Metropolitan Transportation Authority	NA	5,111,156
Orange County Transportation Authority	NA	2,185,731
Riverside County Transportation Commission	NA	881,944
San Bernardino County Transportation Authority	NA	1,106,600
Ventura County Transportation Commission	NA	524,850
Regional Entity Totals	0	9,810,281
	0	(9,810,281)
Tahoe Regional Planning Agency		
Tahoe Transportation District	1,407,484	65,089
Alpine County Transportation Commission		
County of Alpine	8,911	413
Amador County Transportation Commission		
Amador Regional Transit System	262,123	12,122
Butte County Association of Governments		
Butte Regional Transit	1,764,509	81,600
City of Gridley - Specialized Service	18,424	852
Regional Entity Totals	1,782,933	82,452
Calaveras County Local Transportation Commission		
County of Calaveras	99,554	4,604
Colusa County Local Transportation Commission		
County of Colusa	103,042	4,765
Del Norte County Local Transportation Commission		
Redwood Coast Transit Authority	201,369	9,312
El Dorado County Local Transportation Commission		
El Dorado County Transit Authority	1,633,884	75,559

\*\*\* The amounts allocated to the member agencies of Southern California Regional Rail Authority are included with their corresponding transportation planning agency.



**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE TRANSIT ASSISTANCE ALLOCATION ESTIMATE PUC 99314**  
**ALLOCATION DETAIL**  
**NOVEMBER 3, 2017**  
**REVISED**

Att. B, AI 6, 11/9/17

<u>Regional Entity and Operator(s)</u>	<u>Revenue Basis</u>	<u>PUC 99314 Fiscal Year 2017-18 Estimate</u>
Fresno County Council of Governments		
City of Clovis	1,608,396	74,380
City of Fresno	15,642,374	723,380
Fresno County Rural Transit Agency	1,550,864	71,720
Regional Entity Totals	18,801,634	869,480
Glenn County Local Transportation Commission		
County of Glenn	118,565	5,483
Humboldt County Association of Governments		
City of Arcata	252,847	11,693
City of Eureka	688,702	31,849
City of Fortuna - Specialized Service	13,266	613
Humboldt Transit Authority	1,896,163	87,688
Regional Entity Totals	2,850,978	131,843
Imperial County Transportation Commission		
Imperial County Transportation Commission (ICTC)	2,034,524	94,086
Quechan Indian Tribe	21,876	1,012
Regional Entity Totals	2,056,400	95,098
Inyo County Local Transportation Commission	None	None
Kern Council of Governments		
City of Arvin	607,140	28,077
City of California City	23,003	1,064
City of Delano	154,896	7,163
Golden Empire Transit District	5,036,106	232,893
County of Kern	1,066,343	49,313
City of McFarland	16,214	750
City of Ridgecrest	343,371	15,879
City of Shafter	56,758	2,625
City of Taft	345,695	15,987
City of Tehachapi	4,792	222
City of Wasco	21,304	985
Regional Entity Totals	7,675,622	354,958
Kings County Association of Governments		
City of Corcoran	97,289	4,499
Kings County Area Public Transit Agency	1,002,749	46,372
Regional Entity Totals	1,100,038	50,871
Lake County/City Council of Governments		
Lake Transit Authority	500,168	23,130
Lassen County Local Transportation Commission		
County of Lassen	207,838	9,611

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE TRANSIT ASSISTANCE ALLOCATION ESTIMATE PUC 99314**  
**ALLOCATION DETAIL**  
**NOVEMBER 3, 2017**  
**REVISED**

Att. B, AI 6, 11/9/17

Regional Entity and Operator(s)	Revenue Basis	PUC 99314 Fiscal Year 2017-18 Estimate
Los Angeles County Metropolitan Transportation Authority		
Antelope Valley Transit Authority	17,690,973	818,117
City of Arcadia	1,367,514	63,241
City of Claremont	382,509	17,690
City of Commerce	4,304,495	199,061
City of Culver City	13,583,265	628,157
Foothill Transit Zone	51,538,874	2,383,410
City of Gardena	10,936,244	505,746
City of La Mirada	832,072	38,479
Long Beach Public Transportation Company	48,712,640	2,252,711
City of Los Angeles	78,773,386	3,642,868
County of Los Angeles	22,987,199	1,063,041
Los Angeles County Metropolitan Transportation Authority	1,270,744,236	58,765,445
City of Montebello	17,594,552	813,658
City of Norwalk	7,442,578	344,181
City of Redondo Beach	2,557,775	118,284
City of Santa Clarita	22,843,760	1,056,407
City of Santa Monica	45,305,142	2,095,132
Southern California Regional Rail Authority***	212,137,556	NA
City of Torrance	18,172,705	840,395
Regional Entity Subtotals	1,847,907,475	75,646,023
Los Angeles County Metropolitan Transportation Authority - Corresponding to SCRRA***	NA	5,111,156
Regional Entity Totals	1,847,907,475	80,757,179
Madera County Local Transportation Commission		
City of Chowchilla	134,286	6,210
City of Madera	125,218	5,791
Regional Entity Totals	259,504	12,001
Mariposa County Local Transportation Commission		
County of Mariposa	6,696	311
Mendocino Council of Governments		
Mendocino Transit Authority	1,023,207	47,318
Merced County Association of Governments		
Transit Joint Powers Authority of Merced County	1,389,374	64,252
Yosemite Area Regional Transportation System (YARTS)	1,119,543	51,773
Regional Entity Totals	2,508,917	116,025
Modoc County Local Transportation Commission		
Modoc Transportation Agency - Specialized Service	138,272	6,394
Mono County Local Transportation Commission		
Eastern Sierra Transit Authority	2,769,180	128,060
Transportation Agency for Monterey County		
Monterey-Salinas Transit	17,830,132	824,553

\*\*\* The amounts allocated to the member agencies of Southern California Regional Rail Authority are included with their corresponding transportation planning agency

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE TRANSIT ASSISTANCE ALLOCATION ESTIMATE PUC 99314**  
**ALLOCATION DETAIL**  
**NOVEMBER 3, 2017**  
**REVISED**

Att. B, AI 6, 11/9/17

PUC 99314  
Fiscal Year  
2017-18 Estimate

Regional Entity and Operator(s)	Revenue Basis	2017-18 Estimate
<b>Nevada County Local Transportation Commission</b>		
County of Nevada	408,912	18,910
City of Truckee	219,231	10,138
Regional Entity Totals	<u>628,143</u>	<u>29,048</u>
<b>Orange County Transportation Authority</b>		
City of Laguna Beach	1,000,340	46,261
Orange County Transportation Authority	89,845,193	4,154,882
Regional Entity Subtotals	<u>90,845,533</u>	<u>4,201,143</u>
Orange County Transportation Authority - Corresponding to SCRRA***	NA	2,185,731
Regional Entity Totals	<u>90,845,533</u>	<u>6,386,874</u>
<b>Placer County Transportation Planning Agency</b>		
City of Auburn	27,057	1,251
County of Placer	4,358,254	201,547
City of Roseville	1,340,903	62,010
Regional Entity Totals	<u>5,726,214</u>	<u>264,808</u>
<b>Plumas County Local Transportation Commission</b>		
County of Plumas	122,951	5,686
<b>Riverside County Transportation Commission</b>		
City of Banning	224,460	10,380
City of Beaumont	1,843,529	85,254
City of Corona	467,404	21,615
Palo Verde Valley Transit Agency	116,428	5,384
City of Riverside - Specialized Service	385,206	17,814
Riverside Transit Agency	15,378,001	711,154
Sunline Transit Agency	13,608,902	629,343
Regional Entity Subtotals	<u>32,023,930</u>	<u>1,480,944</u>
Riverside County Transportation Commission - Corresponding to SCRRA***	NA	881,944
Regional Entity Totals	<u>32,023,930</u>	<u>2,362,888</u>
<b>Council of San Benito County Governments</b>		
San Benito County Local Transportation Authority	160,719	7,432
<b>San Bernardino County Transportation Authority</b>		
Morongo Basin Transit Authority	536,943	24,831
Mountain Area Regional Transit Authority	459,125	21,232
City of Needles	57,989	2,682
Omnitrans	15,718,035	726,879
Victor Valley Transit Authority	6,709,975	310,302
Regional Entity Subtotals	<u>23,482,067</u>	<u>1,085,926</u>
San Bernardino County Transportation Authority - Corresponding to SCRRA***	NA	1,106,600
Regional Entity Totals	<u>23,482,067</u>	<u>2,192,526</u>

\*\*\* The amounts allocated to the member agencies of Southern California Regional Rail Authority are included with their corresponding transportation planning agency;

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE TRANSIT ASSISTANCE ALLOCATION ESTIMATE PUC 99314**  
**ALLOCATION DETAIL**  
**NOVEMBER 3, 2017**  
**REVISED**

Att. B, AI 6, 11/9/17

Regional Entity and Operator(s)	Revenue Basis	PUC 99314 Fiscal Year 2017-18 Estimate
<b>San Joaquin Council of Governments</b>		
Altamont Corridor Express (ACE)*	19,210,812	NA
City of Escalon	24,026	1,111
City of Lodi	429,604	19,867
City of Manteca	111,427	5,153
City of Ripon	49,233	2,277
San Joaquin Joint Powers Authority	10,550	488
San Joaquin Regional Transit District	10,879,753	503,133
City of Tracy	189,840	8,779
Regional Entity Subtotals	30,905,245	540,808
San Joaquin Regional Rail Commission - Corresponding to ACE*	NA	590,787
Regional Entity Totals	30,905,245	1,131,595
<b>San Luis Obispo Area Council of Governments</b>		
City of Arroyo Grande	0	0
City of Atascadero	53,667	2,482
City of Morro Bay	52,135	2,411
City of Pismo Beach - Specialized Service	16	1
City of San Luis Obispo Transit	710,409	32,853
San Luis Obispo Regional Transit Authority	1,475,696	68,243
South County Area Transit	148,390	6,862
Regional Entity Totals	2,440,313	112,852
<b>Santa Barbara County Association of Governments</b>		
City of Guadalupe	83,911	3,880
City of Lompoc	1,332,646	61,628
County of Santa Barbara	350,487	16,208
Santa Barbara Metropolitan Transit District	11,956,488	552,927
City of Santa Maria	1,062,471	49,134
City of Solvang	76,389	3,533
Regional Entity Totals	14,862,392	687,310
<b>Santa Cruz County Transportation Commission</b>		
Santa Cruz Metropolitan Transit District	29,320,471	1,355,922
<b>Shasta Regional Transportation Agency</b>		
Redding Area Bus Authority	1,332,408	61,617
<b>Sierra County Local Transportation Commission</b>		
County of Sierra - Specialized Service	21,800	1,008
<b>Siskiyou County Local Transportation Commission</b>		
County of Siskiyou	280,988	12,994

\* The amounts allocated to the member agencies of Altamont Corridor Express are included with their corresponding transportation planning agency.

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE TRANSIT ASSISTANCE ALLOCATION ESTIMATE PUC 99314**  
**ALLOCATION DETAIL**  
**NOVEMBER 3, 2017**  
**REVISED**

Att. B, AI 6, 11/9/17

<u>Regional Entity and Operator(s)</u>	<u>Revenue Basis</u>	<u>PUC 99314 Fiscal Year 2017-18 Estimate</u>
Stanislaus Council of Governments		
City of Ceres	88,135	4,076
City of Modesto	3,373,876	156,024
County of Stanislaus	632,073	29,230
City of Turlock	183,429	8,483
Regional Entity Totals	4,277,513	197,813
Tehama County Transportation Commission		
County of Tehama	201,204	9,305
Trinity County Transportation Commission		
County of Trinity	102,386	4,735
Tulare County Association of Governments		
City of Dinuba	282,412	13,060
City of Exeter	8,097	375
City of Porterville	1,069,400	49,454
City of Tulare	623,969	28,855
County of Tulare	1,039,898	48,090
City of Visalia	4,993,037	230,903
City of Woodlake	14,207	657
Regional Entity Totals	8,031,020	371,394
Tuolumne County Transportation Council		
County of Tuolumne	416,764	19,273
Ventura County Transportation Commission		
City of Camarillo	999,459	46,220
Gold Coast Transit	4,807,480	222,322
City of Moorpark	0	0
City of Simi Valley	704,217	32,566
City of Thousand Oaks	712,289	32,940
Regional Entity Subtotals	7,223,445	334,048
Ventura County Transportation Commission - Corresponding to SCRRA***	NA	524,850
Regional Entity Totals	7,223,445	858,898
 STATE TOTALS	\$ 5,069,196,343	\$ 234,424,500

\*\*\* The amounts allocated to the member agencies of Southern California Regional Rail Authority are included with their corresponding transportation planning agency.



**BETTY T. YEE**  
**California State Controller**

November 3, 2017

County Auditors Responsible for State Transit Assistance funds  
Transportation Planning Agencies  
County Transportation Commissions  
San Diego Metropolitan Transit System

**SUBJECT: Reissuance of the 2017-18 State of Good Repair Program Allocation Estimate**

We are reissuing the schedules of State of Good Repair (SGR) program funds estimate that was released on October 20, 2017. We were informed of an error in our previous estimate and have recalculated the estimate to include all STA-eligible operators.

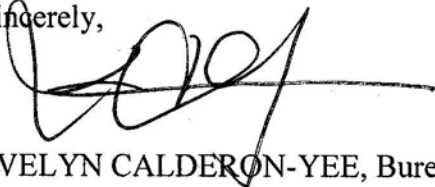
Enclosed is the reissued summary schedule for State of Good Repair (SGR) program funds available to be allocated for fiscal year (FY) 2017-18 to each Transportation Planning Agency (TPA), county transportation commission, and the San Diego Metropolitan Transit System for the purposes of Public Utilities Code (PUC) section 99312.1(c). Allocations for the SGR program are calculated pursuant to the distribution formulas in PUC sections 99313 and 99314. Also enclosed is a schedule detailing the estimated available amount calculated pursuant to PUC section 99314 for each TPA by operator.

PUC section 99313 allocations are based on the certification of population from the California Department of Transportation (DOT) as required in PUC section 99313(a). PUC section 99314 allocations are based on the qualifying revenue amounts for each STA-eligible operator, determined from annual reports submitted to the Controller pursuant to PUC section 99243.

The estimated amount of SGR funds budgeted in the FY 2017-18 California Budget is \$105,000,000. Prior to receiving an apportionment of SGR program funds in a fiscal year, an agency must submit a list of projects proposed to be funded to the DOT. The DOT reports to the Controller the eligible agencies that will receive an allocation quarterly pursuant to Sections 99313 and 99314. We anticipate that the first allocation to eligible agencies will be paid by May 31, 2018. Please refer to the schedule for the amounts that relate to your agency.

Please contact Mike Silvera by telephone at (916) 323-0704 or email at [msilvera@sco.ca.gov](mailto:msilvera@sco.ca.gov) with any questions, or for additional information about this schedule. Information for the SGR program can be found <http://www.dot.ca.gov/drmt/spstasgr.html>. We apologize for any inconvenience this may have caused.

Sincerely,

A handwritten signature in black ink, appearing to read 'Evelyn Calderon-Yee', with a long horizontal line extending to the right.

EVELYN CALDERON-YEE, Bureau Chief  
Bureau of Payments

Enclosures

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE OF GOOD REPAIR PROGRAM**  
**ESTIMATED AVAILABLE AMOUNT SUMMARY**  
**NOVEMBER 3, 2017**

Att. C, AI 6, 11/9/17

**REVISED**

<u>Regional Entity</u>	Estimated Available 2017-18 Amount Based on PUC 99313 Allocation	Estimated Available 2017-18 Amount Based on PUC 99314 Allocation	Total Estimated Available 2017-18 Amount Allocation
	<b>A</b>	<b>B</b>	<b>C= (A + B)</b>
Metropolitan Transportation Commission	\$ 10,247,507	\$ 27,325,923	\$ 37,573,430
Sacramento Area Council of Governments	2,530,714	942,273	3,472,987
San Diego Association of Governments	1,272,594	470,625	1,743,219
San Diego Metropolitan Transit System	3,132,370	1,419,522	4,551,892
Tahoe Regional Planning Agency	135,784	14,577	150,361
Alpine County Transportation Commission	1,529	92	1,621
Amador County Transportation Commission	50,984	2,715	53,699
Butte County Association of Governments	300,737	18,465	319,202
Calaveras County Local Transportation Commission	59,998	1,031	61,029
Colusa County Local Transportation Commission	29,280	1,067	30,347
Del Norte County Local Transportation Commission	36,029	2,086	38,115
El Dorado County Local Transportation Commission	218,762	16,922	235,684
Fresno County Council of Governments	1,322,973	194,722	1,517,695
Glenn County Local Transportation Commission	38,164	1,228	39,392
Humboldt County Association of Governments	181,917	29,527	211,444
Imperial County Transportation Commission	250,168	21,297	271,465
Inyo County Local Transportation Commission	24,732	0	24,732
Kern Council of Governments	1,188,995	79,494	1,268,489
Kings County Association of Governments	198,633	11,393	210,026
Lake County/City Council of Governments	86,268	5,180	91,448
Lassen County Local Transportation Commission	41,069	2,153	43,222
Los Angeles County Metropolitan Transportation Authority	13,603,692	18,085,788	31,689,480
Madera County Local Transportation Commission	207,871	2,688	210,559
Mariposa County Local Transportation Commission	24,106	69	24,175
Mendocino Council of Governments	118,398	10,597	128,995
Merced County Association of Governments	364,843	25,984	390,827
Modoc County Local Transportation Commission	12,725	1,432	14,157
Mono County Local Transportation Commission	18,215	28,679	46,894
Transportation Agency for Monterey County	587,602	184,661	772,263
Nevada County Local Transportation Commission	131,275	6,505	137,780
Orange County Transportation Authority	4,242,686	1,430,357	5,673,043
Placer County Transportation Planning Agency	399,806	59,305	459,111
Plumas County Local Transportation Commission	26,326	1,273	27,599
Riverside County Transportation Commission	3,167,755	529,175	3,696,930
Council of San Benito County Governments	75,520	1,665	77,185
San Bernardino County Transportation Authority	2,869,511	491,022	3,360,533
San Joaquin Council of Governments	992,080	253,423	1,245,503
San Luis Obispo Area Council of Governments	372,064	25,274	397,338
Santa Barbara County Association of Governments	598,625	153,925	752,550
Santa Cruz County Transportation Commission	367,417	303,662	671,079
Shasta Regional Transportation Agency	237,245	13,799	251,044
Sierra County Local Transportation Commission	4,260	226	4,486
Siskiyou County Local Transportation Commission	59,360	2,910	62,270
Stanislaus Council of Governments	727,995	44,301	772,296
Tehama County Transportation Commission	85,006	2,084	87,090
Trinity County Transportation Commission	18,102	1,060	19,162
Tulare County Association of Governments	626,757	83,175	709,932
Tuolumne County Transportation Council	72,668	4,316	76,984
Ventura County Transportation Commission	1,138,883	192,353	1,331,236
State Totals	\$ 52,500,000	\$ 52,500,000	\$ 105,000,000



**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE OF GOOD REPAIR PROGRAM ESTIMATED AVAILABLE AMOUNT**  
**BASED ON PUC 99314 ALLOCATION DETAIL**

Att. C, AI 6, 11/9/17

**NOVEMBER 3, 2017**

**REVISED**

Regional Entity and Operator(s)	Revenue Basis	Estimated Available 2017-18 Amount Based on PUC 99314 Allocation
<b>Altamont Corridor Express*</b>		
Alameda County Congestion Management Agency	\$ NA	\$ 37,404
Santa Clara Valley Transportation Authority	NA	29,248
San Joaquin Regional Rail Commission	NA	132,308
Regional Entity Totals	0	198,960
	0	(198,960)
<b>Metropolitan Transportation Commission</b>		
Alameda-Contra Costa Transit District, San Francisco Bay Area Rapid Transit District, and the City of San Francisco**	1,810,504,529	18,750,799
Central Contra Costa Transit Authority	11,505,773	119,162
City of Dixon	100,278	1,039
Eastern Contra Costa Transit Authority	5,325,782	55,157
City of Fairfield	2,537,148	26,276
Golden Gate Bridge Highway and Transportation District	55,834,606	578,261
Livermore-Amador Valley Transit Authority	5,372,372	55,640
Marin County Transit District	19,804,877	205,113
Napa County Transportation and Planning Agency	1,298,593	13,449
Peninsula Corridor Joint Powers Board	120,238,982	1,245,276
City of Petaluma	633,199	6,558
City of Rio Vista	35,699	370
San Francisco Bay Area Water Emergency Transportation Authority (WETA)	26,770,662	277,255
San Mateo County Transit District	118,401,842	1,226,249
Santa Clara Valley Transportation Authority	418,133,467	4,330,471
City of Santa Rosa	2,779,985	28,791
Solano County Transit (SOLTRANS)	5,674,700	58,771
County of Sonoma	3,278,690	33,956
Sonoma-Marin Area Rail Transit District	14,844,615	153,741
City of Union City	1,652,571	17,115
City of Vacaville	426,700	4,419
Western Contra Costa Transit Authority	6,894,384	71,403
Regional Entity Subtotals	2,632,049,454	27,259,271
Alameda County Congestion Management Agency - Corresponding to ACE*	NA	37,404
Santa Clara Valley Transportation Authority - Corresponding to ACE*	NA	29,248
Regional Entity Totals	2,632,049,454	27,325,923
<b>Sacramento Area Council of Governments</b>		
City of Davis (Unitrans)	3,098,134	32,086
City of Elk Grove	1,767,786	18,308
City of Folsom	658,529	6,820
County of Sacramento	1,110,348	11,500
Sacramento Regional Transit System	78,534,612	813,358
Yolo County Transportation District	4,361,050	45,166
Yuba Sutter Transit Authority	1,451,725	15,035
Regional Entity Totals	90,982,184	942,273
<b>San Diego Association of Governments</b>		
North County Transit District	45,441,742	470,625

\* The estimated available amounts to the member agencies of Altamont Corridor Express are included with their corresponding transportation planning agency.

\*\* The estimated available amounts for Alameda-Contra Costa Transit District, San Francisco Bay Area Rapid Transit District, and the City of San Francisco are combined.

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE OF GOOD REPAIR PROGRAM ESTIMATED AVAILABLE AMOUNT**  
**BASED ON PUC 99314 ALLOCATION DETAIL**  
**NOVEMBER 3, 2017**  
**REVISED**

Att. C, AI 6, 11/9/17

Regional Entity and Operator(s)	Revenue Basis	Estimated Available 2017-18 Amount Based on PUC 99314 Allocation
San Diego Metropolitan Transit System		
San Diego MTS	34,387,800	356,143
San Diego Transit Corporation	55,863,866	578,564
San Diego Trolley, Inc.	46,811,865	484,815
Regional Entity Totals	<u>137,063,531</u>	<u>1,419,522</u>
Southern California Regional Rail Authority***		
Los Angeles County Metropolitan Transportation Authority	NA	1,144,657
Orange County Transportation Authority	NA	489,500
Riverside County Transportation Commission	NA	197,514
San Bernardino County Transportation Authority	NA	247,826
Ventura County Transportation Commission	NA	117,542
Regional Entity Totals	<u>0</u>	<u>2,197,039</u>
	0	(2,197,039)
Tahoe Regional Planning Agency		
Tahoe Transportation District	1,407,484	14,577
Alpine County Transportation Commission		
County of Alpine	8,911	92
Amador County Transportation Commission		
Amador Regional Transit System	262,123	2,715
Butte County Association of Governments		
Butte Regional Transit	1,764,509	18,274
City of Gridley - Specialized Service	18,424	191
Regional Entity Totals	<u>1,782,933</u>	<u>18,465</u>
Calaveras County Local Transportation Commission		
County of Calaveras	99,554	1,031
Colusa County Local Transportation Commission		
County of Colusa	103,042	1,067
Del Norte County Local Transportation Commission		
Redwood Coast Transit Authority	201,369	2,086
El Dorado County Local Transportation Commission		
El Dorado County Transit Authority	1,633,884	16,922

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\*\*\* The estimated available amounts to the member agencies of Southern California Regional Rail Authority are included with their corresponding transportation planning agency.

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE OF GOOD REPAIR PROGRAM ESTIMATED AVAILABLE AMOUNT**  
**BASED ON PUC 99314 ALLOCATION DETAIL**

Att. C, AI 6, 11/9/17

**NOVEMBER 3, 2017**

**REVISED**

Regional Entity and Operator(s)	Revenue Basis	Estimated Available 2017-18 Amount Based on PUC 99314 Allocation
<b>Fresno County Council of Governments</b>		
City of Clovis	1,608,396	16,658
City of Fresno	15,642,374	162,002
Fresno County Rural Transit Agency	1,550,864	16,062
Regional Entity Totals	18,801,634	194,722
<b>Glenn County Local Transportation Commission</b>		
County of Glenn	118,565	1,228
<b>Humboldt County Association of Governments</b>		
City of Arcata	252,847	2,619
City of Eureka	688,702	7,133
City of Fortuna - Specialized Service	13,266	137
Humboldt Transit Authority	1,896,163	19,638
Regional Entity Totals	2,850,978	29,527
<b>Imperial County Transportation Commission</b>		
Imperial County Transportation Commission (ICTC)	2,034,524	21,070
Quechan Indian Tribe	21,876	227
Regional Entity Totals	2,056,400	21,297
<b>Inyo County Local Transportation Commission</b>		
	None	None
<b>Kern Council of Governments</b>		
City of Arvin	607,140	6,288
City of California City	23,003	238
City of Delano	154,896	1,604
Golden Empire Transit District	5,036,106	52,157
County of Kern	1,066,343	11,044
City of McFarland	16,214	168
City of Ridgecrest	343,371	3,556
City of Shafter	56,758	588
City of Taft	345,695	3,580
City of Tehachapi	4,792	50
City of Wasco	21,304	221
Regional Entity Totals	7,675,622	79,494
<b>Kings County Association of Governments</b>		
City of Corcoran	97,289	1,008
Kings County Area Public Transit Agency	1,002,749	10,385
Regional Entity Totals	1,100,038	11,393
<b>Lake County/City Council of Governments</b>		
Lake Transit Authority	500,168	5,180
<b>Lassen County Local Transportation Commission</b>		
County of Lassen	207,838	2,153

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE OF GOOD REPAIR PROGRAM ESTIMATED AVAILABLE AMOUNT**  
**BASED ON PUC 99314 ALLOCATION DETAIL**  
**NOVEMBER 3, 2017**  
**REVISED**

Att. C, AI 6, 11/9/17

Regional Entity and Operator(s)	Revenue Basis	Estimated Available 2017-18 Amount Based on PUC 99314 Allocation
Los Angeles County Metropolitan Transportation Authority		
Antelope Valley Transit Authority	17,690,973	183,220
City of Arcadia	1,367,514	14,163
City of Claremont	382,509	3,963
City of Commerce	4,304,495	44,580
City of Culver City	13,583,265	140,677
Foothill Transit Zone	51,538,874	533,771
City of Gardena	10,936,244	113,263
City of La Mirada	832,072	8,617
Long Beach Public Transportation Company	48,712,640	504,501
City of Los Angeles	78,773,386	815,830
County of Los Angeles	22,987,199	238,071
Los Angeles County Metropolitan Transportation Authority	1,270,744,236	13,160,680
City of Montebello	17,594,552	182,221
City of Norwalk	7,442,578	77,080
City of Redondo Beach	2,557,775	26,490
City of Santa Clarita	22,843,760	236,585
City of Santa Monica	45,305,142	469,210
Southern California Regional Rail Authority***	212,137,556	NA
City of Torrance	18,172,705	188,209
Regional Entity Subtotals	1,847,907,475	16,941,131
Los Angeles County Metropolitan Transportation Authority - Corresponding to SCRRA***	NA	1,144,657
Regional Entity Totals	1,847,907,475	18,085,788
Madera County Local Transportation Commission		
City of Chowchilla	134,286	1,391
City of Madera	125,218	1,297
Regional Entity Totals	259,504	2,688
Mariposa County Local Transportation Commission		
County of Mariposa	6,696	69
Mendocino Council of Governments		
Mendocino Transit Authority	1,023,207	10,597
Merced County Association of Governments		
Transit Joint Powers Authority of Merced County	1,389,374	14,389
Yosemite Area Regional Transportation System (YARTS)	1,119,543	11,595
Regional Entity Totals	2,508,917	25,984
Modoc County Local Transportation Commission		
Modoc Transportation Agency - Specialized Service	138,272	1,432
Mono County Local Transportation Commission		
Eastern Sierra Transit Authority	2,769,180	28,679
Transportation Agency for Monterey County		
Monterey-Salinas Transit	17,830,132	184,661

\*\*\* The estimated available amounts to the member agencies of Southern California Regional Rail Authority are included with their corresponding transportation planning agency.

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE OF GOOD REPAIR PROGRAM ESTIMATED AVAILABLE AMOUNT**  
**BASED ON PUC 99314 ALLOCATION DETAIL**  
**NOVEMBER 3, 2017**  
**REVISED**

Att. C, AI 6, 11/9/17

Regional Entity and Operator(s)	Revenue Basis	Estimated Available 2017-18 Amount Based on PUC 99314 Allocation
Nevada County Local Transportation Commission		
County of Nevada	408,912	4,235
City of Truckee	219,231	2,270
Regional Entity Totals	628,143	6,505
Orange County Transportation Authority		
City of Laguna Beach	1,000,340	10,360
Orange County Transportation Authority	89,845,193	930,497
Regional Entity Subtotals	90,845,533	940,857
Orange County Transportation Authority - Corresponding to SCRRRA***	NA	489,500
Regional Entity Totals	90,845,533	1,430,357
Placer County Transportation Planning Agency		
City of Auburn	27,057	281
County of Placer	4,358,254	45,137
City of Roseville	1,340,903	13,887
Regional Entity Totals	5,726,214	59,305
Plumas County Local Transportation Commission		
County of Plumas	122,951	1,273
Riverside County Transportation Commission		
City of Banning	224,460	2,325
City of Beaumont	1,843,529	19,093
City of Corona	467,404	4,841
Palo Verde Valley Transit Agency	116,428	1,206
City of Riverside - Specialized Service	385,206	3,989
Riverside Transit Agency	15,378,001	159,264
Sunline Transit Agency	13,608,902	140,943
Regional Entity Subtotals	32,023,930	331,661
Riverside County Transportation Commission - Corresponding to SCRRRA***	NA	197,514
Regional Entity Totals	32,023,930	529,175
Council of San Benito County Governments		
San Benito County Local Transportation Authority	160,719	1,665
San Bernardino County Transportation Authority		
Morongo Basin Transit Authority	536,943	5,561
Mountain Area Regional Transit Authority	459,125	4,755
City of Needles	57,989	601
Omnitrans	15,718,035	162,786
Victor Valley Transit Authority	6,709,975	69,493
Regional Entity Subtotals	23,482,067	243,196
San Bernardino County Transportation Authority - Corresponding to SCRRRA***	NA	247,826
Regional Entity Totals	23,482,067	491,022

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\*\*\* The estimated available amounts to the member agencies of Southern California Regional Rail Authority are included with their corresponding transportation planning agency.

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE OF GOOD REPAIR PROGRAM ESTIMATED AVAILABLE AMOUNT**  
**BASED ON PUC 99314 ALLOCATION DETAIL**

Att. C, AI 6, 11/9/17

**NOVEMBER 3, 2017**

**REVISED**

Regional Entity and Operator(s)	Revenue Basis	Estimated Available 2017-18 Amount Based on PUC 99314 Allocation
<b>San Joaquin Council of Governments</b>		
Altamont Corridor Express (ACE)*	19,210,812	NA
City of Escalon	24,026	249
City of Lodi	429,604	4,449
City of Manteca	111,427	1,154
City of Ripon	49,233	510
San Joaquin Joint Powers Authority	10,550	109
San Joaquin Regional Transit District	10,879,753	112,678
City of Tracy	189,840	1,966
Regional Entity Subtotals	30,905,245	121,115
San Joaquin Regional Rail Commission - Corresponding to ACE*	NA	132,308
Regional Entity Totals	30,905,245	253,423
<b>San Luis Obispo Area Council of Governments</b>		
City of Arroyo Grande	0	0
City of Atascadero	53,667	556
City of Morro Bay	52,135	540
City of Pismo Beach - Specialized Service	16	0
City of San Luis Obispo Transit	710,409	7,358
San Luis Obispo Regional Transit Authority	1,475,696	15,283
South County Area Transit	148,390	1,537
Regional Entity Totals	2,440,313	25,274
<b>Santa Barbara County Association of Governments</b>		
City of Guadalupe	83,911	869
City of Lompoc	1,332,646	13,802
County of Santa Barbara	350,487	3,630
Santa Barbara Metropolitan Transit District	11,956,488	123,829
City of Santa Maria	1,062,471	11,004
City of Solvang	76,389	791
Regional Entity Totals	14,862,392	153,925
<b>Santa Cruz County Transportation Commission</b>		
Santa Cruz Metropolitan Transit District	29,320,471	303,662
<b>Shasta Regional Transportation Agency</b>		
Redding Area Bus Authority	1,332,408	13,799
<b>Sierra County Local Transportation Commission</b>		
County of Sierra - Specialized Service	21,800	226
<b>Siskiyou County Local Transportation Commission</b>		
County of Siskiyou	280,988	2,910

\* The estimated available amounts to the member agencies of Altamont Corridor Express are included with their corresponding transportation planning agency.

**STATE CONTROLLER'S OFFICE**  
**2017-18 STATE OF GOOD REPAIR PROGRAM ESTIMATED AVAILABLE AMOUNT**  
**BASED ON PUC 99314 ALLOCATION DETAIL**  
**NOVEMBER 3, 2017**  
**REVISED**

Att. C, AI 6, 11/9/17

Regional Entity and Operator(s)	Revenue Basis	Estimated Available 2017-18 Amount Based on PUC 99314 Allocation
Stanislaus Council of Governments		
City of Ceres	88,135	913
City of Modesto	3,373,876	34,942
County of Stanislaus	632,073	6,546
City of Turlock	183,429	1,900
Regional Entity Totals	4,277,513	44,301
Tehama County Transportation Commission		
County of Tehama	201,204	2,084
Trinity County Transportation Commission		
County of Trinity	102,386	1,060
Tulare County Association of Governments		
City of Dinuba	282,412	2,925
City of Exeter	8,097	85
City of Porterville	1,069,400	11,075
City of Tulare	623,969	6,462
County of Tulare	1,039,898	10,770
City of Visalia	4,993,037	51,711
City of Woodlake	14,207	147
Regional Entity Totals	8,031,020	83,175
Tuolumne County Transportation Council		
County of Tuolumne	416,764	4,316
Ventura County Transportation Commission		
City of Camarillo	999,459	10,351
Gold Coast Transit	4,807,480	49,790
City of Moorpark	0	0
City of Simi Valley	704,217	7,293
City of Thousand Oaks	712,289	7,377
Regional Entity Subtotals	7,223,445	74,811
Ventura County Transportation Commission - Corresponding to SCRRRA***	NA	117,542
Regional Entity Totals	7,223,445	192,353
 STATE TOTALS	\$ 5,069,196,343	\$ 52,500,000

\*\*\* The estimated available amounts to the member agencies of Southern California Regional Rail Authority are included with their corresponding transportation planning agency.



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

November 9, 2017

#### SUBJECT:

FARE COLLECTION TECHNICAL SUPPORT SERVICES – CONTRACT AMENDMENT

#### RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to extend the contract with CH2M (MTS Doc. No. G1923.0-16) consistent with draft Amendment No. 4 (Attachment A).

#### Budget Impact

The total value of this amendment shall not exceed \$249,088.00, which will be funded under the Capital Improvement Program No. 1009004902, based on services rendered in Support for Fare Collection System Phase III – Procurement Process. This amendment brings the total contract award to \$540,278.70.

#### DISCUSSION:

MTS, the San Diego Association of Governments (SANDAG), and the North County Transit District (NCTD) transitioned from paper fare products to the Compass Card electronic fare collection system in 2009. MTS assumed the responsibility for Compass Card management from SANDAG in 2014. MTS staff immediately began to review the current system status and began the process for modernization and replacement of system components originally procured in 2002.

A fare collection project working group was established to spearhead the creation of a set of preliminary requirements for the future electronic fare collection system. To assist staff, CH2M was awarded a consultant contract after a competitive solicitation in July 2016. A whitepaper detailing the results of the working group's efforts was presented to the Board of Directors at its December 8, 2016 meeting (2016 Whitepaper). The overall Board consensus was that staff should move forward with the next phase of analysis to further refine requirements for the fare collection system upgrade into a detailed Concept of Operations.





In January 2017, the Board of Directors awarded a sole source contract extension for \$252,596.00 to CH2M to create the Concept of Operations since this project built on the extensive work from the 2016 Whitepaper project.

MTS staff is recommending that CH2M be retained under this Amendment No. 4 to assist in the Request for Qualifications (RFQ) and the Request for Proposals (RFP) process of the future Fare Collection System. In addition, CH2M will assist both MTS and NCTD in developing Business Rules for the administration of the next Fare System. In the interests of economy or efficiency, award to an existing contractor will avoid duplication of costs, time and effort because the additional work is a logical follow-on to work already in progress under a competitively awarded contract.

CH2M gained extensive knowledge of MTS's existing fare structure and system which will translate into fewer hours to complete the tasks and lower cost to the agency. In addition, CH2M has worked on several Fare System procurement efforts for other transit agencies such as Tri-County Metro Transportation District (TriMet), Honolulu Authority For Rapid Transportation (HART), New York City Transit and Seattle Sound Transit, and has demonstrated effective completion of this type of work.

The project schedule and task-specific costs are estimates based on similar types of projects but it is anticipated that as staff and the consultant make progress, there may be some adjustments. The costs are based on staff's best estimates of the time and effort that will be required for CH2M to assist MTS staff in completing the RFQ, RFP and Business Rules document. In the event staff identifies additional issues, systems or concepts that should be considered in the procurement process, then the contract funding may need to be adjusted, either through the CEO's authority or by subsequent Board action.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. G1923.4-16 (in substantially the same format as Attachment A) with CH2M to continue consulting services in the Support for Fare Collection System Phase III – Procurement Process.

/s/ Paul C. Jablonski  
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. Amendment No. 4 to MTS Doc. No. G1923.0-16  
B. Pricing Proposal

October 18, 2017

MTS Doc. No. G1923.0-16

CH2M Hill, Inc.  
 Hany Haroun  
 402 West Broadway, Suite 1450  
 San Diego, CA 92101

Subject: AMENDMENT NO. 4 TO MTS DOC. NO. G1923.0-16; SUPPORT FOR FARE COLLECTION SYSTEM PHASE III – PROCUREMENT PROCESS

This shall serve as Amendment No. 4 to our agreement for the Support for Fare Collection System as further described below.

SCOPE OF SERVICES

Consultant shall be responsible for performing all services as specified in Attachment A – Scope of Work Support for Fare Collection System Phase III – Procurement Process.

SCHEDULE

There shall be no changes to the term of the agreement. The project end date remains December 31, 2018.

PAYMENT

As a result of this Amendment, the contract value has increased by \$x from \$x to \$x. The contract value shall not be exceeded without prior written approval from MTS. Details of the increase costs are as follows:

1. Original Agreement Award	\$ 38,594.70
2. Amendment No. 1, No cost amendment (time extension)	\$ 0.00
3. Amendment No. 2, Concept of Operations	\$252,596.00
4. Amendment No. 3, No cost amendment (rate sheet)	\$ 0.00
<u>4. Amendment No. 4, Support for procurement process</u>	<u>\$249,088.00</u>
Total:	\$540,278.70

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

\_\_\_\_\_  
Hany Haroun  
Business Vice President

LMARQUIS-CL  
CL- G1923.4-16.CH2M.DSINGLETON.101817

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

cc: I. Maldonado, Contract File

Attachment: Attachment A – Scope of Work  
Attachment B – Cost Proposal

# Technical Consulting Services for MTS Next-Gen Fare System

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## G1923.4-16 - Scope of Work

### Background

It is the agency's intent to acquire an account based system that provides multiple payment flexibility to our patrons. In addition, said system should be based on an open architecture perspective with open APIs. The aforementioned should facilitate integration with third party hardware and software as the system ages.

MTS is now approaching the early stages of the procurement process and will need a qualified, experienced contractor to support the RFP process, including technical specification development, bid evaluation and negotiations leading to BAFO and award.

The goal is to procure an account based fare system featuring proven technology, open payments compatible (for potential future acceptance), NFC payment capable, includes COTS components, that is cost effective and future proof.

MTS anticipates the release of a Request for Proposal in the first quarter of 2018.

The Contractor shall provide technical support services over the course of 12 months in the following areas:

1. Revise Concept of Operations (ConOps) based on stakeholder feedback, and prepare for release as part of RFQ.
2. Support preparation of first step of the RFQ process including question/survey development, contracts/legal clarifications, timeline development, and technical clarifications.
3. Provide evaluation support for first step of RFQ, including technical scoring, interview support, and clarifying questions if necessary.
4. Hold additional workshops for development of functional technical specifications for core RFP procurement.
5. Draft functional technical specifications for core RFP.
6. Provide RFP support including procurement meetings, technical oversight, executive/board presentations, evaluation advice, and technical clarifications.
7. Develop peer review for the administration and operation of regional fare systems.
8. Facilitate inter-agency workshops/discussions on regional operating/business rules.
9. Develop draft business rules and operational processes for the future fare system, including administrative responsibilities, data reporting, regional reconciliation, and major standard operating procedures.
10. Assist with negotiations leading to BAFO and award.

The proposal should establish that the Contractor has the technical knowledge and previous experience relating to account based fare systems, as well as the staff availability and capacity to perform the required level of support.

## Tasks and Deliverables

### Task 1: Support RFQ Process

CH2M will provide support during the initial RFQ process, which will refine the Concept of Operations (ConOps) drafted during the previous phase, and help identified qualified vendors for the subsequent Request for Proposal (RFP) process.

- Deliverables
- 1) Revise ConOps for inclusion in RFP
  - 2) Provide input/guidance on evaluation questions
  - 3) Advise on RFQ Evaluation and interviews
  - 4) Finalize ConOps based on Vendor Feedback

### Task 2: Develop Technical Specifications for RFP

CH2M will prepare a functional specification based on the revised ConOps and RFQ results. The detailed requirements will be determined during a series of workshops on a variety of topics. The specification will incorporate technical requirements for an account based system architecture. This effort should also address requirements for APIs and open architecture, operations and maintenance (O&M) terms and KPIs. Revise draft SOW as necessary to ensure functional requirements, form factors, system integration, interoperability aspects and technical architecture for each solution element is aligned with project goals. The functional technical specifications will be the primary requirements document used to evaluate the qualified vendors from Task 1.

- Deliverables
- 1) Hold workshops for development of functional technical specifications (up to 5)
  - 2) Provide Draft Functional Technical Specification

### Task 3: Support RFP Process

CH2M will support the RFP process, which will begin with the preparation of RFP documents and end with the award to the selected vendor after final negotiations.

- 1) Document Review: Review, summarize and provide comment for all project documents, to include (but not limited to): RFP bid proposals. This effort should involve drafting summaries and analysis for MTS staff review.
- 2) Proposal responses: Draft written responses to vendor questions and addendums to RFP.
- 3) Evaluation Support: Provide support to MTS staff in the review of responses to the RFP for an Account based Fare System, including drafting a consolidated summary of vendor packages, recommendation on components for each solution element based on objective criteria such as cost, functionality, ease of implementation, integration, scalability and risk. Participate in pre-bid meetings and demonstration phase.

- 4) Contract Finalization: Participate in contract negotiation meetings and support the development of final terms and conditions of Scope of Work. Support shall include drafting device and hardware and O&M (if applicable) specifications.

#### **Task 4: Development of Regional Operating Rules**

CH2M will work with MTS and NCTD over the one year period of performance to develop a draft Operating Rules document that will delineate the processes and procedures under which the new account-based fare collection system will be managed, and clarify the respective roles of the two agencies in executing and delivering the elements in the Operating Rules document.

CH2M will hold up to eight working group sessions with staff from both agencies to cover topics such as Marketing/Branding, Customer Service, Inventory Management, Reduced Fares, Fare Policy/Structure, Financial Settlement/Revenue Sharing, Data Reporting/Access, Audit, and Governance/Oversight. The topics to be included in each working group session will be determined in consultation with the MTS Project Manager. For each working group session, CH2M will prepare a presentation focusing on the topics for the session, and incorporating industry best practices/lessons learned from the peer review (see below) and CH2M experience as appropriate.

As part of this task, CH2M will conduct a peer review to garner feedback from regions that have implemented multi-agency fare collection systems to document lessons learned for not only the implementation of multi-agency systems but for the day-to-day operation as well. Results of the peer review survey will be documented in a technical memo for MTS.

Following the completion of the working group sessions, CH2M will provide a draft Operating Rules document. The document will remain in draft form as many processes and procedures will require additional refinement as the technical capabilities of the procured system become clearer through the design phases, and as actual operating conditions require.

Deliverables

- 1) Up to Eight Working Group Presentations
- 2) Peer Review Technical Memo
- 3) Draft Operating Rules Document

#### **Task 5: Implementation Oversight and Technical Support (Optional)**

##### 5.1: Deployment Plan

The CH2M team will prepare a Deployment Plan documenting viable alternatives for transitioning the legacy system to the new system. These alternatives will build upon the revised ConOps document and technical specification. Where possible, the Deployment Plan will remain flexible, with the goal of confirming the program requirements for a smooth transition and identifying the range of strategies that meet transition needs. The Deployment Plan will identify alternatives and offer preliminary qualitative analysis for transitioning from operations of the current system to operations of the new system considering the relative advantages, disadvantages, costs, risks, duration, schedule, and agency and customer impacts of each alternative.

## 5.2: Design Review Support and Technical Oversight

CH2M will oversee and support the complete system design and approval process from the initial Conceptual Design Review (CDR), through Preliminary Design Review (PDR), and completion of Final Design Review (FDR). We will establish a clearly documented procedure to review each design package against contractual requirements to determine compliance and verify project quality. During regular meetings the selected vendor(s) will provide status, including progress to date against schedule and budget as well as open or anticipated issues and status in addition to design submissions. The vendor will be contractually required to provide documentation ahead of time for review. CH2M will oversee these meetings and monitor attendance by the appropriate stakeholders, as well as documenting and maintaining minutes and action items for resolution. CH2M will review each submittal and work with MTS to provide recommendations on approval or disapproval. We will maintain a list of open items and history on each submittal through resolution of all open items. A design review milestone will not be considered complete until all related issues are resolved and closed. We will also provide comments and oversight of all vendor QA/QC policies, processes and procedures.

## 5.3: Installation Oversight

CH2M will oversee and support site preparation and installation of new fare system equipment, including oversight of engineering services for equipment installations in stations and onboard vehicles. Installation activities typically consist of site preparation, hardware installation, software components, and post installation testing. All site preparation and installation activities should be submitted by the vendor in a detailed plan and schedule in order to leverage existing resources and limit disruptions to current operations. The plan should include installation, training, safety, and quality assurance/quality control (QA/QC) procedures. During preparation and installation, progress against the plan will be communicated regularly to appropriate stakeholders. Issues, defects, or changes will be documented, tracked, and elevated for resolution as early as possible to limit project impacts.

## 5.4: System Testing Support

CH2M will work with staff and the selected vendor to develop and oversee a comprehensive testing process to verify compliance and functionality in the San Diego environment, or raise issues that need to be addressed before the system is deployed in the field. The project team will review and approve detailed testing plans, pass/fail criteria, and procedures for completeness, efficiency, and contractual compliance. The complete testing and inspection program should consist of:

- Design qualification and first article testing
- Lab testing of stand-alone components and the fully integrated system in a controlled environment
- Field testing in the production environment
- System acceptance testing

The successful completion of System Acceptance Testing (SAT) typically constitutes the official launch of the new system, with all technical and performance requirements met and implemented.

**CH2M PRICING PROPOSAL**

Contract: G1923.4-16

Date: October 18, 2017

Task	Position	Hours	Rate	Total
<b>1. Support RFQ Process - 2017</b>				
	Project Manager	48	\$ 171.07	8,211
	Principal Professional	6	\$ 213.14	1,279
	Staff Professional	36	\$ 77.89	2,804
	Senior Professional	30	\$ 190.78	5,723
	Staff Professional	-	\$ 98.35	-
	Staff Professional	36	\$ 92.68	3,336
	Admin/Accounting	12	\$ 59.71	717
	Project Controls	12	\$ 60.29	723
<b>Subtotal</b>				<b>\$ 22,794</b>
<b>2. Develop Tech Spec - 2017</b>				
	Project Manager	64	\$ 171.07	10,948
	Principal Professional	8	\$ 213.14	1,705
	Staff Professional	48	\$ 77.89	3,739
	Senior Professional	40	\$ 190.78	7,631
	Staff Professional	-	\$ 98.35	-
	Staff Professional	48	\$ 92.68	4,449
	Admin/Accounting	8	\$ 59.71	478
	Project Controls	8	\$ 60.29	482
<b>Subtotal</b>				<b>\$ 29,432</b>
<b>3. Support RFP Process - 2018</b>				
	Project Manager	168	\$ 181.35	30,467
	Principal Professional	48	\$ 225.02	10,801
	Staff Professional	144	\$ 85.83	12,360
	Senior Professional	144	\$ 196.50	28,296
	Staff Professional	24	\$ 108.40	2,602
	Staff Professional	144	\$ 95.47	13,748
	Admin/Accounting	16	\$ 61.51	984
	Project Controls	16	\$ 71.86	1,150
<b>Subtotal</b>				<b>\$ 100,406</b>
<b>4. Operating Rules/Peer Review - 2018</b>				
	Project Manager	144	\$ 181.35	26,114
	Principal Professional	-	\$ 225.02	-
	Staff Professional	48	\$ 85.83	4,120
	Senior Professional	168	\$ 196.50	33,012
	Staff Professional	96	\$ 108.40	10,406
	Staff Professional	120	\$ 95.47	11,456
	Admin/Accounting	12	\$ 61.51	738
	Project Controls	12	\$ 71.86	862
<b>Subtotal</b>				<b>\$ 86,709</b>
<b>LABOR SUBTOTAL:</b>				<b>\$ 239,342</b>
<b>OTHER DIRECT COSTS</b>				<b>AMOUNT</b>
	Travel			9,745
<b>ODCs SUBTOTAL:</b>				<b>\$ 9,745</b>
<b>GRAND TOTAL</b>				<b>\$ 249,088</b>





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

November 9, 2017

**SUBJECT:**

**PAYROLL AND HUMAN RESOURCES INFORMATION SYSTEM SOLUTION &  
 IMPLEMENTATION 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. G1935.0-17, (in substantially the same format as Attachment A) with Automatic Data Processing (ADP), for Payroll and Human Resources Information System (HRIS) Solution & Implementation Services.

**Budget Impact**

The project is funded under the operation budget 902010-571250 as follows:

	Total
Implementation	\$75,000.00
Base Year 1	\$259,447.00
Base Year 2	\$318,770.00
Base Year 3	\$318,770.00
Base Year 4	\$318,770.00
Base Year 5	\$318,770.00
Option Year 1 (Yr 6)	\$328,333.10
Option Year 2 (Yr 7)	\$338,183.09
Option Year 3 (Yr 8)	\$348,328.59
Option Year 4 (Yr 9)	\$358,778.44
<b>Total Project</b>	<b>\$2,983,150.12</b>



## DISCUSSION:

The regulatory complexity of paying, managing and administering employee benefits for a workforce of more than 1,600 employees requires that MTS procure specialized software and services for use by in-house Payroll and Human Resources Department staff. For the past seven years, MTS has procured the necessary software and services from ADP which is the leading provider of these services in the United States. Under the existing agreement, ADP processes bi-weekly payroll for all three MTS Agencies, inclusive of accruals, deductions and garnishments.

In addition, the system processes monthly pension payments for SDTC retirees along with providing a comprehensive HRIS to facilitate MTS's employee recruitment process (Applicant Tracking System), compliance across licenses and provide a variety of tools to assist the agency's leadership team (Management Self Service). The current contract with ADP expires on December 31, 2017.

Resulting from a competitive Request for Proposals (RFP) process, ADP's proposal meets the requirements of MTS and staff recommends maintaining ADP as the service provider by awarding an agreement of five (5) base years and four (4) single year options. The proposed framework will provide all of the existing services across an updated platform (ADP Vantage®) that allows for easier navigation and a more integrated user experience. The RFP asked proposers to include an optional automated time keeping solution for management employees that replaces current paper time cards.

MTS determined that it should include ADP's automated timekeeping solution in the proposed contract due to its increased efficiency and accountability. The updated solution also includes new functions that streamline benefits administration, allow employees to elect benefits through a self-service portal, compute MTS's current paper-based performance evaluation process and facilitate compliance with the Patient Protection and Affordable Care Act.

MTS Policy No. 52, "Procurement of Goods and Services", require a formal competitive process for procurements and service contracts over \$100,000. On November 28, 2016, MTS advertised and posted an RFP on PlanetBids that was downloaded by several firms including six (6) DBEs. In addition, MTS advertised in the Daily Transcript and Transit Talent.

Five proposals were received by the due date of January 20, 2017 from the following firms:

1. ADP, Mission Viejo, CA
2. Ciber Inc., Greenwood Village, CO
3. Kronos, Inc., Chelmsford, MA
4. Labyrinth Solutions, Inc., San Diego, CA
5. Ultimate Software, Weston, FL

Ultimate Software was deemed non-responsive. The other four proposals were deemed responsive and responsible and were evaluated by a committee comprised of representatives from MTS Human Resources, Payroll, Finance and Information Technology. The proposals were evaluated on the following:

- |   |            |
|---|------------|
| 1. Capabilities and Capacities  | 20%        |
| 2. Organizational Structure, Qualifications, Experience of the Firm/Staff | 5%         |
| 3. Proposed Methodology and Work Plan                                     | 25%        |
| 4. Vendor Questionnaire   | 30%        |
| 5. Cost and Price   | <u>20%</u> |
| Total   | 100%       |

Based on the requirements of the RFP, the evaluation panel evaluated proposals for both timekeeping and non-timekeeping services to determine the optimal solution for MTS.

The tables below illustrate the total scores and ranking for each:

WITH TIMEKEEPING					
PROPOSER	INITIAL PRICE PROPOSAL	AVG. TECH. SCORE	COST SCORE	TOTAL SCORE	RANKING
ADP	5,833,088.00	75.20	15.18	90.38	1
LSI	4,833,412.00	43.80	18.32	62.12	2
KRONOS	4,426,916.50	39.00	20.00	59.00	3
CIBER	7,312,379.35	33.00	12.11	45.11	4

WITHOUT TIMEKEEPING					
PROPOSER	INITIAL PRICE PROPOSAL	AVG. TECH. SCORE	COST SCORE	TOTAL SCORE	RANKING
ADP	\$5,278,480.00	75.20	13.51	88.71	1
LSI	\$4,414,720.00	43.80	16.15	59.95	2
KRONOS	\$3,565,616.50	39.00	20.00	59.00	3
CIBER	\$6,838,301.92	33.00	10.43	43.43	4

Due to the superior technical score, ADP was interviewed and provided a demonstration of the new modules and the automated timekeeping solution in detail. Shortly after, MTS entered into negotiations with ADP on its proposed modules and requested a Best and Final Offer (BAFO). After the BAFO phase, ADP reduced their costs as shown below:

ADP PROPOSAL	WITH TIMEKEEPING	WITHOUT TIMEKEEPING
Initial proposal	\$5,833,088.00	\$5,278,480.00
BAFO proposal	\$2,983,150.22	\$2,717,130.00
Cost reduction	\$2,849,937.78	\$2,561,350.00

Based on the objectives of this procurement, consideration of the evaluation criteria and ADP's technical and price proposals, the evaluation team determined that ADP's proposal with timekeeping presented the best overall value to MTS.

Therefore, staff recommends that the Board of Directors authorize the CEO to execute MTS Doc. No. G1935.0-17 (in substantially the same format as Attachment A) with

Automatic Data Processing (ADP), for Payroll and Human Resources Information System Solution & Implementation Services from five (5) base years with four (4) option years, exercisable at MTS's sole discretion.

/s/ Paul C. Jablonski \_\_\_\_\_  
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 G1935.0-17

**STANDARD SERVICES AGREEMENT FOR  
PAYROLL AND HUMAN RESOURCES  
INFORMATION SYSTEM (HRIS)  
SOLUTION**

**G1935.0-17**  
CONTRACT NUMBER

FILE/PO NUMBER(S)

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2017, 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: ADP, LLC Address: 400 W. Covina Boulevard

Form of Business: Corporation San Dimas, CA 91773  
(Corporation, partnership, sole proprietor, etc.)

Telephone: \_\_\_\_\_ Email Address: \_\_\_\_\_

Authorized person to sign contracts: \_\_\_\_\_  
Name Title

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

Payroll and Human Resource Information Systems (HRIS) Solution and Implementation services, as specified in the Scope of Work (attached as Exhibit A), the Cost Proposal (attached as Exhibit B), and in accordance with the Standard Services Agreement, including the Standard Conditions Services (attached as Exhibit C). The Contract Documents are intended to be fully cooperative and complementary. If the Contractor observes that any documents are in conflict, the Contractor shall promptly notify MTS in writing. In case of conflicts between the Contract Documents, the order of precedence shall be as follows:

1. MTS Agreement including exhibits A, B and C
2. ADP Exhibits included in the MTS Agreement
3. ADP proposal

The contract term is for five (5) base years effective January 1, 2018, and four (4) 1-year options (each an "Option Year"), exercisable at MTS's sole discretion.

Implementation plan: After execution of the contract, both parties shall mutually agree on a reasonable schedule for completion of each required deliverable in connection with the implementation of the Services. The parties acknowledge that the timely performance by one party of its obligations may depend upon the timely delivery of certain deliverables from the other party. Each party will use reasonable efforts to complete its deliverables in accordance with the mutually agreed schedule. ADP shall invoice MTS upon the completion of each milestone. Both parties agree that MTS can decommission all or some of the additional modules (time and attendance, Benefits, compliance, performance) during the term of the agreement if in MTS's sole determination these are not adding value.

The cost is \$1,609,527 for the base years and \$1,373,623.22 for the option years, for a total not to exceed \$2,983,150.22 without the express written consent of MTS.

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
\$1,609,527.00		FY 18-22

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

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

## Agenda Item No. 9

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

November 9, 2017

**SUBJECT:**

OCCUPATIONAL HEALTH SERVICES – CONTRACT AWARD

**RECOMMENDATION:**

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

- 1) Authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1944.0-17, (in substantially the same format as Attachment A) with Kaiser Permanente, to provide occupational health services for a three (3) year base term with three (3) one year options in the amount of \$599,265.00;
- 2) Authorize the CEO to execute MTS Doc. No. G2069.0-18, (in substantially the same format as Attachment B) with Concentra, to provide occupational health services for a three (3) year base term with three (3) one year options in the amount of \$122,542.00; and
- 3) Authorize the CEO to execute MTS Doc. No. G2070.0-18, (in substantially the same format as Attachment C) with UCSD Health, to provide occupational health services for a three (3) year base term with three (3) one year options in the amount of \$40,397.00.

Budget Impact

The total value of these agreements will not exceed \$377,988.00 for the base years and \$384,216.00 for all option years for a total not to exceed amount of \$762,204.00 which includes a ten (10) percent contingency for additional medical services on an as needed basis. These contracts will be locally funded under Budget Account 711010-571160.

**DISCUSSION:**

MTS's currently has occupational health services agreements with both US HealthWorks (MTS Doc. No. G1514.0.0-13) and UCSD Health (MTS Doc No. G1963.0-17), that



expires on November 30, 2017. Under their existing agreement, US HealthWorks has provided occupational health services for the past four years. UCSD Health has provided occupational health services for the past year.

The recommended contracts are intended to fulfill MTS's need for qualified medical providers to conduct comprehensive pre-placement, second opinion and fit-for-duty medical examinations as well as Department of Transportation mandated, post-accident and reasonable suspicion drug testing.

Federal regulations require all safety-sensitive transport provider employees pass a detailed medical evaluation and drug test prior to performing their duties with recurring examinations at least every two years to ensure they remain medically fit for duty. To promote overall safety and efficiency, MTS requires that all its employees, regardless of position, needs to pass a medical evaluation prior to commencement of work. The Collective Bargaining Agreements between MTS and the labor unions who represent safety-sensitive employees require that MTS contract with sufficient providers that employees can conveniently obtain the necessary services.

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

On April 14, 2017, a Request for Proposals (RFP) was issued via PlanetBids to potential proposers. The purpose of the RFP is to ensure that MTS receives the best possible economic value and quality health care from its medical provider.

On May 9, 2017, four (4) proposals were received, as follows:

1. Concentra
2. Kaiser Permanente
3. UCSD Health
4. US HealthWorks

After receipt of revised cost/price proposals from each firm, all submissions were deemed responsive and responsible.

A selection committee, consisting of representatives from MTS Finance and Human Resources, met and scored the proposals based on the following:

1. Qualifications of the Firm or Individual	20%
2. Staffing, Organization and Management Plan	25%
3. Work Plan	25%
4. Cost and Price	<u>30%</u>
	Total 100%

After the initial evaluation of proposals received, the evaluation panel determined it would be in MTS's best interest to interview Concentra, Kaiser Permanente and UCSD Health, as they were determined to be within the competitive range.

Following interviews of the proposers, MTS requested revised technical and cost proposals and the panel re-evaluated the revised submissions per the RFP requirements.

The following table represents the proposers' final scores and rankings following the interviews and evaluation of revised technical and cost proposals:

<b>OCCUPATIONAL HEALTH SERVICES</b>				
<b>PROPOSER NAME</b>	<b>TECHNICAL SCORE</b>	<b>COST SCORE</b>	<b>TOTAL SCORE (TECH + COST)</b>	<b>RANKING</b>
<b>CONCENTRA</b>	<b>40.00</b>	<b>30.00</b>	<b>70.00</b>	<b>1</b>
<b>UCSD HEALTH</b>	<b>52.50</b>	<b>10.92</b>	<b>63.42</b>	<b>2</b>
<b>KAISER PERMANENTE</b>	<b>41.60</b>	<b>17.67</b>	<b>59.27</b>	<b>3</b>

The RFP provided MTS the right to award the contract to one or several Proposers at MTS's sole discretion. Staff determined the Agency will receive the best overall value by contracting with Kaiser, Concentra and UCSD.

Kaiser will be the majority provider as approximately 75% of employees are enrolled in Kaiser Healthcare.

Additionally, staff determined that it was in MTS's best interest to award contracts to Concentra and UCSD, as Concentra's proposal offers the best projected overall value and UCSD would provide MTS additional flexibility in purchasing occupational medicine services.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to:

- 1) Execute MTS Doc. No. G1944.0-17, (in substantially the same format as Attachment A) with Kaiser Permanente in the amount of \$599,265.00;
- 2) Execute MTS Doc. No. G2069.0-18, (in substantially the same format as Attachment B) with Concentra in the amount of \$122,542.00; and
- 3) Execute MTS Doc. No. G2070.0-18, (in substantially the same format as Attachment C) with UCSD Health in the amount of \$40,397.00.

Each award will consist of a three (3) year base term with three (3) one year options at MTS's sole determination.

/s/ Paul C. Jablonski  
 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. G1944.0-17  
 B. Draft MTS Doc. No. G2069.0-18  
 C. Draft MTS Doc. No. G2070.0-18



<u>G1944.0-17</u> CONTRACT NUMBER  <u>Various</u> FILE/PO NUMBER(S)
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**STANDARD SERVICES AGREEMENT  
FOR  
OCCUPATIONAL HEALTH SERVICES**

THIS AGREEMENT is entered into this \_\_\_ day of \_\_\_\_\_ 2017, 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: Kaiser Permanente, Kaiser On-the-Job, Address: 1800 Harrison, 9<sup>th</sup> Fl.

Form of Business: Corporation Oakland, CA 94612  
(Corporation, partnership, sole proprietor, etc.)

Telephone: (510) 625-4143 Email Address: Catherine.v.bland@kp.org

Authorized person to sign contracts: Catherine Bland, Sr. Sales Executive  
Name Title

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

Occupational Health Services as specified in the Scope of Work (attached as Exhibit A), Kaiser's cost proposal (attached as Exhibit B), and in accordance with the Standard Services Agreement, including Standard Conditions Services (attached as Exhibit C).

The term of the contract shall be three (3) base years effective December 1, 2017 through November 30, 2020, with three (3) 1-year options effective December 1, 2020 through November 30, 2023, exercisable at MTS' sole discretion, for a total of six (6) years.

Payment terms shall be net 30 days from invoice date. The total cost of this contract shall not exceed \$599,265 without the express written consent of MTS.

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
\$299,633.00	711010-571160	FY 18-FY 20
\$299,633.00	711010-571160	FY 21-FY 23

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

<u>G2069.0-18</u> CONTRACT NUMBER  <u>Various</u> FILE/PO NUMBER(S)
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**STANDARD SERVICES AGREEMENT  
FOR  
OCCUPATIONAL HEALTH SERVICES**

THIS AGREEMENT is entered into this \_\_\_ day of \_\_\_\_\_ 2017, 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: Occupational Health Centers of California, A Medical Corporation, d/b/a Concentra Medical Centers Address: 5080 Spectrum Drive, Ste. 1200W

Form of Business: Corporation Addison, Texas 75001  
(Corporation, partnership, sole proprietor, etc.)

Telephone: (800) 232-3550 Email Address: jane\_erickson@concentra.

Authorized person to sign contracts: John R. Anderson, DO, FACOEM Vice President  
Name Title

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

Occupational Health Services as specified in the Scope of Work (attached as Exhibit A), Concentra's cost proposal (attached as Exhibit B), and in accordance with the Standard Services Agreement, including Standard Conditions Services (attached as Exhibit C).

The term of the contract shall be three (3) base years effective December 1, 2017 through November 30, 2020, with three (3) 1-year options effective December 1, 2020 through November 30, 2023, exercisable at MTS' sole discretion, for a total of six (6) years.

Payment terms shall be net 30 days from invoice date. The total cost of this contract shall not exceed \$122,542 without the express written consent of MTS.

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
\$61,271.00	711010-571160	FY 18-FY 20
\$61,271.00	711010-571160	FY 21-FY 23

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

G2070.0-18  
CONTRACT NUMBER

Various  
FILE/PO NUMBER(S)

**STANDARD SERVICES AGREEMENT  
FOR  
OCCUPATIONAL HEALTH SERVICES**

THIS AGREEMENT is entered into this \_\_\_ day of \_\_\_\_\_ 2017, 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: UCSD Health, Center for Occupational and Environmental Health Address: 200 W. Arbor Dr., MC 8996

Form of Business: Nonprofit Organization San Diego, CA 92103-8996  
(Corporation, partnership, sole proprietor, etc.)

Telephone: (619) 471-9393 Email Address: trmoore@ucsd.edu

Authorized person to sign contracts: Thomas R. Moore, M.D. Dean for Clinical Affairs  
Name Title

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

Occupational Health Services as specified in the Scope of Work (attached as Exhibit A), UCSD Health's cost proposal (attached as Exhibit B), and in accordance with the Standard Services Agreement, including Standard Conditions Services (attached as Exhibit C).

The term of the contract shall be three (3) base years effective December 1, 2017 through November 30, 2020, with three (3) 1-year options effective December 1, 2020 through November 30, 2023, exercisable at MTS' sole discretion, for a total of six (6) years.

Payment terms shall be net 30 days from invoice date. The total cost of this contract shall not exceed \$40,397.00 without the express written consent of MTS.

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
\$17,084.00	711010-571160	FY 18-FY 20
\$23,313.00	711010-571160	FY 21-FY 23

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



1255 Imperial Avenue, Suite 1000  
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## Agenda Item No. 10

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

November 9, 2017

#### SUBJECT:

INVESTMENT REPORT – SEPTEMBER 2017

#### INFORMATIONAL ONLY

##### Budget Impact

None.

#### DISCUSSION:

Attachment A comprises a report of the San Diego Metropolitan Transit System (MTS) investments as of September 30, 2017. The combined total of all investments has increased month to month from \$93.9 million to \$144.7 million. This \$50.8 million increase is attributable to \$56.3 million in Federal Transit Administration (FTA) Preventive Maintenance revenue, partially offset by \$2.4 million in capital expenditures, 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.

/s/ Paul C. Jablonski  
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 September 2017



**San Diego Metropolitan Transit System  
Investment Report  
September 30, 2017**

	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>	<b>Average rate of return</b>
Cash and Cash Equivalents				
JP Morgan Chase - concentration account	-	71,386,607	71,386,607	0.00%
Total Cash and Cash Equivalents	-	71,386,607	71,386,607	
Cash - Restricted for Capital Support				
US Bank - retention trust account San Diego County Investment Pool	2,303,606	-	2,303,606	N/A*
Proposition 1B TSGP grant funds	7,687,424	161,525	7,848,949	
Total Cash - Restricted for Capital Support	9,991,030	161,525	10,152,555	
Investments - Working Capital				
Local Agency Investment Fund (LAIF)	7,279,314	55,930,561	63,209,875	1.111%
Total Investments - Working Capital	7,279,314	55,930,561	63,209,875	
 Total cash and investments	 <b>\$ 17,270,344</b>	 <b>\$ 127,478,693</b>	 <b>\$ 144,749,037</b>	

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## Agenda Item No. 11

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

November 9, 2017

**SUBJECT:**

**RELOCATION OF SDG&E FACILITIES FOR THE NEW ORANGE LINE  
COURTHOUSE STATION – CHANGE ORDERS**

**RECOMMENDATION:**

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute Construction Change Order 9 to MTS Doc. No PWL204.0-16, Work Order No. MTSJOC7504-26 (in substantially the same format as Attachment A) with ABC Construction, Inc. (ABC), for additional trenching for SDG&E utility relocation.

**Budget Impact**

The total value of this Change Order will not exceed \$120,792.86 inclusive of direct costs of \$119,584.93 and the contractor share of administrative fees totaling \$1,207.93. Total administrative fees are \$3,213.09 (contractor share \$1,207.93 and MTS share \$2,005.16). Including all amendments, the construction cost is as follows:

Description	Work Order Amt.	Amount	Contractor share JOC Fee	MTS Share JOC Fee	Gordian Fee
SDGE Undergrnd conduit install	1,256,495.03	<b>1,243,930.08</b>	12,564.95	20,857.82	<b>33,422.77</b>
CCO1	16,141.45	<b>15,980.04</b>	161.41	267.95	<b>429.36</b>
CCO2	26,434.40	<b>26,170.06</b>	264.34	438.81	<b>703.16</b>
CCO3	2,825.08	<b>2,796.83</b>	28.25	46.90	<b>75.15</b>
CCO4	100,564.04	<b>99,558.40</b>	1,005.64	1,669.36	<b>2,675.00</b>
CCO5	10,822.03	<b>10,713.81</b>	108.22	179.65	<b>287.87</b>
CCO6	36,734.98	<b>36,367.63</b>	367.35	609.80	<b>977.15</b>
CCO7	8,207.68	<b>8,125.60</b>	82.08	136.25	<b>218.32</b>
CCO8			<b>TBD</b>		
CCO9	120,792.86	<b>119,584.93</b>	1,207.93	2,005.16	<b>3,213.09</b>
<b>Totals</b>	<b>1,579,017.55</b>	<b>1,563,227.37</b>	<b>15,790.18</b>	<b>26,211.69</b>	<b>42,001.87</b>



The funding for the changes is provided in the Orange Line Courthouse Station CIP No. 2004007503. A portion of these fees are subject to reimbursement from SDG&E.

## DISCUSSION:

As a result of the future Mid-Coast Trolley operations plan, and the necessity to relieve trolley congestion at the Santa Fe Depot station, the MTS Board of Directors approved the construction of the downtown Courthouse Station project which will relocate the existing westerly terminus of the Orange Line from Santa Fe Depot to a new station within the C Street corridor between State Street and Union Street. SDG&E currently has various underground electric and gas utility lines and equipment on C Street. In order to allow SDG&E to maintain appropriate access to these facilities after completion of the Courthouse Station Project, the facilities need to be relocated outside of the proposed new track bed.

The SDG&E relocation work is currently being structured as a two phase subproject: (1) duct bank relocation to be performed by MTS through a JOC contractor and (2) additional facility relocation work to be performed by SDG&E. The Board authorized staff to negotiate and execute a reimbursement agreement with SDG&E at the February 16, 2017 Board Meeting. On March 9, 2017, (AI 18), the Board authorized the CEO to negotiate a Work Order with ABC to perform the duct bank relocation portion of the work. During the course of ABC's duct bank relocation work, various unforeseen conditions arose, requiring construction contract change orders to be approved under the CEO's authority.

This change order is for additional trenching as a result of unforeseen site conditions. The original plan was to expose the existing pipes used to carry SDG&E's conductors or wires and splice the new conduit into the existing conduit. However, upon exposing the existing conduit, it was determined that the condition of the old conduit was not suitable and required tying in the new conduit and the nearest manhole which requires additional trenching.

Therefore staff recommends that the MTS Board of Directors authorize the CEO to execute Work Order No. MTSJOC7504-26.09 (in substantially the same format as Attachment A, Contract Change Orders 9), under MTS Doc. No. PWL204.0-16 with ABC Construction, Inc., for the relocation of SDG&E facilities for the new Orange Line Courthouse Station.

/s/ Paul C. Jablonski  
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. Construction Change Order MTSJOC7504-26 (CCO 9)

## CONSTRUCTION CHANGE ORDER

Project Name: **SDG&E Underground Conduit Installation**

Date: **10/20/17**

To: **MTS**  
 From (Contractor): **ABC Construction, Inc.**

Contract Number: **PWL204.1-16**  
 CCO Number: **09**

**Description of Work**

1. This change order is for additional trenching due to site conditions. The original plan was to expose the existing pipes used to carry SDG&E's conductors or wires and splice the new conduit into the existing conduit. However, upon exposing the existing conduit, it was determined that the condition of the old conduit was not suitable and required tying in the new conduit to the nearest manhole which requires additional trenching.

**A. Contractor Cost Proposal, MTSJOC7504-26.01**

Additional trenching for Intercept changes.	\$ 119,584.93	L.S.		
		L.S.		
			<b>Subtotal A:</b>	\$ 119,584.93

**B. Subcontractors Costs**

Included in above.	\$ -			
			<b>Subtotal B:</b>	\$ -

**C. Contractor Credits**

	\$0.00			
			<b>Subtotal C:</b>	0.00

**Total = (A + B + C) Total: \$ 119,584.93**

Original Contract value:	\$	1,243,930.08
Adjustment by Change Order No. 1 thru 7.	\$	199,712.36
Adjustment by this Change Order	\$	119,584.93
<b>New Contract Amount</b>	<b>Total:</b>	<b>\$ 1,563,227.37</b>

The Contract Time due to this Change Order will be:  Increased  Decreased  Unchanged by 21 days

Original Completion Date:	9/11/17
Adjustment by Change Order No. 1 through Change Order 7 (if applicable)	24
Adjustment by this Change Order	21
<b>New Completion Date</b>	<b>10/26/17</b>

Milestones Affected: NA

Contractor	Date:	MTS Chief Executive Officer	Date:
------------	-------	-----------------------------	-------

Follow all applicable procedures and provide all appropriate documentation as required by the Contract Documents.





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## Agenda Item No. 12

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

November 9, 2017

#### SUBJECT:

COURTHOUSE STATION – ADDITIONAL DESIGN SERVICES (HDR/RAILPROS  
WORK ORDER)

#### RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors ratify the action taken by the Chief Executive Officer (CEO) approving Work Order WOA1947-AE-10 (Attachment A) to MTS Doc. No. G1947.0-17 with HDR Engineering, Inc. (HDR) for \$97,209 for Design Services during Construction (DSDC) and authorizing an additional project contingency of \$25,000 for unforeseen conditions.

#### Budget Impact

The total value of this agreement will not exceed \$122,209.00. Funding for the \$97,209.00 is included in the MTS Capital Improvement Project budget account 2004007503. The additional \$25,000 project contingency may be added to the Capital Improvement Project budget depending on unforeseen conditions.

#### DISCUSSION:

As a result of the future Mid-Coast Trolley operations plan and the necessity to relieve Trolley congestion at Santa Fe Depot, Metropolitan Transit System (MTS) proposes to relocate the existing westerly terminus of the San Diego Trolley's Orange Line from Santa Fe Depot to a new station at C Street (between State and Union). The location is central to the downtown courthouse system and located near the midpoint of America Plaza and Civic Center stations and is in an area that requires no disturbance of existing building access.



Railpros have completed the below tasks for this project under a separate Work Order:

- Project Study Report (PSR)
- 30% design package based on the PSR.
- 60%, 90%, 100%, and Final (IFB) levels of design.

The project is now in the construction phase for which MTS requires DSDC.

The Scope of Work for this Work Order consists of providing management and coordination of DSDC, attendance at construction progress meetings as requested by MTS, review and approve submittals, responding to RFIs, performing field observations as requested by MTS, facilitating revisions and/or design change notices as needed and assisting MTS with construction punch list and closeout activities.

MTS has determined HDR and their sub-consultant, RailPros, Inc. is the most qualified parties to provide the DSDC under the current MTS "as-needed" engineering design contract. HDR has agreed to retain the desired services from RailPros on a pass-through basis.

MTS and its contractor are currently unaware of any DSDC issues that may require additional expenditure under this work order however; staff recommends that the Board approve an additional project contingency of \$25,000. MTS feels the contingency is prudent due to uncertainties beyond known issues that were included in the scope of the work. The contingency will provide staff the ability to quickly approve any needed actions on the ground and maintain the timeline of the project under a single board approval.

/s/ Paul C. Jablonski  
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. Work Order WOA1947-AE-10



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

**ORIGINAL**

MTS DOC No. G1947.0-17  
Work Order WOA1947-AE-10

October 10, 2017

Mr. Thomas K. Kim  
Senior Vice President  
HDR Engineering, Inc.  
401 B Street, Suite 110  
San Diego, CA 92101

Dear Mr. Kim:

Subject: MTS DOC. NO. G1947.0-17, WORK ORDER WOA1947-AE-10; GENERAL ENGINEERING DESIGN SERVICES FOR DESIGN SERVICES DURING CONSTRUCTION (DSDC) FOR ORANGE LINE COURTHOUSE STATION

This letter shall serve as our agreement for professional services, Work Order WOA1947-AE-10, under the General Engineering Consultant Agreement, MTS Doc. No. G1947.0-17, as further described below.

**SCOPE OF SERVICES**

Provide management and coordination of Design Services During Construction (DSDC), attendance of construction progress meetings as requested by MTS, review and approve submittals, respond to RFIs, perform field observations as requested by MTS, prepare design revisions/design change notices as needed and assist MTS with construction punchlist and closeout activities in accordance with the attached Scope of Services (Attachments A and B).

**SCHEDULE**

This Work Order will not change the original schedule. The Scope of Services, as described above, shall remain in effect through March 1, 2018.

**PAYMENT**

Payment shall be based on actual costs in the amount not to exceed without prior authorization of \$97,209.00.

Sincerely,

Paul C. Jablonski  
Chief Executive Officer

Accepted:

Thomas K. Kim  
HDR Engineering, Inc.

Date: 10/27/17

LMARQUIS-CL  
CL-G1947.0-17.WOA1947AE10.HDR.SAUGUSTYN.101017





**WORK ORDER TITLE: Design Services During Construction (DSDC) for Orange Line Courthouse Station MTS Doc. No. G1947.0-17.01**

**I. PROJECT DESCRIPTION**

As a result of the future Mid-Coast Trolley operations plan and the necessity to relieve Trolley congestion at Santa Fe Depot, Metropolitan Transit System (MTS) proposes to relocate the existing westerly terminus of the San Diego Trolley's Orange Line from Santa Fe Depot to a new station within the C Street (between State and Union) corridor between State Street and Union Street. This location was chosen as it is central to the downtown courthouse system, is located at the near midpoint between two existing stations – America Plaza and Civic Center, and is located in an area where no existing building access would be disturbed.

Under a separate Work Order, the following was prepared and completed for this project:

- Project Study Report (PSR)
- 30% design package based on the PSR.
- 60%, 90%, 100%, and Final (IFB) levels of design.

The project is now entering into the bid and construction phase for which MTS is requesting engineering support services. MTS wishes to engage HDR Engineering, Inc. (Consultant) and their subconsultant, RailPros, Inc. (hereafter referred to mutually as Consultants) to perform all services identified in this Work Order.

Subject to the Special Conditions contained in this Work Order, HDR has agreed to retain the desired services from Subconsultant on a pass-through basis.

Under this Work Order Consultants will provide management and coordination of Design Services During Construction (DSDC), attendance of construction progress meetings as requested by MTS, review and approve submittals, respond to RFIs, perform field observations as requested by MTS, prepare design revisions/design change notices as needed and assist MTS with construction punchlist and closeout activities.

**II. EXPECTED RESULTS**

- Design Services During Construction (DSDC).

**III. SCOPE OF WORK**

The scope of work to be performed by Consultants shall consist of the following tasks and deliverables:

## **TASK 1 PROJECT MANAGEMENT AND COORDINATION**

This task involves project management services including the requirements for progress reports, invoicing, meetings, coordination of efforts between inter-Agencies, and oversight of DSDC work. The labor hours and expenses associated with this task are reflected under the Work Breakdown Structure (WBS) tasks as task management. Administration and Oversight will include the following elements of the work:

- Supervise, coordinate, and monitor work for conformance with Metropolitan Transit System (MTS) standards and policies;
- Prepare, circulate, and file correspondence and memos as appropriate; and
- Track and maintain submittal, RFI, and Design Change logs.

This Work Order is a pass-through to Consultants to continue its support of the project to MTS. HDR's responsibilities will be limited to processing invoices to MTS on behalf of RailPros, Inc. Any additional support from HDR will require a Work Order Amendment.

### **1.1 Progress Reports and Invoices**

At the end of each month, Consultants shall report on work progress consistent with MTS's reporting and invoicing formats in the form of a progress report with each invoice indicating work completed (WBS subtask) by Consultants. Progress will be based on the physical percentage complete of individual subtasks or actual progress toward completion.

HDR will submit one copy of a monthly progress report consisting of a written narrative to the MTS PM and MTS Contracts Manager.

### **1.2 Inter-Agency and Project Coordination**

Consultants will coordinate meetings and deliverables, and assist the MTS PM on coordination with MTS departments, City of San Diego, CPUC, Contractor, and other governing agencies, for all deliverables to ensure consistency among stakeholders.

## **TASK 2 DESIGN SUPPORT DURING CONSTRUCTION (DSDC) SERVICES**

### **2.1 Weekly Construction Meetings**

Consultants attend weekly construction progress meetings at the request of the MTS Project Manager. Appropriate representatives will attend when requested depending on progress and phase of construction. For fee purposes it is assumed that a maximum of two meetings will be attended per month for the duration of construction. Construction is schedule to be completed within seven months of notice to proceed; therefore the attached fee schedule will reflect fourteen (14) construction meetings.

### **2.2 Review & Approve Submittals**

Consultants will review and approve or take other appropriate action in respect to Contractor-prepared submittals, including shop drawings, product catalog cut sheets, certificates of compliance, samples, and other data which the Construction contractor is required to submit, but only for conformance with the information given in the Contract Documents. Such review and approvals or other action will not extend to means, methods, techniques, equipment choice and usage, sequences, schedules, or procedures of construction or to related safety precautions and programs.

Consultants will have five working days for review of submittals. Once the review is complete the submittal will receive a notification stamp indicating results of review including notes for additional action by the Construction contractor as may be deemed necessary.

**2.3 Respond to Requests for Information (RFI)**

Consultants will review and respond to Construction contractor RFIs forwarded from the MTS Construction Management (CM) team and issue necessary clarifications and interpretations of the Contract Documents as appropriate to the orderly completion of the Construction contractor's work. Any orders authorizing variations from the Contract Documents will be made by the MTS CM.

**2.4 Field Observations**

At the request of MTS, Consultants staff will perform site visits to assist in a response to RFI's, to gather data for developing Change Orders, or to perform other specific tasks such observation of Change in Condition, Construction contractor implementation for substitution, field verifications, etc.

**2.5 Prepare Design Revisions/Design Change Notices (DCN's)**

Consultants will prepare revisions to design plans and technical specifications as directed. Modifications to the project plans and specifications may be required prior to and during the construction phase of the project. Consultants will work with the MTS construction team to assess the purpose for implementing a potential change, to develop an appropriate solution, and develop corresponding revisions to the plans and specifications. Design revisions may be in response to action required by an RFI, CCO, an unforeseen site condition, value-engineering, etc. If requested by MTS, the Subconsultant will develop cost estimates to coincide with the proposed changes. Design revisions will be transmitted in PDF file format.

**2.6 Punchlist and Closeout Activities**

As the project nears Substantial Completion, Consultants will assist the CM team in preparing a punchlist of items to be addressed by the Construction contractor. Assistance with the punchlist will entail site walks as directed by the CM team.

After Completion of Work the Consultant shall prepare final as-built plans, in AutoCAD, based on Record Drawings provided by the Construction contractor. As-built plans prepared under this Work Order will not include any work performed by the Construction contractor subsequent to Completion of Work.

**IV. PERIOD OF PERFORMANCE**

Notice to Proceed to Project Completion. Construction duration is anticipated to be 7 months (March 1st, 2018).

**V. DELIVERABLES**

- Miscellaneous DSDC Phase Deliverables (Submittal responses, RFI's, DCN's, As-Builts, other approvals, etc.).

**SCHEDULE OF SERVICES/MILESTONES/DELIVERABLES**

**A. Tasks Schedule**

<b>Task</b>	<b>Begin/End Dates</b>
DSDC	Construction NTP/ March 1 <sup>st</sup> , 2018

B. Milestones/Deliverables Schedule

<u>Milestone/Deliverable</u>	<u>Due Date</u>
DSDC Deliverables, as needed	As-needed

**VI. MATERIALS TO BE PROVIDED BY MTS AND/OR THE OTHER AGENCY**

- Construction contractor Submittals and RFIs
- Construction contractor's Record Drawings
- Email check payment receipt to [Jessica.Talman@hdrinc.com](mailto:Jessica.Talman@hdrinc.com) to allow HDR to process subconsultant payment within 7 day DBE policy requirement.

**VII. SPECIAL CONDITIONS**

MTS and HDR Engineering, Inc. acknowledge and agree that, notwithstanding anything to the contrary in the Agreement between MTS and HDR Engineering, Inc., these Special Conditions make clear that Railpros will be providing the majority of the design services under this Work Order Agreement in support of the MTS's Courthouse Construction Project.

These Special Provisions apply solely to this Work Order and do not otherwise alter the Agreement or other Work Orders.

- The Consultants must receive an NTP from the MTS PM prior to beginning DSDC.
- HDR Engineering, Inc. is acting solely as a pass-through with respect to the services performed by their Subconsultant under this Work Order, and HDR Engineering, Inc. will remain responsible and liable for the services performed under this Work Order.

**VIII. MTS ACCEPTANCE OF SERVICES:**

Consultants shall not be compensated at any time for unauthorized work outside of this Work Order. Consultants shall provide notice to MTS' Project Manager upon 100% completion of this Work Order. Within five (5) business days from receipt of notice of Work Order completion, MTS' Project Manager shall review, for acceptance, the 100% completion notice. If Consultants provides final service(s) or final work product(s) which are found to be unacceptable due to Consultant and/or subcontractor's negligence and thus not 100% complete by MTS' Project Manager, Consultant shall be required to make revisions to said service(s) and/or work product(s) within the Not to Exceed (NTE) Budget. MTS reserves the right to withhold payment associated with this Work Order until the Project Manager provides written acceptance for the 100% final completion notice. Moreover, 100% acceptance and final completion will be based on resolution of comments received to the draft documents and delivery of final documentation which shall incorporate all MTS revisions and comments.

Monthly progress payments shall be based on actual/documented hours performed for each person/classification identified in the attached Fee Schedule and shall at no time exceed the NTE. Consultants shall only be compensated for actual performance of services and at no time shall be compensated for services for which MTS does not have an accepted deliverable or written proof and MTS acceptance of services performed.

**IX. DEFICIENT WORK PRODUCT:**

Throughout the design and/or implementation phases associated with the services rendered by the Consultants, if MTS finds any work product provided by Consultants to be deficient and the deficiently delays any portion of the project, Consultants shall bear the full burden of their deficient work and shall be responsible for taking all corrective actions to remedy their deficient work product including but not limited to the following:

- Paying applicable delay fees,
- Revising provided documents,

At no time will MTS be required to correct any portion of the Consultants deficient work product and shall bear no costs or burden associated with Consultants deficient performance and/or work product.

**X. DELIVERABLE REQUIREMENTS**

Consultants will be required to submit any and all documentation required by the Scope of Work. The deliverables furnished shall be of a quality acceptable to MTS. The criteria for acceptance shall be a product of neat appearance, well-organized, and procedurally, technically and grammatically correct. MTS reserves the right to request a change in the format, at no cost, if it doesn't satisfy MTS's needs. All work products will become the property of MTS. MTS reserves the right to disclose any reports or material provided by the Firm to any third party.

Firm shall provide with each task, a work plan showing the deliverables schedule as well as other relevant date needed for Consultants work control, when and as requested by MTS.

Consultants computer data processing and work processing capabilities and data storage should be compatible with Windows compatible PC's, text files readable in Microsoft Word, and standard and customary electronic storage. Subconsultant shall maintain backup copies of all data conveyed to MTS.

Consultants shall provide MTS with hard copy or electronic versions of reports and/or other material as requested by MTS.

**XI. ADDITIONAL INFORMATION**

Not Applicable to this WOA.



**Task Order Estimate  
Hourly Breakdown**

Contract No.	G1947.0-17
Work Order No.	WOA1947-AE-10
Attachment:	B

Work Order Title: **Design Services During Construction (DSDC) for Orange Line Courthouse Station**

Project No:

**Table 1 - Cost Codes Summary (Costs & Hours)**

Item	Cost Codes	Cost Codes Description	Total Costs
1	0100	Project Management	\$10,412.88
2	0255	Engineering	\$86,795.78
3			
4			
5			
6			
7			
8			
<b>TOTAL =</b>			<b>\$97,209</b>

**Table 2 - TASKS/WBS Summary (Costs & Hours)**

Item	TASKS/WBS	TASKS/WBS Description	Labor Hrs	Total Costs
1	Admin	Project Management & Coordination	60	\$10,412.88
2	Engineering	Design Support During Construction	338	\$86,795.78
3	Engineering	0.00	0	\$0.00
<b>TOTAL =</b>			<b>398</b>	<b>\$97,209</b>

**Table 3 - Consultant/Subconsultant Summary (Costs & Hours)**

(If Applicable, Select One)				Consultant	Labor Hrs	Total Costs
DBE	DVBE	SBE	Other			
				HDR Engineering, Inc.	12	\$1,708.12
				RailPros Inc.	386	\$95,500.52
<b>Totals =</b>					<b>398</b>	<b>\$97,209</b>

## Task Order Estimate Hourly Breakdown

Contract No.: G1947-0-17  
Work Order No.: WOA1947-AE-10  
Attachment: B

Consultant/Sub-consultant: HDR Engineering, Inc.  
Design Services During Construction (DSDC) for Orange Line  
Courtthouse Station

WOA1947-AE-10 Task Order Title:  
Courtthouse Station

Total Hours = 12  
Total Costs = \$1,708.12

Item	Contract	WBS	Task Description	ODCs	Group Director (Lead/Initiator) @	Sub-Subtask Assignment	Total Hours	Percent of Total	Hours	Costs
<b>1 Billing Code Admin Project Management &amp; Coordination</b>										
1.1	0100		Progress Reports and Invoices	\$100.00						
1.2	0100		Inter-Agency and DSDC Coordination	N/A						
			ODCs not specific to a Subtask (General)	\$100.00						
			Subtotals (Hours) =	\$100.00	12	\$1,608.12	100.0%			\$1,708.12
			Subtotals (Costs) =	N/A	0	\$0.00	0.0%			\$0.00
<b>2 Billing Code Surveying Design Support During Construction</b>										
2.1	0255		Weekly Construction Meetings (includes 25 hrs @ Zhammy)	\$0.00						
2.2	0255		Review and Approve Schedules	\$0.00						
2.3	0255		Respond to Requests for Information (RFI)	\$0.00						
2.4	0255		Field Observations	\$0.00						
			ODCs not specific to a Subtask (General)	\$0.00						
			Subtotals (Hours) =	\$0.00	0	\$0.00	0.0%			\$0.00
			Subtotals (Costs) =	\$0.00	0	\$0.00	0.0%			\$0.00
<b>3 Billing Code Engineering</b>										
3.1				\$0.00						
3.2				\$0.00						
3.3				\$0.00						
3.4				\$0.00						
3.5				\$0.00						
3.6				\$0.00						
			ODCs not specific to a Subtask (General)	\$0.00						
			Subtotals (Hours) =	\$0.00	0	\$0.00	0.0%			\$0.00
			Subtotals (Costs) =	\$0.00	0	\$0.00	0.0%			\$0.00

12	\$1,708.12
12	\$1,708.12

Totals (Summary) =	N/A									
Total (Hours) =	\$100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total (Costs) =	N/A	\$5.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total (Hours) =	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total (Costs) =	0.0%	5.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Task Order Estimate  
Hourly Breakdown

Consultant/ Subconsultant: **HDR Engineering, Inc.**  
Task Order Title: **Design Services During Construction (DSDC) for Orange Line Courthouse Station**

Contract No: **Q1947-0-17**  
Task Order No: **WOA1947-AE-10**  
Attachment: **B**

TASKS/WBS (1-5)

ODC Item	Description	Unit	Unit Cost	Admin		Engineering		0.00		0.00			
				Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total
1	Reproduction		\$60.00	2	\$100.00		\$0.00		\$0.00		\$0.00		\$0.00
2	Mileage		\$0.535		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
3	Reimbursable Travel		\$1,500.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
4					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
5					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
6					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
7					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
8					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
9					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
10					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
				Subtotal =	\$100.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00

TASKS/WBS (6-10)

ODC Item	Description	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total
1	Reproduction		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
2	Mileage		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
3	Reimbursable Travel		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
4	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
5	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
6	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
7	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
8	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
9	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
10	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
		Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00

TASKS/WBS (11-15)

ODC Item	Description	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	
1	Reproduction		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
2	Mileage		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
3	Reimbursable Travel		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
4	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
5	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
6	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
7	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
8	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
9	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
10	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
		Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	
											Totals =	\$0.00

ODC Item	Description	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Totals	
1	Reproduction		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	2	\$100.00
2	Mileage		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
3	Reimbursable Travel		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
4	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
5	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
6	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
7	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
8	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
9	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
10	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
		Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Totals =	\$100.00

# Task Order Estimate Hourly Breakdown

Contract No: **G1947-0-17**  
 Work Order No: **WOA1947-AE-10**  
 Attachment: **B**

Consultant/Sub-consultant: **RailProx, Inc.**  
 Task Order Title: **Design Services During Construction (DSDC) for Orange Line Courthouse Station**

Contract No: **386**  
 Task Order Title: **WOA1947-AE-10**  
 Station: **Station**

Total Hours = **386**  
 Total Costs = **\$95,600.52**

Item	Contract	WBS	Task Description	Quantity Accumulation Manager	Senior PM	Project Manager PCAM	Engineer II	Senior Project Engineer	Engineer III	CAD Tech	CAD Tech	Admin 1	Total Hours	Percent of Total	
<b>1 Admin</b>															
1.1	0100		Progress Reports and Invoices	25									25	6.5%	
1.2	0100		Inter-Agency and DSDC Coordination	4									4	1.0%	
				Subtotals (Hours) =		0		0		0		29		7.5%	
				Subtotals (Costs) =		\$0.00		\$0.00		\$0.00		\$0.00		0.0%	
<b>2 Engineering</b>															
2.1	0255		Weekly Construction Meeting (excludes 25 hrs @ 2hr/mg)	52	10	8	4						74	19.2%	
2.2	0255		Review and Approve Submittals	24	4	8	12						64	16.6%	
2.3	0255		Response to Requests for Information (RFI)	24	4	10							38	9.8%	
2.4	0255		Field Observations	14		4							18	4.7%	
				Subtotals (Hours) =		30		16		0		64		16.6%	
				Subtotals (Costs) =		\$4,803.28		\$1,731.68		\$3,172.60		\$0.00		\$9,707.56	
<b>3 Engineering</b>															
3.1				0									0	0.0%	
3.2				0									0	0.0%	
3.3				0									0	0.0%	
3.4				0									0	0.0%	
3.5				0									0	0.0%	
3.6				0									0	0.0%	
				Subtotals (Hours) =		0		0		0		0		0.0%	
				Subtotals (Costs) =		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	

<b>386</b>	<b>\$95,600.52</b>
<b>344</b>	<b>\$95,600.52</b>

<b>Totals (Summary) =</b>														
Total (Hours) =	386	174	30	42	16	16	32	72	0	0	0	0	386	100.0%
Total (Costs) =	\$95,600.52	\$33,221.82	\$4,116.42	\$4,116.42	\$1,731.68	\$3,172.60	\$9,802.66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$95,600.52	100.0%
Percentage of Total (Hours) =		45.1%	7.8%	10.9%	4.1%	4.1%	23.8%	18.7%	0.0%	0.0%	0.0%	0.0%		
Percentage of Total (Costs) =		34.8%	4.3%	4.3%	1.8%	3.3%	10.3%	0.0%	0.0%	0.0%	0.0%	0.0%		

Task Order Estimate  
Hourly Breakdown

Consultant/ Subconsultant: **RailPro Inc.**  
Task Order Title: **Design Services During Construction (DSDC) for Orange Line Courthouse Station**

Contract No: **G1047-0-17**  
Task Order No: **WOA1047-AE-10**  
Attachment: **B**

ODC Item	Description	Unit	Unit Cost	TASKS/WBS (1-5)											
				Admin		Engineering		0.00		0.00					
				Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total		
1	Reproduction		\$2,000.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
2	Mileage		\$0.535		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
3	Reimbursable Travel		\$1,500.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
4	PGH Wong	Lump Sum	\$1.00		\$0.00	1	\$34,803.28		\$0.00		\$0.00		\$0.00		\$0.00
5					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
6					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
7					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
8					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
9					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
10					\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
				Subtotal =	\$0.00	Subtotal =	\$34,803.28	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00

ODC Item	Description	TASKS/WBS (6-10)									
		Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total
1	Reproduction		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
2	Mileage		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
3	Reimbursable Travel		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
4	PGH Wong		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
5	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
6	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
7	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
8	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
9	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
10	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
		Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00

ODC Item	Description	TASKS/WBS (11-15)											
		Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total		
1	Reproduction		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		
2	Mileage		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		
3	Reimbursable Travel		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		
4	PGH Wong		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		
5	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		
6	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		
7	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		
8	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		
9	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		
10	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		
		Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Totals =	\$0.00

ODC Item	Description	TASKS/WBS (16-20)										Totals	
		Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total
1	Reproduction		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
2	Mileage		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
3	Reimbursable Travel		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
4	PGH Wong		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	1	\$34,803.28
5	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
6	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
7	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
8	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
9	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
10	0		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
		Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Subtotal =	\$0.00	Totals =	\$34,803.28



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

## Agenda Item No. 13

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

November 9, 2017

#### SUBJECT:

ORANGE LINE GRADE CROSSING WARNING APPROACH AND SIGNAL  
IMPROVEMENTS ENGINEERING DESIGN SERVICES – WORK ORDER

#### RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute Work Order No. WOA-AE-07 to MTS Doc. No. G1953.0-17 (in substantially the same format as Attachment A) with Pacific Railway Enterprises, Inc. (PRE) for the Orange Line Grade Crossing Warning Approach and Signal Improvements Engineering design services.

#### Budget Impact

The value of this agreement will not exceed \$149,959.60 and is funded through the MTS Capital Improvement Project budget account 2006102101.

#### DISCUSSION:

Currently, there are ten grade crossings on the Orange Line that are limited to operating speeds of 40mph and 50mph. MTS requires Architectural and Engineering (A&E) services to evaluate and revise the design of the grade crossing warning approaches to accommodate a higher operating speed up to 55mph in order to facilitate the lifting of speed restrictions to improve on-time performance on the Orange Line.

MTS staff is utilizing the pre-qualified A&E firms on a rotation basis and selected PRE to perform the requisite services. PRE has the railroad signal design experience and is familiar with MTS trolley signaling system.



Therefore, staff recommends that the Board of Directors authorize the CEO to execute Work Order No. WOA1953-AE-07 to MTS Doc. No. G1953.0-17 with PRE for the Orange Line Grade Crossing Warning Approach and Signal Improvements Engineering design services.

/s/ Paul C. Jablonski  
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. G1953.0-17 WOA-AE-07

November 8, 2017

MTS Doc. No. G1953.0-17  
Work Order No. WOA1948-AE-07

Pacific Rail Enterprises  
Jennifer Purcell  
President/CEO  
3560 University Ave, Suite F  
Riverside, CA 92501

Dear Mrs. Purcell:

Subject: MTS DOC. NO. G1953.0-17, WORK ORDER WOA1953-AE-07, GENERAL ENGINEERING DESIGN SERVICES FOR ORANGE LINE GRADE CROSSING WARNING APPROACH AND SIGNAL IMPROVEMENTS

This letter shall serve as our agreement for Work Order WOA1953-AE-07 to MTS Doc. No. G1953.0-17, for professional services under the General Engineering Consultant Agreement, as further described below.

SCOPE OF SERVICES

This Work order provides for design services to MTS to evaluate and design Orange Line grade crossing warning approaches to accommodate a higher operating speed. Work provided under this Work Order will be performed in accordance with the attached Scope of Services (Attachment A and B)

SCHEDULE

This Work Order will not change the original schedule. The Scope of Services, as described above, shall remain in effect for ten (10) months from the date of the Notice to Proceed.

PAYMENT

Payment shall be based on actual costs in the amount not to exceed without prior authorization of \$149,959.60.

Please sign below, and return the document 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,

Accepted:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Jennifer Purcell  
Pacific Rail Enterprises

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

Attachments: Attachment A, Scope of Services  
Attachment B, Negotiated Fee Proposal





**WORK ORDER TITLE:** Orange Line Grade Crossing Warning Approach Improvements Project

**I. PROJECT DESCRIPTION**

This project requires design and engineering services to evaluate and design Orange Line grade crossing warning approaches to accommodate a higher operating speed of 55MPH. Currently there are 10 grade crossing on the Orange Line that are limited to 40 and 50MPH operating speeds. By increasing operating speeds slow orders can be removed providing enhanced on-time performance on the Orange Line.

This project will also address the issue of a voltage drop that is experienced between Baltimore Junction and Grossmont Station.

**II. EXPECTED RESULTS**

This Work Order will provide construction documents for improvements to ten grade crossing approached on the Orange line and solve voltage drop issues. This Work Order will provide sealed plans, estimates, and construction scope of work and bill of material list for the construction Contractor. Bid support, design support during construction and as built documentation will also be provided.

**III. SCOPE OF WORK**

The scope of work shall consist of the following tasks and deliverables:

**Task 1: Field Investigation/Verification**

- 1.1; Evaluate and design track circuits that will interface with existing crossing warning systems.
- 1.2; Field verify locations for new track leads.
- 1.3; Conduct a field survey and measure the voltage drop between Baltimore Junction and Grossmont Station.

**Task 2: Signal Design Development**

The Consultant will produce Signal Drawings for the 10 grade crossings and develop a recommendation for re-routing power or isolating segments to address voltage drop.

- 2.1; 50%- Development of Signal Layout, detailed Location Plans and Estimates
- 2.2; 90%- Development of Signal Layout, detailed Location Plans, Estimate, Draft Scope of Work and Draft Bill of Material. Consultant will incorporate comments received by MTS and SANDAG at 50%.

- 2.3; 100%- Final Development of Signal Layout, detailed Location Plans, Estimate, Scope of Work and Bill of Material. Consultant will incorporate comments received by MTS and SANDAG at 90%.

### **Task 3: IFB Support**

- 3.1; The Consultant shall provide support services during the bidding process, creating addenda as required.
- 3.2; The Consultant shall prepare conformed plans and scope of work, incorporating addenda created during the bidding process.

### **Task 4: Design Support During Construction (DSDC)**

- 4.1; The Consultant will participate in weekly construction meetings as requested by MTS to discuss project status and coordinate work.
- 4.2; The Consultant will review contractor-prepared shop drawings, product submittals and certificates of compliance and make a recommendation for action. The Consultant will review submittals, recommend submittal action and return to the CM within five (5) working days.
- 4.3; The Consultant will review and respond to RFI's forwarded by the CM. The Consultant will review each RFI and provide a response to the CM within five (5) working days.
- 4.4; The Consultant will visit the site as requested by MTS to review field conditions and observe construction to provide technical support during construction. Services include observation of factory acceptance testing, observation of Contractor rack testing, software configuration management and coordination of dispatch system changes.
- 4.5; The Consultant will prepare revisions to design plans and scope of work as directed by the PM. Such design revisions may be in response to action required by an RFI, an unforeseen site condition, value-engineering, etc. Design revisions will be prepared within ten working days of reaching design solution consensus between the Contractor, MTS PM, and Resident Engineer.
- 4.6; The Consultant will attend a punch list field walk to determine areas of concern, providing information to the CM for their incorporation into the final punch list.
- 4.7; Once construction is complete, Consultant will request all signal and communication changes (red lines) recorded in the field by the Contractor from the CM. The Consultant will update CAD files for distribution to the field.

## **IV. PERIOD OF PERFORMANCE**

The period of performance is anticipated to be 24 months from NTP.

## **V. DELIVERABLES**

Deliverables will be as directed by the PM and are limited to the following:

- 50% Signal Design Package
- 90% Signal Design Package
- Final Signal Design Package
- As-Built Maintenance Plans

**VI. SCHEDULE OF SERVICES/MILESTONES/DELIVERABLES****A. Tasks Schedule**

<b>Task</b>	<b>Begin/End Dates</b>
Site Investigation/Verification	NTP / 1 month following NTP
Signal Design Development	NTP / 8 month following NTP
Final Plans	NTP / 10 months following NTP
Design Support During Construction	Construction start to Construction complete
As-Built Maintenance Plans	2 months after Construction complete

**B. Milestones/Deliverables Schedule**

<b>Milestone/Deliverable</b>	<b>Due Date</b>
50% Signal Design Package	4 months following NTP
90% Signal Design Package	8 months following NTP
Final Signal Design Package	10 months following NTP
As-Built Maintenance Plans	2 months after construction complete

**VII. MATERIALS TO BE PROVIDED BY MTS AND/OR THE OTHER AGENCY**

Current design CAD files to be provided by SANDAG.

**VIII. SPECIAL CONDITIONS**

Any condition listed below applies solely to this Work Order and does not otherwise alter the Agreement or other Work Orders.

1. Design Contractor must obtain all As-Builts from SANDAG.
2. Design Contractor shall not be responsible for costs associated with MTS flag protection for all on-site activities performed as necessitated by the design process.

**IX. MTS ACCEPTANCE OF SERVICES:**

Firm shall not be compensated at any time for unauthorized work outside of this Work Order. Firm shall provide notice to MTS' Project Manager upon 100% completion of this Work Order. Within five (5) business days from receipt of notice of Work Order completion, MTS' Project Manager shall review, for acceptance, the 100% completion notice. If Firm provides final service(s) or final work product(s) which are found to be unacceptable due to Firms and/or Firms subcontractors negligence and thus not 100% complete by MTS' Project Manager, Firm shall be required to make revisions to said service(s) and/or work product(s) within the Not to Exceed (NTE) Budget. MTS reserves the right to withhold payment associated with this Work Order until the Project Manager provides written acceptance for the 100% final completion notice. Moreover, 100% acceptance and final completion will be based on resolution of comments received to the draft documents and delivery of final documentation which shall incorporate all MTS revisions and comments.

Monthly progress payments shall be based on hours performed for each person/classification identified in the attached Fee Schedule and shall at no time exceed the NTE. Firm shall only be compensated for actual performance of services and at no time shall be compensated for services for which MTS does not have an accepted deliverable or written proof and MTS acceptance of services performed.

**X. DEFICIENT WORK PRODUCT:**

Throughout the design and/or implementation phases associated with the services rendered by the Firm, if MTS finds any work product provided by Firm to be deficient and the deficiently delays any portion of the project, Firm shall bear the full burden of their deficient work and shall be responsible for taking all corrective actions to remedy their deficient work product including but not limited to the following:

- Paying applicable delay fees,
- Revising provided documents,

At no time will MTS be required to correct any portion of the Firms deficient work product and shall bear no costs or burden associated with Firms deficient performance and/or work product.

**XI. DELIVERABLE REQUIREMENTS**

Firm will be required to submit any and all documentation required by the Scope of Work. The deliverables furnished shall be of a quality acceptable to MTS. The criteria for acceptance shall be a product of neat appearance, well-organized, and procedurally, technically and grammatically correct. MTS reserves the right to request a change in the format if it doesn't satisfy MTS's needs. All work products will become the property of MTS. MTS reserves the right to disclose any reports or material provided by the Firm to any third party.

Firm shall provide with each task, a work plan showing the deliverables schedule as well as other relevant date needed for Firm's work control, when and as requested by MTS.

Firm's computer data processing and work processing capabilities and data storage should be compatible with Windows compatible PC's, text files readable in Microsoft Word, and standard and customary electronic storage. Firm shall maintain backup copies of all data conveyed to MTS.

Firm shall provide MTS with hard copy or electronic versions of reports and/or other material as requested by MTS.

**XII. ADDITIONAL INFORMATION**

The 10 crossings are to be identified by MTS.

**XIII. PROJECT BUDGET**

The budget for the A&E portion of this project is \$150,000.

# Work Order Estimate Summary

Att. A, AI 13, 11/9/17

<b>MTS Doc. No.</b>	<b>G1953.0-17</b>
<b>Work Order No.</b>	<b>WOA1953-AE-07</b>
<b>Attachment:</b>	<b>B</b>

**Work Order Title:** Orange Line Grade Crossing Warning Approach Improvements Project

**Project No:** 2005104101

**Table 1 - Cost Codes Summary (Costs & Hours)**

Item	Cost Codes	Cost Codes Description	Total Costs
1			\$149,959.60
2			

Totals = \$149,959.60

**Table 2 - TASKS/WBS Summary (Costs & Hours)**

Item	TASKS/WBS	TASKS/WBS Description	Labor Hrs	Total Costs
1	0600-0255	Field Investigation/Verification	96.0	\$15,542.40
2	0600-0255	Signal Design Development	780.0	\$91,410.96
3	0600-0255	IFB Support	20.0	\$2,889.28
4	0600-0255	Design Support During Construction	360.0	\$40,116.96
5				

Totals = 1,256.0 \$149,959.60

**Table 3 - Consultant/Subconsultant Summary (Costs & Hours)**

(If Applicable, Select One)				Consultant	Labor Hrs	Total Costs
DBE	DVBE	SBE	Other			
X		X		Pacific Railway Enterprises, Inc.	1,256.0	\$149,959.60

Totals = 1,256.0 \$149,959.60

# Work Order Estimate Summary

Att. A, AI 13, 11/9/17

Total Hours =	1,256
Total Costs =	\$149,959.60

Consultant/Subconsultant: Pacific Railway Enterprises, Inc.

MTS Doc. No.: G1953.0-17

Work Order No.: WOA1953-AE-07

Work Order Title: Orange Line Grade Crossing Warning Approach Improvements Project

Attachment: **B**

Item	TASKS/WBS	TASKS/WBS Description	ODCs (See Attachment)	Systems Engineer	Sr. Railroad Systems Technologist I	Signal Designer III	Sr. Railroad Systems Technologist III	Travis Sylvester Railroad Systems Technologist II	NA	NA	NA	NA	NA	Total Hours	Totals
			\$224.17	\$124.54	\$74.72	\$161.90	\$107.93	\$ -	\$ -	\$ -	\$ -	\$ -			
<b>1</b>	<b>Task 1</b>	<b>0600-0255 Field Survey/Verification</b>													
1.1	Evaluate circuits that will interface with existing crossing warning systems						32							32	\$5,180.80
1.2	Field verify locations for new track leads						32							32	\$5,180.80
1.3	Investigate Voltage Drop Btw Baltimore Jct and Grossmont Sta.						32							32	\$5,180.80
		Subtotals (Hours) =	N/A				96							96	\$15,542.40
		Subtotals (Costs) =					\$15,542.40							<b>96</b>	<b>\$15,542.40</b>
<b>2</b>	<b>Task 2</b>	<b>0600-0255 Design Development</b>													
2.1	50% Design Package			8	160	160	80							408	\$46,626.96
2.2	90% Design Package			4	160	80	60							304	\$36,514.68
2.3	100% Final Design Package			4	24	24	16							68	\$8,269.32
		Subtotals (Hours) =	N/A	16	344	264	156							780	\$91,410.96
		Subtotals (Costs) =		\$3,586.72	\$42,841.76	\$19,726.08	\$25,256.40							<b>780</b>	<b>\$91,410.96</b>
<b>3</b>	<b>Task 3</b>	<b>0600-0255 Engineering Support for IFB</b>													
3.1	Bid Support						8							8	\$1,295.20
3.2	Preparation of Confirmed Plans and Scope of Work					4	8							12	\$1,594.08
		Subtotals (Hours) =	N/A			4	16							20	\$2,889.28
		Subtotals (Costs) =				\$298.88	\$2,590.40							<b>20</b>	<b>\$2,889.28</b>
<b>4</b>	<b>Task 4</b>	<b>0600-0255 Design Support During Construction</b>													
4.1	Weekly Construction Meetings						8	24						32	\$3,885.52
4.2	Review and Approve Submittals						8	40						48	\$5,612.40
4.3	Respond to Request for Information (RFI)						8	40						48	\$5,612.40
4.4	Field Observations						8	80						88	\$9,929.60
4.5	Preparations of Design Revisions/Design Chance Notices						8	40						48	\$5,612.40
4.6	Punchlist Assistance and Closeout Activities						4	40						44	\$4,964.80
4.7	As-Builts					40	4	8						52	\$4,499.84
		Subtotals (Hours) =	N/A			40	48	272						360	\$40,116.96
		Subtotals (Costs) =				\$2,988.80	\$7,771.20	\$29,356.96						<b>360</b>	<b>\$40,116.96</b>
	<b>Totals (Summary) =</b>													<b>1,256</b>	<b>\$149,959.60</b>
	Total (Hours) =	N/A	16	344	308	316	272							1256	
	Total (Costs) =		\$3,586.72	\$42,841.76	\$23,013.76	\$51,160.40	\$29,356.96								\$149,959.60
	Percentage of Total (Hours) =	N/A	1%	27%	25%	25%	22%							100%	
	Percentage of Total (Costs) =		2%	29%	15%	34%	20%								100%

## Work Order Estimate Summary

Att. A, AI 13, 11/9/17

Consultant/ Subconsultant:

Contract No:

Work Order Title:

Task Order No.

Attachment:

### TASKS/WBS (1-5)

ODC Item	Description	Unit	Unit Cost	Task 1		Task 2		Task 3		Task 4		Task 5	
				Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
				Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>

### TASKS/WBS (6-10)

ODC Item	Description											Totals	
		Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
		Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Totals =	<input type="text"/>



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

## Agenda Item No. 14

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

November 9, 2017

#### SUBJECT:

INTERLOCKING E22 TO E24 AC LOW VOLTAGE AND E26 UPGRADE DESIGN  
SERVICES – WORK ORDER

#### RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute Work Order No. WOA1953-AE-08 to MTS Doc. No. G1953.0-17 (in substantially the same format as Attachment A) with Pacific Railway Enterprises (PRE), Inc. for design services for the Orange Line Interlocking E22 to E24 AC Low Voltage and E26 upgrade design services.

#### Budget Impact

The value of this agreement will not exceed \$150,501.42 and is funded through the MTS Capital Improvement Project budget account 2006102101.

#### DISCUSSION:

MTS intends to modify the existing track circuit power network from interlocking E22 to E24 and upgrade the existing interlocking E26 with a fully interlocked microprocessor based train control system. Currently, this interlocking utilizes relay based logic that has been modified over the past twenty-five years. The relays in this system are no longer manufactured and are difficult to procure. There are consistent problems with red signals and consequently, train delays at this key location.

This project will design and implement a microprocessor based logic that will interface with the existing signal system. This modification will reduce the amount of track relays and replace all obsolete equipment that will improve the train on-time performance on the Orange Line.





MTS staff is utilizing the approved A&E firms on a rotation basis and, according to the established ranked order of firms, selected PRE to perform the requisite services. PRE has the railroad signal design experience and is familiar with the MTS trolley signaling system.

Therefore, staff recommends that the Board of Directors authorize the CEO to execute Work Order No. WOA1953-AE-08 to MTS Doc. No. G1953.0-17 with PRE for the Orange Line interlocking E22 to E24 and to upgrade the existing interlocking E26 with a fully interlocked microprocessor based train control system.

/s/ Paul C. Jablonski

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. G1953.0-17 WOA1953-AE-08

November 8, 2017

MTS Doc. No. G1953.0-17  
Work Order No. WOA1948-AE-08

Pacific Rail Enterprises  
Jennifer Purcell  
President/CEO  
3560 University Ave, Suite F  
Riverside, CA 92501

Dear Mrs. Purcell:

Subject: MTS DOC. NO. G1953.0-17, WORK ORDER WOA1953-AE-08, GENERAL ENGINEERING DESIGN SERVICES FOR INTERLOCKING E22 TO E24 AC LOW VOLTAGE AND E26 UPGRADE

This letter shall serve as our agreement for Work Order WOA1953-AE-08 to MTS Doc. No. G1953.0-17, for professional services under the General Engineering Consultant Agreement, as further described below.

SCOPE OF SERVICES

This Work order provides for design services to MTS to 1) perform an assessment of the existing conditions and recommendations for modification of the existing track circuit power network from interlocking E22 to E24; and 2) evaluate and design a fully interlocked microprocessor based train control system for Interlocking E26.. Work provided under this Work Order will be performed in accordance with the attached Scope of Services (Attachment A and B)

SCHEDULE

This Work Order will not change the original schedule. The Scope of Services, as described above, shall remain in effect for eight (8) months from the date of the Notice to Proceed.

PAYMENT

Payment shall be based on actual costs in the amount not to exceed without prior authorization of \$150,501.42.

Please sign below, and return the document 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,

Accepted:

Paul C. Jablonski  
Chief Executive Officer

\_\_\_\_\_  
Jennifer Purcell  
Pacific Rail Enterprises

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

Attachments: Attachment A, Scope of Services  
Attachment B, Negotiated Fee Proposal

DRAFT



**WORK ORDER TITLE:** Orange Line Interlocking E22 to E24 AC Low Voltage and E26 Upgrade

**I. PROJECT DESCRIPTION**

This project requires design and engineering services to 1) perform an assessment of the existing conditions and recommendations for modification of the existing track circuit power network from interlocking E22 to E24; and 2) evaluate and design a fully interlocked microprocessor based train control system for Interlocking E26. Currently this interlocking utilizes relay based logic that has been modified over the past twenty-five years. The relays in this system are no longer manufactured and are difficult to procure. There are consistent problems with red signals and train delays at this key location. The qualified firm will design and engineer a microprocessor based logic interfaced with the connecting signal system. This modification will reduce the amount of track relays, replace all obsolete equipment and improve on time performance on the Orange Line.

**II. EXPECTED RESULTS**

This Work Order will provide construction documents for the rehabilitation of the power network located at Interlocking E22, E24 and a full control system design for Interlocking E26 and provide signal protection for reverse running on both tracks between Interlocking E26 and E28. This Work Order will provide sealed plans, estimates, and construction scope of work and bill of material list for the construction Contractor. Bid support will also be provided.

**III. SCOPE OF WORK**

The scope of work shall consist of the following tasks and deliverables:

**Task 1: Site Investigation/Verification**

- 1.1; Perform an assessment/recommendations of the existing track circuit power network from interlocking E22 to E24.

**Task 2: Signal Design Development**

The Consultant will produce Signal Drawings to install a Microprocessor at Interlocking E26 to interface with existing signal locations on both sides of Interlocking E26 and will include Coordination with Arinc for CTC. Consultant shall develop a recommendation for modifications of the existing track circuit power network from Interlock E22 to E24.

- 2.1; 50%- Development of Signal Layout, detailed Location Plans and Estimates.
- 2.2; 90%- Development of Signal Layout, detailed Location Plans, Estimate, Draft Scope of Work and Draft Bill of Material. Consultant will incorporate comments received by MTS and SANDAG at 50%.

- 2.3; 100%- Development of Signal Layout, detailed Location Plans, Estimate, Draft Scope of Work and Draft Bill of Material. Consultant will incorporate comments received by MTS and SANDAG at 90%.

**Task 3: Software Development**

- 3.1; Develop application software for E26 interlocking. The Consultant shall simulate the developed software and rack test prior to the Contractor to come to PRE’s Riverside office for Contractor rack testing.

**Task 4: IFB Support**

- 4.1; The Consultant shall provide support services during the bidding process, creating addenda as required.
- 4.2; The Consultant shall prepare conformed plans and scope of work, incorporating addenda created during the bidding process.

**IV. PERIOD OF PERFORMANCE**

List period of performance for required services

**V. DELIVERABLES**

Deliverables will be as directed by the PM and are limited to the following:

- 50% Signal Design Package
- 90% Signal Design Package
- 100% Signal Design Package
- Application software for E26 Interlocking

**VI. SCHEDULE OF SERVICES/MILESTONES/DELIVERABLES**

A. Tasks Schedule

<u>Task</u>	<u>Begin/End Dates</u>
Site Investigation/Verification	NTP / 1 month following NTP
Signal Design Development	NTP / 8 month following NTP
Final Plans	NTP / 10 months following NTP
Software Development	NTP / 10 months following NTP

B. Milestones/Deliverables Schedule

<u>Milestone/Deliverable</u>	<u>Due Date</u>
50% Signal Design Package	4 months following NTP
90% Signal Design Package	8 months following NTP
Final Signal Design Package	10 months following NTP
Vital Processor Application Software	10 months following NTP

**VII. MATERIALS TO BE PROVIDED BY MTS AND/OR THE OTHER AGENCY**

Current location CAD files will be provided by SANDAG.

### **VIII. SPECIAL CONDITIONS**

Any condition listed below applies solely to this Work Order and does not otherwise alter the Agreement or other Work Orders.

1. Design Contractor must obtain all CAD files from SANDAG.
2. Design Contractor shall not be responsible for costs associated with MTS flag protection for all on-site activities performed as necessitated by the design process.
3. Design Support During Construction will be funded under a separate task.

### **IX. MTS ACCEPTANCE OF SERVICES:**

Firm shall not be compensated at any time for unauthorized work outside of this Work Order. Firm shall provide notice to MTS' Project Manager upon 100% completion of this Work Order. Within five (5) business days from receipt of notice of Work Order completion, MTS' Project Manager shall review, for acceptance, the 100% completion notice. If Firm provides final service(s) or final work product(s) which are found to be unacceptable due to Firms and/or Firms subcontractors negligence and thus not 100% complete by MTS' Project Manager, Firm shall be required to make revisions to said service(s) and/or work product(s) within the Not to Exceed (NTE) Budget. MTS reserves the right to withhold payment associated with this Work Order until the Project Manager provides written acceptance for the 100% final completion notice. Moreover, 100% acceptance and final completion will be based on resolution of comments received to the draft documents and delivery of final documentation which shall incorporate all MTS revisions and comments.

Monthly progress payments shall be based on hours performed for each person/classification identified in the attached Fee Schedule and shall at no time exceed the NTE. Firm shall only be compensated for actual performance of services and at no time shall be compensated for services for which MTS does not have an accepted deliverable or written proof and MTS acceptance of services performed.

### **X. DEFICIENT WORK PRODUCT:**

Throughout the design and/or implementation phases associated with the services rendered by the Firm, if MTS finds any work product provided by Firm to be deficient and the deficiently delays any portion of the project, Firm shall bear the full burden of their deficient work and shall be responsible for taking all corrective actions to remedy their deficient work product including but not limited to the following:

- Paying applicable delay fees,
- Revising provided documents,

At no time will MTS be required to correct any portion of the Firms deficient work product and shall bear no costs or burden associated with Firms deficient performance and/or work product.

**XI. DELIVERABLE REQUIREMENTS**

Firm will be required to submit any and all documentation required by the Scope of Work. The deliverables furnished shall be of a quality acceptable to MTS. The criteria for acceptance shall be a product of neat appearance, well-organized, and procedurally, technically and grammatically correct. MTS reserves the right to request a change in the format if it doesn't satisfy MTS's needs. All work products will become the property of MTS. MTS reserves the right to disclose any reports or material provided by the Firm to any third party.

Firm shall provide with each task, a work plan showing the deliverables schedule as well as other relevant date needed for Firm's work control, when and as requested by MTS.

Firm's computer data processing and work processing capabilities and data storage should be compatible with Windows compatible PC's, text files readable in Microsoft Word, and standard and customary electronic storage. Firm shall maintain backup copies of all data conveyed to MTS.

Firm shall provide MTS with hard copy or electronic versions of reports and/or other material as requested by MTS.

**XII. ADDITIONAL INFORMATION**

Not applicable

**XIII. PROJECT BUDGET**

The budget for the A&E portion of this project is \$180,000.

# Work Order Estimate Summary

Att. A, AI 14, 11/9/17

<b>MTS Doc. No.</b>	<b>G1953.0-17</b>
<b>Work Order No.</b>	<b>WOA1953-AE-08</b>
<b>Attachment:</b>	<b>B</b>

**Work Order Title:** Orange Line Interlocking E22 to E24 AC Low Voltage and E26 Upgrade

**Project No:** 2005104101

**Table 1 - Cost Codes Summary (Costs & Hours)**

Item	Cost Codes	Cost Codes Description	Total Costs
1			\$150,501.42
2			

Totals = **\$150,501.42**

**Table 2 - TASKS/WBS Summary (Costs & Hours)**

Item	TASKS/WBS	TASKS/WBS Description	Labor Hrs	Total Costs
1	0600-0255	Field Investigation/Verification	32.0	\$5,180.80
2	0600-0255	Signal Design Development	918.0	\$106,156.22
3	0600-0255	Software Development	240.0	\$36,574.00
4	0600-0255	IFB Support	16.0	\$2,590.40

Totals = **1,206.0** **\$150,501.42**

**Table 3 - Consultant/Subconsultant Summary (Costs & Hours)**

(If Applicable, Select One)				Consultant	Labor Hrs	Total Costs
DBE	DVBE	SBE	Other			
X		X		Pacific Railway Enterprises, Inc.	1,206.0	\$150,501.42

Totals = **1,206.0** **\$150,501.42**



# Work Order Estimate Summary

Att. A, AI 14, 11/9/17

Total Hours =	1,206
Total Costs =	\$150,501.42

Consultant/Subconsultant: Pacific Railway Enterprises, Inc.

MTS Doc. No.: G1953.0-17

Work Order No.: WOA1953-AE-08

Work Order Title: Orange Line Interlocking E22 to E24 AC Low Voltage and E26 Upgrade

Attachment: **B**

Item	TASKS/WBS	TASKS/WBS Description	ODCs (See Attachment)	Systems Engineer	Sr. Railroad Systems Technologist I	Signal Designer III	Sr. Railroad Systems Technologist III	Sr. Railroad Systems Technologist II	NA	NA	NA	NA	NA	Total Hours	Totals
			\$224.17	\$124.54	\$74.72	\$161.90	\$150.49	\$ -	\$ -	\$ -	\$ -	\$ -			
<b>1</b>	<b>Task 1</b>	<b>0600-0255 Field Survey/Verification</b>													
1.1	Assessment/Recommendations existing track circuit power E22 to E24						32							32	\$5,180.80
		Subtotals (Hours) =	N/A				32							32	\$5,180.80
		Subtotals (Costs) =					\$5,180.80							<b>32</b>	<b>\$5,180.80</b>
<b>2</b>	<b>Task 2</b>	<b>0600-0255 Signal Design Development</b>													
2.1	50% Design Package			8	200	160	96							464	\$54,198.96
2.2	90% Design Package			4	180	140	64							388	\$44,136.28
2.3	100% Final Design Package			2	24	24	16							66	\$7,820.98
		Subtotals (Hours) =	N/A	14	404	324	176							918	\$106,156.22
		Subtotals (Costs) =		\$3,138.38	\$50,314.16	\$24,209.28	\$28,494.40							<b>918</b>	<b>\$106,156.22</b>
<b>3</b>	<b>Task 3</b>	<b>0600-0255 Software Development</b>													
3.1	Application Software Development						40	200						240	\$36,574.00
		Subtotals (Hours) =	N/A				40	200						240	\$36,574.00
		Subtotals (Costs) =					\$6,476.00	\$30,098.00						<b>240</b>	<b>\$36,574.00</b>
<b>4</b>	<b>Task 4</b>	<b>0600-0255 IFB Support</b>													
4.1	Bid Support						8							8	\$1,295.20
4.2	Preparation of Conformed Plans and Scope of Work						8							8	\$1,295.20
		Subtotals (Hours) =	N/A				16							16	\$2,590.40
		Subtotals (Costs) =					\$2,590.40							<b>16</b>	<b>\$2,590.40</b>
	<b>Totals (Summary) =</b>													<b>1,206</b>	<b>\$150,501.42</b>
	Total (Hours) =	N/A		14	404	324	264	200						1206	
	Total (Costs) =		\$3,138.38	\$50,314.16	\$24,209.28	\$42,741.60	\$30,098.00								\$150,501.42
	Percentage of Total (Hours) =	N/A	1%	33%	27%	22%	17%							100%	
	Percentage of Total (Costs) =		2%	33%	16%	28%	20%								100%

## Work Order Estimate Summary

Att. A, AI 14, 11/9/17

Consultant/ Subconsultant:

Contract No:

Work Order Title:

Task Order No.

Attachment:

### TASKS/WBS (1-5)

ODC Item	Description	Unit	Unit Cost	Task 1		Task 2		Task 3		Task 4		Task 5	
				Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
				Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>

### TASKS/WBS (6-10)

ODC Item	Description	Task 1		Task 2		Task 3		Task 4		Task 5		Totals	
		Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total	Quantity	Total
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
		Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Subtotal =	<input type="text"/>	Totals =	<input type="text"/>



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## Agenda Item No. 15

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

November 9, 2017

#### SUBJECT:

PURCHASE OF THREE (3) CLASS E MEDIUM DUTY BUSES FOR RURAL SERVICE  
– CONTRACT AWARD

#### RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorizes the Chief Executive Officers (CEO) to execute MTS Doc. No. B0681.0-18 (in substantially the same format as Attachment A) with Creative Bus Sales, for the purchase of three (3) gasoline powered 32-ft Class E mid-size rural buses.

#### Budget Impact

The purchase of three (3) Class E medium duty buses would not exceed \$423,417.09 inclusive of all applicable taxes and fees. This project will be funded through the fiscal year (FY) 2018 mid-size bus procurement (rural) project WBSE # 1001105201-599901.

#### DISCUSSION:

MTS is responsible for providing rural bus services to the eastern portion of San Diego County, serving the communities of Ramona, Borrego Springs, Jacumba, Pine Valley, Descanso, Alpine, Tecate, Rancho San Diego and Campo. MTS operates this service with three (3) mid-size gasoline powered 30ft class E buses that were purchased in 2009. These buses have reached the end of their useful service life and have been scheduled for replacement as part of the FY2018 MTS Fleet Replacement Plan.

Staff is recommending replacement of these three (3) existing vehicles with a similarly equipped mid-size gasoline powered bus. Due to the undulating topography of eastern San Diego county and longer range of travel associated with rural bus service, these



routes require extended fuel range capabilities only provided by a gasoline powered option.

FTA Circular 4220. 1F, Chapter V, Section 4 encourages federal grant recipients to use state and local intergovernmental agreements for procurements of property and services. MTS staff identified an intergovernmental agreement that provides Class E buses that meet MTS specifications. Class E buses are available through a California State government purchasing schedule administered by the California Association of Coordinated Transportation (CalACT), RFP No 15-03. The CalACT vehicle purchase cooperative allows MTS to select vehicles from a pre-competed menu of choices from different vendors and manufactures.

The vehicles being purchased are the same make and model and are similarly equipped as MTS existing rural mid-size bus fleet, which fits the needs of the service and passengers riding it.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. B0681.0-18 (in substantially the same format as Attachment A), with Creative Bus Sales, for the purchase of three (3) gasoline powered Class E mid-size rural buses.

/s/ Paul C. Jablonski  
Paul C. Jablonski  
Chief Executive Officer

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

Attachment: Draft MTS Doc. No. B0681.0-18

STANDARD PROCUREMENT AGREEMENT

B0681.0-18  
CONTRACT NUMBER  
WBSE # 1001105201  
FILE NUMBER(S)

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2017, 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: Creative Bus Sales Address: 14740 Ramona Ave.  
Form of Business: Corporation Chino, CA 91710  
(Corporation, partnership, sole proprietor, etc.) Telephone: 909.465.5528  
Authorized person to sign contracts: Tony Matijevich President  
Name Title

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

Provide up to three (3) Type E, Ford F550 Buses as specified in the Creative Bus Sales Proposal dated October 26, 2017 (attached as Exhibit A), and the MTS Standard Conditions Procurement (attached as Exhibit B), and Federal Requirements (attached as Exhibit C).

MTS and Contractor shall agree to production and delivery schedules in writing upon execution of the Contract. Estimated delivery is 180-210 days from purchase order.

Vehicle shall be delivered to: **Metropolitan Transit System (MTS) c/o First Transit**  
544 Vernon Way  
El Cajon, CA 92020

The registered owner will be: **San Diego Metropolitan Transit System (MTS)**  
1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101

The total contract cost shall be firm fixed price not exceed \$423,417.09, which includes tax, delivery and California tire fee.

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

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
<u>\$423,417.09</u>	<u>WBSE #1001105201 - 599901</u>	<u>2018</u>

By: \_\_\_\_\_ Date \_\_\_\_\_  
Chief Financial Officer  
( \_\_\_\_\_ total pages, each bearing contract number) SA-PROCUREMENT (REV 6-15)  
DATE



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## Agenda Item No. 16

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

November 9, 2017

#### SUBJECT:

DAVRA NETWORKS, RUBAN SOFTWARE AND SUPPORT INFRASTRUCTURE  
SOLUTION FIVE YEARS -SOLE SOURCE CONTRACT AWARD

#### RECOMMENDATION:

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

- 1) Execute MTS Doc. No. G2071.0-18 (in substantially the same format as Attachment A) with Davra Networks, for a three (3) year period with two (2) one-year options to provide Software and Supporting Infrastructure Solution for RuBAN system; and
- 2) Exercise each option year at CEO's discretion.

#### Budget Impact

The total value of this agreement will not exceed \$300,000.00 (\$180,000 for the base years and \$120,000 for the option years). Funding would come from the Capital Improvement Project (CIP) No. 1007003101.

#### DISCUSSION:

San Diego Metropolitan Transit System (MTS) uses Davra Network's RuBAN software systems for next train arrivals, public address system announcements integration, LRV telematics and diagnostics, GTFS data, reports, and smart train sign programming.

Passenger information system is a key communication link between transit operations and the traveling public. Davra Network's RuBAN software systems is utilized to control MTS's content-dynamic electronic signs that principally offer travelers real-time information on train destinations, arrival and departure times, and service disruption announcements through changeable visual displays using LED technology etc. Davra's software also provides a platform through which MTS can readily broadcast emergency



and non-emergency announcements to the public via the trolley stations Public Announcement (PA) system.

In November of 2015, Davra was approved for the next train arrival information project, which was successfully implemented to display accurate next train arrival information on the Variable Message Signs (VMS) located at all trolley stations so passengers will have access to:

- Train arrival times
- Information including route and destination
- Updates on current travel disruptions
- Emergency messages from San Diego Transit Corporation (SDTC) and San Diego Trolley, Inc. (SDTI)

All Light Rail Vehicles (LRVs) are now equipped with 829 cisco routers. The 829 cisco routers interface with LRVs CCU (Central Control Unit) and the Davra Network's RuBAN software systems.

In October of 2016, Davra was approved to implement an LRV remote diagnostics project and a Public Address System Integration project with the VMS system at all the trolley stations. The PA system integration project was implemented in August of 2017 and the LRV remote diagnostics system is currently in testing.

Davra Networks shall be providing Software, Support Infrastructure Solution upgrades and other new updates related to the RuBAN system. This will include direct access to Senior Support Engineers responsible for the development and full written documentation and explanation of problems and resolutions.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to: (1) execute to MTS Doc. No. G2071.0-18 (in substantially the same format as Attachment A) with Davra Networks for a three (3) year period with two (2) one-year options to provide Software and Hardware Support for RuBAN system; and (2) exercise each option year at CEO's discretion.

/s/ Paul C. Jablonski

Paul C. Jablonski  
Chief Executive Officer

Key Staff Contact: Sharon Coney, 619-557-4582, [Sharon.Cooney@sdmts.com](mailto:Sharon.Cooney@sdmts.com)

Attachment: A. Draft MTS Doc. No. G2071.0-18

STANDARD SERVICES AGREEMENT

G2071.0-18  
CONTRACT NUMBER

DRAFT

FILE NUMBER(S)

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2017, 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: Davra Networks Address: 440 North Wolfe Rd

Form of Business: Corporation Sunnyvale CA 94085  
(Corporation, partnership, sole proprietor, etc.)

Telephone: 925 918 5166

Authorized person to sign contracts: Brian McGlynn Chief Operation Officer (COO)  
Name Title

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

Provide Software and Supporting Infrastructure Solution for RuBAN system in accordance with the MTS Standard Services Agreement (attached as Exhibit B), Davra Networks Software Support Contract (attached as Exhibit A), and MTS Travel Guidelines Applicable to MTS Contractors No. 44-C ( attached as Exhibit C)

The contract term is for up to a 5-year period (3-year base with two 1-year options). Base period shall be effective December 1, 2017, through November 30, 2020, and Option Years 1-2 shall be effective December 1, 2020, through November 30, 2022 (exercisable at MTS's sole discretion). Payment terms shall be net 30 days from invoice date.

The total contract cost shall not exceed **\$300,000** [\$180,000 for the base period and \$120,000 for the option years.]

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
\$ 180,000 – Base		
\$ 120,000 – Options		
<b>\$ 300,000 – Total</b>	661010-571250	18-23

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





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## Agenda Item No. 17

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

November 9, 2017

#### SUBJECT:

SDSU TUNNEL SAFETY EQUIPMENT MAINTENANCE - 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. PWL226.0-17 (in substantially the same format as Attachment A) with Comfort Mechanical, Inc. to provide maintenance services for San Diego State University (SDSU) Tunnel Safety Equipment.

#### Budget Impact

The value of this agreement will not exceed \$1,014,038.30 that includes a base contract amount of \$921,853.00 and ten percent contingency of \$92,185 for possible trouble calls and call back charges and is funded through the MTS MOW Operating budget account Cost Center 360016.

#### DISCUSSION:

MTS currently operates trolley service to the SDSU campus via the Green Line that passes through an underground tunnel to the SDSU station stop. The SDSU tunnel and underground station mechanical, electrical and emergency systems are comprised of multiple individual components, such as emergency ventilation fans, jet fans, dampers, facilities ventilation, electrical systems, battery backups, gap breakers and train zone surveillance that must work together for the overall systems to function properly in the event of an emergency.



Routine preventive maintenance service program must be developed that includes every major piece of equipment. This work is most efficiently and effectively performed through a service contract.

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

On June 7, 2017, MTS issued the Request for Proposals (RFP) for turn-key mechanical and electrical preventive maintenance services, including inspection, testing, parts replacement, and repairs of equipment, and heating ventilation air conditioning (HVAC) servicing of fire life safety equipment in the SDSU Underground Station. One (1) proposal was received on the due date of July 11, 2017, as follows:

1. Comfort Mechanical, Inc.

The submission was deemed responsive and, after a single bid analysis was conducted, the pricing was determined to be responsible.

A selection committee, consisting of representatives from MTS Finance, Maintenance of Way, and the independent SDSU station manager met and scored the proposal based on the following:

1. Qualifications of the Firm or Individual	25%
2. Staffing, Organization and Management Plan	20%
3. Work Plan	25%
4. Cost and Price	<u>30%</u>
	Total 100%

The following table represents the proposer's final score following the interviews and evaluation of revised technical and cost proposal:

Proposer Name	Technical Score	Cost Score	Total Score (Technical + Cost)
Comfort Mechanical, Inc.	60.80	30.00	90.80

Staff then negotiated with Comfort Mechanical, Inc. to reduce hourly rate of the locksmith and provide alternate pricing for an LED lighting upgrade. As a result, the cumulative hourly rate of the locksmith was reduced by nearly 7%, and the LED lighting upgrade, if utilized, would result in a savings of \$154,792.00 during the term of the agreement.

On September 22, 2017, MTS issued a Notice to Intent to Award to Comfort Mechanical, Inc., based on the selection committee's determination that their proposal best met MTS requirements set forth in the RFP, including both technical and price factors.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. PWL226.0-17(in substantially the same format as Attachment A) with Comfort Mechanical, to provide the maintenance contract services for SDSU Tunnel Safety Equipment. for a three (3) year base term with two (2) one-year options, exercisable at MTS's sole determination.

/s/ Paul C. Jablonski  
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. PWL226.0-17

STANDARD SERVICES AGREEMENT

PWL226.0-17  
CONTRACT NUMBER  
FILE NUMBER(S)

DRAFT

THIS AGREEMENT is entered into this \_\_\_ day of \_\_\_\_\_ 2017, 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: Comfort Mechanical, Inc. Address: 10740 Kenney Street  
Form of Business: Corporation Santee, CA 92071  
(Corporation, partnership, sole proprietor, etc.) Telephone: 518.462.5431

Authorized person to sign contracts: Sean Caviness Project Manager  
Name Title

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

Provide for service and maintenance of the San Diego State University (SDSU) Tunnel Safety Equipment (attached as Exhibit A), and in accordance with the Standard Conditions Services Agreement, including the Standard Conditions Services (attached as Exhibit B), and the Federal Requirements (attached as Exhibits C).

The contract term is for three (3) base years, with two (2) optional years exercisable at the sole discretion of MTS.

Payment terms shall be net 30 days from invoice date. The total cost of this contract shall not exceed \$1,014,038.30 without the express written consent of MTS.

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
\$1,014,038.30	360016/545500	FY 18

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



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

## Agenda Item No. 18

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

November 9, 2017

#### SUBJECT:

SAN DIEGO TROLLEY, INC. (SDTI) S70 AXLE OVERHAUL CONTRACT AWARD –  
SOLE SOURCE

#### RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1416.0-18 (in substantially the same format as Attachment A) with Siemens Industry Inc., on a sole source basis, for S70 Light Rail Vehicle Axle Overhaul services.

#### Budget Impact

The total value of this agreement will not exceed \$2,499,150.00. Funding will be from the fiscal year 2018 through 2019 CIP number 2003100901.

#### DISCUSSION:

SDTI is currently operating a fleet of eleven (11) S70 LRVs. These rail cars were manufactured by Siemens in 2005. Siemens is the designer and original equipment manufacturer (OEM) of the power truck axle used on these rail cars. The power truck axles, mounted under each end of the S70 vehicle provide the mechanical force necessary for vehicle movement.

Siemens provides maintenance services that meet the standards set by SDTI. They have greatly expanded their servicing base to specialize in repair and rehabilitation of each component of the S70 vehicle including the power truck axle set. Skilled workmanship and an intimate knowledge of the equipment are necessary for an overhaul to ensure that the finished product will maintain the proper levels of reliability and safety required by SDTI.



Based on the high levels of design criteria and the need for specialized knowledge of propulsion systems for mass transit, it is required that only Siemens certified personnel are permitted to overhaul this equipment.

All drawings and specifications necessary to manufacture the power truck axles and services are proprietary to Siemens. Maintenance procedures at SDTI require that these parts and services be obtained from the OEM. MTS staff also requests the use of Siemens parts in the overhaul of this critical equipment to guarantee its integrity and reliability.

After conducting price reasonableness analyses, staff determined that Siemens presented fair and reasonable pricing. Siemens bid is 10.8% lower than MTS's independent cost estimate of \$2,802,277.96.

<b>SD70 POWER AXLE OVERHAUL COST BREAKDOWN</b>				
	<b>Cost per Axle</b>	<b>Number of Axles</b>	<b>Number of Motors</b>	<b>Total</b>
<b>Base</b>	\$ 39,850.00	50		\$ 1,992,500.00
<b>Option 1 Tire Press Labor</b>	\$ 1,935.00	25		\$ 48,375.00
<b>Option 2 Traction Motor VPI</b>	\$ 1,670.00		25	\$ 41,750.00
<b>Total</b>				<b>\$ 2,082,625.00</b>
<b>20% Out of Scope</b>				<b>\$ 416,525.00</b>
<b>Grand Total</b>				<b>\$ 2,499,150.00</b>

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. L1416.0-18 (in substantially the same format as Attachment A) with Siemens Industry Inc., on a sole source basis, for S70 Light Rail Vehicle Axle Overhaul services.

/s/ Paul C. Jablonski  
 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. L1416.0-18

**ATTACHMENT A  
DRAFT**

<u><b>L1416.0-18</b></u> CONTRACT NUMBER  _____ FILE/PO NUMBER(S)
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**STANDARD PROCUREMENT AGREEMENT  
FOR  
S70 AXLE OVERHAUL**

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2017, 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:**

S70 Axle Overhaul as specified in the Minimum Technical Specifications (attached as Exhibit A), Siemens Price Proposal (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 Exhibit D).

Total contract value shall not exceed in the amount of \$2,499,150.00 without prior written approval from MTS. (Contract effective – NTP plus 18 months).

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
<u>\$ 2,499,150.00</u>	<u>2003100901</u>	<u>FY 17</u>

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

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

SA-PROCUREMENT REVISED (REV 6-13)  
DATE



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

## Agenda Item No. 30

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

NOVEMBER 9, 2017

#### SUBJECT:

FISCAL YEAR 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT (ERIN DUNN AND LARRY MARINESI; KEN PUN OF THE PUN GROUP)

#### INFORMATIONAL ONLY

##### Budget Impact

None.

#### DISCUSSION:

The San Diego Metropolitan Transit System (MTS) staff and external auditors, The Pun Group, will present the FY 2017 CAFR and discuss the FY 2017 Audit.

A draft of the FY 2017 CAFR was presented to the Audit Oversight Committee on November 2, 2017 as well as a review of the FY 2017 Independent Audit by Ken Pun from The Pun Group. During the presentation, it was noted that they are issuing an "Unmodified Opinion" and that our financial statements are presented fairly in all material respects.

/s/ Paul C. Jablonski  
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. FY17 Comprehensive Annual Financial Report (Online and Board Only Due to Volume)







# Comprehensive Annual Financial Report

for the Fiscal Years Ended  
June 30, 2017 and 2016

San Diego, California



San Diego Metropolitan Transit System





# **San Diego Metropolitan Transit System**

San Diego, California

*Comprehensive Annual Financial Report  
and Independent Auditors' Reports*

*For the Years Ended June 30, 2017 and 2016*

PREPARED BY SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
FINANCE DEPARTMENT



# San Diego Metropolitan Transit System

## Table of Contents

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Page

### Introductory Section (Unaudited):

Letter of Transmittal .....	i
Listing of Board of Directors and Management .....	vi
Executive Level Organization Chart.....	viii
Certificate of Achievement for Excellence in Financial Reporting – GFOA .....	ix

### Financial Section:

<b>Independent Auditors' Report.....</b>	<b>1</b>
--	----------

<b>Management's Discussion and Analysis (Required Supplementary Information) (Unaudited) .....</b>	<b>3</b>
--	----------

#### Basic Financial Statements:

Statements of Net Position.....	8
Statements of Revenues, Expenses and Changes in Net Position.....	11
Statements of Cash Flows.....	12
Notes to Basic Financial Statements.....	15

#### Required Supplementary Information (Unaudited):

Schedule of Proportionate Share of the Net Pension Liability .....	74
Schedule of Changes in Net Pension Liability and Related Ratios .....	75
Schedule of Contributions.....	78
Schedule of Funding Progress of Other Postemployment Healthcare Plan.....	83

#### Supplementary Information:

Combining Schedule of Net Position.....	86
Combining Schedule of Revenues, Expenses, and Changes in Net Position.....	90
Combining Schedule of Cash Flows.....	92
Schedules of Revenues, Expenses and Changes in Net Position - Budget and Actual:	
Combined Operations .....	94
General Operations:	
General Fund.....	96
Taxicab Administration .....	98
San Diego & Arizona Eastern Railway.....	99
Contracted Services .....	100
San Diego Transit Corporation .....	102
San Diego Trolley, Inc.....	104

# San Diego Metropolitan Transit System

## Table of Contents (Continued)

---

	<b>Page</b>
<b>Statistical Section (Unaudited):</b>	
Financial Trends:	
Net Position by Component .....	109
Changes in Net Position .....	110
Revenue Capacity:	
Operating Revenue by Source .....	114
Fare Structure .....	115
Farebox Recovery Percentages .....	116
Debt Capacity:	
Ratio of Outstanding Debt by Type .....	118
Demographic and Economic Statistics:	
Regional Population and Personal Income Statistics .....	120
Full-time and Part-time Employees by Function .....	121
Ten Largest Employers in San Diego County .....	122
Operating Information:	
Operating Indicators by Function .....	124
Service Performance Data .....	125
Capital Assets Statistics by Function .....	126
Ridership .....	127
Operating Subsidy .....	128
<b>Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>	<b>129</b>

## **INTRODUCTORY SECTION**

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

## Board of Directors and Transit Riders San Diego Metropolitan Transit System

The comprehensive annual financial report of the San Diego Metropolitan Transit System (MTS) for the fiscal years ended June 30, 2017 and 2016 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. The MTS Board of Directors has established an Audit Oversight Committee to provide an additional level of scrutiny to the preparation of the comprehensive annual financial report. Management of MTS is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of MTS are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

State statutes require an annual audit by independent certified public accountants. The Pun Group LLP, Accountants and Advisors, has been retained to meet this requirement. The goal of the independent audit was to provide reasonable assurance that the financial statements of MTS for the fiscal years ended June 30, 2017 and 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that MTS's financial statements for the fiscal years ended June 30, 2017 and 2016 are fairly presented, in all material respects, in conformity with U.S. GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit also was designed to meet the requirements of a broader, federally mandated "Single Audit" and to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements required the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports related specifically to the Single Audit are issued under separate cover.

U.S. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.



## REPORTING ENTITY

The San Diego Metropolitan Transit System was created effective January 26, 1976 to provide the policy setting and overall management coordination of the public transportation system in the San Diego metropolitan service area. This service area encompasses approximately 3 million people residing in a 570 square mile area of San Diego County, including the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, Santee, and San Diego and the unincorporated area of the County of San Diego.

MTS's mission statement, adopted by the Board of Directors, is to enhance the personal mobility of San Diego metropolitan area residents and visitors by:

- Obtaining maximum benefit for every dollar spent.
- Being the community's major public transportation advocate.
- Increasing public transportation usage per capita.
- Taking a customer-oriented approach.
- Implementing capital projects on schedule and within budget.
- Offering high-quality public transportation services.
- Responding to the community's socioeconomic interests.

California law establishes the San Diego Association of Governments (SANDAG) as the planning agency for San Diego County. The responsibility and decision-making for all transportation-related planning, programming and development activities occurs within SANDAG's nine-member Transportation Committee. Approved transportation plans and programs are subsequently executed by SANDAG staff. Within this structure, MTS and the North County Transit District (NCTD) focus primarily on operating activities.

MTS is effectively an umbrella agency. MTS owns the assets of San Diego Trolley, Inc. (SDTI) and San Diego Transit Corporation (SDTC), the area's two largest transit operators. These two transit units were formed under California law as not-for-profit public corporations and function as operating subsidiaries of MTS. SDTI and SDTC are considered component units and are blended component units for financial reporting purposes. SDTI operates three Light Rail Transit (LRT) routes: the UC San Diego Blue Line from the America Plaza Station to San Ysidro at the International Border, the Orange Line from the America Plaza through Centre City and then east to El Cajon Transit Center, and the Green Line from the 12th and Imperial Transit Center Bayside platform to Santee. SDTI operates on a total of 54.3 miles of track. SDTC operates 27 routes with an active fleet of 273 buses.

The relationship between MTS and the transit operating subsidiaries, SDTI and SDTC, is formally established through operating agreements and MTS-adopted corporate policies. These agreements and corporate policies specify the roles and responsibilities of each of the organizations and outline the procedures in numerous functional areas including accounting and budgeting, fare setting, marketing and public information, revenue-producing advertising, service contracts, and programming of federal, state and local subsidies. The MTS Board of Directors has the policy-setting responsibility for the operation and development of MTS's transit operating subsidiaries as well as for the planning and approval of capital expenditures by or on behalf of these entities. The day-to-day operating functions, labor matters and maintenance of facilities are managed by the individual transit operators. MTS has centralized and consolidated Security, Planning, Human Resources, Finance, Information Technology, Stores, and Purchasing for MTS and all subsidiaries.

In addition to the bus routes operated by SDTC, MTS is financially accountable for the operation of certain additional bus routes. MTS contracts with outside parties for the operation of 73 fixed-route bus lines and paratransit services with an active fleet of 525 buses. The contracts require full operation and maintenance of the bus services. Contract services are accounted for in the Contracted Services Fund for financial reporting purposes.

MTS owns the San Diego and Arizona Eastern Railway Company (SD&AE), a not-for-profit railroad holding company entrusted with assets which include 108 miles of rail line and over 2,000 acres of property. MTS has a contract with the San Diego and Imperial Valley Railway Co. (SDIV) for the operation of freight rail services over the UC San Diego Blue Line (downtown San Diego south to San Ysidro) and Orange Line (downtown San Diego east to El Cajon) trolley segments. MTS provides no subsidy to SDIV, but does receive a portion of its gross revenue. SD&AE is considered a blended component unit for financial reporting purposes.

In December 2012, SD&AE entered into a 99-year lease and operating agreement with Pacific Imperial Railroad, Inc. (PIR) over the 70-mile Desert Line freight right of way in East San Diego County. PIR filed for bankruptcy in September 2016 and the lease was transferred to Baja California Rail Road, Inc. (BJRR) as part of the bankruptcy process. On September 21, 2017, MTS executed an amended and restated Desert Line lease agreement with BJRR. The BJRR agreement provides specific performance milestones which begin after the US and Mexico governments formally approve construction and operation of a customs inspection facility serving the Desert Line, with a minimum of \$1 million in annual revenue required. The agreement may be terminated if BJRR fails to meet the specified milestones, or at BJRR's election with six months' notice. If BJRR meets all milestones and commences freight operations along the Desert Line, MTS's revenue will increase to 7% of gross freight revenue.

MTS is financially accountable for the operation of Taxicab Administration and currently has contracts with the following cities through June 30, 2019: San Diego, National City, El Cajon, Imperial Beach, La Mesa, Lemon Grove, Poway, and Santee. The agreements include licensing and regulating taxicabs, jitneys, nonemergency medical, charter, low speed vehicle, and sightseeing for-hire vehicles.

The MTS Board of Directors is comprised of 15 members with four appointed from the San Diego City Council, one appointed from the San Diego County Board of Supervisors, one appointed from each city council of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee, and one member of the public elected by other Board members to serve as Chairman.

## **ECONOMIC CONDITION AND OUTLOOK**

San Diego region's economy is geared toward continued prosperity in 2017. Industries projected to lead the region's growth are defense, tourism and innovation, followed by healthcare and professional services which are also predicted to continuously thrive in the current year. San Diego's gross domestic product (GDP), the total value of the region's economy, soared to \$220.6 billion in 2015 compared to the \$206.8 billion earned in 2014, and is forecasted to grow 2.7% in 2017. Unemployment is projected to further decrease to an annual average of 3.9 percent in 2017, and compares favorably to the unemployment rate in California and the national average.

### **Long-term financial planning**

The long-term goal of MTS is to fund operations solely with recurring revenues. While sales tax receipts throughout California, which impacts subsidy revenue available to MTS from both TDA and TransNet funds, increased again for the seventh consecutive year, MTS is currently in the second year of ridership declines, with overall passenger levels down by over 10% compared to the FY15 peaks. This had a similar impact on passenger revenue levels, and to compensate, MTS utilized one-time funding to balance both the FY17 amended budget and the FY18 operating budget. MTS also has a contingency reserve balance of 12.5% of the operating budget at its disposal.

### **Major Initiatives**

MTS has been addressing this two year ridership decline in a number of different ways. In Fall 2016, MTS launched its Transit Optimization Plan (TOP) to evaluate MTS' current network of services and ensure that it is efficient and effective for the region's travel needs. MTS collected nearly 4,000 online surveys, as well as valuable feedback at 15 outreach events. MTS then analyzed the findings in conjunction with system performance data, route segments and ridership patterns. MTS hosted more than 20 open house events at transit centers/stations across the county, asking the public for feedback on the proposed route and schedule changes that

are aimed at realigning current transit services to meet market needs. The proposed system adjustments were approved by the Board in September 2017.

As part of this ridership review and ease of use of the system, MTS had undertaken an initiative upgrading the region's current fare collection system. A fare collection working group was established in 2016 to spearhead the creation of a set of preliminary requirements for the future electronic fare collection system. The working group hired a consultant to assist in its work, held a peer agency workshop, reviewed numerous documents produced by other agencies, and attended an international workshop. A whitepaper details the results of the working group's efforts, and recommended the agency develop a Concept of Operations (ConOps). This ConOps, which was completed in summer of 2017, reviewed the current system components and contract terms, produced detailed system requirements for the new system (Eg. design of equipment, reporting system, sales channel review), provided direction for the procurement strategy and provided an updated cost estimate. The ConOps also generated plans for Mobile ticketing integration, implementation and transition to the new system.

While the replacement of the current fare collection system is being reviewed, enhancements to the existing system are being rolled out to give added functionality to the system. In March of 2017, MTS and the North County Transit District (NCTD) launched Compass Cloud, the new anytime, anywhere mobile ticketing option for San Diego transit riders. It is the first mobile ticketing app that is good for both transit agencies, good 7 days a week and available for MTS Rapid, MTS Bus Operations, the San Diego Trolley and NCTD Coaster, Sprinter and Breeze. In the first phase, day passes, 30-day passes and Coaster one-way tickets are available for adult passengers (senior fares are available for Coaster one-ways). Future phases will include discounted fares for youth, seniors and disabled. Prices for passes will be the same as from Ticket Vending Machines, The Transit Store, Customer Service Centers and third-party outlets. With Compass Cloud, there is no need to have any other fare media. In June of 2017, MTS and NCTD launched Compass Cash, which added the capability of stored value to the Compass Card fare collection system. This gives the riders the ability to add funds to their smart card to be utilized as needed.

MTS has also focused on the customer facilities in its service area. Electronic display boards showing real-time next train arrival information are active at all 53 transit stations and on all three rail lines. The electronic boards connect GPS locating technology and Trolley schedules to map out the next arrival times. The information is used to create "by-the-minute" accuracy of the next arriving Trolley. The display boards identify the line, current time and the next three Trolley arrival times. Relative to Bus Operations, 600 new bus shelters and 1,850 bus benches are being installed throughout the MTS service territory. The new shelters have features such as a modern look, better lighting, solar power, custom aluminum benches, advertising panels, and a new roof design.

Finally, a major service enhancement is now underway. The Federal Transit Administration (FTA) signed a Full Funding Grant Agreement between SANDAG and the FTA to pay for half the cost of the Mid-Coast Trolley extension. The Mid-Coast Trolley extension is the largest public transit project in the history of the San Diego region. It will cost \$2.1 billion to build, and MTS rail operations are expected to commence in 2021. The extension will extend the UC San Diego Blue Line from Santa Fe Depot to the University City community, serving major activity centers such as Old Town, UC San Diego, the VA Hospital and the Westfield UTC mall. MTS will have 11 more miles of track to serve, nine new stations, more trains to operate, and up to 20,000 more daily riders as a result of this project.

Over the last decade, MTS has made funding the Capital Improvement Plan (CIP) a priority to bring the system up to a state of good repair, with over \$800 million of funding spent on Capital. MTS and SANDAG completed the rehabilitation of the Blue Line, also replaced both the East County and South Bay Bus facilities. The bus fleet replacement plan has been adjusted to keep the number of buses replaced to a manageable figure each year. The U2 light rail vehicle (LRV) fleet has been replaced and \$48M has already been saved towards SD100 LRVs as they approach the end of their useful lives. MTS has committed \$69 million for CIP in FY18, funding 46 projects focused on fleet replacement, maintaining a state of good repair, and a number of rehabilitation projects along the Orange Line.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to MTS for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the eleventh consecutive year and the twenty first year overall that MTS has achieved this prestigious award. To be awarded a Certificate of Achievement, MTS must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Acknowledgments

The staff of the finance department is to be commended for their efficient and dedicated service to the production of this report. In addition, we express our appreciation for the assistance and cooperation provided by management and staff in all departments throughout the organization.



Paul Jablonski  
Chief Executive Officer



Larry Marinesi  
Chief Financial Officer

November 3, 2017

# San Diego Metropolitan Transit System

## Listing of Board of Directors and Management

### BOARD OF DIRECTORS

<b>Members</b>	<b>Board position (elected position)</b>
Harry Mathis	Chairman, since 1/06; Board Member since 12/94
Ron Roberts	Vice Chairman, since 1/11; Board Member since 11/89 (Supervisor, County Board of Supervisors)
David Alvarez	Board Member, since 1/12 (Councilmember, City of San Diego)
David Arambula	Board Member, since 1/17 (Councilmember, City of Lemon Grove)
Lorie Bragg	Board Member, since 1/12 (Councilmember, Imperial Beach)
Myrtle Cole	Board Member, since 9/13 (Councilmember, City of San Diego)
Jim Cunningham	Board Member, since 1/09 (Councilmember, City of Poway)
Georgette Gomez	Board Member, since 1/17 (Councilmember, City of San Diego)
Ronn Hall	Board Member, since 5/17 (Councilmember, City of Santee)
Bob McClellan	Board Member, since 4/08 (Councilmember, City of El Cajon)
Guy McWhirter	Board Member, since 1/15 (Councilmember, City of La Mesa)
Mona Rios	Board Member, since 9/11 (Councilmember, National City)
Mary Salas	Chair Pro Tem, since 1/17, Board Member, since 2/13 (Councilmember, City of Chula Vista)
Bill Sandke	Board Member, since 1/17 (Councilmember, City of Coronado)
Lorie Zapf	Board Member, since 12/14 (Councilmember, City of San Diego)

### BOARD COMMITTEE MEMBERSHIP

<b>Executive Committee</b>	<b>Accessible Services Advisory Committee</b>	<b>Airport Authority Advisory Committee</b>	<b>Public Security Committee</b>
Harry Mathis, Chair	Lorie Bragg, Chair	Harry Mathis	Myrtle Cole
Myrtle Cole			Jim Cunningham
Bob McClellan			Harry Mathis
Mona Rios			Guy McWhirter
Ron Roberts			Bill Sandke
<b>Audit Oversight Committee</b>	<b>Budget Development Committee</b>	<b>Los Angeles-San Diego Rail Corridor Agency</b>	<b>Taxicab Advisory Committee</b>
Ernie Ewin, Chair	Ron Roberts, Chair	Lorie Bragg	Lorie Zapf
Myrtle Cole	Harry Mathis		
Harry Mathis	Bob McClellan		
Bob McClellan	Mary Salas		
Mona Rios	Lorie Zapf		
Ron Roberts			
<b>SANDAG Board</b>	<b>SANDAG Regional Planning Committee</b>	<b>SANDAG Transportation Committee</b>	
Harry Mathis	Mona Rios	Harry Mathis	

# San Diego Metropolitan Transit System

## Listing of Board of Directors and Management (Continued)

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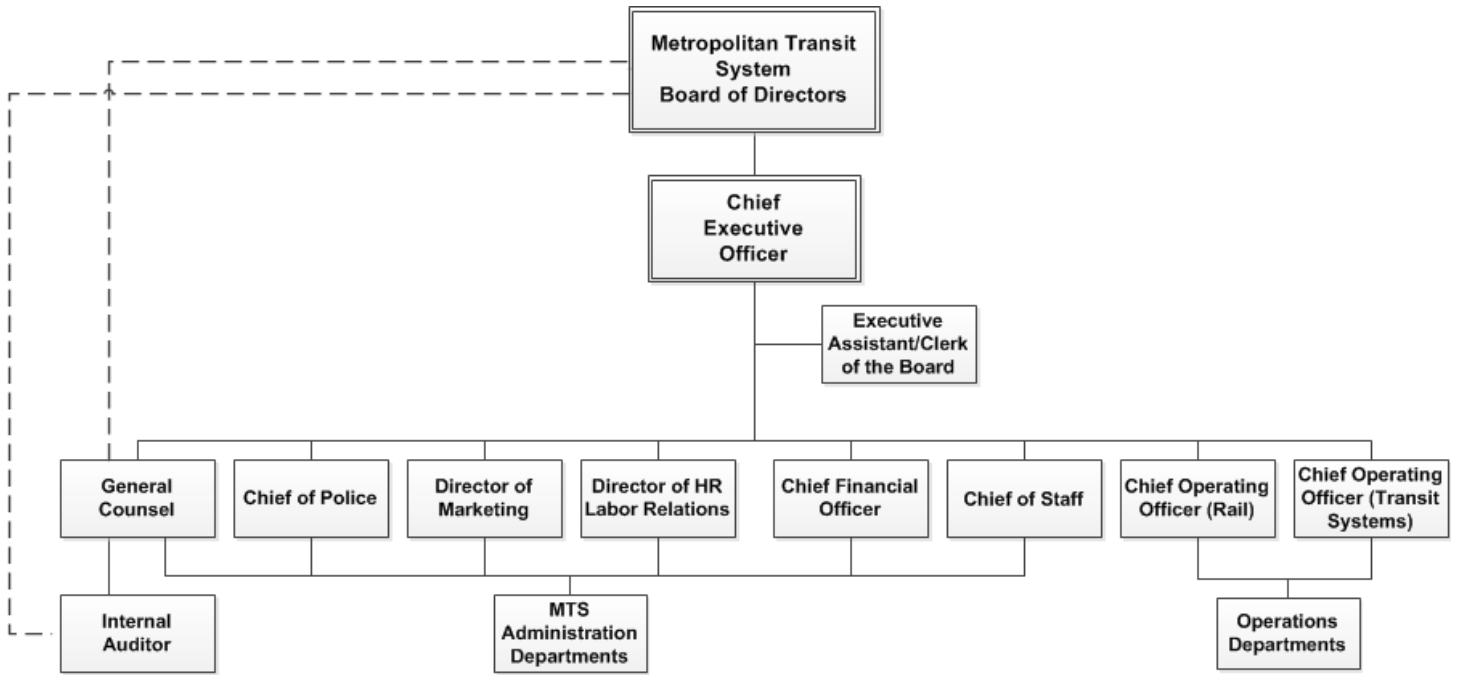
### MTS MANAGEMENT

<b>Staff</b>	<b>Position</b>
Paul Jablonski	Chief Executive Officer
Sharon Cooney	Chief of Staff
Karen Landers	General Counsel
Larry Marinesi	Chief Financial Officer
William Spraul	Chief Operating Officer, Transit Systems
E. Wayne Terry	Chief Operating Officer, Rail
Robert Schupp	Director, Marketing and Communications
Jeff Stumbo	Director, Human Resources and Labor Relations
Manuel Guaderrama	Chief of Police

# San Diego Metropolitan Transit System

## Executive Level Organization Chart

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**San Diego Metropolitan Transit System**

**Certificate of Achievement for Excellence in Financial Reporting - GFOA**

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**San Diego Metropolitan  
Transit System, California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director/CEO

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of the San Diego Metropolitan Transit System  
San Diego, California

### **Report on Financial Statements**

We have audited the accompanying basic financial statements of the San Diego Metropolitan Transit System (MTS), which comprise the statements of net position as of June 30, 2017 and 2016 and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of MTS, as of June 30, 2017 and 2016, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

4365 Executive Drive, Suite 710, San Diego, California 92121

Tel: 858-242-5100 • Fax: 858-242-5150

[www.pungroup.com](http://www.pungroup.com)

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Pension Liability, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of Contributions, and Schedule of Funding Progress of the Other Postemployment Health Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise MTS's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2017, on our consideration of MTS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MTS's internal control over financial reporting and compliance.

*The PwC Group, LLP*

# San Diego Metropolitan Transit System

## Management's Discussion and Analysis

### June 30, 2017 and 2016

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The following discussion and analysis of the financial performance of the San Diego Metropolitan Transit System (MTS) is intended to provide an overview of MTS's financial activities for the fiscal years ended June 30, 2017 and 2016. This information should be used in conjunction with the Letter of Transmittal, which can be found on pages i through v of this report.

#### Financial Highlights

- Net position, as reported in the statement of net position, totaled \$1,724 million as of June 30, 2017, \$1,738 million as of June 30, 2016, and \$1,673 million as of June 30, 2015. Of this amount, \$(20) million was the unrestricted deficit as of June 30, 2017, \$(32) million was the unrestricted deficit as of June 30, 2016, and \$(32) million was the unrestricted deficit as of June 30, 2015. Total net position decreased by \$13 million in the current year and increased by \$65 million in the prior year. The current year decrease is attributable to an increase in operating expenses and a decrease in federal funding and contributed capital, partially offset by increases in Transportation Development Act (TDA) and other state revenue funding.
- For the year ended June 30, 2017, the combined farebox recovery ratio (the measure of the ability to recover operating costs through fare revenue) for San Diego Trolley, Inc., San Diego Transit Corporation, and MTS Contracted Services was 36.14% compared to 38.99% for the year ended June 30, 2016 and 40.52% for June 30, 2015. The current year decrease is due primarily to an increase in personnel costs and decrease in passenger revenue.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to MTS's financial statements. The financial statements are comprised of two components: 1) financial statements and, 2) notes to financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

**Financial statements.** The financial statements are designed to provide readers with a broad overview of MTS's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of MTS's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of MTS is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* presents information showing the sources and uses of cash related to operating activities, noncapital financing activities, capital and related financing activities and investing activities. In addition, the statement provides information about significant non-cash investing, capital and financing activities.

Since MTS's primary function is to provide transportation services to the region's citizens and recover costs through user fees and charges, the financial statements include business-type activities. In addition, the financial statements include not only MTS itself (*known as the primary government*), but also two legally separate transit operators and one legally separate freight railway, for which MTS is financially accountable: San Diego and Arizona Eastern Railway Company (SD&AE).

**Notes to basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**San Diego Metropolitan Transit System**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017 and 2016**

**Other information.** In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning MTS's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

**Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of an entity's financial stability. In the case of MTS, net position was \$1,724 million at the close of the most recent fiscal year and \$1,738 million at the end of FY2016.

The largest portion of MTS's net position reflects the investment in capital assets, net of accumulated depreciation, reduced by any outstanding bonds or other borrowings and deferred inflows and outflows of resources (Net Investment in Capital Asset). Most of the investment in capital assets is comprised of trolley system assets, buses, and in construction-in-progress totaling \$36 million, of which the largest projects are the Enterprise Resource Planning (ERP) and Transit Asset Management System (TAM) and the procurement of new Siemens SD8 Light Rail Vehicles (LRVs), at \$9.5 and \$9.2 million respectively. The ERP/TAM project continues to streamline the way we do business and improves management of the assets in our system. The LRV procurement with Siemens is for 45 LRVs. Of the 45 LRVs, nine are being funded by MTS with California Cap-and-Trade funding and the remaining 36 being are being funded by the SANDAG Mid-Coast project. Of the nine funded by MTS, the first LRV is expected to be delivered by November 2018 and the ninth is expected to be delivered in early 2019. Prior year construction-in-progress totaled \$41 million, of which the largest project under construction included the Regional Transportation Management System, \$11.5 million. The capital assets that are represented by construction-in-progress will be used to provide services to citizens; consequently, these assets are not available for future spending. In FY2017, MTS transferred completed projects worth \$59 million to SDTC, SDTI and Other Contracted Services compared to \$47 million in FY2016.

The balance in the unrestricted component of net position increased by \$12 million during the current year and increased \$232 thousand in the prior year. Total assets decreased by \$13 million primarily due to capital assets decreasing by \$22 million, partially offset by an increase in cash and cash equivalents of \$13 million. In FY2016, total assets increased by \$52 million. In the current fiscal year, total liabilities increased by \$38 million primarily due to the increase in net pension liability of \$49 million, partially offset by the reduction in subsidy revenue due to SANDAG of \$5 million. In the previous year, total liabilities increased by \$5 million.

	June 30, 2017	June 30, 2016	Change	June 30, 2015	Change
Current and other assets	\$ 212,694,682	\$ 203,698,269	\$ 8,996,413	\$ 194,475,830	\$ 9,222,439
Capital assets	1,741,107,404	1,762,821,219	(21,713,815)	1,720,337,305	42,483,914
Total assets	<u>1,953,802,086</u>	<u>1,966,519,488</u>	<u>(12,717,402)</u>	<u>1,914,813,135</u>	<u>51,706,353</u>
Deferred outflows of resources	<u>70,889,473</u>	<u>35,443,795</u>	<u>35,445,678</u>	<u>17,417,561</u>	<u>18,026,234</u>
Current and other liabilities	58,940,833	67,960,531	(9,019,698)	81,837,558	(13,877,027)
Long-term liabilities outstanding	228,646,665	181,892,332	46,754,333	163,147,079	18,745,253
Total liabilities	<u>287,587,498</u>	<u>249,852,863</u>	<u>37,734,635</u>	<u>244,984,637</u>	<u>4,868,226</u>
Deferred inflows of resources	<u>12,919,118</u>	<u>14,601,102</u>	<u>(1,681,984)</u>	<u>14,614,264</u>	<u>(13,162)</u>
Net position:					
Net investment in capital assets	1,739,359,691	1,760,427,432	(21,067,741)	1,699,222,253	61,205,179
Restricted	4,440,262	8,750,133	(4,309,871)	5,309,440	3,440,693
Unrestricted (deficit)	<u>(19,615,010)</u>	<u>(31,668,247)</u>	<u>12,053,237</u>	<u>(31,899,898)</u>	<u>231,651</u>
Total net position	<u>\$1,724,184,943</u>	<u>\$1,737,509,318</u>	<u>\$ (13,324,375)</u>	<u>\$1,672,631,795</u>	<u>\$ 64,877,523</u>



**San Diego Metropolitan Transit System  
Management's Discussion and Analysis (Continued)  
June 30, 2017 and 2016**

Decreases in operating revenue are attributable to a decrease in passenger revenue of \$5 million, partially offset by an increase in Compressed Natural Gas (CNG) credits totaling \$3 million. Variances between FY2017 and FY2016 nonoperating revenues are attributable to significant decreases in Federal and other local subsidies, partially offset by an increase in other state revenues. The current year increase in operating expenses is attributable to an increase in depreciation expense associated with the acquisition of new capital assets, personnel costs, outside services and materials and supplies.

	June 30, 2017	June 30, 2016	Change	June 30, 2015	Change
Revenues:					
Operating revenues:					
Passenger revenue	\$ 93,279,455	\$ 97,913,890	\$ (4,634,435)	\$ 97,620,664	\$ 293,226
Other operating revenue	20,241,852	16,749,300	3,492,552	10,165,340	6,583,960
Nonoperating revenues:					
Federal revenue	72,404,730	81,901,246	(9,496,516)	60,474,595	21,426,651
Transportation Development Act	94,915,733	90,869,756	4,045,977	87,358,869	3,510,887
State Transit Assistance	12,918,834	14,720,378	(1,801,544)	18,787,817	(4,067,439)
State revenue - other	14,183,196	5,724,586	8,458,610	42,953,271	(37,228,685)
<i>TransNet</i> funds	37,270,235	35,898,669	1,371,566	21,625,551	14,273,118
Other nonoperating revenue	2,114,713	9,373,662	(7,258,949)	7,687,264	1,686,398
Total revenues	<u>347,328,748</u>	<u>353,151,487</u>	<u>(5,822,739)</u>	<u>346,673,371</u>	<u>6,478,116</u>
Expenses:					
Operating expenses	407,991,373	380,821,790	27,169,583	358,901,485	21,920,305
Nonoperating expenses	962,775	1,070,914	(108,139)	6,882,602	(5,811,688)
Total expenses	<u>408,954,148</u>	<u>381,892,704</u>	<u>27,061,444</u>	<u>365,784,087</u>	<u>16,108,617</u>
Increase (decrease) in net position before capital contributions	(61,625,400)	(28,741,217)	(32,884,183)	(19,110,716)	(9,630,501)
Capital contributions	<u>48,301,025</u>	<u>93,618,740</u>	<u>(45,317,715)</u>	<u>245,716,854</u>	<u>(152,098,114)</u>
Changes in net position	(13,324,375)	64,877,523	(78,201,898)	226,606,138	(161,728,615)
Net Position:					
Beginning of year, as originally reported	1,737,509,318	1,672,631,795	64,877,523	1,583,061,953	89,569,842
Restatements due to implementation of GASB 68	-	-	-	(137,036,296)	137,036,296
Beginning of year, as restated	<u>1,737,509,318</u>	<u>1,672,631,795</u>	<u>64,877,523</u>	<u>1,446,025,657</u>	<u>226,606,138</u>
End of year	<u>\$1,724,184,943</u>	<u>\$1,737,509,318</u>	<u>\$ (13,324,375)</u>	<u>\$1,672,631,795</u>	<u>\$ 64,877,523</u>

**San Diego Metropolitan Transit System  
Management's Discussion and Analysis (Continued)  
June 30, 2017 and 2016**

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**Capital Asset and Debt Administration**

**Capital assets.** MTS's investment in capital assets net of accumulated depreciation as of June 30, 2017 and 2016 amounted to \$1,741 million and \$1,763 million respectively. This investment in capital assets includes land, buildings, vehicles, equipment, and construction-in-progress. Major capital asset events during the current fiscal year included the following:

- MTS continues to modernize the bus fleet. In FY2017, 115 buses were placed into service for a total cost of \$29 million, compared to FY2016, 63 buses were placed into service for a total cost of \$37 million.
- MTS expanded its communication system to the contracted bus operations in FY2017 at a total cost of \$12 million.
- Completed capital projects totaling \$48 million were transferred from SANDAG to MTS and its component units during FY2017, compared to \$94 million contributed in FY2016.

**CAPITAL ASSETS**  
(Net of Accumulated Depreciation)

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Land	\$ 256,922,883	\$ 256,922,883	\$ 256,922,883
Buildings	968,444,183	975,356,436	945,992,877
Vehicles	426,479,686	441,587,804	447,072,544
Equipment & other	53,087,922	47,681,919	50,102,873
Construction-in-progress	36,172,730	41,272,177	20,246,128
Total	<u>\$ 1,741,107,404</u>	<u>\$ 1,762,821,219</u>	<u>\$ 1,720,337,305</u>

Additional information on MTS's capital assets can be found in Note 5 to the financial statements.

**Long-term debt.** At the end of the current fiscal year, MTS has one capital lease obligation outstanding in the amount of \$1.7 million. In addition, MTS has one finance obligation outstanding relating to Pension Obligation Bonds issued in fiscal year 2005 for a total obligation of \$17.7 million.

Additional information about MTS's long-term debt can be found in Note 8 to the financial statements.

**Bond Ratings**

Standard & Poor's Ratings Services provided an underlying rating for the Pension Obligation Bonds at "AA-" with a stable outlook in 2016, the outlook was previously positive in 2015. Additional information on MTS's long-term debt can be found in Note 8 to the financial statements.

**Requests for Information**

This financial report is designed to provide a general overview of MTS's finances for all those with an interest in the government's finances. If you have questions concerning any of the information provided in this report or need additional financial information, visit our website at [www.sdmts.com](http://www.sdmts.com) or direct inquiries to the Controller, MTS, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101.

## **BASIC FINANCIAL STATEMENTS**

**San Diego Metropolitan Transit System**  
**Statements of Net Position**  
**June 30, 2017 and 2016**

	2017	2016
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 90,342,822	\$ 77,394,644
Cash and cash equivalents restricted for capital support	6,743,868	13,508,715
Accounts and other receivables	9,852,134	7,935,944
Due from other governments	83,032,780	82,789,378
Inventory	19,935,276	19,596,426
Prepaid items and other current assets	2,787,802	2,463,241
<b>Total current assets</b>	<b>212,694,682</b>	<b>203,688,348</b>
<b>Noncurrent assets:</b>		
Capital assets, net of accumulated depreciation	1,741,107,404	1,762,821,219
Aggregate net pension asset	-	9,921
<b>Total noncurrent assets</b>	<b>1,741,107,404</b>	<b>1,762,831,140</b>
<b>Total assets</b>	<b>1,953,802,086</b>	<b>1,966,519,488</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Contributions made after the measurement date	17,802,710	15,496,003
Actuarial pension calculations:		
Differences between projected and actual earnings on pension plan investments	32,303,322	18,194,912
Differences between expected and actual experience	638,684	1,610,468
Adjustments due to differences in proportions	91,415	142,412
Changes in assumption	20,053,342	-
<b>Total deferred outflows of resources</b>	<b>70,889,473</b>	<b>35,443,795</b>

**San Diego Metropolitan Transit System**  
**Statements of Net Position (Continued)**  
**June 30, 2017 and 2016**

	2017	2016
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	20,296,850	20,357,013
Due to other governments	12,571,811	19,543,938
Unearned revenue	6,336,420	6,588,988
Accrued expenses	3,020,613	2,425,171
Retentions payable	352,438	90,042
Retentions payable from restricted assets	2,303,606	4,758,582
Due within one year:		
Compensated absences payable	6,086,017	6,968,657
Accrued damage, injury, and employee claims	4,981,633	4,377,066
Long-term debt	2,991,445	2,851,074
<b>Total current liabilities</b>	<b>58,940,833</b>	<b>67,960,531</b>
<b>Noncurrent liabilities:</b>		
Due in more than one year:		
Compensated absences payable	4,903,862	4,215,464
Accrued damage, injury, and employee claims	10,653,209	11,218,084
Aggregate net pension liability	178,105,281	129,535,809
Net other postemployment benefits obligation	18,573,045	17,520,262
Long-term debt	16,411,268	19,402,713
<b>Total noncurrent liabilities</b>	<b>228,646,665</b>	<b>181,892,332</b>
<b>Total liabilities</b>	<b>287,587,498</b>	<b>249,852,863</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on refunding	221,938	313,775
Actuarial pension calculations:		
Differences between projected and actual earnings on pension plan investments	6,884,556	10,326,835
Adjustments due to differences in proportions	1,417,393	421,843
Differences between actual and proportionate shares of employer contributions	440,180	323,386
Differences between expected and actual experience	1,914,686	415,807
Changes in assumptions	2,040,365	2,799,456
<b>Total deferred inflows of resources</b>	<b>12,919,118</b>	<b>14,601,102</b>
<b>NET POSITION</b>		
Net investment in capital assets	1,739,359,691	1,760,427,432
Restricted for capital projects	4,440,262	8,750,133
Unrestricted (Deficit)	(19,615,010)	(31,668,247)
<b>Total net position</b>	<b>\$ 1,724,184,943</b>	<b>\$ 1,737,509,318</b>

See Accompanying Notes to Basic Financial Statements.

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**San Diego Metropolitan Transit System**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2017 and 2016**

	2017	2016
<b>Operating revenues:</b>		
Passenger revenue	\$ 93,279,455	\$ 97,913,890
Advertising	1,378,618	968,078
Miscellaneous	18,863,234	15,781,222
<b>Total operating revenues</b>	<b>113,521,307</b>	<b>114,663,190</b>
<b>Operating expenses:</b>		
Personnel costs	137,020,625	121,921,667
Outside services	97,800,332	94,801,673
Transit operations funding	463,345	490,882
Materials and supplies	13,065,035	9,714,608
Energy costs	25,552,178	24,530,708
Risk management	4,275,569	4,864,496
Miscellaneous	5,934,284	4,978,102
Depreciation	123,880,005	119,519,654
<b>Total operating expenses</b>	<b>407,991,373</b>	<b>380,821,790</b>
<b>Operating (loss)</b>	<b>(294,470,066)</b>	<b>(266,158,600)</b>
<b>Public support and nonoperating revenues (expenses):</b>		
Federal revenue	72,404,730	81,901,246
Transportation Development Act (TDA) funds	94,915,733	90,869,756
State Transit Assistance (STA) funds	12,918,834	14,720,378
State revenue - other	14,183,196	5,724,586
<i>TransNet</i> funds	37,270,235	35,898,669
Other local subsidies	1,082,697	6,648,825
Investment earnings	636,068	291,659
Interest expense	(962,775)	(1,070,914)
Gain on disposal of assets	395,948	2,433,178
<b>Total public support and nonoperating revenues (expenses)</b>	<b>232,844,666</b>	<b>237,417,383</b>
<b>(Loss) before contributed capital</b>	<b>(61,625,400)</b>	<b>(28,741,217)</b>
Contributed capital, net	48,301,025	93,618,740
<b>Changes in net position</b>	<b>(13,324,375)</b>	<b>64,877,523</b>
<b>Net Position:</b>		
Beginning of year	1,737,509,318	1,672,631,795
End of year	<b>\$ 1,724,184,943</b>	<b>\$ 1,737,509,318</b>

See Accompanying Notes to Basic Financial Statements.

**San Diego Metropolitan Transit System**  
**Statements of Cash Flows**  
**For the Year Ended June 30, 2017 and 2016**

	2017	2016
<b>Cash flows from operating activities:</b>		
Receipts from customers and users	\$ 109,807,915	\$ 113,469,672
Payments to suppliers	(147,213,142)	(137,265,125)
Payments to employees	(129,130,950)	(120,413,427)
Payments for damage and injury	(641,845)	(2,659,753)
<b>Net cash (used in) operating activities</b>	<b>(167,178,022)</b>	<b>(146,868,633)</b>
<b>Cash flows from noncapital financing activities:</b>		
Public support funds received	228,297,414	225,891,605
<b>Net cash provided by noncapital financing activities</b>	<b>228,297,414</b>	<b>225,891,605</b>
<b>Cash flows from capital and related financing activities:</b>		
Debt service costs	(3,812,143)	(3,756,970)
Property acquisition	(52,397,228)	(63,541,905)
Proceeds from disposal of assets	643,461	2,733,363
<b>Net cash (used in) capital and related financing activities</b>	<b>(55,565,910)</b>	<b>(64,565,512)</b>
<b>Cash flows from investing activities:</b>		
Interest received on investments	629,849	264,773
<b>Net cash provided by investing activities</b>	<b>629,849</b>	<b>264,773</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,183,331</b>	<b>14,722,233</b>
<b>Cash and cash equivalents:</b>		
Beginning of year	90,903,359	76,181,126
End of year	<b>\$ 97,086,690</b>	<b>\$ 90,903,359</b>
<b>Cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 90,342,822	\$ 77,394,644
Cash and cash equivalents restricted for capital support	6,743,868	13,508,715
<b>Total cash and cash equivalents</b>	<b>\$ 97,086,690</b>	<b>\$ 90,903,359</b>

See Accompanying Notes to Basic Financial Statements.



**San Diego Metropolitan Transit System**  
**Statements of Cash Flows (Continued)**  
**For the Year Ended June 30, 2017 and 2016**

	2017	2016
<b>Reconciliation of Operating (Loss) to net cash (used in) operating activities</b>		
Operating (loss)	\$ (294,470,066)	\$ (266,158,600)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	123,880,005	119,519,654
(Increase) decrease in:		
Accounts and other receivables	(1,867,463)	(3,016,854)
Due from other governments	(1,850,442)	(1,652,285)
Inventory	(338,850)	(1,219,678)
Prepaid items and other current assets	(324,561)	(44,975)
Increase (decrease) in:		
Accounts payable	(2,252,743)	7,187,345
Due to other governments	(352,486)	657,841
Accrued expenses	595,442	(5,044,356)
Unearned revenue	(252,568)	3,475,621
Aggregate net pension liability	9,236,861	(16,644)
Net other postemployment benefits obligation	1,052,783	1,105,292
Compensated absences payable	(194,242)	(274,594)
Accrued damage, injury and employee claims	(39,692)	(1,386,400)
Total adjustments	127,292,044	119,289,967
<b>Net cash (used in) operating activities</b>	<b>\$ (167,178,022)</b>	<b>\$ (146,868,633)</b>
Interest paid	\$ 1,041,427	\$ 1,170,788
<b>Noncash investing, capital, and financing activities:</b>		
Contributions of capital assets from SANDAG	\$ 48,301,025	\$ 94,038,740
Contributions/adjustments of capital assets from outside parties	-	(420,000)
<b>Total contributions of capital assets</b>	<b>\$ 48,301,025</b>	<b>\$ 93,618,740</b>
Increase (decrease) in fair value of investments	\$ (75,253)	\$ 35,127

See Accompanying Notes to Basic Financial Statements.

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements**  
**For the Years Ended June 30, 2017 and 2016**

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**Table of Contents**

	<b>Page</b>
<b>Note 1 – Summary of Significant Accounting Policies .....</b>	<b>17</b>
A. Reporting Entity .....	17
B. Financial Statements.....	18
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation .....	18
D. Use of Restricted/Unrestricted Assets .....	21
E. Cash, Cash Equivalents, and Investments .....	21
F. Inventory .....	22
G. Prepaid Items and Other Assets.....	22
H. Capital Assets .....	22
I. Construction-in-Progress.....	22
J. Compensated Absences .....	22
K. Long-Term Obligations.....	23
L. Refunding of Debt .....	23
M. Pension .....	23
N. Net Position .....	23
O. Use of Estimates.....	23
P. Implementation of New GASB Pronouncements for the Year Ended June 30, 2017 .....	24
Q. Upcoming Government Accounting Standards for the Year Ended June 30, 2018 .....	25
<b>Note 2 – Cash, Cash Equivalents, and Investments.....</b>	<b>26</b>
<b>Note 3 – Accounts Receivable .....</b>	<b>29</b>
A. Accounts and Other Receivables.....	29
B. Due from Other Governments .....	29
<b>Note 4 – Inventory .....</b>	<b>29</b>
<b>Note 5 – Capital Assets.....</b>	<b>30</b>
<b>Note 6 – Due to Other Governments.....</b>	<b>32</b>
<b>Note 7 – Unearned Revenue.....</b>	<b>32</b>
<b>Note 8 – Long-Term Debt .....</b>	<b>33</b>
A. Summary .....	33
B. Capital Lease .....	35
C. Pension Obligation Bonds .....	36
<b>Note 9 – Risk Management.....</b>	<b>36</b>
<b>Note 10 – Contingencies .....</b>	<b>37</b>
<b>Note 11 – Post-Employment Health Care Benefits.....</b>	<b>38</b>
<b>Note 12 – Employee Retirement Systems .....</b>	<b>41</b>
A. Summary .....	41
B. MTS .....	44
C. SDTI .....	54
D. SDTC .....	66
<b>Note 13 – Other Required Individual Fund Disclosures.....</b>	<b>72</b>

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 1 – Summary of Significant Accounting Policies**

The accompanying basic financial statements of the San Diego Metropolitan Transit System (MTS) have been prepared in conformity with generally accepted accounting principles in the United States (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of MTS's accounting policies are described below.

**A. Reporting Entity**

MTS (also known as San Diego Metropolitan Transit Development Board) was formed on January 26, 1976 by passage of California Senate Bill 101 to plan, construct, and operate (or let contracts to operate) exclusive public mass transit guideways in the urbanized south coastal area of San Diego County. MTS has certain responsibilities for near-term transportation planning and administration of federal and state transportation funds within the area under its jurisdiction. The Board of Directors of MTS consists of 15 members composed of four appointees from the San Diego City Council; one appointee each from the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee; one appointee from the San Diego County Board of Supervisors; and a chairman elected by the other 14 members.

On January 1, 2003, California Senate Bill 1703 (SB 1703) became effective. SB 1703 required the consolidation of the planning and programming functions of MTS and the North County Transit District (NCTD) into the San Diego Association of Governments (SANDAG) in an initial transfer to take place prior to July 1, 2003. SB 1703 also required the consolidation of certain project development and construction functions of MTS and NCTD into SANDAG in a subsequent transfer to take place prior to January 30, 2004. The initial transfer occurred on July 1, 2003, and the subsequent transfer occurred on October 13, 2003. With these actions, employees were transferred from MTS and NCTD to SANDAG, and certain planning, development, and construction functions were also transferred. As a result, MTS's activities since the consolidation have been focused on operating public transit systems in the urbanized area identified above. In addition to the consolidation required by SB 1703, MTS dissolved the independent Board of Directors of San Diego Transit Corporation (SDTC) and Board of Directors of San Diego Trolley, Inc. (SDTI). MTS now acts as the Board of Directors for all three agencies: MTS, SDTC, and SDTI. Beginning in FY2004, SDTC and SDTI are presented as blended component units.

These basic financial statements present MTS and its legally separate component units, entities for which MTS is considered to be financially accountable. Because MTS appoints a majority of the component units' boards of directors, the boards are substantively the same, and MTS is able to impose its will on the component units, MTS presents blended component units. Blended component units, although legally separate entities, are, in substance, part of MTS's operations.

Included within the reporting entity as blended component units:

**San Diego Transit Corporation:** On July 1, 1985, MTS purchased the assets used by and acquired sole ownership of San Diego Transit Corporation (SDTC) from the City of San Diego for \$1. SDTC has entered into an operating agreement with MTS to operate a public transportation bus system in the City of San Diego and certain regional routes within MTS's jurisdictions. The current agreement, which was approved in December 2006, was renewed on June 23, 2011, as an open-ended agreement terminable upon six months' notice by either party. SDTC continues to provide local service to a number of adjoining cities under pre-existing contracts. Purchases or construction of bus capital items are made by MTS, with whom title remains, and are contributed to SDTC upon completion of a project or when individually purchased by MTS. SDTC's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses are included in MTS's financial statements as a blended component unit. This agency has the same governing board as MTS and provides services directly to the public.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**A. Reporting Entity (Continued)**

**San Diego Trolley, Inc.:** San Diego Trolley, Inc. (SDTI) was organized by MTS in August 1980. SDTI was created to operate and maintain the Light Rail Transit (LRT) system pursuant to an operating agreement with MTS. The current agreement, which was approved in December 2006, was renewed on June 23, 2011, as an open-ended agreement terminable upon six months' notice by either party. Purchases or construction of LRT capital items are made by MTS, with whom title remains, and are contributed to SDTI upon completion of a project or when individually purchased by MTS. SDTI's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses are included in MTS's financial statements as a blended component unit. This agency has the same governing board as MTS and provides services directly to the public.

**San Diego and Arizona Eastern Railway Company:** MTS purchased the San Diego and Arizona Eastern Railway Company (SD&AE) in 1979. SDTI operates on a portion of the line and private operators provide freight service on a portion of the line. Purchases of capital items are made by MTS, with whom title remains, and are contributed to SD&AE. Since SD&AE provides almost exclusive benefit to MTS, its assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses are included in MTS's financial statements as a blended component unit. Separate financial reports are not available.

**B. Financial Statements**

The Financial Statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the primary government and its component units. The statement of revenues, expenses, and changes in net position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Financial Statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

**Deferred Outflows of Resources** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

**Deferred Inflows of Resources** (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

MTS receives funding primarily from the following revenue sources:

**Passenger Revenue**

Passenger fares comprised approximately 35 percent and 37 percent of MTS's \$269.8 million and \$265.0 million operating budget for FY2017 and FY2016, respectively.

**Other Operating Revenues**

MTS receives a variety of operating revenues that are not received directly from passenger fares. The sources of these revenues are advertising, interest income, rental and land management income, income related to Taxicab administration, income from the SD&AE, and other miscellaneous income.

**Non Operating Revenues**

MTS receives subsidies that are derived from federal, state and local tax revenues. MTS does not levy or collect any tax funds, but receives allocated portions of tax funds through federal, state and local granting agencies.

**Federal Transit Administration (FTA)**

FTA revenues are funded by a federal gas tax and revenues of the federal general fund. Moving Ahead for Progress in the 21st Century (MAP-21) was reauthorized on a short-term basis multiple times before being replaced by the Fixing America's Surface Transportation (FAST) Act, signed into law on December 4, 2015. The FAST Act reauthorized surface transportation programs through September 30, 2020. Under the FAST Act, MTS receives Section 5307 and Section 5337 grants which are earmarked for capital assistance and preventive maintenance. Under MAP-21, transit agencies were not eligible to be direct recipients of Section 5339 Bus and Bus Facilities Funding. However, under FAST Act, MTS is now an eligible direct recipient of Section 5339 formula funds. In addition, MTS also receives Section 5311 and Section 5311F grants for operations.

**Transit Security Grant Program (TSGP)**

The Transit Security Grant Program (TSGP) is administered by the Department of Homeland Security (DHS). The program provides funds to owners and operators of transit systems to protect critical surface transportation infrastructure and the traveling public from acts of terrorism, major disasters, and other emergencies.

**Transit and Intercity Rail Capital Program (TIRCP)**

The TIRCP is a discretionary program that was created by Senate Bill (SB) 862 (Chapter 36, Statutes of 2014) and modified by Senate Bill 9 (Chapter 710, Statutes of 2015) to provide grants from the Greenhouse Gas Reduction Fund to fund transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems, and bus and ferry transit systems to reduce emissions of greenhouse gases by reducing congestion and vehicle miles travelled throughout California. MTS was awarded \$31.9 million in 2015 for the construction of a new trolley station at the courthouse complex and the procurement of 9 LRVs for more frequent service on the Blue and Orange Lines. Both projects are currently underway.

**Compressed Natural Gas Rebate**

Alternative fuel credits are issued by the IRS to MTS for utilizing compressed natural gas to power its vehicles. This rebate program is reviewed annually as part of the federal tax code, and was approved again for calendar year 2017.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Transportation Development Act (TDA)**

TDA provides funding for public transit operators. This state fund is one quarter of a percent of the 7.75 percent sales tax assessed in the region. SANDAG is responsible for apportionment of these funds within the San Diego region. As economic conditions improve, sales tax receipts have increased over the prior year, and as a result the TDA funds available for disbursement have increased as well.

**State Transit Assistance (STA)**

STA funding comes from the Public Transportation Act (PTA) which derives its revenue from the state sales tax on gasoline. These funds are designated as discretionary or formula. The former is appropriated by the legislature. The latter is a formula based upon population and fares generated.

**Proposition 1B Revenue (Prop 1B)**

The California Public Transportation Modernization, Improvement and Service Enhancement Act of 2006, approved by the voters as Proposition 1B (Prop 1B) in November 2006, authorizes the issuance of \$19.9 billion in general obligation bonds for the purpose of improving highway safety, traffic reduction, air quality, and port security.

**Low Carbon Transit Operations Program (LCTOP):**

The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. Senate Bill 862 continuously appropriates five percent of the annual auction proceeds in the Greenhouse Gas Reduction Fund for LCTOP, beginning in 2015-16.

**Other State Revenue**

MediCal provides further funding support specifically tied to several ADA Paratransit routes to aid patients in their transportation to medical appointments.

***TransNet***

*TransNet* funds are derived from the Proposition A one-half cent local transportation sales tax that was approved by area voters in November 1987. The original ordinance expired in 2008, but has since been extended to 2048 by subsequent voter approval. The ordinance allocated one-third of the sales tax proceeds for transit purposes, which are further divided between MTS and NCTD based on the proportion of the population within the area of each jurisdiction. *TransNet* funds are also apportioned by SANDAG.

**Other Local Subsidies**

The City of San Diego provides Maintenance of Effort funds to aid ADA efforts. In addition, SANDAG provides funds for the operation of certain express bus routes and NCTD provides partial subsidy for the Sorrento Valley Coaster Connection.



**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***D. Use of Restricted/Unrestricted Assets***

When both restricted and unrestricted resources are available for use, it is MTS's policy to use restricted resources first, then unrestricted resources as they are needed.

***E. Cash, Cash Equivalents, and Investments***

Investments of pooled cash consist primarily of bankers' acceptances, certificates of deposit, pooled investment funds, liquidity funds, governmental bonds, and commercial paper. Investments are stated at fair value, which is based on quoted market price. Money market investments and participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value.

For purposes of the statement of cash flows, all highly liquid temporary investments purchased with a maturity of three months or less are considered cash equivalents.

MTS participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is the same as the fair value of the pool shares. MTS also participates in the San Diego County Investment Pool, which is a local government investment pool managed by the County Treasurer's Office on behalf of the Investment Pool participants.

Certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentration of Credit Risk
- Foreign Currency Risk

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgement associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 - Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 - Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 - Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**F. Inventory**

Inventories are valued at the weighted average unit cost.

**G. Prepaid Items and Other Assets**

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

**H. Capital Assets**

Capital assets include land and right-of-way, buildings and infrastructure assets, vehicles, and equipment. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital asset improvements are recorded as assets. SDTC has recorded assets received from the City of San Diego and the County Transit System at net book value in order to reflect SDTC's custodial accountability for the assets.

Under the operating agreements between MTS and SDTC and SDTI, SDTC and SDTI are required to pay a license fee to MTS for the use of certain capital assets. Due to SDTC's and SDTI's continued shortage of operating funds sufficient to cover recurring expenditures, the payment of these fees is considered remote, and therefore, these amounts were not recorded in the accompanying basic financial statements. Buildings, vehicles, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and structures	20 to 30
Vehicles and buses	5 to 25
Equipment and other capital assets	3 to 10
Capital leases	3 to 40

**I. Construction-in-Progress**

Costs incurred for construction associated with the bus and trolley systems are capitalized as construction-in-progress until such time as they are complete and operational. Upon completion, they are contributed to SDTC and SDTI to reflect their custodial accountability for the assets. Depreciation commences at the time of contribution. Assets acquired through capital leases are capitalized.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***J. Compensated Absences***

It is MTS's policy to permit employees to accumulate earned but unused personal leave time up to a maximum of 400 hours, which includes both vacation and sick pay benefits. All personal leave time is accrued when incurred.

***K. Long-Term Obligations***

Debt premiums and discounts, if any, are deferred and amortized over the life of the debt using the straight-line method. Long-term debt is reported net of the applicable bond premium or discount. Debt issuance costs are expensed when incurred.

***L. Refunding of Debt***

Gains or losses occurring from current or advance refunding of debt are reported as deferred inflows or outflows of resources and are being amortized using the straight-line method over the original remaining life of the old debt or the life of the new debt, whichever is lesser.

***M. Pension***

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of MTS, SDTC and SDTI's pension plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

***N. Net Position***

Net Position is classified as follows:

**Net investments in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt and deferred inflows and outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted** - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

**Unrestricted** - This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

***O. Use of Estimates***

The preparation of the basic financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from these estimates.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***P. Implementation of New GASB Pronouncements for the Year Ended June 30, 2017***

During fiscal year ended June 30, 2017, MTS has implemented the following new GASB Pronouncements:

***GASB Statement No. 74*** – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which addresses reporting by postemployment benefits other than pensions (OPEB) plans that administer benefits on behalf of governments. This statement basically parallels GASB Statement 67 and replaces GASB Statement 43. Application of this statement is effective for MTS's fiscal year ending June 30, 2017.

***GASB Statement No. 77*** – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. Application of this statement is effective for MTS's fiscal year ending June 30, 2017.

***GASB Statement No. 78*** – In December 2015, GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions to both employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employees that provide pension through the pension plan). This statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have characteristics described above. Application of this statement is effective for MTS's fiscal year ending June 30, 2017.

***GASB Statement No. 79*** – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participating withdrawals. Application of this statement is effective for MTS's fiscal year ending June 30, 2017.

***GASB Statement No. 80*** – In December 2015, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provision of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Application of this statement is effective for MTS's fiscal year ending June 30, 2017.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Q. Upcoming Government Accounting Standards for the Year Ending June 30, 2018***

For the fiscal year ending June 30, 2018, MTS will implement the following new GASB Pronouncements:

***GASB Statement No. 75*** – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement applies to government employers who provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement basically parallels GASB Statement 68 and replaces GASB Statement 45. Application of this statement is effective for MTS's fiscal year ending June 30, 2018.

***GASB Statement No. 81*** – In December 2015, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, the Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interest. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. Application of this statement is effective for MTS's fiscal year ending June 30, 2018.

***GASB Statement No. 82*** – In December 2015, GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures of those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). Application of this statement is effective for MTS's fiscal year ending June 30, 2018.

***GASB Statement No. 85*** – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of areas including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). Application of this statement is effective for MTS's fiscal year ending June 30, 2018.

***GASB Statement No. 86*** - In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Application of this statement is effective for MTS's fiscal year ending June 30, 2018.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 2 – Cash, Cash Equivalents, and Investments**

Cash and investments are reported in the accompanying statements of net position as follows on June 30, 2017 and 2016:

	2017	2016
Cash and cash equivalents	\$ 90,342,822	\$ 77,394,644
Cash and cash equivalents restricted for capital support	6,743,868	13,508,715
<b>Total cash and investments</b>	<b>\$ 97,086,690</b>	<b>\$ 90,903,359</b>

Cash, cash equivalents, and investments consisted as follows on June 30, 2017 and 2016:

Investment Type	Measurement Input	Fair Value	
		2017	2016
<b>Cash and cash equivalents:</b>			
Demand Deposits	N/A	\$ 19,379,529	\$ 20,815,206
Retention Trust Account	N/A	2,303,606	4,758,582
San Diego County Investment Pool	Level 2	4,440,261	8,750,133
State of California - Local Agency Investment Fund	N/A	70,963,294	56,579,438
<b>Total cash and cash equivalents</b>		<b>\$ 97,086,690</b>	<b>\$ 90,903,359</b>

**Demand Deposits**

As of June 30, 2017, the carrying amount of demand deposits was \$19,379,529 and the bank balance was \$22,684,976 compared to \$20,815,206 and \$29,643,147 at June 30, 2016, of which the total amount was collateralized or insured with securities held by the pledging financial institutions in MTS's name as discussed below.

All cash accounts are pooled and swept nightly to a concentration account. Funds required to be held by fiscal agents under the provisions of bond indentures are not included in the pooled cash account.

**Investments**

Under the provisions of MTS's investment policy and in accordance with California Government Code, MTS is authorized to invest or deposit in the following:

- Securities of the U.S. Government, its agencies and instrumentalities
- Obligations of the State of California or any local agency within the state rated "A" or higher by Standard and Poor's Corporation or Moody's Investor Services, Inc.
- Repurchase agreements
- Bankers' acceptances
- Commercial paper rated "A" or higher by Standard and Poor's Corporation or Moody's Investor Services, Inc.
- Medium-term corporate notes rated "A" or higher by Standard and Poor's Corporation or Moody's Investor Services, Inc.
- Negotiable certificates of deposit
- Local Agency Investment Fund (LAIF) established by the State Treasurer
- San Diego County Pooled Money Fund
- Passbook savings or money market demand deposits with an FDIC, SIPC, or SAIF insured financial institution

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 2 – Cash, Cash Equivalents, and Investments (Continued)**

**Local Agency Investment Funds**

MTS's investments with Local Agency Investment Fund (LAIF) include a portion of the pool funds invested in structured notes and asset-backed securities. These investments include the following:

- Structured Notes – debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises.
- Asset-Backed Securities – entitle their purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's), small business loans or credit card receivables.

LAIF is overseen by the Local Investment Advisory Board, which consists of five members, in accordance with State statute. The fair value of our position in the pool is the same as the value of the pool shares.

As of June 30, 2017, MTS had \$70,963,294 invested in LAIF, which had invested 2.89% of the pool investment funds in structured notes and asset-backed securities compared to \$56,579,438 and 2.81% at June 30, 2016.

**San Diego County Investment Pool**

The San Diego County Investment Pool is a local government investment pool managed by the County Treasurer's Office on behalf of Investment Pool participants. Depositors in the Investment Pool include both mandatory participants, those agencies required by law to deposit their funds with the County Treasurer's Office, and voluntary participants, agencies that place their funds in the Investment Pool as an investment option. Voluntary participants, including cities, fire districts, and various special districts accounted for approximately 5.16% and 4.72% of the Investment Pool as of June 30, 2017 and 2016, respectively. At June 30, 2017 and 2016, the fair value of our position in the pool is 99.57% and 99.99%, respectively, of the value of the pool shares.

Pursuant to Section 27130-27137 of the California Government Code, the County Board of Supervisors has established the Treasurer's Oversight Committee ("TOC") that monitors and reviews the Investment Policy. The TOC consists of members appointed from the districts or offices that they represent, and up to five members of the public having expertise in, or an academic background in public finance.

To mitigate credit risk, the Investment Pool's Investment Policy, which is more restrictive than the Government Code, places a minimum standard on the ratings of investments held in the Investment Pool. Investments in securities other than those guaranteed by the U.S. Treasury or Government Sponsored Enterprises must have a credit rating of no less than "A" for long-term or "A1" for short-term. Non-rated securities include sweep accounts, collateralized certificates of deposit and repurchase agreements. Sweep accounts and collateralized certificates of deposit must be FDIC insured and collateralized with securities held by a named agent of the depository. Repurchase agreements are collateralized by securities, authorized by the California Government Code Section 53601, having fair market value of 102% or greater than the amount of the repurchase agreement. The Investment Pool does not hold any investments in structured notes.

MTS's investments with the County Treasurer's Office include a portion of the pool funds invested in asset-backed securities as defined in the preceding section for LAIF investments. As of June 30, 2017, MTS had \$4,440,261 invested with the San Diego County Investment Pool, which had invested 2.03% of the pool investment funds in asset-backed securities compared to \$8,750,133 and 0.55% at June 30, 2016.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 2 – Cash, Cash Equivalents, and Investments (Continued)**

**Disclosures Relating to Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, MTS’s investment policy limits investments to a maximum of five years unless otherwise approved by the Board.

**Disclosures Relating to Credit Risk**

MTS’s investment policy limits investments in commercial paper and negotiable certificates of deposit to instruments rated "A" or better by Standard and Poor’s or Moody’s Investor Services, Inc. In the current year, MTS does not hold investments in commercial papers or certificates of deposit. Other investment instruments, including deposits in LAIF; San Diego County Investment Pool; and U.S. Government taxable bonds, are not rated and do not require ratings.

**Disclosures Relating to Concentration of Credit Risk**

The investment policy limits the amount of the percentage of the portfolio that can be invested by the type of investment for certain types of investments. MTS is in compliance with investment type percentages of the total portfolio of the investment policy.

**Disclosures Relating to Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the broker or dealer to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code requires California banks and savings and loan associations to secure MTS’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in MTS’s name.

The market value of pledged securities must equal at least 110% of MTS’s cash deposits. California law also allows institutions to secure MTS deposits by pledging first trust deed mortgage notes having a value of 150% of MTS’s total cash deposits. MTS may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. MTS, however, has not waived the collateralization requirements.

**Summary of Investments to Maturity**

Investments held by MTS grouped by maturity date at June 30, 2017 and 2016, are shown below:

<u>Maturity</u>	<u>2017</u>	<u>2016</u>
Current to one year	\$ 97,086,690	\$ 90,903,359
Total	<u>\$ 97,086,690</u>	<u>\$ 90,903,359</u>



**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 3 – Accounts Receivable**

**A. Accounts and Other Receivables**

At June 30, 2017 and 2016, the net realizable accounts and other receivables consisted of the following:

	2017	2016
Passenger revenue - General Public	\$ 4,563,590	\$ 4,243,919
Other trade receivables	3,772,708	2,224,916
Pension plan receivable	1,515,836	1,467,109
Total accounts and other receivables	<u>\$ 9,852,134</u>	<u>\$ 7,935,944</u>

**B. Due From Other Governments**

At June 30, 2017 and 2016, amounts due from other governments consisted of the following:

	2017	2016
FTA Grant Funds	\$ 56,838,528	\$ 60,138,136
State of California	5,614,601	1,549,949
County of San Diego	5,525,895	2,937,874
U.S. Treasury - CNG Rebate	4,062,830	-
STA Funds	3,672,431	8,144,367
SANDAG - <i>TransNet</i>	3,099,453	4,445,843
Passenger Revenue - Other Governments	1,850,442	1,652,285
North County Transit District - shared costs	1,288,631	2,514,319
SANDAG - Project/Route reimbursement	551,069	687,063
Department of Homeland Security	288,225	476,283
City of San Diego	195,379	196,836
Other Local Governments	45,296	46,423
Total due from other governments	<u>\$ 83,032,780</u>	<u>\$ 82,789,378</u>

**Note 4 – Inventory**

At June 30, 2017 and 2016, inventory consists of the following repair and maintenance parts and administrative supplies:

	2017	2016
San Diego Transit Corp.	\$ 2,998,622	\$ 2,431,515
San Diego Trolley, Inc.	16,936,654	17,164,911
Total inventory	<u>\$ 19,935,276</u>	<u>\$ 19,596,426</u>

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 5 – Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not depreciated				
Land and right-of-way	\$ 256,922,883	\$ -	\$ -	\$ 256,922,883
Construction-in-progress	41,272,177	53,996,296	(59,095,743)	36,172,730
Total capital assets, not depreciated	<u>298,195,060</u>	<u>53,996,296</u>	<u>(59,095,743)</u>	<u>293,095,613</u>
Capital assets, depreciated:				
Buildings and structures	1,843,040,385	60,128,811	-	1,903,169,196
Buses and vehicles	778,103,145	29,389,846	(18,934,815)	788,558,176
Equipment and other	123,866,812	17,878,111	(210,404)	141,534,519
Capital lease property	12,091,981	-	-	12,091,981
Total capital assets, depreciated	<u>2,757,102,323</u>	<u>107,396,768</u>	<u>(19,145,219)</u>	<u>2,845,353,872</u>
Less accumulated depreciation for:				
Buildings and structures	(867,683,949)	(67,041,064)	-	(934,725,013)
Buses and vehicles	(336,515,341)	(44,373,373)	18,810,224	(362,078,490)
Equipment and other	(77,885,327)	(12,087,694)	203,864	(89,769,157)
Capital lease property	(10,391,547)	(377,874)	-	(10,769,421)
Total accumulated depreciation	<u>(1,292,476,164)</u>	<u>(123,880,005)</u>	<u>19,014,088</u>	<u>(1,397,342,081)</u>
Total capital assets, depreciated, net	<u>1,464,626,159</u>	<u>(16,483,237)</u>	<u>(131,131)</u>	<u>1,448,011,791</u>
Total capital assets, net	<u>\$ 1,762,821,219</u>	<u>\$ 37,513,059</u>	<u>\$ (59,226,874)</u>	<u>\$ 1,741,107,404</u>

A summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, not depreciated				
Land and right-of-way	\$ 256,922,883	\$ -	\$ -	\$ 256,922,883
Construction-in-progress	20,246,128	68,222,804	(47,196,755)	41,272,177
Total capital assets, not depreciated	<u>277,169,011</u>	<u>68,222,804</u>	<u>(47,196,755)</u>	<u>298,195,060</u>
Capital assets, depreciated:				
Buildings and structures	1,749,446,736	94,558,044	(964,395)	1,843,040,385
Buses and vehicles	781,227,339	37,340,001	(40,464,195)	778,103,145
Equipment and other	116,366,380	9,337,450	(1,837,018)	123,866,812
Capital lease property	12,091,981	-	-	12,091,981
Total capital assets, depreciated	<u>2,659,132,436</u>	<u>141,235,495</u>	<u>(43,265,608)</u>	<u>2,757,102,323</u>
Less accumulated depreciation for:				
Buildings and structures	(803,453,859)	(65,147,988)	917,898	(867,683,949)
Buses and vehicles	(334,154,795)	(42,802,028)	40,441,482	(336,515,341)
Equipment and other	(68,341,817)	(11,191,762)	1,648,252	(77,885,327)
Capital lease property	(10,013,671)	(377,876)	-	(10,391,547)
Total accumulated depreciation	<u>(1,215,964,142)</u>	<u>(119,519,654)</u>	<u>43,007,632</u>	<u>(1,292,476,164)</u>
Total capital assets, depreciated, net	<u>1,443,168,294</u>	<u>21,715,841</u>	<u>(257,976)</u>	<u>1,464,626,159</u>
Total capital assets, net	<u>\$ 1,720,337,305</u>	<u>\$ 89,938,645</u>	<u>\$ (47,454,731)</u>	<u>\$ 1,762,821,219</u>

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 5 – Capital Assets (Continued)**

**Contributed Capital**

MTS converted \$59 million in capital assets from CIP to assets in service in FY2017 compared to \$47 million in FY2016. A summary of capital asset additions contributed by MTS is as follows:

	2017	2016
General operations	\$ 3,384,790	\$ 3,411,258
Other contracted services	43,463,478	15,267,146
San Diego Transit Corporation	4,221,190	25,425,706
San Diego Trolley, Inc.	8,026,285	3,092,645
Total	\$ 59,095,743	\$ 47,196,755

Capital asset additions totaling \$48 million were contributed by SANDAG in FY2017 compared to \$94 million in FY2016. A summary of capital asset additions contributed by SANDAG is as follows:

	2017	2016
Other contracted services	\$ 32,712,054	\$ 136,228
San Diego Transit Corporation	10,940,508	7,041,137
San Diego Trolley, Inc.	4,648,463	86,861,375
Total	\$ 48,301,025	\$ 94,038,740

MTS did not contribute any capital assets to other cities in FY2017 compared to \$420,000 to the City of La Mesa in FY2016. A summary of contributed capital is as follows:

	2017	2016
Contributed capital:		
From SANDAG to MTS	\$ 48,301,025	\$ 94,038,740
From MTS to City of La Mesa	-	(420,000)
Total	\$ 48,301,025	\$ 93,618,740

**Depreciation**

Depreciation expense for capital assets for the years ended June 30, 2017 and 2016 were comprised of the following:

	2017	2016
General operations	\$ 2,547,636	\$ 2,454,052
Other contracted services	19,079,087	16,001,781
San Diego Transit Corporation	25,188,350	24,278,346
San Diego Trolley, Inc.	77,064,932	76,785,475
Total	\$ 123,880,005	\$ 119,519,654

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 6 – Due To Other Governments**

At June 30, 2017 and 2016, amounts due to other governments consisted of the following:

	2017	2016
SANDAG - Subsidy revenue for construction projects in process	\$ 10,161,049	\$ 15,576,914
State of California	763,104	545,515
North County Transit District	649,151	505,130
SANDAG - Project/Route reimbursements	595,170	1,740,255
City of Lemon Grove - TDA Funds	123,593	121,170
City of El Cajon - TDA Funds	92,701	90,883
County of San Diego	61,354	92,223
City of San Diego	60,360	745,245
City of Coronado - TDA Funds	28,840	36,434
Miscellaneous Other Governments	23,799	38,669
City of La Mesa - TDA Funds	12,690	51,500
Total due to other governments	\$ 12,571,811	\$ 19,543,938

**Note 7 – Unearned Revenue**

At June 30, 2017 and 2016, unearned revenue consisted of the following:

	2017	2016
Fare media payments received in advance	\$ 2,514,412	\$ 2,359,820
Caltrans LCTOP Payment for Trolley LRVs	1,696,280	3,663,014
Lease payments received in advance	1,439,824	566,154
UCSD Naming Rights payment received in advance	675,000	-
Other reimbursements received in advance	10,904	-
Total unearned revenue	\$ 6,336,420	\$ 6,588,988

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 8 – Long-Term Debt**

**A. Summary**

A summary of changes in long-term obligations for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amounts due within one year	Amounts due in more than one year
<b>MTS:</b>						
Capital lease obligations	\$ 2,393,787	\$ -	\$ (646,074)	\$ 1,747,713	\$ 676,445	\$ 1,071,268
Compensated absences payable	1,053,614	858,019	(829,706)	1,081,927	829,706	252,221
Accrued damage, injury, and employee claims	460,057	287,535	(216,000)	531,592	230,036	301,556
Aggregate net pension liability	9,717,218	6,436,169	(4,673,068)	11,480,319	-	11,480,319
Net other postemployment benefits	4,711,641	380,667	-	5,092,308	-	5,092,308
Total MTS	<u>18,336,317</u>	<u>7,962,390</u>	<u>(6,364,848)</u>	<u>19,933,859</u>	<u>1,736,187</u>	<u>18,197,672</u>
<b>San Diego Transit Corporation:</b>						
Pension Obligation Bonds	19,860,000	-	(2,205,000)	17,655,000	2,315,000	15,340,000
Compensated absences payable	7,639,071	2,843,445	(3,237,943)	7,244,573	3,237,943	4,006,630
Accrued damage, injury, and employee claims	12,065,162	2,424,732	(2,300,000)	12,189,894	3,656,195	8,533,699
Aggregate net pension liability	98,098,137	52,865,440	(14,640,626)	136,322,951	-	136,322,951
Net other postemployment benefits	5,251,448	262,208	-	5,513,656	-	5,513,656
Total San Diego Transit Corporation	<u>142,913,818</u>	<u>58,395,825</u>	<u>(22,383,569)</u>	<u>178,926,074</u>	<u>9,209,138</u>	<u>169,716,936</u>
<b>San Diego Trolley, Inc.:</b>						
Compensated absences payable	2,491,436	2,190,311	(2,018,368)	2,663,379	2,018,368	645,011
Accrued damage, injury, and employee claims	3,069,931	887,425	(1,044,000)	2,913,356	1,095,402	1,817,954
Aggregate net pension liability	21,720,454	14,362,417	(5,780,860)	30,302,011	-	30,302,011
Net other postemployment benefits	7,557,173	409,908	-	7,967,081	-	7,967,081
Total San Diego Trolley, Inc.	<u>34,838,994</u>	<u>17,850,061</u>	<u>(8,843,228)</u>	<u>43,845,827</u>	<u>3,113,770</u>	<u>40,732,057</u>
Total	<u>\$ 196,089,129</u>	<u>\$ 84,208,276</u>	<u>\$ (37,591,645)</u>	<u>\$ 242,705,760</u>	<u>\$ 14,059,095</u>	<u>\$ 228,646,665</u>

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 8 – Long-Term Debt (Continued)**

**A. Summary (Continued)**

A summary of changes in long-term obligations for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts due within one year	Amounts due in more than one year
<b>MTS:</b>						
Capital lease obligations	\$ 3,006,729	\$ -	\$ (612,942)	\$ 2,393,787	\$ 646,074	\$ 1,747,713
Finance obligation	18,108,323	-	(18,108,323)	-	-	-
Compensated absences payable	997,083	1,111,907	(1,055,376)	1,053,614	972,455	81,159
Accrued damage, injury, and employee claims	489,890	137,167	(167,000)	460,057	183,616	276,441
Aggregate net pension liability	8,261,547	7,367,797	(5,912,126)	9,717,218	-	9,717,218
Net other postemployment benefits	4,335,345	376,296	-	4,711,641	-	4,711,641
<b>Total MTS</b>	<b>35,198,917</b>	<b>8,993,167</b>	<b>(25,855,767)</b>	<b>18,336,317</b>	<b>1,802,145</b>	<b>16,534,172</b>
<b>San Diego Transit Corporation:</b>						
Pension Obligation Bonds	21,960,000	-	(2,100,000)	19,860,000	2,205,000	17,655,000
Compensated absences payable	7,801,088	3,396,875	(3,558,892)	7,639,071	3,675,916	3,963,155
Accrued damage, injury, and employee claims	11,183,577	5,381,585	(4,500,000)	12,065,162	3,088,291	8,976,871
Aggregate net pension liability	85,694,264	25,119,593	(12,715,720)	98,098,137	-	98,098,137
Net other postemployment benefits	4,952,228	299,220	-	5,251,448	-	5,251,448
<b>Total San Diego Transit Corporation</b>	<b>131,591,157</b>	<b>34,197,273</b>	<b>(22,874,612)</b>	<b>142,913,818</b>	<b>8,969,207</b>	<b>133,944,611</b>
<b>San Diego Trolley, Inc.:</b>						
Compensated absences payable	2,660,544	2,145,208	(2,314,316)	2,491,436	2,320,286	171,150
Accrued damage, injury, and employee claims	2,535,283	1,436,648	(902,000)	3,069,931	1,105,159	1,964,772
Aggregate net pension liability	16,654,410	15,166,913	(10,100,869)	21,720,454	-	21,720,454
Net other postemployment benefits	7,127,397	429,776	-	7,557,173	-	7,557,173
<b>Total San Diego Trolley, Inc.</b>	<b>28,977,634</b>	<b>19,178,545</b>	<b>(13,317,185)</b>	<b>34,838,994</b>	<b>3,425,445</b>	<b>31,413,549</b>
<b>Total</b>	<b>\$ 195,767,708</b>	<b>\$ 62,368,985</b>	<b>\$ (62,047,564)</b>	<b>\$ 196,089,129</b>	<b>\$ 14,196,797</b>	<b>\$ 181,892,332</b>

Long-term debt is reported in the accompanying statements of net position as follows:

	2017		2016	
	Due Within One Year	Noncurrent Liabilities	Due Within One Year	Noncurrent Liabilities
<b>Long-Term Liabilities:</b>				
Compensated absences payable	\$ 6,086,017	\$ 4,903,862	\$ 6,968,657	\$ 4,215,464
Accrued damage, injury, and employee claims	4,981,633	10,653,209	4,377,066	11,218,084
Long-term debt	2,991,445	16,411,268	2,851,074	19,402,713
Aggregate net pension liability	-	178,105,281	-	129,535,809
Net other postemployment benefits	-	18,573,045	-	17,520,262
<b>Total long-term liabilities:</b>	<b>\$ 14,059,095</b>	<b>\$ 228,646,665</b>	<b>\$ 14,196,797</b>	<b>\$ 181,892,332</b>

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 8 – Long-Term Debt (Continued)**

**B. Capital Lease (Continued)**

The County of San Diego (the County) has a master lease agreement with the MTS Joint Powers Agency (Agency) for the lease of the MTS Tower building. MTS entered into a sublease agreement with the County for a portion (27.61%) of the MTS Tower building. The sublease is classified as a capital lease because 27.61% of the title transfers to MTS at the end of the County’s master lease. The master lease terminates on November 1, 2086; however, the County has the option to terminate the agreement on November 1, 2041 and each tenth anniversary thereafter. In May 2011, San Diego County refunded the underlying debt obligation in order to secure a more favorable interest rate, which results in a \$1.3 million reduction in future principal and interest payments under the terms of the lease agreement. A \$788,266 net economic capital gain from the refunding, which is the difference between the present value of the minimum payments on the refunded debt and the present value of the minimum payments on the refunding debt, has been deferred. The deferred gain will be amortized as a component of interest expense over the life of the refunding debt, which is the same life as the refunded debt.

The asset acquired through a capital lease is as follows:

	2017	2016
Building – MTS Tower	\$ 12,091,981	\$ 12,091,981
Less accumulated depreciation	(10,769,421)	(10,391,547)
Total	\$ 1,322,560	\$ 1,700,434

The following is a summary of future minimum payments under the capital lease as of June 30, 2017:

Year ending June 30:	Tower Lease Payments
2018	\$ 743,537
2019	744,055
2020	372,148
Total minimum lease payments	1,859,740
Less amount representing interest	(112,027)
Present value of minimum lease payments	\$ 1,747,713

At June 30, 2017 and 2016, the future minimum payments were \$1,747,213 and 2,393,787, respectively.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 8 – Long-Term Debt (Continued)**

**C. Pension Obligation Bonds**

In October 2004, MTS issued \$77,490,000 of Taxable Pension Obligation Bonds (POBs) for the benefit of SDTC. The purpose of the bonds was to make contributions to the San Diego Transit Corporation Retirement Plan and reduce its unfunded liability. This is in essence a hedge versus the assumed investment rate of 8% used by the actuary to determine the Actuarial Accrued Liability. The proceeds less fees were invested into the retirement plan. The bonds consist of the following:

- Series A Bonds of \$38,690,000 are fixed rate bonds that mature in annual installments between 2006 and 2024 and bear an interest rate from 2.58% to 5.15% increasing progressively over the maturities. Interest is due and payable semi-annually on June 1 and December 1. Principal is due and payable each year on December 1.

At June 30, 2017 and 2016, the outstanding balance of the Pension Obligation Bonds is \$17,655,000 and \$19,860,000, respectively.

The maturity of the Pension Obligation Bonds including interest payments are as follows:

Year ending June 30	Principal	Interest	Total
2018	\$ 2,315,000	\$ 838,500	\$ 3,153,500
2019	2,430,000	723,671	3,153,671
2020	2,555,000	599,074	3,154,074
2021	2,690,000	464,015	3,154,015
2022	2,835,000	321,746	3,156,746
2023-2024	4,830,000	219,390	5,049,390
Total	<u>\$ 17,655,000</u>	<u>\$ 3,166,396</u>	<u>\$ 20,821,396</u>

**Note 9 – Risk Management**

MTS (including SDTI, SDTC, and Other Contracted Services) is self-insured for third party liability claims to a maximum of \$2,000,000 per occurrence. Amounts in excess of the self-insured retention limits for public liability are covered through commercial insurance carriers up to \$75,000,000 per occurrence. No stop loss or cap coverage is purchased above the \$75,000,000 limits. MTS, SDTI, and SDTC purchase all-risk (excluding earthquake) insurance coverage for property damage up to \$600,000,000 per occurrence with deductibles ranging from \$25,000 to \$250,000, depending on the type of property and peril involved. In addition, MTS, SDTC, and SDTI are self-insured for costs arising from employee workers' compensation act benefit claims including employer's liability to a retained limit of \$1,000,000 per occurrence. Amounts in excess of \$1,000,000 are insured up to statutory limits. MTS, SDTC, and SDTI all finance their respective unemployment insurance liabilities. MTS, SDTC and SDTI have policies for crime coverage through commercial insurance as well as cyber liability insurance to protect the agencies from third party claims alleging computer security breaches. The crime coverage policy has a limit of \$1,000,000 subject to a \$25,000 deductible and the cyber liability policy has a limit of \$3,000,000 subject to a \$100,000 deductible. These policies protect against theft, loss or unauthorized disclosure of personally identifiable information.



**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 9 – Risk Management (Continued)**

Claim expenditures and liabilities in connection with these self-insurance programs are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported based upon past experience, modified for current trends and information. Claim payments up to \$2,000,000 per incident were recorded as risk management expenses in the statements of revenues, expenses, and changes in net position. Claim payments did not exceed insurance coverage in any of the past three years.

	Beginning of fiscal year	Current year claims and changes in estimates	Claims payments	End of fiscal year
2015	\$ 11,691,256	\$ 6,357,494	\$ (3,840,000)	\$ 14,208,750
2016	14,208,750	6,955,400	(5,569,000)	15,595,150
2017	15,595,150	3,599,692	(3,560,000)	15,634,842

Following is a summary of accrued damage injury, and employee claims for fiscal years 2017 and 2016:

	2017	2016
Current portion	\$ 4,981,633	\$ 4,377,066
Non-current portion	10,653,209	11,218,084
Total	\$ 15,634,842	\$ 15,595,150

MTS has established a policy to consolidate the minimum balances required in the liability claims reserve accounts of SDTC and SDTI to be held by MTS. The policy also established eligible uses for the MTS reserve account, which included the reimbursement to SDTC and SDTI of awards/settlements of individual liability claims for personal injury and/or property damage in excess of \$300,000, but within the self-insurance retention at SDTC and SDTI. In connection with these self-insurance programs, liabilities for SDTC, SDTI and MTS were \$15,634,842 at June 30, 2017 and \$15,595,150 at June 30, 2016.

The Board has designated \$2,000,000 for the purposes of funding the future claims liabilities of MTS, SDTI, and SDTC.

**Note 10 – Contingencies**

**Pending legal actions.** MTS, SDTC and SDTI have been named in certain legal actions pending at June 30, 2017. While the outcome of these lawsuits is not presently determinable, in the opinion of management of MTS, SDTC and SDTI, based in part on the advice of counsel, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of MTS, SDTC, or SDTI, or is adequately covered by insurance.

**Pledged Revenue.** SDTC has pledged future revenues pursuant to the provision of the Pension Obligation Bonds issued by SDTC in FY2004.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 11 – Other Postemployment Health Care Benefits**

**Plan Description.** MTS contracts with a third party to provide MTS, SDTI, and SDTC Management and SDTI Union retirees a nationwide private health care exchange. The third party also provides non-commissioned benefit advisors to assist retirees in determining the health plan that best suits their needs. MTS funds a Health Reimbursement Arrangement (HRA) account for each eligible retiree to offset the cost of the healthcare they purchase through the exchange. As in years past, SDTC has provided payments to operator and maintenance employee unions for provision of postemployment benefits as determined by each union.

For the year ended June 30, 2017, total MTS payments were \$91,161 for 19 retirees, total SDTI payments were \$167,910 for 39 retirees, and total SDTC payments were \$264,136 for 50 management retirees plus \$277,760 for 168 union retirees currently receiving postemployment health care benefits.

For the year ended June 30, 2016, total MTS payments were \$108,990 for 18 retirees, total SDTI payments were \$195,117 for 42 retirees, and total SDTC payments were \$430,350 for 48 management retirees plus \$357,048 for 163 union retirees currently receiving postemployment health care benefits.

Because the three plans are funded as expenses are incurred, there are no accumulated plan assets and no separate benefit plan reports available at this time.

The Plan's Net OPEB Obligation (NOO) is the cumulative excess of prior Annual Required Contribution (ARC) over benefit payments and contributions, with annual adjustments for interest and amortization. The changes in NOO for fiscal years 2017 and 2016 are as follows:

<b>Net OPEB Obligation (NOO):</b>	<b>MTS</b>	<b>SDTI</b>	<b>SDTC</b>	<b>Total</b>
<b>NOO at June 30, 2015</b>	\$ 4,335,345	\$ 7,127,397	\$ 4,952,228	\$ 16,414,970
Benefit payments paid outside of a trust	(116,864)	(172,789)	(1,019,791)	(1,309,444)
Estimated contributions to a trust	-	-	-	-
Annual required contribution	482,855	585,625	1,307,241	2,375,721
Accrued interest on June 30, 2015 NOO	195,091	320,733	222,850	738,674
Amortization of June 30, 2015 NOO	(184,786)	(303,793)	(211,080)	(699,659)
<b>NOO at June 30, 2016</b>	<b>4,711,641</b>	<b>7,557,173</b>	<b>5,251,448</b>	<b>17,520,262</b>
Benefit payments paid outside of a trust	(138,368)	(220,451)	(1,103,153)	(1,461,972)
Estimated contributions to a trust	-	-	-	-
Annual required contribution	497,341	603,193	1,346,458	2,446,992
Accrued interest on June 30, 2016 NOO	212,024	340,073	236,315	788,412
Amortization of June 30, 2016 NOO	(190,330)	(312,907)	(217,412)	(720,649)
<b>NOO at June 30, 2017</b>	<b>\$ 5,092,308</b>	<b>\$ 7,967,081</b>	<b>\$ 5,513,656</b>	<b>\$ 18,573,045</b>

**Eligibility.** Employees are eligible after attaining age/service years of 55/10 for MTS and SDTI management, 55/15 for SDTI union, 55/10 for SDTC management, and 55/5 for SDTC unions.

	Participants as of (Most Current Available)	
	June 30, 2015	June 30, 2013
Current retirees and surviving spouses	260	229
Active employees eligible for benefits	1,570	1,426
Total	<u>1,830</u>	<u>1,655</u>

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 11 – Other Postemployment Health Care Benefits (Continued)**

**Funding Policy.** The contribution requirements of plan members and MTS are established by management and may be amended. The contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2017, MTS contributions to the plan were \$1,461,972 (or 67.50% of total gross health costs), while retirees contributed \$703,991 (or 32.50% of total gross health costs), as compared to fiscal year 2016, MTS contributions to the plan were \$1,309,444 (or 56.32% of total gross health costs), while retirees contributed \$1,015,633 (or 43.68% of total gross health costs).

**Annual OPEB Cost and Net OPEB Obligation.** MTS's annual OPEB cost (expense) is calculated based on the sponsoring employer's Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any Unfunded Actuarial Accrued Liabilities (UAAL) as a level percentage of projected payroll on a closed basis over a period not to exceed thirty years. The following table shows the components of MTS's ARC and Annual OPEB Cost for the years ended June 30, 2017 and 2016, the amount actually contributed to the plans, and the changes in MTS' Net OPEB Obligation to the Plan:

	All Groups	
	2017	2016
Normal Cost	\$ 970,634	\$ 942,363
Amortization of Unfunded AAL	1,476,358	1,433,358
Annual Required Contribution	2,446,992	2,375,721
Interest on beginning of year NOO	788,412	738,674
Amortization of beginning of year NOO	(720,649)	(699,659)
Annual OPEB cost	2,514,755	2,414,736
Contributions or Benefit Payments	(1,099,627)	(983,684)
Implicit subsidy payments	(362,345)	(325,760)
Increase in net OPEB obligation	1,052,783	1,105,292
Net OPEB obligation:		
Beginning of year	17,520,262	16,414,970
End of year	\$ 18,573,045	\$ 17,520,262

MTS's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan and the Net OPEB Obligation for fiscal years 2015, 2016 and 2017 were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 2,511,400	46.03%	\$ 16,414,970
June 30, 2016	2,414,736	54.23%	17,520,262
June 30, 2017	2,514,755	58.14%	18,573,045

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 11 – Other Postemployment Health Care Benefits (Continued)**

**Funded Status and Funding Progress.** As of June 30, 2015, the most recent actuarial valuation date, the Plan was not funded. The Actuarial Accrued Liability (AAL) for benefits was \$33,628,566 and the actuarial value of assets was \$0 compared to \$36,511,800 and \$0 as June 30, 2013. The covered payroll (annual payroll of active employees covered by the plan) as of June 30, 2015 was \$73,896,000 and the ratio of Unfunded AAL to covered payroll was 46% percent compared to \$68,044,900 and 54% as of June 30, 2013.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The most recent funding progress schedules available for MTS, SDTI and SDTC are presented below:

(Amounts in '000)							
	Valuation Date	Actuarial Value of Assets	Entry Age Normal AAL	Unfunded AAL	Funded Status	Annual Covered Payroll	UAAL as of % of Payroll
MTS	6/30/2015	\$ -	\$ 3,863	\$ 3,863	0.00%	\$ 10,416	37.09%
SDTI	6/30/2015	-	7,700	7,700	0.00%	26,709	28.83%
SDTC	6/30/2015	-	22,066	22,066	0.00%	36,771	60.01%
Total		\$ -	\$ 33,629	\$ 33,629	0.00%	\$ 73,896	45.51%

Actuarial review and analysis of OPEB liability and funding status is required every two years, or annually if there are significant changes in the plan. The June 30, 2015 report was completed in FY2016. The next study, which we will based on activity through June 2017, will be completed during FY2018 and ready for the FY2018 financial report.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in Actuarial Accrued Liabilities consistent with the long-term perspective of the calculations.

In the June 30, 2015 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuary assumed 4.5% investment rate of return (net of administrative expenses) which is the expected long-term investment returns on the employer's own investments, and a compensation increase of 3%. The annual healthcare cost trend rate varies depending on the plan and type of health care service involved. Beginning in fiscal year 2015/2016, medical/drug trends generally grade down from 7.0% and 6.5% to an ultimate of 4.5% by 2021, while dental expense trends stay flat at 4.0%. A general inflation rate of 2.75% was included in the investment rate, compensation rate, and the health care cost trend rate. The UAAL is being amortized as a level percentage of projected payroll over a rolling 30 years.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems**

**A. Summary**

**Aggregate Net Pension Asset**

Aggregate Net Pension Asset is reported in the accompanying statements of net position as follows:

	2017	2016
MTS Miscellaneous Second Tier Plan - 30134	\$ -	\$ (2,599)
MTS Miscellaneous PEPRAs Plan - 26789	-	(7,322)
	\$ -	\$ (9,921)

**Aggregate Net Pension Liability**

Aggregate Net Pension Liability is reported in the accompanying statements of net position as follows:

	2017	2016
MTS Miscellaneous Plan - 1223	\$ 11,438,216	\$ 9,717,218
MTS Miscellaneous Second Tier Plan - 30134	7,942	-
MTS Miscellaneous PEPRAs Plan - 26789	34,161	-
SDTI Miscellaneous Plan - 1406	27,706,592	19,555,041
SDTI PARS Plan	2,595,419	2,165,413
SDTC Retirement Plan	136,322,951	98,098,137
Total	\$ 178,105,281	\$ 129,535,809

**Deferred Outflows of Resources**

Deferred Outflows of Resources at June 30, 2017 are reported in the accompanying statement of net position as follows:

	Contributions Made After Measurement Date	Difference Between Expected and Actual Experience	Adjustments Due To Difference in Proportions	Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes in Assumptions	Total
MTS Miscellaneous Plan - 1223	\$ 1,370,412	\$ 56,388	\$ 91,107	\$ 3,973,645	\$ -	\$ 5,491,552
MTS Miscellaneous Second Tier Plan - 30134	70,867	1,870	308	142,334	-	215,379
MTS Miscellaneous PEPRAs Plan - 26789	290,432	6,018	-	584,584	-	881,034
SDTI Miscellaneous Plan - 1406	2,835,680	303,448	-	8,810,447	-	11,949,575
SDTI PARS Plan	586,218	-	-	462,382	253,427	1,302,027
SDTC Retirement Plan	12,649,101	270,960	-	18,329,930	19,799,915	51,049,906
Total	\$ 17,802,710	\$ 638,684	\$ 91,415	\$ 32,303,322	\$ 20,053,342	\$ 70,889,473

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**A. Summary (Continued)**

**Deferred Outflows of Resources (Continued)**

Deferred Outflows of Resources at June 30, 2016 are reported in the accompanying statement of net position as follows:

	Contributions Made After Measurement Date	Difference Between Expected and Actual Experience	Adjustments Due To Difference in Proportions	Difference Between Projected and Actual Earnings on Pension Plan Investments	Total
MTS Miscellaneous Plan - 1223	\$ 1,306,126	\$ 87,715	\$ 141,721	\$ 2,127,113	\$ 3,662,675
MTS Miscellaneous Second Tier Plan - 30134	49,020	2,908	691	70,501	123,120
MTS Miscellaneous PEPRA Plan - 26789	227,181	9,362	-	227,042	463,585
SDTI Miscellaneous Plan - 1406	2,659,911	-	-	4,226,627	6,886,538
SDTI PARS Plan	542,483	-	-	164,631	707,114
SDTC Retirement Plan	10,711,282	1,510,483	-	11,378,998	23,600,763
Total	<u>\$ 15,496,003</u>	<u>\$ 1,610,468</u>	<u>\$ 142,412</u>	<u>\$ 18,194,912</u>	<u>\$ 35,443,795</u>

**Deferred Inflows of Resources**

Deferred Inflows of Resources at June 30, 2017 are reported in the accompanying statement of net position as follows:

	Difference Between Actual and Proportionate Share of Employer Contributions	Difference Between Expected and Actual Experience	Changes in Assumption	Adjustments Due To Difference in Proportions	Difference Between Projected and Actual Earnings on Pension Plan Investments	Total
MTS Miscellaneous Plan - 1223	\$ 374,067	\$ 10,682	\$ 533,487	\$ 925,259	\$ 958,753	\$ 2,802,248
MTS Miscellaneous Second Tier Plan - 30134	13,255	402	17,682	91,236	11	122,586
MTS Miscellaneous PEPRA Plan - 26789	52,858	1,861	56,943	400,898	339	512,899
SDTI Miscellaneous Plan - 1406	-	321,305	1,432,253	-	3,292,879	5,046,437
SDTI PARS Plan	-	130,786	-	-	-	130,786
SDTC Retirement Plan	-	1,449,650	-	-	2,632,574	4,082,224
Total	<u>\$ 440,180</u>	<u>\$ 1,914,686</u>	<u>\$ 2,040,365</u>	<u>\$ 1,417,393</u>	<u>\$ 6,884,556</u>	<u>\$ 12,697,180</u>

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**A. Summary (Continued)**

**Deferred Inflows of Resources**

Deferred Inflows of Resources at June 30, 2016 are reported in the accompanying statement of net position as follows:

	Difference Between Actual and Proportionate Share of Employer Contributions	Difference Between Expected and Actual Experience	Changes in Assumption	Adjustments Due To Difference in Proportions	Difference Between Projected and Actual Earnings on Pension Plan Investments	Total
MTS Miscellaneous Plan - 1223	\$ 283,702	\$ -	\$ 829,869	\$ 277,091	\$ 1,438,130	\$ 2,828,792
MTS Miscellaneous Second Tier Plan - 30134	9,403	-	27,505	32,877	17	69,802
MTS Miscellaneous PEPRA Plan - 26789	30,281	-	88,578	111,875	509	231,243
SDTI Miscellaneous Plan - 1406	-	415,807	1,853,504	-	4,939,318	7,208,629
SDTC Retirement Plan	-	-	-	-	3,948,861	3,948,861
Total	<u>\$ 323,386</u>	<u>\$ 415,807</u>	<u>\$ 2,799,456</u>	<u>\$ 421,843</u>	<u>\$ 10,326,835</u>	<u>\$ 14,287,327</u>

**Pension Expense**

Pension expenses are included in the accompanying statements of revenues, expenses, and changes in net position as follows:

	2017	2016
MTS Miscellaneous Plan - 1223	\$ 1,234,428	\$ 950,048
MTS Miscellaneous Second Tier Plan - 30134	41,984	39,438
MTS Miscellaneous PEPRA Plan - 26789	196,197	122,389
SDTI Miscellaneous Plan - 1406	3,762,002	1,850,776
SDTI PARS Plan	557,087	468,660
SDTC Retirement Plan	23,558,135	11,487,861
Total	<u>\$ 29,349,833</u>	<u>\$ 14,919,172</u>

**San Diego Metropolitan Transit System  
Notes to Basic Financial Statements (Continued)  
For the Years Ended June 30, 2017 and 2016**

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**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS**

**General Information about the Pension Plans**

**Plan Description** – All MTS management employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the MTS Miscellaneous, MTS Miscellaneous PEPR, or MTS Miscellaneous Second Tier cost-sharing multiple employer defined benefit plans administered by California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit Provisions under the Plans are established by State statutes within the Public Employee’s Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment and can only be amended by the MTS Board of Directors.

The Plan’s provisions and benefits in effect as of June 30, 2017 are summarized as follows:

**MTS Miscellaneous Plan-1223  
CLOSED TO NEW MEMBERS**

Hire date	Prior to December 24, 2012
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Final Average Compensation Period	12 months
Retirement age	50-55
Monthly benefits, as a % of eligible compensation	2.0%-2.7%
Required employee contribution rates	8.00%
Required employer contribution rates	20.35%
Pre-Retirement Death Benefit	Optional Settlement 2W
Post-Retirement Death Benefit	\$500 Lump Sum
Non-Industrial Standard Disability	1.8% of final compensation X multiplied by service
COLA	2.00%



**San Diego Metropolitan Transit System  
Notes to Basic Financial Statements (Continued)  
For the Years Ended June 30, 2017 and 2016**

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**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

**General Information about the Pension Plans (Continued)**

**MTS Miscellaneous Second Tier Plan - 30134**

Hire date	On or Between December 24 and 31, 2012 or Grandfathered classic members
Benefit formula	2.0% @ 60
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Final Average Compensation Period	12 months
Retirement age	50-63
Monthly benefits, as a % of eligible compensation	1.092%-2.418%
Required employee contribution rates	7.00%
Required employer contribution rates	7.61%
Pre-Retirement Death Benefit	Optional Settlement 2W
Post-Retirement Death Benefit	\$500 Lump Sum
Non-Industrial Standard Disability	1.8% of final compensation X multiplied by service
COLA	2.00%

**MTS Miscellaneous PEPRA Plan - 26789**

Hire date	On or after January 1, 2013
Benefit formula	2.0% @ 62
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Final Average Compensation Period	36 months
Retirement age	52-67
Monthly benefits, as a % of eligible compensation	1.0-2.5%
Required employee contribution rates	6.25%
Required employer contribution rates	6.56%
Pre-Retirement Death Benefit	Optional Settlement 2W
Post-Retirement Death Benefit	\$500 Lump Sum
Non-Industrial Standard Disability	1.8% of final compensation X multiplied by service
COLA	2.00%

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

**Employees Covered** – At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

	MTS Miscellaneous Plan - 1223	MTS Miscellaneous Second Tier Plan - 30134	MTS Miscellaneous PEPRA Plan - 26789
Inactive employees or beneficiaries currently receiving benefits	117	4	0
Inactive employees entitled to but not yet receiving benefits	50	0	0
Active employees	69	12	75

**Employees Covered** – At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

	MTS Miscellaneous Plan - 1223	MTS Miscellaneous Second Tier Plan - 30134	MTS Miscellaneous PEPRA Plan - 26789
Inactive employees or beneficiaries currently receiving benefits	105	4	0
Inactive employees entitled to but not yet receiving benefits	59	0	0
Active employees	72	11	70

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2016 and 2015 (the measurement dates), the active employee contribution rates and average employer contribution rates were as follows:

	Measurement Date			
	2016		2015	
	Employee Contribution	Employer Contribution	Employee Contribution	Employer Contribution
MTS - Miscellaneous Plan-1223	8.00%	20.35%	7.00%	17.71%
MTS Miscellaneous Second Tier Plan - 30134	7.00%	7.61%	7.00%	7.16%
MTS PEPRA Miscellaneous Plan - 26789	6.25%	6.56%	6.25%	6.24%

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

For the year ended June 30, 2016 (the measurement date), the plan's proportionate share of aggregate contributions recognized as part of pension expense for each Plan were as follows:

	MTS Miscellaneous Plan - 1223	MTS Miscellaneous Second Tier Plan - 30134	MTS Miscellaneous PEPRA Plan - 26789
Contributions - employer	\$ 1,564,713	\$ 58,855	\$ 272,574
Contributions - employee	618,282	23,256	107,705

For the year ended June 30, 2015 (the measurement date), the plan's proportionate share of aggregate contributions recognized as part of pension expense for each Plan were as follows:

	MTS Miscellaneous Plan - 1223	MTS Miscellaneous Second Tier Plan - 30134	MTS Miscellaneous PEPRA Plan - 26789
Contributions - employer	\$ 1,753,602	\$ 58,121	\$ 187,174
Contributions - employee	717,034	23,765	76,534

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**  
– As of June 30, 2017 and 2016, MTS reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability (Asset)	
	2017	2016
MTS - Miscellaneous Plan-1223	\$ 11,438,216	\$ 9,717,218
MTS Miscellaneous Second Tier Plan - 30134	7,942	(2,599)
MTS Miscellaneous PEPRA Plan - 26789	34,161	(7,322)
<b>Aggregate Net Pension Liability (Asset)</b>	<b>\$ 11,480,319</b>	<b>\$ 9,707,297</b>

MTS's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. MTS's proportion of the net pension liability was based on a projection of the MTS's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool:

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2015). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2016). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2016 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (FY2016).
- (3) The individual plan's TPL, FNP, and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from step (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the measurement date is equal to the risk pool TPL generated in step (2) multiplied by the TPL ratio generated in step (4). The plan's FNP as of the measurement date is equal to the FNP generated in step (2) multiplied by the FNP ratio generated in step (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in step (5).

MTS's proportionate share of the net pension liability for each Plan as of June 30, 2016, 2015 and 2014 (measurement dates) were as follows:

	MTS Miscellaneous Plan - 1223	MTS Miscellaneous Second Tier Plan - 30134	MTS Miscellaneous PEPRA Plan - 26789
Proportion June 30, 2014	0.13274%	0.00000%	0.00003%
Proportion June 30, 2015	0.14157%	-0.00004%	-0.00011%
Change - Increase (Decrease)	0.00883%	-0.00004%	-0.00014%
Proportion June 30, 2016	0.13219%	0.00009%	0.00039%
Change - Increase (Decrease)	-0.00938%	0.00013%	0.00050%

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

For the years ended June 30, 2017 and 2016, MTS recognized pension expense of \$1,472,609 and \$1,111,875, respectively. At June 30, 2017 and 2016, MTS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**MTS - Miscellaneous Plan - 1223**

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 1,370,412	\$ -	\$ 1,306,126	\$ -
Differences between expected and actual experience	56,388	(10,682)	87,715	-
Changes in assumptions	-	(533,487)	-	(829,869)
Adjustments due to difference in proportions	91,107	(925,259)	141,721	(277,091)
Differences between actual and proportionate share of employer contributions	-	(374,067)	-	(283,702)
Net differences between projected and actual earnings on pension plan investments	3,973,645	(958,753)	2,127,113	(1,438,130)
Total	<u>\$ 5,491,552</u>	<u>\$ (2,802,248)</u>	<u>\$ 3,662,675</u>	<u>\$ (2,828,792)</u>

**MTS - Miscellaneous Second Tier Plan - 30134**

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 70,867	\$ -	\$ 49,020	\$ -
Differences between expected and actual experience	1,870	(402)	2,908	-
Changes in assumptions	-	(17,682)	-	(27,505)
Adjustments due to difference in proportions	308	(91,236)	691	(32,877)
Differences between actual and proportionate share of employer contributions	-	(13,255)	-	(9,403)
Net differences between projected and actual earnings on pension plan investments	142,334	(11)	70,501	(17)
Total	<u>\$ 215,379</u>	<u>\$ (122,586)</u>	<u>\$ 123,120</u>	<u>\$ (69,802)</u>

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

	<b>MTS - Miscellaneous PEPRA Plan - 26789</b>			
	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 290,432	\$ -	\$ 227,181	\$ -
Differences between expected and actual experience	6,018	(1,861)	9,362	-
Changes in assumptions	-	(56,943)	-	(88,578)
Adjustments due to difference in proportions	-	(400,898)	-	(111,875)
Differences between actual and proportionate share of employer contributions	-	(52,858)	-	(30,281)
Net differences between projected and actual earnings on pension plan investments	584,584	(339)	227,042	(509)
Total	<u>\$ 881,034</u>	<u>\$ (512,899)</u>	<u>\$ 463,585</u>	<u>\$ (231,243)</u>

The combined \$1,731,711 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018 compared to the combined \$1,582,327 reported in the previous year.

As of the measurement date June 30, 2016, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	MTS	MTS	MTS
	Miscellaneous Plan - 1223	Miscellaneous Second Tier Plan - 30134	Miscellaneous PEPRA Plan - 26789
2018	\$ (150,817)	\$ (11,354)	\$ (49,867)
2019	35,486	(6,884)	(32,016)
2020	839,646	17,797	56,011
2021	594,577	22,367	103,575
2022	-	-	-
Total	<u>\$ 1,318,892</u>	<u>\$ 21,926</u>	<u>\$ 77,703</u>

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

As of the measurement date June 30, 2015, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	MTS	MTS	MTS
	Miscellaneous Plan - 1223	Miscellaneous Second Tier Plan - 30134	Miscellaneous PEPRA Plan - 26789
2017	\$ (417,298)	\$ (5,883)	\$ (23,557)
2018	(386,514)	(5,958)	(22,948)
2019	(200,208)	(1,488)	(5,097)
2020	531,777	17,627	56,763
2021	-	-	-
Total	<u>\$ (472,243)</u>	<u>\$ 4,298</u>	<u>\$ 5,161</u>

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	MTS Miscellaneous Plan - 1223	MTS Miscellaneous Second Tier Plan - 30134	MTS Miscellaneous PEPRA Plan - 26789
Valuation Date	June 30, 2015	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:			
Discount Rate	7.65%	7.65%	7.65%
Inflation	2.75%	2.75%	2.75%
Payroll Growth	3.00%	3.00%	3.00%
Projected Salary Increase	varies by entry age and service (1)	varies by entry age and service (1)	varies by entry age and service (1)
Investment Rate of Return	7.50% (2)	7.50% (2)	7.50% (2)
Mortality	derived using CalPERS's membership data for all funds (3)	derived using CalPERS's membership data for all funds (3)	derived using CalPERS's membership data for all funds (3)

(1) Depending on age, service and type of employment.

(2) Net of pension plan investment expenses, including inflation.

(3) The mortality table used was developed based on CalPERS's specific data.

The table includes 20 years of mortality improvements using Society of Actuaries Scales BB.

**Change in Assumptions** – GASB 68, paragraph 30 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In the current year, the actuarial report did not have a change of assumption. In the prior year the discount rate changed from 7.50 percent in 2014 to 7.65 percent as of June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense. The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuations were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%

(a) an expected inflation of 2.50% for this period

(b) an expected inflation of 3.00% for this period



**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**B. MTS (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –**

The following presents MTS's proportionate share of the net pension liability for each Plan as of June 30, 2017, calculated using the discount rate for each Plan, as well as what MTS's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	MTS Miscellaneous Plan - 1223	MTS Miscellaneous Second Tier Plan - 30134	MTS Miscellaneous PEPRA Plan - 26789	Aggregate
1% Decrease	6.65%	6.65%	6.65%	6.65%
Net Pension Liability	\$ 17,820,440	\$ 12,375	\$ 53,222	\$ 17,886,037
Current Discount Rate	7.65%	7.65%	7.65%	7.65%
Net Pension Liability	\$ 11,438,216	\$ 7,942	\$ 34,161	\$ 11,480,319
1% Increase	8.65%	8.65%	8.65%	8.65%
Net Pension Liability	\$ 6,163,624	\$ 4,280	\$ 18,408	\$ 6,186,312

The following presents MTS's proportionate share of the net pension liability for each Plan as of June 30, 2016, calculated using the discount rate for each Plan, as well as what MTS's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	MTS Miscellaneous Plan - 1223	MTS Miscellaneous Second Tier Plan - 30134	MTS Miscellaneous PEPRA Plan - 26789	Aggregate
1% Decrease	6.65%	6.65%	6.65%	6.65%
Net Pension Liability	\$ 16,296,453	\$ (4,359)	\$ (12,280)	\$ 16,279,814
Current Discount Rate	7.65%	7.65%	7.65%	7.65%
Net Pension Liability	\$ 9,717,218	\$ (2,599)	\$ (7,322)	\$ 9,707,297
1% Increase	8.65%	8.65%	8.65%	8.65%
Net Pension Liability	\$ 4,285,296	\$ (1,146)	\$ (3,229)	\$ 4,280,921

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**Payable to the Pension Plan** – At June 30, 2017, MTS reported a payable of \$61,714 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017 compared to \$47,800 for the year ended June 30, 2016.

**San Diego Metropolitan Transit System  
Notes to Basic Financial Statements (Continued)  
For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI**

**1. CalPERS Plan**

**Plan Description** – All SDTI employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the SDTI Miscellaneous or PEPRA Miscellaneous single employer defined benefit plans administered by California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit Provisions under the Plans are established by State statutes within the Public Employee’s Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan members include both contract and non-contract employees. Benefits are based on years of credited service, equal to one year of full time employment and can only be amended by the MTS Board of Directors.

The Plan’s provisions and benefits in effect as of June 30, 2017 are summarized as follows:

**San Diego Trolley Miscellaneous Plan - 1406  
Closed to New Members**

	Management Employees	Union Employees
Hire date	Prior to January 1, 2013	Prior to January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Final Average Compensation Period	12 months	12 months
Retirement age	50-63	50-63
Monthly benefits, as a % of eligible compensation	1.426-2.418%	1.426-2.418%
Required employee contribution rates	8.00%	7.00%
Required employer contribution rates	9.85%	10.85%
Pre-Retirement Death Benefit	1959 Survivor Benefit Level 2	1959 Survivor Benefit Level 2
Post-Retirement Death Benefit	\$500 Lump Sum	\$500 Lump Sum
Non-Industrial Standard Disability	1.8% of final compensation X multiplied by service	1.8% of final compensation X multiplied by service
COLA	2.00%	2.00%

**San Diego Metropolitan Transit System  
Notes to Basic Financial Statements (Continued)  
For the Years Ended June 30, 2017 and 2016**

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**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**1. CalPERS Plan (Continued)**

**San Diego Trolley Miscellaneous PEPR Plan - 26965**

Hire date	On or After January 1, 2013
Benefit formula	2.0% @ 62
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Final Average Compensation Period	36 months
Retirement age	52-67
Monthly benefits, as a % of eligible compensation	1.0-2.5%
Required employee contribution rates	5.75%
Required employer contribution rates	10.85%
Pre-Retirement Death Benefit	1959 Survivor Benefit Level 2
Post-Retirement Death Benefit	\$500 Lump Sum
Non-Industrial Standard Disability	1.8% of final compensation X multiplied by service
COLA	2.00%

**2. PARS Plan**

**Plan Description** – All full-time SDTI management employees employed between October 1, 2003 and December 24, 2012 are eligible to participate in the PARS Retirement Enhancement Plan, a defined benefit plan held by the Public Agency Retirement System Trust, an agent multiple employer retirement trust under Internal Revenue Service Code Section 401(a). The Plan is administered by Public Agency Retirement Services (PARS). Separate information for the Plan is included in another financial report issued by PARS. Copies of the financial report can be obtained in writing from Public Agency Retirement Services, 4350 Von Karman Ave., Suite 100, Newport Beach, CA 92660.

**Benefits Provided** – PARS provides supplemental service retirement benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Members are eligible to receive benefits if they, have retired under CalPERS, have terminated employment, or had their position eliminated due to internal reorganization or mandatory operating budget reductions after January 1, 2004. The Plan benefit supplements member's CalPERS benefit to provide members with an enhanced retirement benefit and MTS management has the authority to amend the Plan's benefit terms. The monthly lifetime benefit is calculated by taking the difference between (1) and (2) below and multiplying it by one-twelfth (1/12):

- (1) PARS Age Factor x Benefit Service x Highest Average Annual Compensation (Subject to CalPERS Deductions) during the Last 12 Months of Employment
- (2) CalPERS Age Factor x Benefit Service x Highest Average Annual Compensation (Subject to CalPERS Deductions) during the Last 12 Months of Employment

**San Diego Metropolitan Transit System  
Notes to Basic Financial Statements (Continued)  
For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**2. PARS Plan (Continued)**

The Plan's provisions and benefits in effect as of June 30, 2017 are summarized as follows:

**San Diego Trolley PARS Plan  
CLOSED TO NEW MEMBERS**

Hire date	Prior to January 1, 2013
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Final Average Compensation Period	12 months
Retirement age	50-63
Monthly benefits, as a % of eligible compensation	0.282-0.574%
Required employee contribution rates	Not Required or Permitted
Required employer contribution rates	9.96%
Pre-Retirement Death Benefit	None
Post-Retirement Death Benefit	Joint-and-100% Survivor Option
Disability Retirement Benefit	None
COLA	2.00%

**Employees Covered**

At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

	SDTI	
	Miscellaneous Plan - 1406*	SDTI PARS Plan
Inactive employees or beneficiaries currently receiving benefits	226	41
Inactive employees entitled to but not yet receiving benefits	232	0
Active employees	531	59

\*SDTI PEPPRA Plan included in SDTI Miscellaneous Plan June 30, 2015 valuation report.

At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

	SDTI	
	Miscellaneous Plan - 1406*	SDTI PARS Plan
Inactive employees or beneficiaries currently receiving benefits	218	39
Inactive employees entitled to but not yet receiving benefits	224	0
Active employees	517	61

\*SDTI PEPPRA Plan included in SDTI Miscellaneous Plan June 30, 2014 valuation report.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Contributions**

**1. CalPERS Plan**

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. SDTI is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2016 and 2015 (the measurement dates), the active employee contribution rates and average employer contribution rates were as follows:

	Measurement Date			
	2016		2015	
	Employee Contribution	Employer Contribution	Employee Contribution	Employer Contribution
SDTI Miscellaneous Plan 1406 - Management EE	8.00%	9.85%	7.00%	10.34%
SDTI Miscellaneous Plan 1406 - Union EE	7.00%	10.85%	7.00%	10.34%
SDTI Miscellaneous PEPR Plan 26965	5.75%	10.85%	6.25%	10.34%

For the years June 30, 2016 and 2015 (measurement date), the contributions were as follow:

	CalPERS Plans	
	2016	2015
Contributions - employer	\$ 2,659,911	\$ 2,553,900
Contributions - employee	1,778,990	1,839,206

**2. PARS Plan**

Employer contribution rates for the PARS plan are contractually established by the Plan's administrator and agreed to by the employer, and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined biannually on an actuarial basis as of June 30 by PARS. For the period ended June 30, 2016 (the measurement date), the average employer's contribution rate is 9.96%.

For the years June 30, 2016 and 2015 (the measurement dates), the contributions recognized as part of pension expense were:

	PARS Plan	
	2016	2015
Contributions - employer	\$ 547,473	\$ 590,203

**San Diego Metropolitan Transit System  
Notes to Basic Financial Statements (Continued)  
For the Years Ended June 30, 2017 and 2016**

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**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Net Pension Liability**

**1. CalPERS Plan**

SDTI's net pension liability is measured as the total pension liability less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	varies by entry age and service (1)
Investment Rate of Return	7.50% (2)
Mortality	derived using CalPERS's membership data for all funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment.

(2) Net of pension plan investment expenses, including inflation.

(3) The mortality table used was developed based on CalPERS's specific data.

The table includes 20 years of mortality improvements using Society of Actuaries Scales BB.

**Changes in Assumptions** – GASB 68, paragraph 30 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In the current year, the actuarial report did not have a change of assumption. In the prior year the discount rate changed from 7.50 percent in 2014 to 7.65 percent as of June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense. The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuations were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**San Diego Metropolitan Transit System  
Notes to Basic Financial Statements (Continued)  
For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Net Pension Liability (Continued)**

**1. CalPERS Plan (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%

(a) an expected inflation of 2.50% for this period

(b) an expected inflation of 3.00% for this period

**San Diego Metropolitan Transit System  
Notes to Basic Financial Statements (Continued)  
For the Years Ended June 30, 2017 and 2016**

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**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Net Pension Liability (Continued)**

**2. PARS Plan**

The net pension liability for the PARS Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2015 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary Increases Including Inflation	Graded rates based on years of services, 3.50% after 30 years of services
Investment Rate of Return	7.00%
Pre-Retirement Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous CALPERS Pension Plans (1)
Post Retirement Benefit Increase	Any benefit in payment status will increase by 2% per annum on the anniversary of the participant's date of retirement

(1) CalPERS 1997-2011 Healthy Retiree Table (sex-distinct) with an assumed based year of 2008 and full generational projections using Scale AA.

**Change in Assumptions** – In the current report, the salary scale, retirement and pre-retirement mortality assumptions were updated to be consistent with those recommended for CalPERS actuarial valuations of public agency pension plans. These new demographic assumptions are described in the January 2014 experience study of the California Public Employees Retirement System. The study used data from the 1997 to 2011. The post-retirement mortality was updated to the CalPERS 1997-2011 Healthy Retiree Mortality Tables (sex-distinct) with an assumed base year of 2008 and full generational projections using Scale AA. The inflation rate was lowered from 3.0% to 2.75% to be consistent with CalPERS economic assumptions. For the prior year, there were no changes in assumptions, benefit terms or other inputs that affected the June 30, 2015 measurement of the net pension liability. There were no changes between the measurement date of the net pension liability and the reporting date.



**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Net Pension Liability (Continued)**

**2. PARS Plan (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00 percent.

We have not performed a formal cash flow projection as described under Paragraph 27 of GASB Statement 68. However, Paragraph 29 allows for alternative methods to confirm the sufficiency of the Net Position if the evaluations “can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan...” In our professional judgment, adherence to the actuarial funding policy described above will result in the pension plan’s projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The best estimate for the long-term expected rate of return of 7.00% was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The table below reflects long-term expected real rate of return presented as arithmetic and geometric means by asset class.

Asset Class	Target Allocation	Real Return Years 1-10	Real Return Years 11+
U.S. Cash	4.34%	0.42%	0.41%
U.S. Core Fixed Income	37.90%	2.12%	1.99%
U.S. Equity Market	44.31%	5.12%	3.81%
Foreign Developed Equity	10.06%	5.85%	4.20%
Emerging Market Equities	3.39%	8.07%	4.79%

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents SDTI’s net pension liability at June 30, 2017 and 2016, calculated using the discount rate, as well as what SDTI’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	CalPERS		PARS Plan	
	2017	2016	2017	2016
1% Decrease	6.65%	6.65%	6.00%	6.00%
Net Pension Liability	\$ 46,496,681	\$ 37,308,074	\$ 3,585,443	\$ 3,039,616
Current Discount Rate	7.65%	7.65%	7.00%	7.00%
Net Pension Liability	\$ 27,706,592	\$ 19,555,041	\$ 2,595,419	\$ 2,165,413
1% Increase	8.65%	8.65%	8.00%	8.00%
Net Pension Liability	\$ 12,231,587	\$ 4,941,415	\$ 1,769,630	\$ 1,429,988

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Changes in the Net Pension Liability**

**1. CalPERS Plan**

At June 30, 2017, the change in the Net Pension Liability for the Plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2016	\$ 120,286,668	\$ 100,731,627	\$ 19,555,041
Changes in the year:			
Service cost	3,580,302	-	3,580,302
Interest on the total pension liability	9,201,415	-	9,201,415
Changes of assumptions	-	-	-
Differences between expected and actual experience	375,697	-	375,697
Benefit payments, including refunds of member contributions	(4,345,171)	(4,345,171)	-
Contributions - employer	-	2,659,911	(2,659,911)
Contributions - employee	-	1,778,990	(1,778,990)
Net investment income	-	628,353	(628,353)
Administrative expense	-	(61,391)	61,391
Net Changes	8,812,243	660,692	8,151,551
Balance at June 30, 2017	\$ 129,098,911	\$ 101,392,319	\$ 27,706,592

At June 30, 2016, the change in the Net Pension Liability for the Plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2015	\$ 114,700,654	\$ 98,046,244	\$ 16,654,410
Changes in the year:			
Service cost	3,615,793	-	3,615,793
Interest on the total pension liability	8,554,525	-	8,554,525
Changes of assumptions	(2,274,755)	-	(2,274,755)
Differences between expected and actual experience	(510,309)	-	(510,309)
Benefit payments, including refunds of member contributions	(3,799,240)	(3,799,240)	-
Contributions - employer	-	2,553,900	(2,553,900)
Contributions - employee	-	1,839,206	(1,839,206)
Net investment income	-	2,204,904	(2,204,904)
Administrative expense	-	(113,387)	113,387
Net Changes	5,586,014	2,685,383	2,900,631
Balance at June 30, 2016	\$ 120,286,668	\$ 100,731,627	\$ 19,555,041

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Changes in the Net Pension Liability (Continued)**

**2. PARS Plan**

At June 30, 2017, the change in the Net Pension Liability for the Plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2016	\$ 7,232,872	\$ 5,067,459	\$ 2,165,413
Changes in the year:			
Service cost	223,588	-	223,588
Interest on the total pension liability	523,457	-	523,457
Changes of assumptions	321,921	-	321,921
Differences between expected and actual experience	(166,133)	-	(166,133)
Benefit payments, including refunds of member contributions	(273,201)	(273,201)	-
Contributions - employer	-	547,473	(547,473)
Contributions - employee	-	-	-
Net investment income	-	(59,981)	59,981
Administrative expense	-	(14,665)	14,665
Net Changes	629,632	199,626	430,006
Balance at June 30, 2017	\$ 7,862,504	\$ 5,267,085	\$ 2,595,419

At June 30, 2016, the change in the Net Pension Liability for the Plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2015	\$ 6,713,539	\$ 4,591,214	\$ 2,122,325
Changes in the year:			
Service cost	267,889	-	267,889
Interest on the total pension liability	480,808	-	480,808
Benefit payments, including refunds of member contributions	(229,364)	(229,364)	-
Contributions - employer	-	590,203	(590,203)
Contributions - employee	-	-	-
Net investment income	-	127,592	(127,592)
Administrative expense	-	(12,186)	12,186
Net Changes	519,333	476,245	43,088
Balance at June 30, 2016	\$ 7,232,872	\$ 5,067,459	\$ 2,165,413

**Pension Plan Fiduciary Net Position** – Detailed information about the PARS Plan’s fiduciary net position is available in the separately issued financial reports.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the years ended June 30, 2017 and 2016, SDTI recognized pension expense of \$4,319,089 and \$2,319,436, respectively. At June 30, 2017 and 2016, SDTI reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>SDTI Miscellaneous Plan - 1406</b>			
	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 2,835,680	\$ -	\$ 2,659,911	\$ -
Differences between expected and actual experience	303,448	(321,305)	-	(415,807)
Changes in assumptions	-	(1,432,253)	-	(1,853,504)
Net differences between projected and actual earnings on pension plan investments	8,810,447	(3,292,879)	4,226,627	(4,939,318)
Total	<u>\$ 11,949,575</u>	<u>\$ (5,046,437)</u>	<u>\$ 6,886,538</u>	<u>\$ (7,208,629)</u>

	<b>SDTI PARS Plan</b>			
	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 586,218	\$ -	\$ 542,483	\$ -
Differences between expected and actual experience	-	(130,786)	-	-
Changes in assumptions	253,427	-	-	-
Net differences between projected and actual earnings on pension plan investments	462,382	-	164,631	-
Total	<u>\$ 1,302,027</u>	<u>\$ (130,786)</u>	<u>\$ 707,114</u>	<u>\$ -</u>

The combined \$3,421,898 reported as deferred outflows of resources related to contributions subsequent to the measurement date for the two plans will be recognized as a reduction of the net pension liability in the year ended June 30, 2018 compared to \$3,202,394 for the previous year.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 12 – Employee Retirement Systems (Continued)**

**C. SDTI (Continued)**

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

As of the measurement date, June 30, 2016, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	SDTI	
	Miscellaneous Plan - 1406	SDTI PARS Plan
2018	\$ 376,833	\$ 159,032
2019	376,832	159,032
2020	2,023,271	159,031
2021	1,276,070	107,928
2022	14,452	-
Total	<u>\$ 4,067,458</u>	<u>\$ 585,023</u>

As of the measurement date, June 30, 2015, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	SDTI	
	Miscellaneous Plan - 1406	SDTI PARS Plan
2017	\$ (1,105,535)	\$ 41,158
2018	(1,105,535)	41,158
2019	(1,105,536)	41,158
2020	540,903	41,157
2021	(206,299)	-
Total	<u>\$ (2,982,002)</u>	<u>\$ 164,631</u>

**Payable to the Pension Plan**

At June 30, 2017, SDTI reported a payable of \$319,162 to CalPERS and \$67,701 to PARS for the outstanding amount of contributions to the pension plans required for the fiscal year compared to \$286,513 payable to CalPERS and \$36,893 payable to PARS for the year ended June 30, 2016.

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC**

**General Information about the Pension Plans**

**Plan Description** - The San Diego Transit Corporation (SDTC) Employee Retirement Plan (Plan), a single-employer defined benefit plan, is currently open to all full-time non-contract employees and certain part-time noncontract employees who have completed one year of service in which they have worked at least 1,000 hours. For contract employees to be eligible for participation in the defined benefit plan, the employee must have been hired before November 25, 2012 if they are an Amalgamated Transit Union (ATU), Local 1309 member, or before April 28, 2011 if they are an International Brotherhood of Electrical Workers (IBEW) Local 465 member.

Beginning in FY 2011, SDTC negotiated changes to retirement benefits for ATU Local 1309 members and IBEW Local 465 members. ATU Local 1309 represented employees hired after November 25, 2012 and IBEW local 465 represented employees hired after April 28, 2011 will receive their retirement benefits from a defined contribution 401(a) plan. Based on the applicable Collective Bargaining Agreement, SDTC contributes a fixed percentage of each employee’s gross wages to a 401(a) account and matches voluntary employee contributions up to a maximum of 2% of the employees’ gross wages.

The SDTC Plan issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to San Diego Transit Corporation, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101.

**Benefits Provided** – The SDTC Plan provides retirement, termination, and disability benefits, annual cost-of-living adjustments, and death benefits to eligible Plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment and can only be amended by the MTS Board of Directors.

The Plan’s provisions and benefits in effect as of June 30, 2017 and 2016 are summarized as follows:

	<b>San Diego Transit Pension Plan - Non-Contract Employees</b>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Final Average Compensation Period	12 months	36 months
Retirement age	53-63	52-67
Monthly benefits, as a % of eligible compensation	1.742%-2.418%	1.0%-2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	43.08%	44.83%
Pre-Retirement Death Benefit		50% Joint & Survivor
Post-Retirement Death Benefit		Based on benefit election
Non-Industrial Standard Disability	1.5% times average monthly final earnings times credited years of service	
COLA	Lesser of CPI or 2.0%	

**San Diego Metropolitan Transit System  
Notes to Basic Financial Statements (Continued)  
For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC (Continued)**

**General Information about the Pension Plans (Continued)**

	<b>SDTC Contract Employees</b>	
	<b>ATU - Closed Plan</b>	<b>IBEW - Closed Plan</b>
Hire date	Prior to November 25, 2012	Prior to January 1, 2013
Benefit formula	2% @ 55	2% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Final Average Compensation Period	36 months	36 months
Retirement age	53-63	55-65
Monthly benefits, as a % of eligible compensation	1.742%-2.418%	2.0%-2.418%
Required employee contribution rates	7.00%	8.00%
Required employer contribution rates	44.08%	43.08%
Pre-Retirement Death Benefit	50% Joint & Survivor	
Post-Retirement Death Benefit	Based on benefit election	
Disability	1.5% times average monthly final earnings times credited years of service	

**Employees Covered** – At June 30, 2017 and 2016, the following employees were covered by the benefit terms for each Plan:

	2017	2016
Inactive employees or beneficiaries currently receiving benefits	962	932
Inactive employees entitled to but not yet receiving benefits	208	219
Active employees	517	563

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the period ended June 30, 2016 (the measurement date), the active employee contribution rate is 6.25-8.00% of annual pay, and the average employer’s contribution rate is 43.77% of annual payroll compared to 6.0-6.25% and 33.62% for the previous year.

For the years ended June 30, 2016 and 2015 (the measurement dates), the contributions recognized as part of pension expense for the Plan were as follows:

	2016	2015
Contributions - employer	\$ 10,711,282	\$ 11,352,628
Contributions - employee	1,754,869	1,363,092

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

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**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC (Continued)**

**Net Pension Liability**

SDTC's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of July 1, 2016, using an annual actuarial valuation as of July 1, 2016.

**Actuarial Assumptions** – The total pension liabilities in the July 1, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	July 1, 2016
Measurement Date	July 1, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Payroll Growth	3.25%-8.75% for Drivers 3.00%-10.25% for Mechanics 3.00%-6.25% for Non-Contract members 3.50%-12.75% for Clerical members
Projected Salary Increase	2.75%
Investment Rate of Return (1)	7.00%
Mortality	RP-2000 Tables using male rates for both male and female members with generational improvements using Scale MP-2015
COLA Increase - Non-Contract Members	2.00%

(1) Net of pension plan investment expenses.

**Changes in Assumptions** – Changes in Actuarial Methods and Assumptions since the prior valuation were based on an experience study report dated April 2016. The assumptions were revised for investment rate of return, inflation, and merit pay increases, as well as decrements, mortality, disability, service retirement, and termination. There were no changes in assumption during the previous fiscal year.

**Discount Rate** – The discount rate used to measure the Total Pension Liability was 7.00%.

We have assumed that the employees will continue to contribute to the Plan at the required rates and the employer will continue the historical and legally required practice of contributing to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, a portion of the expected Administrative Expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as of June 30, 2012, over a closed 25-year period (21 years remaining as of the July 1, 2016 actuarial valuation). Actuarial gains and losses in plan years after June 30, 2012 are amortized over closed 15-year periods as a level dollar amount.



**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC (Continued)**

**Net Pension Liability (Continued)**

We have not performed a formal cash flow projection as described under Paragraph 27 of GASB Statement 68. However, Paragraph 29 allows for alternative methods to confirm the sufficiency of the Net Position if the evaluations “can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan...” In our professional judgment, adherence to the actuarial funding policy described above will result in the pension plan’s projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

According to Paragraph 30 of GASB Statement 68, the long-term expected rate of return should be determined net of pension plan investment expenses but without reduction for pension plan administrative expenses. The 7.00% investment return assumption used in the Total Pension Liability is net of investment expenses only.

The table below reflects long-term expected real rate of return by asset class. The critical inputs of the asset allocation model are the expected risk, return and correlations of different asset classes. The arithmetic rate of return is net of administrative expenses.

Asset Class	Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (a)
United States Equity	20.00%	4.55%	4.55%
Global Equity	20.00%	6.35%	6.35%
Fixed Income	25.00%	1.00%	1.00%
Absolute Return	15.00%	3.75%	3.75%
Real Return	20.00%	3.75%	3.75%

(a) an expected inflation of 2.50% is used.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability for the SDTC Plan as of June 30, 2017 and 2016, calculated using the discount rate, as well as what SDTC’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	2017	2016
1% Decrease	6.00%	6.50%
Net Pension Liability	\$ 167,803,770	\$ 123,319,640
Current Discount Rate	7.00%	7.50%
Net Pension Liability	\$ 136,322,951	\$ 98,098,137
1% Increase	8.00%	8.50%
Net Pension Liability	\$ 109,629,048	\$ 76,368,870

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC (Continued)**

**Changes in Net Pension Liability**

At June 30, 2017, the change in the Net Pension Liability for the SDTC Plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2016	\$ 256,745,469	\$ 158,647,332	\$ 98,098,137
Changes in the year:			
Service cost	3,469,595	-	3,469,595
Interest on the total pension liability	18,865,499	-	18,865,499
Changes of assumptions	29,699,872	-	29,699,872
Differences between expected and actual experience	(2,174,475)	-	(2,174,475)
Benefit payments, including refunds of member contributions	(17,350,158)	(17,350,158)	-
Contributions - employer	-	10,711,282	(10,711,282)
Contributions - employee	-	1,754,869	(1,754,869)
Net investment income	-	(540,093)	540,093
Administrative expense	-	(290,381)	290,381
Net Changes	32,510,333	(5,714,481)	38,224,814
Balance at June 30, 2017	\$ 289,255,802	\$ 152,932,851	\$ 136,322,951

At June 30, 2016, the change in the Net Pension Liability for the SDTC Plan is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2015	\$ 250,491,593	\$ 164,797,329	\$ 85,694,264
Changes in the year:			
Service cost	3,590,766	-	3,590,766
Interest on the total pension liability	18,434,275	-	18,434,275
Changes of assumptions	-	-	-
Differences between expected and actual experience	812,878	-	812,878
Benefit payments, including refunds of member contributions	(16,584,043)	(16,584,043)	-
Contributions - employer	-	11,352,628	(11,352,628)
Contributions - employee	-	1,363,092	(1,363,092)
Net investment income	-	(2,018,866)	2,018,866
Administrative expense	-	(262,808)	262,808
Net Changes	6,253,876	(6,149,997)	12,403,873
Balance at June 30, 2016	\$ 256,745,469	\$ 158,647,332	\$ 98,098,137

**San Diego Metropolitan Transit System**  
**Notes to Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC (Continued)**

**Pension Plan Fiduciary Net Position** – Detailed information about the SDTC Plan’s fiduciary net position is available in the separately issued financial reports. The financial report may be obtained by writing to San Diego Transit Corporation, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101.

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the years ended June 30, 2017 and 2016, SDTC recognized pension expense of \$23,558,135 and \$11,487,861, respectively. At June 30, 2017 and 2016, SDTC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 12,649,101	\$ -	\$ 10,711,282	\$ -
Changes in assumptions	19,799,915	-	-	-
Differences between expected and actual experience	270,960	(1,449,650)	1,510,483	-
Differences between projected and actual earnings on pension plan investments	18,329,930	(2,632,574)	11,378,998	(3,948,861)
Total	<u>\$ 51,049,906</u>	<u>\$ (4,082,224)</u>	<u>\$ 23,600,763</u>	<u>\$ (3,948,861)</u>

The \$12,649,101 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018 compared to \$10,711,282 for the previous year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Amounts
2018	\$ 13,423,476
2019	13,152,517
2020	5,293,669
2021	2,448,919
2022	-
Total	<u>\$ 34,318,581</u>

**San Diego Metropolitan Transit System  
Notes to Basic Financial Statements (Continued)  
For the Years Ended June 30, 2017 and 2016**

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**Note 12 – Employee Retirement Systems (Continued)**

**D. SDTC (Continued)**

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

In the previous year, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions were:

Year Ended June 30	Amounts
2017	\$ 2,767,986
2018	1,799,423
2019	1,528,463
2020	2,844,748
2021	-
Total	<u>\$ 8,940,620</u>

**Payable to the Pension Plan**

At June 30, 2017, SDTC reported a payable of \$1,068,786 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017 compared to \$852,440 for the year ended June 30, 2016.

**Note 13 – Other Required Individual Fund Disclosures**

SDTC and SDTI had unrestricted (deficits) of \$106,753,243 and \$7,080,336 respectively as of June 30, 2017 compared to \$93,851,767 and 5,572,877 at June 30, 2016. These deficits are primarily a result of the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, as well as timing difference between recognition of expenses on an accrual basis and when those expenses are funded by subsidy transfers for SDTC and SDTI.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

**San Diego Metropolitan Transit System  
Required Supplementary Information  
For the Years Ended June 30, 2017 and 2016**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
MTS'S PLANS  
(LAST TEN YEARS\*)**

	2017	2016	2015
<b>Miscellaneous Plan</b>			
Proportion of the net pension liability	0.13219%	0.14157%	0.13274%
Proportionate share of the net pension liability	\$ 11,438,216	\$ 9,717,218	\$ 8,259,452
Covered Payroll	\$ 6,363,275	\$ 7,016,370	\$ 8,422,933
Proportionate Share of the Net Pension Liability as percentage of covered payroll	179.75%	138.49%	98.06%
Plan's fiduciary net position as percentage of the total pension liability	72.68%	74.90%	77.17%
Proportionate share of aggregate employer contributions	\$ 1,564,713	\$ 1,753,602	\$ 754,893
<b>Miscellaneous Plan - Second Tier</b>			
Proportion of the net pension liability	0.00009%	-0.00004%	0.00000%
Proportionate share of the net pension liability (asset)	\$ 7,942	\$ (2,599)	\$ 76
Covered Payroll	\$ 932,531	\$ 539,177	\$ 169,396
Proportionate Share of the Net Pension Liability as percentage of covered payroll	0.85%	-0.48%	0.04%
Plan's fiduciary net position as percentage of the total pension liability	94.57%	104.82%	82.96%
Proportionate share of aggregate employer contributions	\$ 58,855	\$ 58,121	\$ 10
<b>Miscellaneous PEPRA Plan</b>			
Proportion of the net pension liability	0.00039%	-0.00011%	0.00003%
Proportionate share of the net pension liability (asset)	\$ 34,161	\$ (7,322)	\$ 2,019
Covered Payroll	\$ 4,513,704	\$ 2,399,171	\$ 685,453
Proportionate Share of the Net Pension Liability as percentage of covered payroll	0.76%	-0.31%	0.29%
Plan's fiduciary net position as percentage of the total pension liability	92.21%	104.24%	83.03%
Proportionate share of aggregate employer contributions	\$ 272,574	\$ 187,174	\$ 267

\*GASB 68 was implemented in fiscal year 2015, therefore only three years of data is presented.

**San Diego Metropolitan Transit System**  
**Required Supplementary Information (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**SDTI'S CALPERS PLAN**  
**(LAST TEN YEARS\*)**

	2017	2016	2015
<b>Total Pension Liability</b>			
Service Cost	\$ 3,580,302	\$ 3,615,793	\$ 3,721,950
Interest on total pension liability	9,201,415	8,554,525	7,982,614
Differences between expected and actual experience	375,697	(510,309)	-
Changes in assumptions	-	(2,274,755)	-
Changes in benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	(4,345,171)	(3,799,240)	(3,155,596)
<b>Net change in total pension liability</b>	<b>8,812,243</b>	<b>5,586,014</b>	<b>8,548,968</b>
<b>Total pension liability - beginning</b>	<b>120,286,668</b>	<b>114,700,654</b>	<b>106,151,686</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 129,098,911</b>	<b>\$ 120,286,668</b>	<b>\$ 114,700,654</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 2,659,911	\$ 2,553,900	\$ 2,498,345
Contributions - employee	1,778,990	1,839,206	2,179,194
Net investment income	628,353	2,204,904	14,416,106
Benefit payments, including refunds of employee contributions	(4,345,171)	(3,799,240)	(3,155,596)
Administrative expense	(61,391)	(113,387)	-
<b>Net change in plan fiduciary net position</b>	<b>660,692</b>	<b>2,685,383</b>	<b>15,938,049</b>
<b>Plan fiduciary net position - beginning</b>	<b>100,731,627</b>	<b>98,046,244</b>	<b>82,108,195</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 101,392,319</b>	<b>\$ 100,731,627</b>	<b>\$ 98,046,244</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 27,706,592</b>	<b>\$ 19,555,041</b>	<b>\$ 16,654,410</b>
Plan fiduciary net position as a percentage of the total pension liability	78.54%	83.74%	85.48%
Covered payroll	\$ 27,247,357	\$ 26,965,416	\$ 26,268,261
Plan net pension liability/(asset) as a percentage of covered payroll	101.69%	72.52%	63.40%

**Notes to Schedule:**

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date.

**Changes of assumption.** There were no changes in assumptions in the June 30, 2016 (measurement date) report.

\*GASB 68 was implemented in fiscal year 2015, therefore only three years of data is presented.

**San Diego Metropolitan Transit System  
Required Supplementary Information (Continued)  
For the Years Ended June 30, 2017 and 2016**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
SDTI'S PARS PLAN  
(LAST TEN YEARS\*)**

	2017	2016
<b>Total Pension Liability</b>		
Service Cost	\$ 223,588	\$ 267,889
Interest on total pension liability	523,457	480,808
Differences between expected and actual experience	(166,133)	-
Changes in assumptions	321,921	-
Changes in benefit terms	-	-
Benefit payments, including refunds of employee contributions	(273,201)	(229,364)
<b>Net change in total pension liability</b>	<b>629,632</b>	<b>519,333</b>
<b>Total pension liability - beginning</b>	<b>7,232,872</b>	<b>6,713,539</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 7,862,504</b>	<b>\$ 7,232,872</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 547,473	\$ 590,203
Contributions - employee	-	-
Net investment income	(59,981)	127,592
Benefit payments, including refunds of employee contributions	(273,201)	(229,364)
Administrative expense	(14,665)	(12,186)
<b>Net change in plan fiduciary net position</b>	<b>199,626</b>	<b>476,245</b>
<b>Plan fiduciary net position - beginning</b>	<b>5,067,459</b>	<b>4,591,214</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 5,267,085</b>	<b>\$ 5,067,459</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 2,595,419</b>	<b>\$ 2,165,413</b>
Plan fiduciary net position as a percentage of the total pension liability	66.99%	70.06%
Covered payroll	\$ 5,020,011	\$ 4,943,557
Plan net pension liability/(asset) as a percentage of covered payroll	51.70%	43.80%

**Notes to Schedule:**

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date.

**Changes in Assumption:** In the June 30, 2015 valuation date report, the salary scale, retirement and pre-retirement mortality assumptions were updated. The inflation rate was lowered from 3.0% to 2.75%.

\*GASB 68 for PARS was implemented in fiscal year 2016, therefore only two year of data is presented.



**San Diego Metropolitan Transit System  
Required Supplementary Information (Continued)  
For the Years Ended June 30, 2017 and 2016**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
SDTC'S PLAN  
(LAST TEN YEARS\*)**

	2017	2016	2015
<b>Total Pension Liability</b>			
Service Cost	\$ 3,469,595	\$ 3,590,766	\$ 3,908,376
Interest on total pension liability	18,865,499	18,434,275	17,812,979
Differences between expected and actual experience	(2,174,475)	812,878	2,905,692
Changes in assumptions	29,699,872	-	-
Changes in benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	(17,350,158)	(16,584,043)	(15,466,924)
<b>Net change in total pension liability</b>	<b>32,510,333</b>	<b>6,253,876</b>	<b>9,160,123</b>
<b>Total pension liability - beginning</b>	<b>256,745,469</b>	<b>250,491,593</b>	<b>241,331,470</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 289,255,802</b>	<b>\$ 256,745,469</b>	<b>\$ 250,491,593</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 10,711,282	\$ 11,352,628	\$ 12,628,190
Contributions - employee	1,754,869	1,363,092	899,791
Net investment income	(540,093)	(2,018,866)	18,417,439
Benefit payments, including refunds of employee contributions	(17,350,158)	(16,584,043)	(15,466,924)
Administrative expense	(290,381)	(262,808)	(258,142)
<b>Net change in plan fiduciary net position</b>	<b>(5,714,481)</b>	<b>(6,149,997)</b>	<b>16,220,354</b>
<b>Plan fiduciary net position - beginning</b>	<b>158,647,332</b>	<b>164,797,329</b>	<b>148,576,975</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 152,932,851</b>	<b>\$ 158,647,332</b>	<b>\$ 164,797,329</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 136,322,951</b>	<b>\$ 98,098,137</b>	<b>\$ 85,694,264</b>
Plan fiduciary net position as a percentage of the total pension liability	52.87%	61.79%	65.79%
Covered payroll	\$ 31,048,663	\$ 32,658,827	\$ 32,313,553
Plan net pension liability/(asset) as a percentage of covered payroll	439.06%	300.37%	265.20%

**Notes to Schedule:**

**Changes of assumption.** In the current year, the investment rate of return decreased from 7.5% to 7.0%, inflation decreased from 3.0% to 2.75% and revisions were made to merit pay increases, mortality, disability, service retirement and terminations.

\*GASB 68 was implemented in fiscal year 2015, therefore only three years of data is presented.

**San Diego Metropolitan Transit System**  
**Required Supplementary Information (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**SCHEDULE OF CONTRIBUTIONS**  
**MTS'S PLANS**  
**(LAST TEN YEARS\*)**

	2017	2016	2015	2014
	<b>Miscellaneous Plan</b>			
Actuarially determined contribution	\$ 1,370,412	\$ 1,306,296	\$ 1,368,359	\$ 1,424,726
Contributions in relation to the actuarially determined contribution	(1,370,412)	(1,306,296)	(1,368,359)	(1,424,726)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,363,275	\$ 6,680,093	\$ 7,016,370	\$ 8,422,933
Contributions as a percentage of covered payroll	21.54%	19.56%	19.50%	16.91%
	<b>Miscellaneous Plan - Second Tier</b>			
Actuarially determined contribution	\$ 70,867	\$ 49,020	\$ 45,480	\$ 32,575
Contributions in relation to the actuarially determined contribution	(70,867)	(49,020)	(45,480)	(32,575)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 932,531	\$ 685,044	\$ 539,177	\$ 169,396
Contributions as a percentage of covered payroll	7.60%	7.16%	8.44%	19.23%
	<b>Miscellaneous PEPRA Plan</b>			
Actuarially determined contribution	\$ 290,432	\$ 227,181	\$ 146,007	\$ 79,778
Contributions in relation to the actuarially determined contribution	(290,432)	(227,181)	(146,007)	(79,778)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,513,704	\$ 3,713,332	\$ 2,399,171	\$ 685,453
Contributions as a percentage of covered payroll	6.43%	6.12%	6.09%	11.64%

**San Diego Metropolitan Transit System  
Required Supplementary Information (Continued)  
For the Years Ended June 30, 2017 and 2016**

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**SCHEDULE OF CONTRIBUTIONS  
MTS'S PLANS (Continued)  
(LAST TEN YEARS\*)**

**Notes to Schedule:**

**Benefit changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015 as they have minimal cost impact.

**Changes of assumption:** In current year, there were no changes in assumptions.

**Methods and assumptions used to determine contribution rates:**

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2015-2016 was derived from the June 30, 2013 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2013 Funding Valuation
Asset valuation method	Actuarial value of assets. For details, see June 30, 2013 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 and 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* GASB 68 was implemented in fiscal year 2015, therefore only four years data are presented.

**San Diego Metropolitan Transit System  
Required Supplementary Information (Continued)  
For the Years Ended June 30, 2017 and 2016**

**SCHEDULE OF CONTRIBUTIONS  
SDTI'S CALPERS PLAN  
(LAST TEN YEARS\*)**

	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,835,680	\$ 2,659,911	\$ 2,553,900	\$ 2,498,345
Contributions in relation to the actuarially determined contribution	(2,835,680)	(2,659,911)	(2,553,900)	(2,498,345)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 26,132,724	\$ 27,247,357	\$ 26,965,416	\$ 26,268,261
Contributions as a percentage of covered payroll	10.85%	9.76%	9.47%	9.51%

**Notes to Schedule:**

**Benefit changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015 as they have minimal cost impact.

**Changes of assumption:** There were no changes in assumptions in the current year.

**Methods and assumptions used to determine contribution rates:**

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2015-2016 was derived from the June 30, 2013 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2013 Funding Valuation
Asset valuation method	Actuarial value of assets. For details, see June 30, 2013 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 and 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* GASB 68 was implemented in fiscal year 2015, therefore only four years data are presented.

**San Diego Metropolitan Transit System  
Required Supplementary Information (Continued)  
For the Years Ended June 30, 2017 and 2016**

**SCHEDULE OF CONTRIBUTIONS  
SDTI PARS PLAN  
(LAST TEN YEARS\*)**

	2017	2016	2015	2014
Actuarially determined contribution	\$ 499,993	\$ 445,465	\$ 546,873	\$ 463,079
Contributions in relation to the actuarially determined contribution	(605,864)	(547,473)	(590,203)	(453,934)
Contribution deficiency (excess)	\$ (105,871)	\$ (102,008)	\$ (43,330)	\$ 9,145
Covered payroll	\$ 5,170,611	\$ 5,020,011	\$ 4,943,557	\$ 5,984,089
Contributions as a percentage of covered payroll	11.72%	10.91%	11.94%	7.59%

**Notes to Schedule:**

**Benefit changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after July 1, 2013 as they have minimal cost impact.

**Changes in Assumption:** In the June 30, 2015 valuation date report, the salary scale, retirement and pre-retirement mortality assumptions were updated. The inflation rate was lowered from 3.0% to 2.75%.

**Methods and assumptions used to determine contribution rates:**

Valuation date	July 1, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period	20 years as of valuation date
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.00%

\* GASB 68 was implemented in fiscal year 2015, therefore only four years data are presented.

**San Diego Metropolitan Transit System  
Required Supplementary Information (Continued)  
For the Years Ended June 30, 2017 and 2016**

**SCHEDULE OF CONTRIBUTIONS  
SDTC'S PLAN  
(LAST TEN YEARS\*)**

	2017	2016	2015	2014
Actuarially determined contribution	\$ 12,649,101	\$ 10,711,282	\$ 11,352,628	\$ 12,628,190
Contributions in relation to the actuarially determined contribution	(12,649,101)	(10,711,282)	(11,352,628)	(12,628,190)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 31,579,634	\$ 31,048,663	\$ 32,658,827	\$ 32,313,553
Contributions as a percentage of covered payroll	40.05%	34.50%	34.76%	39.08%

**Notes to Schedule:**

**Benefit changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after July 1, 2016 as they have minimal cost impact.

**Changes in Assumptions:** In the current year, assumptions were revised for investment rate of return, inflation, and merit pay increases, as well as decrements, mortality, disability, service retirement and termination

**Methods and assumptions used to determine contribution rates:**

Valuation date	July 1, 2016
Actuarial cost method	Entry Age
Amortization method/period	Level percent of payroll, closed 25-year period
Asset valuation method	5-year smoothed market
Salary increases	3.25%-8.75% for drivers 3.25%-10.25% for mechanics 3.00%-6.25% for non-contract members 3.00%-12.75% for clerical members
Payroll growth	2.75%
Investment rate of return	7.00% net of pension plan investment expenses.
Mortality	RP-2000 tables using male rates for both male and female members with generational improvements using Scale MP-2015

\* GASB 68 was implemented in fiscal year 2015, therefore only four years data are presented.

**San Diego Metropolitan Transit System**  
**Required Supplementary Information (Continued)**  
**For the Years Ended June 30, 2017 and 2016**

**SCHEDULE OF FUNDING PROGRESS OF OTHER POSTEMPLOYMENT HEALTHCARE PLAN (OPEB)**

The following Schedule of Funding Progress shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. (Amounts in thousands of dollars).

**MTS (in 000s):**

Valuation Date	Actuarial Value of Assets	Entry Age Normal AAL	Unfunded AAL	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
6/30/2011	\$ -	\$ 3,276	\$ 3,276	0.00%	\$ 8,023	40.83%
6/30/2013	-	3,855	3,855	0.00%	8,698	44.32%
6/30/2015	-	3,863	3,863	0.00%	10,416	37.09%

**SDTI (in 000s):**

Valuation Date	Actuarial Value of Assets	Entry Age Normal AAL	Unfunded AAL	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
6/30/2011	\$ -	\$ 9,417	\$ 9,417	0.00%	\$ 24,617	38.25%
6/30/2013	-	9,545	9,545	0.00%	25,277	37.76%
6/30/2015	-	7,700	7,700	0.00%	26,709	28.83%

**SDTC (in 000s):**

Valuation Date	Actuarial Value of Assets	Entry Age Normal AAL	Unfunded AAL	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
6/30/2011	\$ -	\$ 24,326	\$ 24,326	0.00%	\$ 33,136	73.41%
6/30/2013	-	23,111	23,111	0.00%	34,070	67.83%
6/30/2015	-	22,066	22,066	0.00%	36,771	60.01%

Actuarial review and analysis of OPEB liability and funding status is performed every two years or annually if there are significant changes in the plan. The next scheduled actuarial review and analysis of OPEB liability and funding status will be performed in FY2018 based on the year ending June 30, 2017.

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## **SUPPLEMENTARY INFORMATION**

Combining Schedule of Net Position

Combining Schedule of Revenues, Expenses, and Changes in Net Position

Combining Statement of Cash Flows

Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual:

Combined Operations

General Operations

Taxicab Administration

San Diego & Arizona Eastern Railway

Contracted Services

San Diego Transit Corporation (SDTC)

San Diego Trolley, Inc. (SDTI)

**San Diego Metropolitan Transit System**  
**Combining Schedule of Net Position**  
**June 30, 2017**

	General Operations	Contracted Services	SDTC	SDTI	Total
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 90,710,350	\$ 54,582	\$ (100,592)	\$ (321,518)	\$ 90,342,822
Cash and cash equivalents restricted for capital support	6,743,868	-	-	-	6,743,868
Accounts and other receivables	8,197,749	487	1,542,059	111,839	9,852,134
Due from other governments	82,849,092	62,972	9,603	111,113	83,032,780
Internal balances	(47,399,665)	8,939,557	24,072,694	14,387,414	-
Inventory	-	-	2,998,622	16,936,654	19,935,276
Prepaid items and other current assets	949,047	309,330	667,444	861,981	2,787,802
<b>Total current assets</b>	<b>142,050,441</b>	<b>9,366,928</b>	<b>29,189,830</b>	<b>32,087,483</b>	<b>212,694,682</b>
<b>Noncurrent assets:</b>					
Capital assets (net of accumulated depreciation)	95,488,721	202,196,970	242,416,707	1,201,005,006	1,741,107,404
<b>Total noncurrent assets</b>	<b>95,488,721</b>	<b>202,196,970</b>	<b>242,416,707</b>	<b>1,201,005,006</b>	<b>1,741,107,404</b>
<b>Total assets</b>	<b>237,539,162</b>	<b>211,563,898</b>	<b>271,606,537</b>	<b>1,233,092,489</b>	<b>1,953,802,086</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Contributions made after the measurement date	1,731,711	-	12,649,101	3,421,898	17,802,710
Actuarial pension calculations:					
Differences between projected and actual earnings on pension plan investments	4,700,563	-	18,329,930	9,272,829	32,303,322
Differences between expected and actual experience	64,276	-	270,960	303,448	638,684
Adjustments due to differences in proportions	91,415	-	-	-	91,415
Change in assumption	-	-	19,799,915	253,427	20,053,342
<b>Total deferred outflows of resources</b>	<b>6,587,965</b>	<b>-</b>	<b>51,049,906</b>	<b>13,251,602</b>	<b>70,889,473</b>

**San Diego Metropolitan Transit System**  
**Combining Schedule of Net Position (Continued)**  
**June 30, 2017**

	General Operations	Contracted Services	SDTC	SDTI	Total
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	7,879,710	7,882,837	2,779,335	1,754,968	20,296,850
Due to other governments	11,954,875	15,299	104,329	497,308	12,571,811
Unearned revenue	6,297,644	-	-	38,776	6,336,420
Accrued expenses	802,061	12,216	1,101,017	1,105,319	3,020,613
Retentions payable	351,037	1,401	-	-	352,438
Retentions payable from restricted assets	2,303,606	-	-	-	2,303,606
Due within one year:					
Compensated absences payable	829,706	-	3,237,943	2,018,368	6,086,017
Accrued damage, injury, and employee claims	230,036	-	3,656,195	1,095,402	4,981,633
Long-term debt	676,445	-	2,315,000	-	2,991,445
<b>Total current liabilities</b>	<b>31,325,120</b>	<b>7,911,753</b>	<b>13,193,819</b>	<b>6,510,141</b>	<b>58,940,833</b>
<b>Noncurrent liabilities:</b>					
Due in more than one year:					
Compensated absences payable	252,221	-	4,006,630	645,011	4,903,862
Accrued damage, injury, and employee claims	301,556	-	8,533,699	1,817,954	10,653,209
Aggregate net pension liability	11,480,319	-	136,322,951	30,302,011	178,105,281
Net other postemployment benefits obligation	5,092,308	-	5,513,656	7,967,081	18,573,045
Long-term debt	1,071,268	-	15,340,000	-	16,411,268
<b>Total noncurrent liabilities</b>	<b>18,197,672</b>	<b>-</b>	<b>169,716,936</b>	<b>40,732,057</b>	<b>228,646,665</b>
<b>Total liabilities</b>	<b>49,522,792</b>	<b>7,911,753</b>	<b>182,910,755</b>	<b>47,242,198</b>	<b>287,587,498</b>

**San Diego Metropolitan Transit System**  
**Combining Schedule of Net Position (Continued)**  
**June 30, 2017**

	General Operations	Contracted Services	SDTC	SDTI	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred gain on refunding	221,938	-	-	-	221,938
Actuarial pension calculations:					
Differences between projected and actual earnings on pension plan investments	959,103	-	2,632,574	3,292,879	6,884,556
Adjustments due to differences in proportions	1,417,393	-	-	-	1,417,393
Differences between actual and proportionate shares of employer contributions	440,180	-	-	-	440,180
Differences between expected and actual experience	12,945	-	1,449,650	452,091	1,914,686
Changes in assumptions	608,112	-	-	1,432,253	2,040,365
<b>Total deferred inflows of resources</b>	<u>3,659,671</u>	<u>-</u>	<u>4,082,224</u>	<u>5,177,223</u>	<u>12,919,118</u>
<b>NET POSITION</b>					
Net investment in capital assets	93,741,008	202,196,970	242,416,707	1,201,005,006	1,739,359,691
Restricted for:					
Capital projects	4,440,262	-	-	-	4,440,262
Unrestricted (deficit)	92,763,394	1,455,175	(106,753,243)	(7,080,336)	(19,615,010)
<b>Total net position</b>	<u>\$ 190,944,664</u>	<u>\$ 203,652,145</u>	<u>\$ 135,663,464</u>	<u>\$ 1,193,924,670</u>	<u>\$ 1,724,184,943</u>

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**San Diego Metropolitan Transit System**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2017**

	General Operations	Contracted Services	SDTC	SDTI	Eliminations	Total
<b>Operating revenues:</b>						
Passenger revenue	\$ -	\$ 29,447,304	\$ 24,863,742	\$ 38,968,409	\$ -	\$ 93,279,455
Advertising	1,378,618	-	-	-	-	1,378,618
Miscellaneous operating revenues	18,146,869	1,927	10,192	704,246	-	18,863,234
<b>Total operating revenues</b>	<b>19,525,487</b>	<b>29,449,231</b>	<b>24,873,934</b>	<b>39,672,655</b>	<b>-</b>	<b>113,521,307</b>
<b>Operating expenses:</b>						
Personnel costs	19,752,442	572,972	80,157,201	36,538,010	-	137,020,625
Outside services	16,582,215	70,869,312	3,311,004	7,037,801	-	97,800,332
Transit operations funding	114,163,794	-	-	-	(113,700,449)	463,345
Materials and supplies	27,686	14,489	4,541,138	8,481,722	-	13,065,035
Energy costs	193,675	7,984,352	5,738,303	11,635,848	-	25,552,178
Risk management	420,812	15,300	2,157,063	1,682,394	-	4,275,569
Miscellaneous operating expenses	(22,978,148)	2,287,867	9,196,796	17,427,769	-	5,934,284
Depreciation	2,547,636	19,079,087	25,188,350	77,064,932	-	123,880,005
<b>Total operating expenses</b>	<b>130,710,112</b>	<b>100,823,379</b>	<b>130,289,855</b>	<b>159,868,476</b>	<b>(113,700,449)</b>	<b>407,991,373</b>
<b>Operating income (loss)</b>	<b>(111,184,625)</b>	<b>(71,374,148)</b>	<b>(105,415,921)</b>	<b>(120,195,821)</b>	<b>113,700,449</b>	<b>(294,470,066)</b>

**San Diego Metropolitan Transit System**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position (Continued)**  
**For the Year Ended June 30, 2017**

	General Operations	Contracted Services	SDTC	SDTI	Eliminations	Total
<b>Public support and nonoperating revenues (expenses):</b>						
Federal revenue	72,404,730	13,837,667	20,000,000	23,149,033	(56,986,700)	72,404,730
Transportation Development Act (TDA) funds	94,915,733	32,484,980	13,365,536	10,303,635	(56,154,151)	94,915,733
State Transit Assistance (STA) funds	12,918,834	-	3,600,956	2,700,147	(6,301,103)	12,918,834
State revenue - other	14,183,196	3,676,560	171,729	605,608	(4,453,897)	14,183,196
TransNet funds	42,770,235	1,547,431	30,722,805	5,000,000	(42,770,236)	37,270,235
Other local subsidies	1,082,697	748,423	315,000	-	(1,063,423)	1,082,697
Investment earnings	631,555	-	-	4,513	-	636,068
Interest expense	(1,706)	-	(961,069)	-	-	(962,775)
Gain (loss) on disposal of assets	237,944	-	109,724	48,280	-	395,948
<b>Total public support and nonoperating revenues (expenses):</b>	<b>239,143,218</b>	<b>52,295,061</b>	<b>67,324,681</b>	<b>41,811,216</b>	<b>(167,729,510)</b>	<b>232,844,666</b>
<b>Income (loss) before transfers and contributed capital</b>	<b>127,958,593</b>	<b>(19,079,087)</b>	<b>(38,091,240)</b>	<b>(78,384,605)</b>	<b>(54,029,061)</b>	<b>(61,625,400)</b>
Transfers	(54,029,061)	-	-	-	54,029,061	-
Contributed capital, net	(55,897,246)	76,175,533	15,161,698	12,861,040	-	48,301,025
<b>Changes in net position</b>	<b>18,032,286</b>	<b>57,096,446</b>	<b>(22,929,542)</b>	<b>(65,523,565)</b>	<b>-</b>	<b>(13,324,375)</b>
<b>Net Position:</b>						
Beginning of year	172,912,378	146,555,699	158,593,006	1,259,448,235	-	1,737,509,318
End of year	<u>\$ 190,944,664</u>	<u>\$ 203,652,145</u>	<u>\$ 135,663,464</u>	<u>\$ 1,193,924,670</u>	<u>\$ -</u>	<u>\$ 1,724,184,943</u>

**San Diego Metropolitan Transit System**  
**Combining Schedule of Cash Flows**  
**For the Year Ended June 30, 2017**

	General Operations	Contracted Services	SDTC	SDTI	Total
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 15,607,525	\$ 29,526,141	\$ 24,859,346	\$ 39,814,903	\$ 109,807,915
Payments to suppliers	2,559,785	(80,167,101)	(25,184,800)	(44,421,026)	(147,213,142)
Payments to employees	(20,828,122)	(585,188)	(70,986,258)	(36,731,382)	(129,130,950)
Payments for damage and injury	1,776	-	(303,986)	(339,635)	(641,845)
<b>Net cash (used in) operating activities</b>	<u>(2,659,036)</u>	<u>(51,226,148)</u>	<u>(71,615,698)</u>	<u>(41,677,140)</u>	<u>(167,178,022)</u>
<b>Cash flows from noncapital financing activities:</b>					
Public support funds received	57,269,162	52,242,044	77,348,777	41,437,431	228,297,414
<b>Net cash provided by noncapital financing activities</b>	<u>57,269,162</u>	<u>52,242,044</u>	<u>77,348,777</u>	<u>41,437,431</u>	<u>228,297,414</u>
<b>Cash flows from capital and related financing activities:</b>					
Debt service costs	(646,074)	-	(3,166,069)	-	(3,812,143)
Property acquisition	(52,247,945)	-	-	(149,283)	(52,397,228)
Proceeds from disposal of assets	481,848	-	111,139	50,474	643,461
<b>Net cash (used in) capital and related financing activities</b>	<u>(52,412,171)</u>	<u>-</u>	<u>(3,054,930)</u>	<u>(98,809)</u>	<u>(55,565,910)</u>
<b>Cash flows from investing activities:</b>					
Interest received on investments	629,849	-	-	-	629,849
<b>Net cash provided by investing activities</b>	<u>629,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>629,849</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	2,827,804	1,015,896	2,678,149	(338,518)	6,183,331
<b>Cash and cash equivalents:</b>					
Beginning of year	94,626,414	(961,314)	(2,778,741)	17,000	90,903,359
End of year	<u>\$ 97,454,218</u>	<u>\$ 54,582</u>	<u>\$ (100,592)</u>	<u>\$ (321,518)</u>	<u>\$ 97,086,690</u>
<b>Cash and cash equivalents:</b>					
Cash and cash equivalents	\$ 90,710,350	\$ 54,582	\$ (100,592)	\$ (321,518)	\$ 90,342,822
Cash and cash equivalents restricted for capital support	6,743,868	-	-	-	6,743,868
<b>Total cash and cash equivalents</b>	<u>\$ 97,454,218</u>	<u>\$ 54,582</u>	<u>\$ (100,592)</u>	<u>\$ (321,518)</u>	<u>\$ 97,086,690</u>



**San Diego Metropolitan Transit System**  
**Combining Schedule of Cash Flows (Continued)**  
**For the Year Ended June 30, 2017**

	General Operations	Contracted Services	SDTC	SDTI	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash (Used In) Operating Activities</b>					
<b>Operating (loss):</b>	\$ 2,515,824	\$ (71,374,148)	\$ (105,415,921)	\$ (120,195,821)	\$ (294,470,066)
Adjustments to reconcile operating income (loss) to net cash (used in) operating activities					
Depreciation and amortization	2,547,636	19,079,087	25,188,350	77,064,932	123,880,005
(Increase) decrease in:					
Accounts and other receivables	(2,067,520)	76,910	(14,588)	137,735	(1,867,463)
Due from other governments	(1,850,442)	-	-	-	(1,850,442)
Inventory	-	-	(567,107)	228,257	(338,850)
Prepaid expenses and other current assets	115,409	673	(50,604)	(390,039)	(324,561)
Increase (decrease) in:					
Accounts payable	(3,359,029)	977,582	176,528	(47,824)	(2,252,743)
Due to other governments	(385,708)	1,657	32,466	(901)	(352,486)
Accrued expenses	171,827	12,091	320,985	90,539	595,442
Unearned revenue	(277,427)	-	-	24,859	(252,568)
Aggregate net pension liability	(407,051)	-	8,971,215	672,697	9,236,861
Net other postemployment benefits obligation	380,667	-	262,208	409,908	1,052,783
Compensated absences payable	28,313	-	(394,498)	171,943	(194,242)
Accrued damage, injury and employee claims	(71,535)	-	(124,732)	156,575	(39,692)
Total adjustments	(5,174,860)	20,148,000	33,800,223	78,518,681	127,292,044
<b>Net cash (used in) operating activities</b>	<b>\$ (2,659,036)</b>	<b>\$ (51,226,148)</b>	<b>\$ (71,615,698)</b>	<b>\$ (41,677,140)</b>	<b>\$ (167,178,022)</b>

**Supplemental noncash disclosures:**

During the year SANDAG contributed \$48,301,025 in capital assets  
During the year the fair value of investments decreased by \$75,253

**San Diego Metropolitan Transit System**  
**Combined Operations**  
**Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis	
<b>Operating revenues:</b>						
Passenger revenue	\$ 100,808,623	\$ 94,873,838	\$ 93,279,455	\$ -	\$ 93,279,455	\$ (1,594,383)
Advertising	750,000	1,150,000	1,378,618	-	1,378,618	228,618
Miscellaneous operating revenues	13,409,419	12,760,000	18,863,234	(6,172,440)	12,690,794	(69,206)
<b>Total operating revenues</b>	<b>114,968,042</b>	<b>108,783,838</b>	<b>113,521,307</b>	<b>(6,172,440)</b>	<b>107,348,867</b>	<b>(1,434,971)</b>
<b>Operating expenses:</b>						
Personnel costs	129,141,505	125,718,174	137,020,625	(12,088,346)	124,932,279	785,895
Outside services	96,058,528	96,253,904	97,800,332	-	97,800,332	(1,546,428)
Transit operations funding	551,008	557,892	463,345	-	463,345	94,547
Materials and supplies	11,353,408	10,994,566	13,065,035	-	13,065,035	(2,070,469)
Energy costs	27,684,950	26,413,361	25,552,178	-	25,552,178	861,183
Risk management	4,039,713	4,113,591	4,275,569	(353,456)	3,922,113	191,478
Miscellaneous operating expenses	5,632,261	5,719,832	5,934,284	(186,291)	5,747,993	(28,161)
Depreciation	-	-	123,880,005	(123,880,005)	-	-
<b>Total operating expenses</b>	<b>274,461,373</b>	<b>269,771,320</b>	<b>407,991,373</b>	<b>(136,508,098)</b>	<b>271,483,275</b>	<b>(1,711,955)</b>
<b>Operating income (loss)</b>	<b>(159,493,331)</b>	<b>(160,987,482)</b>	<b>(294,470,066)</b>	<b>130,335,658</b>	<b>(164,134,408)</b>	<b>(3,146,926)</b>

**San Diego Metropolitan Transit System**  
**Combined Operations**  
**Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual (Continued)**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis	
<b>Public support and nonoperating revenues (expenses):</b>						
Federal revenue	56,870,600	57,063,600	72,404,730	(15,435,891)	56,968,839	(94,761)
Transportation Development Act (TDA) funds	60,030,082	60,030,082	94,915,733	(33,270,680)	61,645,053	1,614,971
State Transit Assistance (STA) funds	3,600,000	3,600,000	12,918,834	(6,617,731)	6,301,103	2,701,103
State revenue - other	1,400,000	1,400,000	14,183,196	(10,168,320)	4,014,876	2,614,876
<i>TransNet</i> funds	37,481,038	36,335,000	37,270,235	-	37,270,235	935,235
Other local subsidies	1,674,102	1,034,102	1,082,697	(19,274)	1,063,423	29,321
Investment earnings	100,000	350,000	636,068	(52,846)	583,222	233,222
Interest expense	(1,687,501)	(1,704,407)	(962,775)	(737,911)	(1,700,686)	3,721
Gain (loss) on disposal of assets	-	200,000	395,948	247,513	643,461	443,461
<b>Total public support and nonoperating revenues (expenses):</b>	<b>159,468,321</b>	<b>158,308,377</b>	<b>232,844,666</b>	<b>(66,055,140)</b>	<b>166,789,526</b>	<b>8,481,149</b>
<b>Income (loss) before contributed capital</b>	<b>(25,010)</b>	<b>(2,679,105)</b>	<b>(61,625,400)</b>	<b>64,280,518</b>	<b>2,655,118</b>	<b>5,334,223</b>
Reserve revenue	25,010	2,679,105	-	2,596,121	2,596,121	(82,984)
Contributed capital, net	-	-	48,301,025	(48,301,025)	-	-
<b>Changes in net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(13,324,375)</b>	<b>\$ 18,575,614</b>	<b>\$ 5,251,239</b>	<b>\$ 5,251,239</b>
<b>Net Position:</b>						
Beginning of year			1,737,509,318			
End of year			<u>\$ 1,724,184,943</u>			

**San Diego Metropolitan Transit System**  
**General Operations**  
**Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts				Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis		
<b>Operating revenues:</b>							
Advertising	\$ 750,000	\$ 1,150,000	\$ 1,378,618	\$ -	\$ 1,378,618	\$ 228,618	
Miscellaneous operating revenues	11,179,419	11,054,000	16,238,849	(5,172,440)	11,066,409	12,409	
<b>Total operating revenues</b>	<b>11,929,419</b>	<b>12,204,000</b>	<b>17,617,467</b>	<b>(5,172,440)</b>	<b>12,445,027</b>	<b>241,027</b>	
<b>Operating expenses:</b>							
Personnel costs	19,242,569	18,478,126	18,832,869	(151,313)	18,681,556	(203,430)	
Outside services	16,006,056	16,239,567	16,373,792	-	16,373,792	(134,225)	
Transit operations funding	551,008	557,892	114,163,794	(113,700,448)	463,346	94,546	
Materials and supplies	24,000	(128,200)	25,072	-	25,072	(153,272)	
Energy costs	227,700	183,500	188,778	-	188,778	(5,278)	
Risk management	450,656	394,389	399,982	(71,535)	328,447	65,942	
Miscellaneous operating expenses	(24,521,179)	(23,012,909)	(23,325,952)	-	(23,325,952)	313,043	
Depreciation	-	-	2,525,774	(2,525,774)	-	-	
<b>Total operating expenses</b>	<b>11,980,810</b>	<b>12,712,365</b>	<b>129,184,109</b>	<b>(116,449,070)</b>	<b>12,735,039</b>	<b>(22,674)</b>	
<b>Operating income (loss)</b>	<b>(51,391)</b>	<b>(508,365)</b>	<b>(111,566,642)</b>	<b>111,276,630</b>	<b>(290,012)</b>	<b>218,353</b>	

**San Diego Metropolitan Transit System**  
**General Operations**  
**Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual (Continued)**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis	
<b>Public support and nonoperating revenues (expenses):</b>						
Federal revenue	-	140,000	72,404,730	(72,273,558)	131,172	(8,828)
Transportation Development Act (TDA) funds	551,008	557,892	94,915,733	(89,387,573)	5,528,160	4,970,268
State Transit Assistance (STA) funds	-	-	12,918,834	(12,918,834)	-	-
State revenue - other	-	-	14,183,196	(14,622,216)	(439,020)	(439,020)
<i>TransNet</i> funds	-	-	42,770,235	(42,770,235)	-	-
Other local subsidies	140,000	-	1,082,697	(1,082,697)	-	-
Investment earnings	100,000	350,000	631,555	(52,846)	578,709	228,709
Interest expense	(739,617)	(739,527)	(1,706)	(737,911)	(739,617)	(90)
Gain (loss) on disposal of assets	-	200,000	237,944	243,904	481,848	281,848
<b>Total public support and nonoperating revenues (expenses):</b>	<b>51,391</b>	<b>508,365</b>	<b>239,143,218</b>	<b>(233,601,966)</b>	<b>5,541,252</b>	<b>5,032,887</b>
<b>Income (loss) before transfers and contributed capital</b>	<b>-</b>	<b>-</b>	<b>127,576,576</b>	<b>(122,325,336)</b>	<b>5,251,240</b>	<b>5,251,240</b>
Transfers	-	-	(54,029,061)	54,029,061	-	-
Contributed capital, net	-	-	(54,897,246)	54,897,246	-	-
<b>Changes in net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>18,650,269</b>	<b>\$ (13,399,029)</b>	<b>\$ 5,251,240</b>	<b>\$ 5,251,240</b>
<b>Net Position:</b>						
Beginning of year			152,884,529			
End of year			<u>\$ 171,534,798</u>			

**San Diego Metropolitan Transit System**  
**Taxicab Administration**  
**Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis	
<b>Operating revenues:</b>						
Miscellaneous operating revenues	\$ 1,390,000	\$ 850,000	\$ 700,525	\$ -	\$ 700,525	\$ (149,475)
<b>Total operating revenues</b>	<b>1,390,000</b>	<b>850,000</b>	<b>700,525</b>	<b>-</b>	<b>700,525</b>	<b>(149,475)</b>
<b>Operating expenses:</b>						
Personnel costs	976,875	932,950	878,659	-	878,659	54,291
Outside services	101,110	83,110	53,672	-	53,672	29,438
Materials and supplies	7,000	7,000	2,614	-	2,614	4,386
Energy costs	15,000	11,000	4,897	-	4,897	6,103
Risk management	-	30,000	5,064	-	5,064	24,936
Miscellaneous operating expenses	286,614	274,045	275,457	-	275,457	(1,412)
Depreciation	-	-	4,774	(4,774)	-	-
<b>Total operating expenses</b>	<b>1,386,599</b>	<b>1,338,105</b>	<b>1,225,137</b>	<b>(4,774)</b>	<b>1,220,363</b>	<b>117,742</b>
<b>Operating income (loss)</b>	<b>3,401</b>	<b>(488,105)</b>	<b>(524,612)</b>	<b>4,774</b>	<b>(519,838)</b>	<b>(31,733)</b>
Reserve revenue	(3,401)	488,105	-	519,838	519,838	31,733
<b>Changes in net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(524,612)</b>	<b>\$ 524,612</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Position:</b>						
Beginning of year			1,024,472			
End of year			\$ 499,860			

**San Diego Metropolitan Transit System**  
**San Diego & Arizona Eastern Railway**  
**Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts				Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis		
<b>Operating revenues:</b>							
Miscellaneous operating revenues	\$ 135,000	\$ 130,000	\$ 1,207,495	\$ (1,000,000)	\$ 207,495	\$ 77,495	
<b>Total operating revenues</b>	<b>135,000</b>	<b>130,000</b>	<b>1,207,495</b>	<b>(1,000,000)</b>	<b>207,495</b>	<b>77,495</b>	
<b>Operating expenses:</b>							
Personnel costs	101,911	51,000	40,914	-	40,914	10,086	
Outside services	45,000	250,000	154,751	-	154,751	95,249	
Risk management	16,000	15,500	15,766	-	15,766	(266)	
Miscellaneous operating expenses	500	4,500	72,347	-	72,347	(67,847)	
Depreciation	-	-	17,088	(17,088)	-	-	
<b>Total operating expenses</b>	<b>163,411</b>	<b>321,000</b>	<b>300,866</b>	<b>(17,088)</b>	<b>283,778</b>	<b>37,222</b>	
<b>Operating income (loss)</b>	<b>(28,411)</b>	<b>(191,000)</b>	<b>906,629</b>	<b>(982,912)</b>	<b>(76,283)</b>	<b>114,717</b>	
Reserve revenue	28,411	191,000	-	76,283	76,283	(114,717)	
Contributed capital, net	-	-	(1,000,000)	1,000,000	-	-	
<b>Changes in net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(93,371)</b>	<b>\$ 93,371</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Net Position:</b>							
Beginning of year			19,003,377				
End of year			<u>\$ 18,910,006</u>				

**San Diego Metropolitan Transit System**  
**Contracted Services**  
**Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts				Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis		
<b>Operating revenues:</b>							
Passenger revenue	\$ 31,994,509	\$ 30,155,000	\$ 29,447,304	\$ -	\$ 29,447,304	\$ (707,696)	
Miscellaneous operating revenues	-	1,000	1,927	-	1,927	927	
<b>Total operating revenues</b>	<b>31,994,509</b>	<b>30,156,000</b>	<b>29,449,231</b>	<b>-</b>	<b>29,449,231</b>	<b>(706,769)</b>	
<b>Operating expenses:</b>							
Personnel costs	701,559	497,185	572,972	-	572,972	(75,787)	
Outside services	72,330,190	72,213,322	70,869,312	-	70,869,312	1,344,010	
Materials and supplies	49,200	30,500	14,489	-	14,489	16,011	
Energy costs	8,269,946	8,043,861	7,984,352	-	7,984,352	59,509	
Risk management	15,300	15,300	15,300	-	15,300	-	
Miscellaneous operating expenses	2,581,325	2,157,501	2,287,867	-	2,287,867	(130,366)	
Depreciation	-	-	19,079,087	(19,079,087)	-	-	
<b>Total operating expenses</b>	<b>83,947,520</b>	<b>82,957,669</b>	<b>100,823,379</b>	<b>(19,079,087)</b>	<b>81,744,292</b>	<b>1,213,377</b>	
<b>Operating income (loss)</b>	<b>(51,953,011)</b>	<b>(52,801,669)</b>	<b>(71,374,148)</b>	<b>19,079,087</b>	<b>(52,295,061)</b>	<b>506,608</b>	



**San Diego Metropolitan Transit System**  
**Contracted Services**  
**Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual (Continued)**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis	
<b>Public support and nonoperating revenues (expenses):</b>						
Federal revenue	13,870,600	13,923,600	13,837,667	-	13,837,667	(85,933)
Transportation Development Act (TDA) funds	33,955,442	35,191,967	32,484,980	-	32,484,980	(2,706,987)
State revenue - other	1,400,000	1,400,000	3,676,560	-	3,676,560	2,276,560
<i>TransNet</i> funds	2,007,867	1,567,000	1,547,431	-	1,547,431	(19,569)
Other local subsidies	719,102	719,102	748,423	-	748,423	29,321
<b>Total public support and nonoperating revenues (expenses):</b>	<b>51,953,011</b>	<b>52,801,669</b>	<b>52,295,061</b>	<b>-</b>	<b>52,295,061</b>	<b>(506,608)</b>
<b>Income (loss) before contributed capital</b>	<b>-</b>	<b>-</b>	<b>(19,079,087)</b>	<b>19,079,087</b>	<b>-</b>	<b>-</b>
Contributed capital, net	-	-	76,175,533	(76,175,533)	-	-
<b>Changes in net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,096,446</b>	<b>\$ (57,096,446)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Position:</b>						
Beginning of year			146,555,699			
End of year			<u>\$ 203,652,145</u>			

**San Diego Metropolitan Transit System**  
**San Diego Transit Corporation**  
**Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts				Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis		
<b>Operating revenues:</b>							
Passenger revenue	\$ 26,742,066	\$ 24,052,400	\$ 24,863,742	\$ -	\$ 24,863,742	\$ 811,342	
Miscellaneous operating revenues	5,000	5,000	10,192	-	10,192	5,192	
<b>Total operating revenues</b>	<b>26,747,066</b>	<b>24,057,400</b>	<b>24,873,934</b>	<b>-</b>	<b>24,873,934</b>	<b>816,534</b>	
<b>Operating expenses:</b>							
Personnel costs	73,332,540	70,749,017	80,157,201	(10,696,402)	69,460,799	1,288,218	
Outside services	1,701,450	2,467,929	3,311,004	-	3,311,004	(843,075)	
Materials and supplies	4,362,107	4,459,318	4,541,138	-	4,541,138	(81,820)	
Energy costs	6,190,404	5,957,000	5,738,303	-	5,738,303	218,697	
Risk management	1,751,738	1,830,027	2,157,063	(205,073)	1,951,990	(121,963)	
Miscellaneous operating expenses	10,540,042	9,251,721	9,196,796	-	9,196,796	54,925	
Depreciation	-	-	25,188,350	(25,188,350)	-	-	
<b>Total operating expenses</b>	<b>97,878,281</b>	<b>94,715,012</b>	<b>130,289,855</b>	<b>(36,089,825)</b>	<b>94,200,030</b>	<b>514,982</b>	
<b>Operating income (loss)</b>	<b>(71,131,215)</b>	<b>(70,657,612)</b>	<b>(105,415,921)</b>	<b>36,089,825</b>	<b>(69,326,096)</b>	<b>1,331,516</b>	

**San Diego Metropolitan Transit System**  
**San Diego Transit Corporation**  
**Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual (Continued)**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actuals per Statement of Revenues, Expenses, and Changes in Net Position	Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final		Budget Basis Adjustments	Actuals on Budget Basis	
<b>Public support and nonoperating revenues (expenses):</b>						
Federal revenue	20,000,000	20,000,000	20,000,000	-	20,000,000	-
Transportation Development Act (TDA) funds	17,190,928	15,939,492	13,365,536	-	13,365,536	(2,573,956)
State Transit Assistance (STA) funds	3,600,000	3,600,000	3,600,956	-	3,600,956	956
State revenue - other	-	-	171,729	-	171,729	171,729
<i>TransNet</i> funds	30,473,171	29,768,000	30,722,805	-	30,722,805	954,805
Other local subsidies	815,000	315,000	315,000	-	315,000	-
Interest expense	(947,884)	(964,880)	(961,069)	-	(961,069)	3,811
Gain (loss) on disposal of assets	-	-	109,724	1,415	111,139	111,139
<b>Total public support and nonoperating revenues (expenses):</b>	<b>71,131,215</b>	<b>68,657,612</b>	<b>67,324,681</b>	<b>1,415</b>	<b>67,326,096</b>	<b>(1,331,516)</b>
<b>Income (loss) before contributed capital</b>	<b>-</b>	<b>(2,000,000)</b>	<b>(38,091,240)</b>	<b>36,091,240</b>	<b>(2,000,000)</b>	<b>-</b>
Reserve revenue	-	2,000,000	-	2,000,000	2,000,000	-
Contributed capital, net	-	-	15,161,698	(15,161,698)	-	-
<b>Changes in net position</b>	<b>-</b>	<b>-</b>	<b>(22,929,542)</b>	<b>\$ 22,929,542</b>	<b>\$ -</b>	<b>-</b>
<b>Net Position:</b>						
Beginning of year			158,593,006			
End of year			<u>\$ 135,663,464</u>			

**San Diego Metropolitan Transit System**  
**San Diego Trolley Incorporated**  
**Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actuals per Statement of Revenues, Expenses, and Changes in Net Position Amounts	Budget Basis Adjustments	Actuals on Budget Basis	
<b>Operating revenues:</b>						
Passenger revenue	\$ 42,072,048	\$ 40,666,438	\$ 38,968,409	\$ -	\$ 38,968,409	\$ (1,698,029)
Miscellaneous operating revenues	700,000	720,000	704,246	-	704,246	(15,754)
<b>Total operating revenues</b>	<b>42,772,048</b>	<b>41,386,438</b>	<b>39,672,655</b>	<b>-</b>	<b>39,672,655</b>	<b>(1,713,783)</b>
<b>Operating expenses:</b>						
Personnel costs	34,786,051	35,009,896	36,538,010	(1,240,631)	35,297,379	(287,483)
Outside services	5,874,722	4,999,976	7,037,801	-	7,037,801	(2,037,825)
Materials and supplies	6,911,101	6,625,948	8,481,722	-	8,481,722	(1,855,774)
Energy costs	12,981,900	12,218,000	11,635,848	-	11,635,848	582,152
Risk management	1,806,019	1,828,375	1,682,394	(76,848)	1,605,546	222,829
Miscellaneous operating expenses	16,744,959	17,044,974	17,427,769	(186,291)	17,241,478	(196,504)
Depreciation	-	-	77,064,932	(77,064,932)	-	-
<b>Total operating expenses</b>	<b>79,104,752</b>	<b>77,727,169</b>	<b>159,868,476</b>	<b>(78,568,702)</b>	<b>81,299,774</b>	<b>(3,572,605)</b>
<b>Operating income (loss)</b>	<b>(36,332,704)</b>	<b>(36,340,731)</b>	<b>(120,195,821)</b>	<b>78,568,702</b>	<b>(41,627,119)</b>	<b>(5,286,388)</b>

**San Diego Metropolitan Transit System**  
**San Diego Trolley Incorporated**  
**Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual (Continued)**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actuals per Statement of Revenues, Expenses, and Changes in Net Position			Actuals on Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	Net Position Amounts	Budget Basis Adjustments	Budget Basis		
<b>Public support and nonoperating revenues (expenses):</b>							
Federal revenue	23,000,000	23,000,000	23,149,033	(149,033)	23,000,000	-	
Transportation Development Act (TDA) funds	8,332,704	8,340,731	10,303,635	(37,258)	10,266,377	1,925,646	
State Transit Assistance (STA) funds	-	-	2,700,147	-	2,700,147	2,700,147	
State revenue - other	-	-	605,608	-	605,608	605,608	
<i>TransNet</i> funds	5,000,000	5,000,000	5,000,000	-	5,000,000	-	
Investment earnings	-	-	4,513	-	4,513	4,513	
Gain (loss) on disposal of assets	-	-	48,280	2,194	50,474	50,474	
<b>Total public support and nonoperating revenues (expenses):</b>	<b>36,332,704</b>	<b>36,340,731</b>	<b>41,811,216</b>	<b>(184,097)</b>	<b>41,627,119</b>	<b>5,286,388</b>	
<b>Income (loss) before contributed capital</b>	<b>-</b>	<b>-</b>	<b>(78,384,605)</b>	<b>78,384,605</b>	<b>-</b>	<b>-</b>	
Contributed capital, net	-	-	12,861,040	(12,861,040)	-	-	
<b>Changes in net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(65,523,565)</b>	<b>\$ 65,523,565</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Net Position:</b>							
Beginning of year			1,259,448,235				
End of year			<u>\$ 1,193,924,670</u>				

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## **STATISTICAL SECTION**

**(Unaudited)**

Included in this section of the Metropolitan Transit System comprehensive annual financial report is detailed information to assist in analysis and understanding of the information presented in the financial statements, notes and required supplementary information.

### **Contents**

#### *Financial trends*

These schedules contain trend information to help the reader understand how MTS's financial position has changed over time.

#### *Revenue Capacity*

These schedules contain detailed information about the fare structures and revenue generated from transit operations provided by MTS.

#### *Debt Capacity*

This schedule presents information to help the reader assess the affordability of MTS's current levels of outstanding debt and MTS's ability to issue debt in the future.

#### *Demographic and Economic Information*

These schedules provide service and infrastructure data to help the reader understand how the information in MTS's financial report relates to the services MTS provides.

#### *Operating Information*

These schedules provide service and infrastructure data to help the reader understand how the information in MTS's financial report relates to the services MTS provides.

## **FINANCIAL TRENDS**



**San Diego Metropolitan Transit System**  
**Net Position by Component ('000s)**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 1,739,360	\$ 1,760,427	\$ 1,699,222	\$ 1,395,206	\$ 1,296,217	\$ 1,172,816	\$ 1,073,562	\$ 1,078,178	\$ 1,075,105	\$ 1,079,967
Restricted	4,440	8,750	5,309	6,742	7,255	78,378	7,007	2,548	2,700	-
Unrestricted	(19,615)	(31,668)	(31,900)	181,114	189,837	157,609	173,128	177,158	172,344	185,610
<b>Total business-type activities net position</b>	<b>\$ 1,724,185</b>	<b>\$ 1,737,509</b>	<b>\$ 1,672,631</b>	<b>\$ 1,583,062</b>	<b>\$ 1,493,309</b>	<b>\$ 1,408,803</b>	<b>\$ 1,253,697</b>	<b>\$ 1,257,884</b>	<b>\$ 1,250,149</b>	<b>\$ 1,265,577</b>
<b>Primary government:</b>										
Net investment in capital assets	\$ 1,739,360	\$ 1,760,427	\$ 1,699,222	\$ 1,395,206	\$ 1,296,217	\$ 1,172,816	\$ 1,073,562	\$ 1,078,178	\$ 1,075,105	\$ 1,079,967
Restricted	4,440	8,750	5,309	6,742	7,255	78,378	7,007	2,548	2,700	-
Unrestricted	(19,615)	(31,668)	(31,900)	181,114	189,837	157,609	173,128	177,158	172,344	185,610
<b>Total primary government net position</b>	<b>\$ 1,724,185</b>	<b>\$ 1,737,509</b>	<b>\$ 1,672,631</b>	<b>\$ 1,583,062</b>	<b>\$ 1,493,309</b>	<b>\$ 1,408,803</b>	<b>\$ 1,253,697</b>	<b>\$ 1,257,884</b>	<b>\$ 1,250,149</b>	<b>\$ 1,265,577</b>

Source: Audited financial statements

**San Diego Metropolitan Transit System**  
**Changes in Net Position ('000s)**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Operating revenues:</b>										
Passenger revenue	\$ 93,279	\$ 97,914	\$ 97,615	\$ 93,995	\$ 90,652	\$ 88,094	\$ 84,764	\$ 84,167	\$ 85,192	\$ 75,939
Advertising	1,379	968	816	870	972	784	621	783	925	1,119
Charter	-	-	6	30	1	186	129	128	69	63
Miscellaneous	18,863	15,781	9,349	9,531	4,934	4,445	4,688	4,264	4,874	3,671
<b>Total operating revenues</b>	<b>113,521</b>	<b>114,663</b>	<b>107,786</b>	<b>104,426</b>	<b>96,559</b>	<b>93,509</b>	<b>90,202</b>	<b>89,342</b>	<b>91,060</b>	<b>80,792</b>
<b>Operating expenses:</b>										
Personnel costs	137,021	121,921	114,575	117,092	123,720	112,537	104,329	109,512	101,913	102,847
Outside services	97,800	94,802	84,302	73,859	67,414	66,050	64,037	63,574	65,140	64,940
Transit operations funding	463	491	2,692	4,243	3,571	3,721	4,053	3,758	3,004	3,853
Materials and supplies	13,065	9,715	10,307	9,276	8,469	7,977	7,678	6,680	7,190	7,590
Energy costs	25,552	24,531	28,003	26,044	22,572	22,689	21,932	22,892	25,283	27,211
Risk management	4,276	4,864	5,849	3,610	2,902	4,030	3,924	4,859	4,074	3,898
Miscellaneous	5,934	4,978	4,975	6,244	6,493	5,116	4,899	3,571	2,052	1,975
Depreciation	123,880	119,520	108,199	103,198	92,788	84,811	81,041	98,238	75,499	85,543
<b>Total operating expenses</b>	<b>407,991</b>	<b>380,822</b>	<b>358,902</b>	<b>343,566</b>	<b>327,929</b>	<b>306,931</b>	<b>291,893</b>	<b>313,084</b>	<b>284,155</b>	<b>297,857</b>
<b>Operating income (loss)</b>	<b>(294,470)</b>	<b>(266,159)</b>	<b>(251,116)</b>	<b>(239,140)</b>	<b>(231,370)</b>	<b>(213,422)</b>	<b>(201,691)</b>	<b>(223,742)</b>	<b>(193,095)</b>	<b>(217,065)</b>

**San Diego Metropolitan Transit System**  
**Changes in Net Position ('000s) (Continued)**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Public support and nonoperating revenues (expenses):</b>										
Grants and contributions	232,775	235,763	235,755	211,517	183,945	325,658	170,850	224,506	176,979	200,879
Investment earnings	636	292	3,065	6,087	6,267	7,622	7,695	9,708	10,584	13,394
Interest expense	(963)	(1,071)	(6,883)	(6,982)	(7,520)	(8,014)	(8,420)	(12,702)	(11,153)	(10,666)
Gain (loss) on disposal of assets	396	2,433	67	(273)	804	(620)	712	(69)	294	88
Other expenses	-	-	-	(13)	(13)	(5)	(139)	(1,075)	(705)	(465)
<b>Total public support and nonoperating revenues (expenses)</b>	<b>232,844</b>	<b>237,417</b>	<b>232,004</b>	<b>210,336</b>	<b>183,483</b>	<b>324,641</b>	<b>170,698</b>	<b>220,368</b>	<b>175,999</b>	<b>203,230</b>
<b>Income (loss) before contributed capital</b>	<b>(61,626)</b>	<b>(28,742)</b>	<b>(19,112)</b>	<b>(28,804)</b>	<b>(47,887)</b>	<b>111,219</b>	<b>(30,993)</b>	<b>(3,374)</b>	<b>(17,096)</b>	<b>(13,835)</b>
Contributed capital, net	48,301	93,619	245,717	118,768	132,182	44,118	26,806	11,110	1,668	18,492
<b>Changes in net position</b>	<b>\$ (13,325)</b>	<b>\$ 64,877</b>	<b>\$ 226,605</b>	<b>\$ 89,964</b>	<b>\$ 84,295</b>	<b>\$ 155,337</b>	<b>\$ (4,187)</b>	<b>\$ 7,736</b>	<b>\$ (15,428)</b>	<b>\$ 4,657</b>

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## **REVENUE CAPACITY**

**San Diego Metropolitan Transit System**  
**Operating Revenue by Source (in 000's)**  
**Last Ten Fiscal Years**

Fiscal Year Ended	Passenger Fares	Federal Operating Funds	State Operating Funds	Local Operating Funds	Other
<b>San Diego Transit</b>					
2008	\$ 23,680	\$ 13,934	\$ 21,863	\$ 10,507	\$ 1,154
2009	27,882	17,177	24,496	14,416	141
2010	26,708	18,267	16,249	21,456	182
2011	26,056	19,894	29,435	18,307	152
2012	27,498	20,709	20,497	17,549	196
2013	28,621	20,266	31,954	18,886	6
2014	27,781	19,336	16,489	20,897	34
2015	27,156	18,096	18,085	28,982	5
2016	26,169	18,000	15,993	35,558	2
2017	24,864	20,000	17,138	31,038	10
<b>San Diego Trolley</b>					
2008	\$ 31,120	\$ 13,881	\$ 4,479	\$ 6,000	\$ 604
2009	33,454	16,616	787	7,043	1,012
2010	33,050	16,449	5,637	5,000	462
2011	34,673	14,912	5,497	5,000	528
2012	35,216	14,989	7,208	5,492	552
2013	35,554	22,426	3,379	5,000	574
2014	40,188	22,913	1,501	5,000	1,256
2015	41,140	21,151	5,047	5,000	628
2016	41,113	21,148	6,040	5,000	698
2017	38,968	23,149	13,609	5,000	704
<b>MTS - Contracted Services</b>					
2008	\$ 21,138	\$ 921	\$ 38,020	\$ 1,285	\$ 67
2009	23,857	4,681	29,581	1,456	64
2010	24,410	10,420	21,524	1,636	47
2011	24,036	4,641	28,857	2,002	-
2012	25,380	7,155	26,635	1,984	-
2013	26,476	5,595	28,132	2,368	-
2014	26,025	10,362	26,906	2,665	-
2015	29,318	14,127	30,543	2,123	79
2016	30,631	13,827	33,796	2,258	(2)
2017	29,447	13,838	36,162	2,296	2

Source: Audited Financial Statements.

# San Diego Metropolitan Transit System

## Fare Structure

### Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Bus Cash Fares</b>										
One-way fare, local routes	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.00
Senior/disabled, local routes	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	0.75
Urban	-	-	-	-	-	-	-	-	-	2.25
Rapid/Express	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Senior/disabled Rapid/Express	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	0.75
Rapid Express/Premium	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Senior/disabled Rapid Express/Premium	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	0.75
Rural bus	5.00-10.00	5.00-10.00	5.00-10.00	5.00-10.00	5.00-10.00	5.00-10.00	5.00-10.00	5.00-10.00	5.00-10.00	5.00-10.00
Senior/disabled Rural bus	2.50-5.00	2.50-5.00	2.50-5.00	2.50-5.00	2.50-5.00	2.50-5.00	2.50-5.00	2.50-5.00	2.50-5.00	-
Sorrento Valley Coaster Connection	-	-	-	-	-	-	-	-	1.00	-
Senior/disabled Coaster Connection	-	-	-	-	-	-	-	-	0.50	-
Shuttles	-	-	-	-	-	-	-	-	-	1.00
<b>Trolley Cash Fares</b>										
One-way fare, all stations	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	-
Senior/disabled one-way fare all stations	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.00
Downtown	-	-	-	-	-	-	-	-	-	1.25
Senior/disabled Downtown	-	-	-	-	-	-	-	-	0.60	-
1 station-20+ stations	-	-	-	-	-	-	-	-	-	1.50-3.00
<b>Bus and Trolley Day Passes</b>										
Regional day pass	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	-	-
Region plus day pass	12.00	12.00	12.00	12.00	12.00	12.00	14.00	14.00	-	-
<b>Bus and Trolley Monthly Passes</b>										
Regional monthly pass	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	68.00	64.00
Senior/disabled Regional	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	17.00	16.00
Youth Regional	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	34.00	32.00
14-Day/Half-month	43.00	43.00	43.00	43.00	43.00	43.00	43.00	43.00	41.00	-
Rapid Express/Premium monthly pass	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	90.00	-
Senior/disabled Rapid Express/Premium	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	22.50	-
Youth Rapid Express/Premium	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	45.00	-
14-Day/Half-month Rapid Express/Premium	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	54.00	-

SOURCE: SANDAG Comprehensive Fare Ordinance, amendments effective July 2014.

**San Diego Metropolitan Transit System  
Farebox Recovery Percentages  
Last Ten Fiscal Years**

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Fiscal Year Ended	San Diego Transit	San Diego Trolley	MTS-Contracted Services
2008	29.59	55.62	34.40
2009	34.31	57.15	40.00
2010	28.46	54.26	42.06
2011	31.22	57.41	40.37
2012	30.50	55.63	41.50
2013	29.01	53.98	42.31
2014	30.34	56.52	39.46
2015	29.50	56.64	38.48
2016	27.39	54.76	38.05
2017	26.21	47.81	36.02

Source: Audited financial statements; calculated as passenger revenue divided by operating expenses (less depreciation, GASB 68 related pension expense and OPEB), interest expense, and miscellaneous expenses.



## **DEBT CAPACITY**

**San Diego Metropolitan Transit System**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Year ended June 30	Capital Lease - Tower	Capital Lease- Equipment	1995 LRV Lease/ Leaseback	Pension Obligation Bonds	Total	Percentage of Personal Income	Debt per Capita
2008	\$ 7,617,599	\$ 187,737	\$ 122,540,596	\$ 73,120,000	\$ 203,465,932	0.14%	\$ 67
2009	7,141,327	117,470	121,292,645	71,565,000	200,116,442	0.15%	65
2010	6,647,108	44,190	119,948,726	61,150,000	187,790,024	0.13%	61
2011	5,317,686	-	118,501,460	47,265,000	171,084,146	0.11%	55
2012	4,766,867	-	116,942,900	40,510,000	162,219,767	0.10%	51
2013	4,189,818	-	115,264,486	25,880,000	145,334,304	0.09%	46
2014	3,614,149	-	113,457,002	23,965,000	141,036,151	0.08%	44
2015	3,006,729	-	18,108,323	21,960,000	43,075,052	0.02%	13
2016	2,393,787	-	-	19,860,000	22,253,787	0.01%	7
2017	1,747,713	-	-	17,655,000	19,402,713	0.01%	6

Details regarding MTS's outstanding debt can be found in the notes to the financial statements.

- MTS retired the capital equipment lease and refunded the Tower capital lease in FY2011
- MTS retired the variable rate Pension Obligation Bonds in FY2013
- MTS retired the 1995 LRV Lease/Leaseback obligation in FY2016

## **DEMOGRAPHIC AND ECONOMIC STATISTICS**

**San Diego Metropolitan Transit System  
Regional Population and Personal Income Statistics  
Last Ten Fiscal Years**

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	County of San Diego Population (1)	County of San Diego Personal Income (thousands) (1)	Per Capita Personal Income (1)	San Diego County Average Unemployment Rate (2)
2008	3,051,262	141,800,000	50,069	6.40%
2009	3,077,633	137,300,000	48,464	10.20%
2010	3,102,852	138,300,000	48,286	10.50%
2011	3,137,283	148,000,000	49,745	10.40%
2012	3,174,808	156,000,000	50,779	9.30%
2013	3,209,225	160,800,000	51,250	7.40%
2014	3,247,522	167,900,000	52,180	6.10%
2015	3,275,546	177,700,000	54,249	5.00%
2016	3,305,481	187,900,000	55,801	5.10%
2017	3,337,300	199,700,000	57,037	4.30%

Source:

(1) California Department of Transportation - Actuals 2007-2015, Forecast 2016-2017

(2) California Employment Development Department, June 2017

**San Diego Metropolitan Transit System  
Full-Time and Part-Time Employees by Function  
Last Ten Fiscal Years**

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**Full-time and Part-time Employees at June 30**

	<u>MTS</u>	<u>San Diego Transit</u>	<u>San Diego Trolley</u>	<u>Total</u>
2008	117	844	533	1,494
2009	114	824	530	1,468
2010	110	782	528	1,420
2011	116	758	543	1,417
2012	122	761	568	1,451
2013	136	786	599	1,521
2014	149	785	600	1,534
2015	154	852	595	1,601
2016	163	823	571	1,557
2017	165	825	578	1,568

Source: MTS payroll records

## San Diego Metropolitan Transit System Ten Largest Employers in San Diego County

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Company Name	Number of Employees (1)	Percent of 1,563,000 County Total (2)
* Federal Government	35,213	2.25%
University of California, San Diego	32,524	2.08%
Sharp Healthcare	17,962	1.15%
Scripps Health	15,238	0.97%
Qualcomm Inc.	12,600	0.81%
City of San Diego	11,544	0.74%
State of California	9,168	0.59%
Kaiser Permanente	8,965	0.57%
UC San Diego Health System	8,923	0.57%
San Diego Community College District	6,817	0.44%

Source:

- (1) San Diego Business Journal - 2017 Book of Lists. \*U.S. Office of Personnel Management data reported for Executive Branch
- (2) Employment Development Department, State of California

Note: County of San Diego employment information is presented. Employer information is not currently available for the area served by the Metropolitan Transit System within San Diego County. MTS presents only current employment data for the county of San Diego.

## **OPERATING INFORMATION**

**San Diego Metropolitan Transit System**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Operating Cost (in 000's)</b>										
San Diego Transit	\$ 94,878	\$ 95,526	\$ 92,059	\$ 91,568	\$ 98,666	\$ 90,153	\$ 83,457	\$ 93,831	\$ 81,271	\$ 80,031
San Diego Trolley	81,501	75,086	72,637	71,098	65,859	63,309	60,395	60,913	58,537	55,949
MTS-Contract Services	81,744	80,511	76,190	65,959	62,573	61,154	59,536	58,037	59,639	61,451
<b>Farebox Revenue (in 000's)</b>										
San Diego Transit	\$ 24,864	\$ 26,169	\$ 27,156	\$ 27,781	\$ 28,621	\$ 27,498	\$ 26,056	\$ 26,708	\$ 27,882	\$ 23,680
San Diego Trolley	38,968	41,113	41,140	40,188	35,554	35,216	34,673	33,050	33,454	31,120
MTS-Contract Services	29,447	30,631	29,318	26,025	26,476	25,380	24,036	24,410	23,857	21,138
<b>Total Passengers (in 000's)</b>										
San Diego Transit	\$ 24,315	\$ 25,628	\$ 27,264	\$ 28,541	\$ 28,927	\$ 28,802	\$ 27,252	\$ 26,921	\$ 29,762	\$ 28,094
San Diego Trolley	37,639	39,614	40,082	39,695	29,699	32,655	31,613	30,469	36,928	37,621
MTS-Contract Services	26,241	27,194	27,574	23,761	23,479	23,780	22,664	21,988	21,645	21,460
<b>Revenue Miles (in 000's)</b>										
San Diego Transit	\$ 9,626	\$ 9,702	\$ 9,561	\$ 8,695	\$ 8,557	\$ 8,221	\$ 8,178	\$ 8,624	\$ 9,221	\$ 9,522
San Diego Trolley	8,728	8,424	8,596	8,516	7,758	7,544	7,519	7,743	7,895	8,003
MTS-Contract Services	15,144	14,969	13,328	12,139	11,607	11,214	11,196	11,450	12,179	12,501
<b>Subsidy / Total Passenger</b>										
San Diego Transit	\$ 2.88	\$ 2.71	\$ 2.38	\$ 2.24	\$ 2.42	\$ 2.18	\$ 2.11	\$ 2.50	\$ 1.79	\$ 2.01
San Diego Trolley	1.13	0.86	0.79	0.78	1.02	0.86	0.81	0.92	0.68	0.66
MTS-Contract Services	1.99	1.83	1.70	1.68	1.54	1.50	1.57	1.53	1.66	1.88

Source: NTD Report, and audited financial statements.



**San Diego Metropolitan Transit System**  
**Service Performance Data**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Service Provided</b>										
<b>San Diego Transit</b>										
Vehicle Revenue Miles (in 000's)	9,626	9,702	9,561	8,695	8,557	8,221	8,178	8,624	9,221	9,522
Vehicle Revenue Hours (in 000's)	822	825	806	795	787	757	754	789	843	870
Passengers (in 000's)	24,315	25,628	27,264	28,541	28,927	28,802	27,252	26,921	29,762	28,094
Passenger Miles (in 000's)	109,727	111,639	117,585	110,009	108,222	106,804	100,500	98,163	107,408	100,256
Number of Vehicles	278	279	272	310	260	236	236	238	247	267
<b>San Diego Trolley</b>										
Vehicle Revenue Miles (in 000's)	8,728	8,424	8,596	8,516	7,758	7,544	7,519	7,743	7,895	8,003
Vehicle Revenue Hours (in 000's)	490	493	496	504	472	428	423	442	410	439
Passenger Car Hours (in 000's)	504	507	509	512	476	433	429	448	416	445
Passengers (in 000's)	37,639	39,614	40,082	39,695	29,699	32,655	31,613	30,469	36,928	37,621
Passenger Miles (in 000's)	210,971	223,185	224,422	228,531	173,151	194,822	193,063	186,509	220,639	206,924
Number of Vehicles	177	177	177	179	178	151	128	134	133	134
<b>MTS-Contracted Services</b>										
Vehicle Revenue Miles (in 000's)	15,144	14,969	13,328	12,139	11,607	11,214	11,196	11,450	12,179	12,501
Vehicle Revenue Hours (in 000's)	1,269	1,252	1,112	998	961	933	927	946	986	1,019
Passengers (in 000's)	26,241	27,194	27,573	23,761	23,479	23,780	22,664	21,988	21,645	21,460
Passenger Miles (in 000's)	95,940	97,479	94,504	85,269	84,021	79,789	82,125	79,237	80,104	77,173
Number of Vehicles	526	520	520	449	427	404	407	369	388	358
<b>Total</b>										
Passengers (in 000's)	88,195	92,436	94,919	91,997	82,105	85,237	81,529	79,378	88,335	87,175
Passenger Miles (in 000's)	416,638	432,303	436,511	423,809	365,394	381,415	375,688	363,909	408,151	384,353

Source: NTD Report and MTS internal capital asset system

**San Diego Metropolitan Transit System**  
**Capital Assets Statistics by Function**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Operations</b>										
Buildings and structures	1	1	1	1	1	1	1	1	1	1
Nonrevenue vehicles	-	1	3	3	3	5	5	5	7	7
<b>San Diego Transit</b>										
Land (parcels)	2	2	2	2	2	2	2	2	2	2
Buildings and structures	2	2	2	2	2	2	2	2	2	2
Buses	278	279	272	310	260	236	236	238	247	267
Nonrevenue vehicles	12	12	12	12	14	19	22	32	39	53
<b>San Diego Trolley</b>										
Trolley stations	54	54	54	54	54	54	54	54	54	54
Track miles	54	54	54	54	54	54	54	54	54	54
Light rail vehicles (total inventory)	177	177	177	179	178	151	128	134	133	134
Nonrevenue vehicles	12	12	16	16	15	31	43	51	68	72
<b>MTS - Contracted Services</b>										
Land (parcel)	2	2	2	2	2	2	1	1	1	1
Buildings and structures	4	4	4	4	4	4	3	3	3	3
Buses	526	520	520	449	427	404	407	369	388	358
Nonrevenue vehicles	9	9	10	8	8	8	10	7	7	9
<b>Taxicab Administration</b>										
Buildings and structures	1	1	1	1	1	1	1	1	1	1
Nonrevenue vehicles	1	1	2	2	2	4	3	3	3	3

Source: MTS ERP System

**San Diego Metropolitan Transit System  
Ridership  
Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Ridership (in 000's)										
San Diego Transit % Change	24,315 -5.12%	25,628 -6.00%	27,264 -4.48%	28,541 -1.33%	28,927 0.43%	28,802 5.69%	27,252 1.23%	26,921 -9.55%	29,762 5.94%	28,094 7.74%
San Diego Trolley % Change	37,639 -4.99%	39,614 -1.17%	40,082 0.98%	39,695 33.65%	29,699 -9.05%	32,655 3.30%	31,613 3.75%	30,469 -17.49%	36,928 -1.84%	37,621 7.14%
MTS - Contracted Services % Change	26,241 -3.51%	27,194 -1.38%	27,574 16.05%	23,761 1.20%	23,479 -1.27%	23,780 4.92%	22,664 3.07%	21,988 1.58%	21,645 0.86%	21,460 1.50%

Source: NTD Report

**San Diego Metropolitan Transit System**  
**Operating Subsidy**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Average Fare per Rider										
San Diego Transit	1.02	1.02	1.00	0.97	0.99	0.95	0.96	0.99	0.94	0.84
San Diego Trolley	1.04	1.04	1.03	1.01	1.20	1.08	1.10	1.08	0.91	0.83
MTS - Contract Services	1.12	1.13	1.06	1.10	1.13	1.07	1.06	1.11	1.10	0.98
Operating Expense per Rider										
San Diego Transit	3.90	3.73	3.38	3.21	3.41	3.13	3.06	3.49	2.73	2.85
San Diego Trolley	2.17	1.90	1.81	1.79	2.22	1.94	1.91	2.00	1.59	1.49
MTS - Contract Services	3.12	2.96	2.76	2.78	2.67	2.57	2.63	2.64	2.76	2.86
Subsidy per Rider										
San Diego Transit	2.88	2.71	2.38	2.24	2.42	2.18	2.11	2.50	1.79	2.01
San Diego Trolley	1.13	0.86	0.79	0.78	1.02	0.86	0.81	0.92	0.68	0.66
MTS - Contract Services	1.99	1.83	1.70	1.68	1.54	1.50	1.57	1.53	1.66	1.88

Source: NTD report and Audited financial statements



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Independent Auditors' Report**

To the Board of Directors  
of the San Diego Metropolitan Transit System  
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the San Diego Metropolitan Transit System (MTS), which comprise of the statements of net position as of and for the years ended June 30, 2017 and 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and notes to basic financial statements, and have issued our report thereon dated November 3, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered MTS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MTS's internal control. Accordingly, we do not express an opinion on the effectiveness of MTS's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether MTS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**4365 Executive Drive, Suite 710, San Diego, California 92121**

**Tel: 858-242-5100 • Fax: 858-242-5150**

**[www.pungroup.com](http://www.pungroup.com)**

To the Board of Directors  
of the San Diego Metropolitan Transit System  
San Diego, California  
Page 2

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*The PwC Group, LLP*

San Diego, California  
November 3, 2017



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

## Agenda Item No. 31

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

November 9, 2017

#### SUBJECT:

FISCAL YEAR 2017 FINAL BUDGET COMPARISON (MIKE THOMPSON)

#### RECOMMENDATION:

That the MTS Board of Directors receive the MTS operations budget status report for Fiscal Year 2017 and approve staff recommendations to program the excess revenues less expenses.

#### Budget Impact

Final FY17 results show revenues exceeding expenses by \$3.5 million.

**Staff recommends the \$2.0 million of one time reserve funding used to balance the FY17 Operating Budget be returned to the contingency reserve balance, and the additional \$1.5 million to fund projects within the Capital Improvement Program (CIP).**

#### DISCUSSION:

With the completion of the fiscal year 2017 Comprehensive Annual Financial Report (CAFR), the fiscal year 2017 budget can be reviewed with audited numbers. Attachment A-1 combines the operations, administration and other activities results for FY17. Attachment A-2 details the FY17 combined operations results and Attachments A-3 to A-7 present budget comparisons for each MTS operation. Attachment A-8 details budget comparisons for MTS Administration, and A-9 provides FY17 results for MTS's other activities (Taxicab/San Diego and Arizona Eastern Railway Company). Attachment A-10 details subsidy revenue and other non-operating revenue and expenses. Attachment A-11 details MTS's contingency reserve balance. Attachment A-12 details the balances of all reserve accounts.

#### MTS OPERATING RESULTS

As indicated within Attachment A-1, the FY17 net-operating income totaled a favorable variance of \$373,000 (0.2%). These factors include favorable variances in other



revenue, outside services, materials and supplies, energy, risk management, and vehicle/facility leases; offset by unfavorable variances in passenger revenue, personnel costs, and administrative (G&A) costs.

Non-operating net subsidy for FY17 was favorable to budget by \$3,141,000 (2.0%), primarily due to favorable variances within Medi-Cal reimbursement and TransNet operating revenues.

In total, revenues exceeded expenses by \$3.5 million for FY17.

## MTS COMBINED RESULTS

Operating Revenues. The fiscal year combined operating revenues for FY17 were \$108,576,000 compared to the fiscal year budget of \$109,334,000, representing a \$758,000 (-0.7%) unfavorable variance. Passenger fare revenue was unfavorable to budget by \$1,594,000 (-1.7%), and other operating revenue was favorable to budget by \$836,000 (5.8%). As compared to fiscal year 2016, total combined operating revenues decreased by \$5.1 million or 4.5%. Other operating revenue includes \$1,082,175 in proceeds from the sale of 14,100 energy credits at a price of \$76.75 per credit; these credits are part of the state of California's Low Carbon Fuel Standard program.

Expenses. The fiscal year combined expenses through June 2017 were \$268,640,000 compared to the budget of \$269,771,000, resulting in a \$1,132,000 (0.4%) favorable variance.

Personnel Costs. Fiscal year personnel-related costs totaled \$127,134,000 compared to a budgetary figure of \$125,641,000, producing an unfavorable variance of \$1,494,000 (-1.2%) primarily due to unfavorable variances in wages.

Outside Services and Purchased Transportation. Total outside services for the fiscal year totaled \$94,605,000 compared to a budget of \$96,413,000, resulting in a favorable variance of \$1,808,000 (1.9%) primarily due to favorable variances in purchased transportation.

Materials and Supplies. Total materials and supplies expenses were \$10,750,000 compared to a budgetary figure of \$10,903,000, resulting in a favorable expense variance of \$153,000 (1.4%).

Energy. Total energy costs were \$26,538,000 compared to the budget of \$27,392,000, resulting in a favorable variance of \$853,000 (3.1%). The favorable variance is due to lower than expected electricity expenses for Rail Operations and favorable commodity prices for CNG, gas and diesel.

Risk Management. Total expenses for risk management were \$3,922,000 compared to the budget of \$4,114,000, resulting in a favorable variance totaling \$191,000 (4.7%). The favorable variance is due to lower than expected liability payouts.

General and Administrative. The G&A costs, including vehicle and facilities leases, were \$381,000 (-7.2%) unfavorable to budget, totaling \$5,691,000, compared to a budget of \$5,310,000.



### Subsidy Revenue and Other Non-operating Revenue and Expenses

Attachment A-10 details subsidy revenue and other non-operating revenue and expenses. Subsidy and non-operating revenues for FY17 were \$163,579,000 compared to the fiscal year budget of \$160,437,000, representing favorable variance of \$3,141,000 (2.0%). This total includes \$2,000,000 of reserve revenue carried over from FY16 as a budget balancing strategy. The drivers of this favorable variance are detailed as:

- Medi-Cal revenues were favorable by \$2,277,000. Medi-Cal has been in the process of updating their reimbursement procedures; as a result, MTS will realize additional operating expense reimbursements for both FY16 and FY17 than was previously expected.
- TransNet revenues were favorable by \$935,000, primarily due to Bus Rapid Transit operating expense reimbursements and TransNet sales tax revenue.

### Net Revenues Less Expenses

For fiscal year 2017, MTS had an excess of revenues over expenses before reserves of \$3,515,000. Staff recommends using these excess revenues in the following:

- \$2,000,000 of one time reserve funding used to balance the FY17 Operating Budget to be returned to the contingency reserve balance.
- \$1,515,000 to be programmed into the Capital Improvement Program.

### Reserves

Attachment A-11 details MTS's contingency reserve. The ending reserve balance on June 30, 2016, was \$34,381,000. After adjusting for interest, the capital project reserve, other adjustments, and the income or loss from SD&AE and Taxicab Administration results (which are self-funded), the change for the year totals an increase of \$1,939,000. The new contingency reserve balance on June 30, 2017 thus became \$36,320,000, which equals 13.1% of the FY18 operating budget.

MTS has a number of other reserves, and the balances are listed on Attachment A-12.

/s/ Paul C. Jablonski  
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. Comparison to Budget

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**MTS**  
**CONSOLIDATED**  
**COMPARISON TO BUDGET - FISCAL YEAR 2017**  
**JUNE 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ 93,279	\$ 94,874	\$ (1,594)	-1.7%
Other Revenue	15,296	14,460	836	5.8%
<b>Total Operating Revenue</b>	<b>\$ 108,576</b>	<b>\$ 109,334</b>	<b>\$ (758)</b>	<b>-0.7%</b>
Personnel costs	\$ 127,134	\$ 125,641	\$ (1,494)	-1.2%
Outside services	94,605	96,413	1,808	1.9%
Transit operations funding	-	-	-	-
Materials and supplies	10,750	10,903	153	1.4%
Energy	26,538	27,392	853	3.1%
Risk management	3,922	4,114	191	4.7%
General & administrative	4,526	4,125	(401)	-9.7%
Vehicle/facility leases	1,165	1,185	20	1.7%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	-	-	-	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 268,640</b>	<b>\$ 269,771</b>	<b>\$ 1,132</b>	<b>0.4%</b>
<b>Operating income (loss)</b>	<b>\$ (160,064)</b>	<b>\$ (160,437)</b>	<b>\$ 373</b>	<b>0.2%</b>
<b>Total public support and nonoperating revenues</b>	<b>163,579</b>	<b>160,437</b>	<b>3,141</b>	<b>2.0%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ 3,515</b>	<b>\$ -</b>	<b>\$ 3,515</b>	<b>-</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**OPERATIONS**  
**CONSOLIDATED OPERATIONS**  
**COMPARISON TO BUDGET - FISCAL YEAR 2017**  
**JUNE 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ 93,279	\$ 94,874	\$ (1,594)	-1.7%
Other Revenue	878	726	152	20.9%
<b>Total Operating Revenue</b>	<b>\$ 94,157</b>	<b>\$ 95,600</b>	<b>\$ (1,442)</b>	<b>-1.5%</b>
Personnel costs	\$ 107,504	\$ 106,179	\$ (1,326)	-1.2%
Outside services	78,721	80,047	1,326	1.7%
Transit operations funding	-	-	-	-
Materials and supplies	10,753	11,028	275	2.5%
Energy	25,785	26,618	834	3.1%
Risk management	3,573	3,674	101	2.7%
General & administrative	820	835	15	1.8%
Vehicle/facility leases	997	1,009	12	1.2%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	26,568	26,568	-	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 254,720</b>	<b>\$ 255,958</b>	<b>\$ 1,237</b>	<b>0.5%</b>
<b>Operating income (loss)</b>	<b>\$ (160,563)</b>	<b>\$ (160,358)</b>	<b>\$ (205)</b>	<b>-0.1%</b>
<b>Total public support and nonoperating revenues</b>	<b>160,716</b>	<b>160,358</b>	<b>358</b>	<b>0.2%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ 153</b>	<b>\$ 0</b>	<b>\$ 153</b>	<b>15343559.7%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**OPERATIONS**  
**TRANSIT SERVICES (SAN DIEGO TRANSIT CORPORATION)**  
**COMPARISON TO BUDGET - FISCAL YEAR 2017**  
**JUNE 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ 24,864	\$ 24,052	\$ 811	3.4%
Other Revenue	121	5	116	2326.6%
<b>Total Operating Revenue</b>	<b>\$ 24,985</b>	<b>\$ 24,057</b>	<b>\$ 928</b>	<b>3.9%</b>
Personnel costs	\$ 71,276	\$ 70,749	\$ (527)	-0.7%
Outside services	3,044	2,468	(577)	-23.4%
Transit operations funding	-	-	-	-
Materials and supplies	4,513	4,441	(72)	-1.6%
Energy	5,836	6,051	215	3.6%
Risk management	1,952	1,830	(122)	-6.7%
General & administrative	424	416	(8)	-1.9%
Vehicle/facility leases	368	368	(0)	0.0%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	8,322	8,322	-	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 95,736</b>	<b>\$ 94,646</b>	<b>\$ (1,090)</b>	<b>-1.2%</b>
<b>Operating income (loss)</b>	<b>\$ (70,751)</b>	<b>\$ (70,588)</b>	<b>\$ (162)</b>	<b>-0.2%</b>
<b>Total public support and nonoperating revenues</b>	<b>71,617</b>	<b>70,658</b>	<b>960</b>	<b>1.4%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ 867</b>	<b>\$ 69</b>	<b>\$ 797</b>	<b>1150.2%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**OPERATIONS**  
**RAIL OPERATIONS (SAN DIEGO TROLLEY, INCORPORATED)**  
**COMPARISON TO BUDGET - FISCAL YEAR 2017**  
**JUNE 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ 38,968	\$ 40,666	\$ (1,698)	-4.2%
Other Revenue	755	720	35	4.8%
<b>Total Operating Revenue</b>	<b>\$ 39,723</b>	<b>\$ 41,386</b>	<b>\$ (1,663)</b>	<b>-4.0%</b>
Personnel costs	\$ 35,463	\$ 34,740	\$ (723)	-2.1%
Outside services	4,536	5,000	464	9.3%
Transit operations funding	-	-	-	-
Materials and supplies	6,225	6,556	331	5.0%
Energy	11,878	12,443	565	4.5%
Risk management	1,606	1,828	223	12.2%
General & administrative	394	411	17	4.1%
Vehicle/facility leases	331	341	10	3.0%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	16,348	16,348	-	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 76,779</b>	<b>\$ 77,666</b>	<b>\$ 887</b>	<b>1.1%</b>
<b>Operating income (loss)</b>	<b>\$ (37,056)</b>	<b>\$ (36,280)</b>	<b>\$ (776)</b>	<b>-2.1%</b>
<b>Total public support and nonoperating revenues</b>	<b>36,341</b>	<b>36,341</b>	<b>-</b>	<b>0.0%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ (716)</b>	<b>\$ 61</b>	<b>\$ (776)</b>	<b>-1275.9%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**OPERATIONS**  
**MULTIMODAL OPERATIONS (FIXED ROUTE)**  
**COMPARISON TO BUDGET - FISCAL YEAR 2017**  
**JUNE 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ 26,569	\$ 26,920	\$ (351)	-1.3%
Other Revenue	2	1	1	92.7%
<b>Total Operating Revenue</b>	<b>\$ 26,571</b>	<b>\$ 26,921</b>	<b>\$ (350)</b>	<b>-1.3%</b>
Personnel costs	\$ 421	\$ 331	\$ (89)	-26.9%
Outside services	53,917	54,896	979	1.8%
Transit operations funding	-	-	-	-
Materials and supplies	14	31	16	53.2%
Energy	5,999	5,758	(241)	-4.2%
Risk management	-	-	-	-
General & administrative	(1)	3	5	132.9%
Vehicle/facility leases	18	20	2	9.4%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	1,312	1,312	-	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 61,680</b>	<b>\$ 62,350</b>	<b>\$ 671</b>	<b>1.1%</b>
<b>Operating income (loss)</b>	<b>\$ (35,108)</b>	<b>\$ (35,429)</b>	<b>\$ 321</b>	<b>0.9%</b>
<b>Total public support and nonoperating revenues</b>	<b>35,111</b>	<b>35,261</b>	<b>(150)</b>	<b>-0.4%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ 2</b>	<b>\$ (168)</b>	<b>\$ 170</b>	<b>-101.4%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
OPERATIONS  
MULTIMODAL OPERATIONS (PARATRANSIT)  
COMPARISON TO BUDGET - FISCAL YEAR 2017  
JUNE 30, 2017  
(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ 2,878	\$ 3,235	\$ (357)	-11.0%
Other Revenue	-	-	-	-
<b>Total Operating Revenue</b>	<b>\$ 2,878</b>	<b>\$ 3,235</b>	<b>\$ (357)</b>	<b>-11.0%</b>
Personnel costs	\$ 152	\$ 166	\$ 13	8.1%
Outside services	16,952	17,318	365	2.1%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	2,072	2,367	295	12.5%
Risk management	15	15	-	0.0%
General & administrative	4	5	2	29.4%
Vehicle/facility leases	280	280	0	0.0%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	587	587	-	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 20,062</b>	<b>\$ 20,737</b>	<b>\$ 675</b>	<b>3.3%</b>
<b>Operating income (loss)</b>	<b>\$ (17,184)</b>	<b>\$ (17,502)</b>	<b>\$ 318</b>	<b>1.8%</b>
<b>Total public support and nonoperating revenues</b>	<b>17,184</b>	<b>17,540</b>	<b>(356)</b>	<b>-2.0%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ 0</b>	<b>\$ 38</b>	<b>\$ (38)</b>	<b>-99.5%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**OPERATIONS**  
**CORONADO FERRY**  
**COMPARISON TO BUDGET - FISCAL YEAR 2017**  
**JUNE 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	-	-	-	-
<b>Total Operating Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
Personnel costs	\$ -	\$ -	\$ -	-
Outside services	207	207	-	0.0%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	-	-	-	-
Risk management	-	-	-	-
General & administrative	-	-	-	-
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	-	-	-	-
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 207</b>	<b>\$ 207</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Operating income (loss)</b>	<b>\$ (207)</b>	<b>\$ (207)</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Total public support and nonoperating revenues</b>	<b>207</b>	<b>207</b>	<b>-</b>	<b>0.0%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>



**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**ADMINISTRATION**  
**CONSOLIDATED**  
**COMPARISON TO BUDGET - FISCAL YEAR 2017**  
**JUNE 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	13,510	12,754	756	5.9%
<b>Total Operating Revenue</b>	<b>\$ 13,510</b>	<b>\$ 12,754</b>	<b>\$ 756</b>	<b>5.9%</b>
Personnel costs	\$ 18,711	\$ 18,478	\$ (232)	-1.3%
Outside services	15,676	16,033	358	2.2%
Transit operations funding	-	-	-	-
Materials and supplies	(5)	(132)	(127)	96.2%
Energy	746	760	14	1.9%
Risk management	328	394	66	16.7%
General & administrative	3,510	3,166	(344)	-10.9%
Vehicle/facility leases	145	150	5	3.4%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(26,695)	(26,695)	-	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 12,415</b>	<b>\$ 12,154</b>	<b>\$ (261)</b>	<b>-2.1%</b>
<b>Operating income (loss)</b>	<b>\$ 1,095</b>	<b>\$ 600</b>	<b>\$ 495</b>	<b>-82.6%</b>
<b>Total public support and nonoperating revenues</b>	<b>2,266</b>	<b>(600)</b>	<b>2,866</b>	<b>-478.0%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ 3,361</b>	<b>\$ (0)</b>	<b>\$ 3,361</b>	<b>#####</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**OTHER ACTIVITIES**  
**CONSOLIDATED**  
**COMPARISON TO BUDGET - FISCAL YEAR 2017**  
**JUNE 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	908	980	(72)	-7.3%
<b>Total Operating Revenue</b>	<b>\$ 908</b>	<b>\$ 980</b>	<b>\$ (72)</b>	<b>-7.3%</b>
Personnel costs	\$ 920	\$ 984	\$ 64	6.5%
Outside services	208	333	125	37.4%
Transit operations funding	-	-	-	-
Materials and supplies	2	7	5	71.4%
Energy	8	13	5	38.7%
Risk management	21	46	25	54.2%
General & administrative	195	123	(72)	-58.2%
Vehicle/facility leases	23	26	3	11.8%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	127	127	-	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 1,504</b>	<b>\$ 1,659</b>	<b>\$ 155</b>	<b>9.3%</b>
<b>Operating income (loss)</b>	<b>\$ (596)</b>	<b>\$ (679)</b>	<b>\$ 83</b>	<b>12.2%</b>
<b>Total public support and nonoperating revenues</b>	<b>596</b>	<b>679</b>	<b>(83)</b>	<b>-12.2%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**MTS**  
**COMBINED SUBSIDY AND OTHER NON-OPERATING REVENUE AND EXPENSES**  
**COMPARISON TO BUDGET - FISCAL YEAR 2017**  
**JUNE 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
<b><u>Subsidy Revenue</u></b>				
Federal Revenue	\$ 56,969	\$ 57,064	\$ (95)	-0.2%
Transportation Development Act	60,103	60,030	73	0.1%
State Transit Assistance	3,601	3,600	1	0.0%
State Revenue - Other	3,677	1,400	2,277	162.6%
TransNet funds	37,270	36,335	935	2.6%
Other Local subsidies	3,063	3,034	29	1.0%
<b>Total Subsidy Revenue</b>	<b>\$ 164,683</b>	<b>\$ 161,463</b>	<b>\$ 3,221</b>	<b>2.0%</b>
<b><u>Other Non-Operating Revenue and Expense</u></b>				
Investment Earnings	\$ -	\$ -	\$ -	-
Other Non-Operating Income	596	679	(83)	-12.2%
Other Non-Operating Expenses	(1,701)	(1,704)	4	-0.2%
<b>Total Other Non-Operating Revenue Revenue and Expense</b>	<b>\$ (1,105)</b>	<b>\$ (1,025)</b>	<b>\$ (79)</b>	<b>7.7%</b>
<b>Total Subsidy and Non-Operating Revenue and Expense</b>	<b>\$ 163,579</b>	<b>\$ 160,437</b>	<b>\$ 3,141</b>	<b>2.0%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
MTS  
CONTINGENCY RESERVE BALANCE**

**JUNE 30, 2017  
(in \$000's)**

<b>Balance, June 30, 2016</b>		<b>\$ 34,381</b>
<b>Current Year Adjustments:</b>		
FY 2017 Income (Loss) Before Reserves	2,918	
Remove Other Activities contributions to income:		
SDAE	76	
Taxi	520	
Capital Improvement Program	(1,515)	
Other	(61)	
<b>Net Adjustments:</b>		<b><u>1,939</u></b>
<b>Balance, June 30, 2017</b>		<b><u>\$ 36,320</u></b>
% of MTS Operating Expense Budget		13.1%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**MTS**  
**RESERVE BALANCES**  
**JUNE 30, 2017**

<u>Title</u>	<u>Amount</u>	<u>Explanation</u>
Contingency	\$ 36,320,137	For ongoing operations, future matching of grants; target is 12.5% of operating budget per Policy 36
Capital Project Reserve	1,514,580	To hold excess revenue for the FY 2019 capital budget
Taxicab Contingency	550,133	For ongoing operations and future capital improvement needs
Insurance	2,000,000	Established for potential future liability claims, minimum \$2 million per Policy 46
Billboard San Diego	237,294	Per agreement with city, used for improvements to right of way
Billboard Chula Vista	1,587,318	Per agreement with city, used for improvements to right of way
SD&AE	1,527,382	Established from 1984 state payments for storm damage, restricted for repair/improvement of line
Land Management	<u>0</u>	For repair and maintenance of rental property
<b>Total</b>	<b><u><u>\$ 43,736,844</u></u></b>	



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

## Agenda Item No. 32

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

November 9, 2017

#### SUBJECT:

AB 805 IMPLEMENTATION AND PROCESS FOR ELECTING THE CHAIRPERSON  
(KAREN LANDERS)

#### RECOMMENDATION:

The Executive Committee recommends that the MTS Board of Directors:

- 1) Approve revisions to Board Policy No. 22, "Rules of Procedures for the San Diego Metropolitan Transit System (MTS) Board of Directors" (Attachment B);
- 2) Approve revisions to Board Policy No. 27, "Weighted Vote Procedure" (Attachment C);
- 3) Approve revisions to Board Policy No. 52 "Procurement of Goods and Services" (Attachment E);
- 4) Appoint an Ad Hoc Nominating Committee to recommend a candidate or candidates for a new Chairperson; and
- 5) Direct staff as to the timeline to elect a new Chairperson for the 2018-2019 term.

#### Budget Impact

None.

#### DISCUSSION:

On October 11, 2017, the Governor signed AB 805 into law. Effective January 1, 2018, AB 805 makes various changes to MTS's enabling legislation (located at Public Utilities Code sections 120000, et sq.).

#### The law makes four major changes at MTS:

1. Changes MTS Board membership by eliminating public chairperson position and giving 15<sup>th</sup> board seat to the City of Chula Vista. Also requires the mayor of the



- cities of San Diego and Chula Vista to be one of each city's appointed board members.
2. Changes MTS voting so that, after a quorum is present (at least 8 board members), only a majority of the board members present is required for the board to take action.
  3. Adds a "skilled labor" requirement to construction contracts over \$1,000,000.
  4. Gives MTS authority to propose a sales tax measure applicable in only MTS's jurisdiction (as opposed to region-wide).

Attachment A is a summary chart of the statutory changes made by AB 805.

These legislative changes require MTS to take the following action:

- 1) Revise Board Policy No. 22, "Rules of Procedures for the San Diego Metropolitan Transit System (MTS) Board of Directors" to be consistent with AB 805 provisions. See Attachment B.
- 2) Revise Board Policy No. 27, "Weighted Vote Procedure" to be consistent with AB 805 provisions. See Attachment C and Attachment D.
- 3) Revise Board Policy No. 52 "Procurement of Goods and Services" to be consistent with AB 805 provisions. See Attachment E.
- 4) Decide on a timeline and process to elect a new Chairperson for the 2018-2019 term. See Attachment F.

On November 2, 2017, the Executive Committee recommended that an Ad Hoc Nominating Committee be appointed to recommend a candidate or candidates for the Board to vote to elect a Chairperson.

/s/ Paul C. Jablonski

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. Summary of AB 805 Changes to MTS Enabling Legislation
  - B. Redline copy of Board Policy No. 22.
  - C. Redline copy of Board Policy No. 27.
  - D. Weighted Vote Calculation Chart (effective 2017-2018)
  - E. Redline copy of Board Policy No. 52.
  - F. Summary of MTS Board Chair Election Rules and Options after AB 805

Current Statute	AB 805	Change(s)
<p><b>120050.2.</b>                      The board consists of 15 members selected as follows:</p> <p>(a) One member of the County of San Diego Board of Supervisors, appointed by the board of supervisors.</p> <p>(b) Four members of the City Council of the City of San Diego, one of whom may be the mayor, appointed by the city council.</p> <p>(c) One member of each city council appointed individually by the City Councils of the Cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee.</p> <p>(d) One person, a resident of San Diego County, elected by a two-thirds vote of the board, a quorum being present, who shall serve as chairperson of the board. The chairperson shall serve for a term of four years, except that he or she is subject to removal at any time by a two-thirds vote of the board, a quorum being present. If the person elected chairperson is also a member of the board, the appointing power may not fill the vacancy created by the election of that member as chairperson as long as that member remains chairperson and, if removed as chairperson, that person shall resume the position on the board he or she vacated upon election as chairperson. Section 120102.5 does not apply to any vote taken under this subdivision. Further, in the event that</p>	<p><b>120050.2.</b>                      The board consists of 15 members selected as follows:</p> <p>(a) One member of the County of San Diego Board of Supervisors, appointed by the board of supervisors.</p> <p>(b) One member of each city council appointed individually by the city councils of the Cities of Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee.</p> <p>(c) Four members of the City Council of the City of San Diego, one of whom shall be the mayor, and two members of the City Council of the City of Chula Vista, one of whom shall be the mayor, each appointed by their respective city council.</p> <p>(d) The chairperson of the board shall be selected by a two-thirds vote of the board, a quorum being present. The chairperson shall serve for a term of two years, except that he or she is subject to removal at any time by a two-thirds vote of the board, a quorum being present.</p>	<ul style="list-style-type: none"> <li>• Deletes public chairperson option</li> <li>• Deletes provision that if MTS chair is a city/county board member, a second (15<sup>th</sup>) board member seat goes to County of San Diego supervisor with greatest unincorporated area in MTS jurisdiction</li> <li>• Adds second (15<sup>th</sup>) board member seat from City of Chula Vista.</li> <li>• Adds requirement that 1 of the City of San Diego members must be the mayor.</li> <li>• Adds requirement that 1 of the City of Chula Vista members must be the mayor.</li> <li>• Changes chairperson standard term to 2 years (instead of 4 years).</li> <li>• Keeps 2/3 vote requirement for chairperson.</li> </ul>



AB 805 (enacted October 11, 2017; effective January 1, 2018)  
 SUMMARY OF CHANGES TO MTS ENABLING LEGISLATION

Att. A, AI 32, 11/9/17

<u>Current Statute</u>	<u>AB 805</u>	<u>Change(s)</u>
<p>the chairperson is elected from the membership of the board, the County of San Diego shall then have two members appointed by the board of supervisors and the board membership shall remain at 15. In the event the subsequently elected chairperson is not a member, the membership on the board of the second appointee of the County of San Diego shall be suspended and the board membership shall remain at 15.</p>		
<p><b>120050.5.</b>                      Any person who is a member of the board may be appointed by his or her appointing authority to continue to serve as a member of the board after the termination of his or her term of office for a period not to exceed four years after the date of termination of his or her term of elected office.</p>	<p>Repealed</p>	<p>Only current board members may serve on MTS board; if board member no longer holds elected office connected to MTS board seat, the seat would be vacant (or held by the appointed alternate) until the appointing agency appoints a replacement.</p>
<p><b>120051.1.</b>                      The member of the board of supervisors appointed pursuant to subdivision (d) of Section 120050.2 shall represent the supervisorial district with the greatest percentage of its area within the unincorporated area of the County of San Diego under the jurisdiction of the transit development board as defined in Section 120054.</p>	<p>Repealed</p>	<p>Removes requirement that if an MTS board member is the Chair (instead of public member), the second (15<sup>th</sup>) MTS board member from County of San Diego be from a specified supervisorial district.</p> <p><i>Note:</i> AB 805 eliminated option for County to get 15<sup>th</sup> board member seat and gave it to City of Chula Vista.</p>

<u>Current Statute</u>	<u>AB 805</u>	<u>Change(s)</u>
<p><b>120051.6.</b>                      The alternate members of the board shall be appointed as follows:</p> <p>(a) The County of San Diego Board of Supervisors shall appoint any other county supervisor who qualifies for appointment pursuant to Section 120051 to serve as an alternate member of the transit development board.</p> <p>(b) The City Council of the City of San Diego shall appoint a member of the city council not already appointed pursuant to subdivision (b) of Section 120050.2 to serve as an alternate member of the transit development board for each of the members appointed by the city council to the transit development board.</p> <p>(c) The city councils specified in subdivision (c) of Section 120050.2 shall each individually appoint a member of their respective city councils not already appointed pursuant to that subdivision to serve as an alternate member of the transit development board.</p> <p>(d) At its discretion, a city council or the county board of supervisors may appoint a second alternate member, in the same manner as members are appointed, to serve on the board in the event that neither a member nor the alternate member is able to attend a meeting of the board.</p> <p>(e) An alternate member and second alternate</p>	<p><b>120051.6.</b>                      The alternate members of the board shall be appointed as follows:</p> <p>(a) The County of San Diego Board of Supervisors shall appoint a county supervisor, not already appointed under Section 120051, who represents one of the two supervisorial districts with the greatest percentage of its area within the incorporated area of the County of San Diego within the area under the jurisdiction of the transit development board as defined in Section 120054, to serve as an alternate member of the transit development board.</p> <p>(b) The city councils of the cities specified in subdivision (b) or (c) of Section 120050.2 shall each individually appoint a member of their respective city councils not already appointed pursuant to subdivision (b) or (c) of Section 120050.2 to serve as an alternate member of the transit development board for each member of the city on the board.</p> <p>(c) At its discretion, a city council or the county board of supervisors may appoint a second alternate member, in the same manner as first alternates are appointed, to serve on the board in the event that neither a member nor the alternate member is able to attend a meeting of the board.</p>	<ul style="list-style-type: none"> <li>• Deletes language regarding Board’s option to appoint an alternate for a public chairperson. <i>(Public Chair option deleted by AB 805)</i></li> <li>• Deletes language regarding County appointing an alternate for second County board member if no public Chair. <i>(Second County board seat option deleted by AB 805)</i></li> </ul>

Current Statute	AB 805	Change(s)
<p>member shall be subject to the same restrictions and shall have the same powers, when serving on the board, as a member.</p> <p>(f) If the board elects a person other than a member of the board to serve as chairperson, the board may, upon a two-thirds vote, a quorum being present, appoint a San Diego County resident as an alternate member of the board for that person elected chairperson. If the board elects a person who is a member of the board to serve as chairperson, the County of San Diego shall appoint an alternate supervisor for the supervisor appointed pursuant to subdivision (d) of Section 120050.2.</p>	<p>(d) An alternate member and second alternate member shall be subject to the same restrictions and shall have the same powers, when serving on the board, as a member.</p>	
<p><b>120102.5.</b></p> <p>(a) A majority of the members of the board constitutes a quorum for the transaction of business. All official acts of the board require the affirmative vote of the majority of the members of the board. However, after a vote of the members is taken, a weighted vote may be called by any two members, at least one of whom is not a City of San Diego representative.</p> <p>(b) In the case of a weighted vote, each of the four representatives of the City of San Diego shall exercise 12½ weighted votes, for a total of 50 votes. The County of San Diego and each city, other than the City of San Diego, shall, in total, exercise 49 weighted votes to be apportioned annually by population. The</p>	<p><b>120102.5.</b></p> <p>(a) A majority of the members of the board constitutes a quorum for the transaction of business. All official acts of the board require the affirmative vote of the majority of the members of the board present. However, after a vote of the members is taken, a weighted vote may be called by the members of any two jurisdictions.</p> <p>(b) In the case of a weighted vote, the County of San Diego and each city shall, in total, exercise 100 votes to be apportioned annually based on population, except in the case of the City of San Diego. Each of the four representatives of the City of San Diego shall</p>	<ul style="list-style-type: none"> <li>• Deletes requirement that all Board action be with at least 8 votes, except under weighted voting. Would allow passage of items with only 5 votes if only 8 or 9 members present, 6 votes if only 10 or 11 members present, and 7 votes if only 12 or 13 members present.</li> <li>• Deletes 1 weighted vote previously assigned to public Chairperson</li> <li>• Keeps 50 votes split evenly between City of San Diego board members</li> <li>• Divides remaining 50 votes amongst County and remaining cities by population (previously divided 49 votes between them)</li> <li>• Based on current population data, results in</li> </ul>

AB 805 (enacted October 11, 2017; effective January 1, 2018)  
 SUMMARY OF CHANGES TO MTS ENABLING LEGISLATION

Att. A, AI 32, 11/9/17

Current Statute	AB 805	Change(s)
<p>chairperson, if not chosen from the membership of the board, shall exercise one weighted vote.</p> <p>(c) Approval under the weighted vote procedure requires the vote of the representatives of not less than three jurisdictions representing not less than 51 percent of the total weighted vote to supersede the original action of the board.</p> <p>(d) The weighted vote procedure shall not be used on any matter of purely intracity local service, unless it is the desire of the affected city or jurisdiction.</p> <p>(e) The weighted vote procedure shall not be used for purposes of subdivision (c) of Section 120265.</p> <p>(f) For purposes of subdivision (c), the population of the County of San Diego is the population in the unincorporated area of the county within the area of jurisdiction of the transit development board.</p> <p>(g) The board shall adopt a policy and procedure to implement this section.</p>	<p>exercise 12 1/2 weighted votes, for a total of 50 votes. The representatives for the City of Chula Vista shall split the votes allocated to that city evenly among its representatives.</p> <p>(c) Approval under the weighted vote procedure requires the vote of the representatives of not less than three jurisdictions representing not less than 51 percent of the total weighted vote to supersede the original action of the board.</p> <p>(d) When a weighted vote is taken on any item that requires more than a majority vote of the board, it shall also require the supermajority percentage of the weighted vote.</p> <p>(e) For purposes of subdivision (b), the population of the County of San Diego is the population in the unincorporated area of the county within the area of jurisdiction of the transit development board pursuant to Section 120054.</p> <p>(f) The board shall adopt a policy and procedure to implement this section.</p>	<p>net gain of 1 vote for City of Chula Vista; all other cities/county vote count remains the same</p> <ul style="list-style-type: none"> <li>• Splits City of Chula Vista votes evenly between two board members</li> <li>• Adds requirement that when a weighted vote is taken on an item that requires a supermajority of the board to approve, then the weighted vote percentage must match the supermajority percentage</li> <li>• Deletes limitation on using weighted vote for purely intracity local service issue, unless the affected city approves</li> <li>• Deletes limitation and reference to Section 120265, which was deleted in 2002.</li> </ul>
<p>New Section</p>	<p><b>120221.5.</b>                      The board shall not enter into a construction contract over one million dollars (\$1,000,000) with any entity unless the entity provides to the board an enforceable commitment that the entity and its subcontractors at every tier will</p>	<ul style="list-style-type: none"> <li>• Adds labor-related requirements for construction projects over \$1M.</li> <li>• Waives requirements if applicable project labor agreement is in effect.</li> </ul>

<u>Current Statute</u>	<u>AB 805</u>	<u>Change(s)</u>
	<p>use a skilled and trained workforce to perform all work on the project or a contract that falls within an apprenticeship occupation in the building and construction trades in accordance with Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code.</p> <p>(a) This subdivision shall not apply if any of the following requirements are met:</p> <p>(1) The board has entered into a project labor agreement that will bind all contractors and subcontractors performing work on the project or the board has contracted to use a skilled and trained workforce and the entity has agreed to be bound by that project labor agreement.</p> <p>(2) The project or contract is being performed under the extension or renewal of a project labor agreement that was entered into by the board before January 1, 2017.</p> <p>(3) The entity has entered into a project labor agreement that will bind the entity and all its subcontractors at every tier performing the project or the entity has contracted to use a skilled and trained workforce.</p> <p>(b) For purposes of subdivision (a), "project labor agreement" has the same meaning as defined in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.</p>	

<u>Current Statute</u>	<u>AB 805</u>	<u>Change(s)</u>
<p>New Article &amp; Code sections</p>	<p><b>Article 11. Transactions and Use Tax</b>  <b>120480.</b> (a) A retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory within the area of the board pursuant to Section 120054 shall be imposed by the board in accordance with Section 120485 and Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, and Section 2 of Article XIII C of the California Constitution. The tax ordinance shall take effect at the close of the polls on the day of election at which the proposition is adopted. The initial collection of the transactions and use tax shall take place in accordance with Section 120483.</p> <p>(b) If, at any time, the voters do not approve the imposition of the transactions and use tax, this chapter remains in full force and effect. The board may, at any time thereafter, submit the same, or a different, measure to the voters in accordance with this chapter.</p> <p><b>120481.</b> (a) The board, in the ordinance, shall state the nature of the tax to be imposed, the tax rate or the maximum tax rate, the purposes for which the revenue derived from the tax will be used, and may set a term during which the tax will be imposed. The purposes for which the tax revenues may be used shall be limited to public transit purposes serving the area of jurisdiction of the board, as determined by the</p>	<p>Gives MTS ability to directly seek voter approval of a retail and transactions tax (sales tax) measure to be used within MTS jurisdiction (previously only SANDAG could request; and only for a region-wide measure)</p>

<u>Current Statute</u>	<u>AB 805</u>	<u>Change(s)</u>
	<p>board, including the administration of this division and legal actions related thereto. These purposes include expenditures for the planning, environmental reviews, engineering and design costs, and related right-of-way acquisition. The ordinance shall contain an expenditure plan that shall include the allocation of revenues for the purposes authorized by this section.</p> <p>(b) As used in this section, "public transit purposes" includes the public transit responsibilities under the jurisdiction of the board as well as any repair, redesign, or ongoing maintenance of a right-of-way upon which transit is intended to travel, or any bikeway, bicycle path, sidewalk, trail, pedestrian access, or pedestrian accessway.</p> <p><b>120482.</b> (a) The county shall conduct an election called by the board pursuant to Section 120480.                      (b) The election shall be called and conducted in the same manner as provided by law for the conduct of elections by a county.</p> <p><b>120483.</b> (a) Any transactions and use tax ordinance adopted pursuant to this article shall be operative on the first day of the first calendar quarter commencing more than 150 days after adoption of the ordinance.</p> <p>(b) (1) Prior to the operative date of the</p>	

<u>Current Statute</u>	<u>AB 805</u>	<u>Change(s)</u>
	<p>ordinance, the board shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of the ordinance. The costs to be covered by the contract may also include services of the types described in Section 7272 of the Revenue and Taxation Code for preparatory work up to the operative date of the ordinance. Any disputes as to the amount of the costs shall be resolved in the same manner as provided in that section.</p> <p>(2) Notwithstanding Section 7272 of the Revenue and Taxation Code, the maximum amount of preparatory costs incurred may exceed those costs as described in paragraph (1), if the increased amount reflects necessary preparatory costs.</p> <p>(c) Within 45 days from the date the ordinance is approved by the voters, the board shall provide the California Department of Tax and Fee Administration with a complete alphabetical list of all streets within the affected unincorporated area under the jurisdiction of the board pursuant to Section 120054, which shall include beginning and ending street numbers, and shall maintain that list on its Internet Web site. The board shall also provide a legal description and a map or plat, that both describe the boundaries of the applicable unincorporated territory within the area of the</p>	



<u>Current Statute</u>	<u>AB 805</u>	<u>Change(s)</u>
	<p>board pursuant to Section 120054.</p> <p><b>120484.</b> The revenues from the taxes imposed pursuant to this article may be allocated by the board for public transit purposes consistent with the applicable regional transportation improvement program and the applicable regional transportation plan.</p> <p><b>120485.</b> The board, subject to the approval of the voters, may impose a maximum tax rate of one-half of 1 percent under this article and Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code. The board shall not levy the tax at a rate other than one-half or one-fourth of 1 percent unless specifically authorized by the Legislature.</p> <p><b>120486.</b> The board, as part of the ballot proposition to approve the imposition of a retail transactions and use tax, may seek authorization to issue bonds payable from the proceeds of the tax.</p> <p><b>120487.</b> Any action or proceeding wherein the validity of the adoption of the retail transactions and use tax ordinance provided for in this article or the issuance of any bonds thereunder or any of the proceedings in relation thereto is contested, questioned, or denied, shall be commenced within six months from the date of the election at which the ordinance is approved;</p>	

AB 805 (enacted October 11, 2017; effective January 1, 2018)  
SUMMARY OF CHANGES TO MTS ENABLING LEGISLATION

Att. A, AI 32, 11/9/17

<u>Current Statute</u>	<u>AB 805</u>	<u>Change(s)</u>
	<p>otherwise, the bonds and all proceedings in relation thereto, including the adoption and approval of the ordinance, shall be held to be valid and in every respect legal and incontestable.</p> <p><b>120488.</b> The board has no power to impose any tax other than the transactions and use tax imposed upon approval of the voters in accordance with this article.</p>	

# Policies and Procedures No. 22

Board Approval: 11/~~409~~/~~4617~~

SUBJECT:

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

PURPOSE:

To define and clarify Board Rules of Procedure and incorporate them in Board Policy.

BACKGROUND:

In 1977, the Board adopted Rules of Procedure by resolution and from time to time amendments have been adopted. The Rules shall be contained in Board Policy for ease of reference and periodic updating. The Board is established and governed by the Mills-Deddeh Transit Development Act, set forth in the Sections 120000 through 120702 of the California Public Utilities Code ("MTS Enabling Legislation"). Section 120101 requires to the Board to "establish rules for its proceedings." In the event the rules of procedure set forth herein conflict with the MTS Enabling Legislation, or other applicable law, the applicable law shall supersede these rules.

22.1 Membership and Organization

22.1.1 \_\_\_\_\_ Membership in this Board is established by Sections 120050 through 120051.6 of the ~~California Public Utilities Code~~ MTS Enabling Legislation.

22.1.2 \_\_\_\_\_ The Board consists of 15 members selected as follows:

- a. One member of the County of San Diego Board of Supervisors appointed by the Board of Supervisors.
- b. Four members of the City Council of the City of San Diego, one of whom ~~may~~ shall be the mayor, appointed by the City Council.
- c. One member of each city council appointed individually by the City Councils of the Cities of ~~Chula Vista~~, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee.

Comment [MTS1]: See revised PUC 120050.2(c)

d. ~~One person, a resident of San Diego County, elected by a two-thirds vote of the Board, a quorum being present, who shall serve as chairperson of the Board. Two members of the City Council of the City of Chula Vista, one of whom shall be the mayor, appointed by the City Council.~~

Comment [MTS2]: See revised PUC 120050.2(c)

e. ~~The chairperson of the board shall be selected from the board membership by a two-thirds vote of the board, a quorum being present. The chairperson shall serve for a term of two years, except that he or she is subject to removal at any time by a two-thirds vote of the board, a quorum being present.~~

Comment [MTS3]: See revised PUC 120050.2(d)

22.1.3 ~~Any person who is a member of the Board may be appointed by his or her appointing authority to continue to serve as a member of the Board after the termination of his or her term of office for a period not to exceed four years after the date of termination of his or her term of elected office. [RESERVED]~~

Comment [MTS4]: Prior PUC 120050.5 was repealed.

22.1.4 Alternate members of the Board shall be appointed as follows:

a. The County of San Diego Board of Supervisors shall appoint ~~as its alternate member any other~~ a county supervisor ~~not already appointed as the primary board member under Section 22.1.2(a), who qualifies for appointment to serve as an alternate member~~ represents one of the two supervisorial districts within MTS's jurisdiction with the greatest percentage of its area within the incorporated area of the County of San Diego.

Comment [MTS5]: No substantive change from current law.

b. ~~The City Council of the City of San Diego shall appoint a member of the City Council not already appointed to serve as an alternate member.~~

b. The City Councils of the Cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego and Santee shall each individually appoint a member of their respective city councils not already appointed ~~as a primary board member~~ to serve as an alternate member ~~for each member of the city on the board.~~

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c. ~~At its discretion, a city council or the county board of supervisors may appoint a second alternate member to serve on the board in the event that neither a member nor the alternate member is able to attend a meeting of the board.~~

Comment [MTS6]: No substantive change from current law.

22.1.5 ~~This Board shall exercise all powers authorized by the laws of the State of California.~~

22.1.6 ~~Only the duly selected official representative, or in his or her absence his or her duly selected alternate, shall be entitled to represent a member agency in the deliberations of the Board.~~

22.1.7 ~~Names of the official representatives and alternates shall be communicated in writing to the Board by each participating member agency and shall thereafter be annually communicated or reaffirmed prior to the February meeting of the Board and at such other times as changes in representation are made by member agencies.~~

22.1.8 ~~The Board shall have the authority to appoint committees or subcommittees and may provide for the appointment of alternates to these committees or subcommittees.~~

22.1.9 ~~Standing committees shall be appointed by the Board as may be required to carry out general and continuing functions and shall be abolished only upon specific action by the Board.~~

22.1.10 Ad hoc specialized subcommittees may be appointed by the Board as the need arises to accomplish specific tasks. Upon completion of its assignment, each ad hoc subcommittee shall disband.

22.1.11 Board members serving on such subcommittees shall be compensated as provided by Board ordinance. The Chief Executive Officer is authorized to enter into agreements to compensate individuals who were Board members at the time of their appointments to such subcommittees and who continue to serve on such subcommittees after their terms of office as Board members, subject to the same limitations as exist for compensation of Board members, and subject to replacement by the Board.

22.2 Meetings

22.2.1 ~~On or before the first regular meeting of the Board in December of each year, the Board shall adopt a schedule of its meetings by date, time, and location for the coming year. The schedule of the meetings shall be published in the local newspaper of general circulation prior to the next regular meeting. The schedule of meetings shall also be published on the MTS website and posted at the MTS Executive Offices.~~

22.2.2 ~~The Board may, when necessary, change the time and place of regular meetings. Notice of such change shall be posted pursuant to the Ralph M. Brown Act.~~

22.2.3 ~~————~~The Clerk of the Board shall forward written notice of the annual schedule of regular meetings and any changes thereto stating the dates, times, and locations to each member's agency and to the respective members and alternates of the Board and the standing committees.

22.2.4 ~~————~~Special meetings may be called and noticed under the provisions of the Ralph M. Brown Act as applicable and, specifically, Section 54956 of the California Government Code. The call and notice shall be posted in an area accessible to the public at least 24 hours prior to the meeting.

Special meetings normally shall be called by a majority of the Board or Executive Committee only upon a finding that extraordinary circumstances require Board action prior to the next scheduled Board meeting, such as to discuss a work stoppage or significant litigation, or that a special meeting is necessary to hold a workshop, a joint meeting with another agency, or for other special purposes at a future date beyond the next Board meeting. The Chair may call such meetings only when such extraordinary circumstances arise after the last Board or Executive Committee meeting and Board action is required prior to the next regularly scheduled Board or Executive Committee meeting.

22.2.5 ~~————~~A majority of the members of the Board shall constitute a quorum for the transaction of business, and all official acts of the Board shall require the affirmative vote of a majority of the members of the Board present.

a. ~~————~~After a vote of the members is taken, a weighted vote may be called by the members of any two jurisdictions in accordance with Section 120102.5 of the MTS Enabling Legislation and MTS Board Policy No. 27 (Weighted Vote).

22.2.6 ~~————~~Parliamentary procedure at all meetings shall be governed by Robert's Rules of Order Newly Revised except as otherwise modified herein.

22.2.7 ~~————~~Prior to each regular meeting, the Clerk of the Board shall forward a copy of the agenda to each member in accordance with the schedule adopted by the Board. The agendas shall also be mailed to each person or entity previously requesting such in writing. The Clerk shall post the agenda in an area accessible to the public at least 72 hours before the meeting in accordance with the Ralph M. Brown Act. Agenda materials shall be available as public record in accordance with the Ralph M. Brown Act and, specifically, Section 54957.5 of the California Government Code.

Comment [MTS7]: See revised PUC 120102.5(a)

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Comment [MTS8]: No substantive change from current law, but revised Policy 27 will update consistent with AB 805 re how to allocate weighted vote.

22.2.8 ~~\_\_\_\_\_~~The Board may take action on items of business not appearing on the posted agenda in accordance with the Ralph M. Brown Act.

22.2.9 ~~\_\_\_\_\_~~Requests for Board action may be initiated by any member of the Board or any staff officer.

22.2.10 Communication requests may be initiated by an individual and submitted to the Clerk by letter or on forms provided by the Clerk and must state the subject matter and the action which the writer wishes the Board to take. The Clerk shall review all communication requests so received and shall list them on the Board's docket under those items which the Clerk deems to be proper areas of discussion or action by the Board. When a Communications item is listed on the docket, it is not debatable and must be referred to an appropriate committee, other public agency, or to staff to prepare a report or response.

22.2.11 Any permanent rule of the Board as set forth herein and unless otherwise established by law may be suspended temporarily by a two-thirds vote of the members present.

22.3 Amendments

22.3.1 ~~\_\_\_\_\_~~The Board shall be responsible for making all amendments to these rules.

22.3.2 ~~\_\_\_\_\_~~Proposed amendments may be originated by the Board, or any member of such, or by the Chief Executive Officer.

22.3.3 ~~\_\_\_\_\_~~Each proposed amendment shall be considered by the Board and a copy thereof forwarded by the Clerk of the Board to the official representative of each member agency.

22.4 Ordinances

22.4.1 ~~\_\_\_\_\_~~Every ordinance shall be signed by the ~~Chairman~~Chairperson of the Board and attested by the Clerk of the Board.

22.4.2 ~~\_\_\_\_\_~~On the passage of all ordinances, the votes of the several members of the Board shall be entered on the minutes.

22.4.3 ~~\_\_\_\_\_~~Ordinances shall not be passed at other than a regular meeting or at an adjourned regular meeting. However, an urgency ordinance may be passed ~~at~~ a special meeting. Except when, after reading the title, further reading is waived by regular motion adopted by unanimous vote of the Board members present, all ordinances shall be read in full either at the time of introduction or passage. When ordinances, other than urgency ordinances, are altered after introduction, they shall be passed only at a regular or at an adjourned regular meeting held at least

five days after alteration. Corrections of typographical or clerical errors are not alterations within the meaning of this section.

22.4.4 — Consistent with Section 120109 of the MTS Enabling Legislation, the Clerk of the Board shall cause a proposed ordinance or proposed amendment to an ordinance, and any ordinance adopted by the Board, to be published at least once, in a newspaper of general circulation published and circulated in the Board's area of jurisdiction.

22.4.5 — The publication of an ordinance, as required by subdivision 22.4.4, may be satisfied by either of the following actions:

a. The Board may publish a summary of a proposed ordinance or proposed amendment to an ordinance. The summary shall be prepared by the Clerk of the Board and General Counsel. The summary shall be published and a certified copy of the full text of the proposed ordinance or proposed amendment shall be posted in the office of the Clerk of the Board at least five (5) days prior to the Board meeting at which the proposed ordinance or amendment is to be adopted. Within 15 days after adoption of the ordinance or amendment, the Board shall publish a summary of the ordinance or amendment with the names of those Board members voting for and against the ordinance or amendment, and the Clerk of the Board shall post in the office of the clerk a certified copy of the full text of the adopted ordinance or amendment along with the names of those Board members voting for and against the ordinance or amendment.

b. If the person designated by the Board determines that it is not feasible to prepare a fair and adequate summary of the proposed ordinance or amendment, and if the Board so orders, a display advertisement of at least one-quarter of a page in a newspaper of general circulation in the Board's area of jurisdiction shall be published at least five (5) days prior to the Board meeting at which the proposed ordinance or amendment is to be adopted. Within 15 days after adoption of the ordinance or amendment, a display advertisement of at least one-quarter of a page shall be published. The advertisement shall indicate the general nature of, and provide information regarding, the adopted ordinance or amendment, including information sufficient to enable the public to obtain copy of the complete text of the ordinance or amendment and the name of those Board members voting for and against the ordinance amendment.

22.4.6 — Ordinances shall take effect thirty days after their final passage. An ordinance takes effect immediately, if it is an ordinance for the immediate preservation of the public peace,



health, or safety, containing a declaration of the facts constituting the urgency and is passed by a four-fifths vote of the Board.

22.5 Public Comment

22.5.1 ———At a public hearing of the Board, persons wishing to provide comment and testimony shall be permitted to address the Board after submitting a written request to speak to the Clerk identifying the person and the subject agenda item. The ~~Chairman~~Chairperson may limit the time for each presentation and may permit additional time to speakers representing a group of individuals or organizations to avoid duplicative testimony. Ordinarily, each speaker will be allowed no more than three minutes.

22.5.2 ———Persons wishing to comment on agenda items other than a public hearing must submit a written request to speak in advance to the Clerk identifying the person and the subject agenda item. Comments must be limited to issues relevant to the particular agenda item. The ~~Chairman~~Chairperson may limit the time for each presentation and may permit additional time to speakers representing a group of individuals or organizations to avoid duplicative testimony. Ordinarily, each speaker will be allowed no more than three minutes.

22.5.3 Public comment on matters not on the agenda will be permitted on items of interest to the public that are within the subject matter jurisdiction of the Board. Persons wishing to comment must submit a written request in advance to the Clerk identifying the person and subject matter. The ~~Chairman~~Chairperson may limit the time for each speaker. Ordinarily, each speaker will be allowed no more than three minutes.

22.6 Chairperson

Prior to the expiration of a Chairperson’s term, the Executive Committee shall make a recommendation to the Board on whether to reelect the current Chairperson. In the event that the Board does not reelect a chairperson, or in the event of a vacancy in the position of Chairperson, the Executive Committee shall create an ad hoc nominating committee that shall, by whatever means it deems appropriate, recommend to the Board a candidate or candidates for the position of Chairperson. ~~The Board shall then vote to elect a Chairperson in accordance with Section 22.1.2(e).~~

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Comment [MTS9]: Note that election of the chair requires a 2/3 vote of the members of the board (not members present). Weighted vote may be called, but is subject to supermajority of weighted votes. Prior to AB805, board chair vote required 2/3 vote and prohibited use of weighted vote.

22.7 Election of Board Officers and Appointments to Committees

22.7.1 ———On or before the Board’s first meeting in November, the Board shall appoint less than a quorum of members to an Ad Hoc Nominating Committee. The Ad Hoc Nominating Committee shall review the list of MTS committees and make recommendations to the Board with respect to the appointment of members of the Board or former Board members to serve on each MTS committee.

- 22.7.2 ———The Ad Hoc Nominating Committee shall also review the list of outside boards and/or committees and make recommendations to the Board with respect to the appointment of members of the Board to represent MTS on each outside board or committee, except for the Board representative appointed to the San Diego Association of Governments (SANDAG) Transportation Committee, which shall be appointed by the Executive Committee.
- 22.7.3 The Ad Hoc Nominating Committee shall also make a recommendation to the Board with respect to the appointment of the Vice ~~Chairman~~Chairperson and the Chair Pro Tem and any other board officers.
- 22.7.4 The Ad Hoc Nominating Committee shall forward its recommendations for appointments of officers and committee members on or before the first Board meeting in January.
- 22.7.5 At its first meeting in January, the Board shall elect a Vice ~~Chairman~~Chairperson and a Chair Pro Tem from amongst its members. The Vice ~~Chairman~~Chairperson shall preside in the absence of the ~~Chairman~~Chairperson. In the event of the absence or inability to act by the ~~Chairman~~Chairperson and Vice ~~Chairman~~Chairperson, the Chair Pro Tem shall preside.
- 22.7.6 The Board shall then vote on the recommendations made by the Ad Hoc Nominating Committee with respect to all other committee appointments.
- 22.7.7 In the event that a Board member vacates his or her position on the Board, at the next meeting, the Chairperson shall take nominations from the floor to fill any opening in any Committee positions vacated by that Board member.
- 22.8 Executive Committee
- 22.8.1 ———The Executive Committee of the Board shall consist of the ~~Chairman~~Chairperson, the Vice ~~Chairman~~Chairperson (if he or she is not already a voting member), a member from the County of San Diego, a member from the City of San Diego, the Transportation Committee Representative (if he or she is not already a voting member), one member who represents the cities of Chula Vista, National City, Coronado, and Imperial Beach (the “South Bay Cities’ representative”), and one member who represents the cities of Lemon Grove, La Mesa, El Cajon, Poway, and Santee (the “East County Cities’ representative”). The South Bay Cities’ representative and the East County Cities’ representative shall serve as members of the Executive Committee for a term of two years each. The terms of these two members shall be staggered so as to avoid replacement of both members at the same time.

- 22.8.2 ~~\_\_\_\_\_~~The East County and South Bay representatives shall serve in the following order:
- ~~\_\_\_\_\_~~East County: El Cajon, La Mesa, Lemon Grove, Santee, Poway—each serving a two-year term.
- ~~\_\_\_\_\_~~South Bay: Chula Vista, Coronado, Imperial Beach, National City—each serving a two-year term.
- ~~\_\_\_\_\_~~After each member has served as either the East County or South Bay representative, the rotation schedule shall repeat.
- 22.8.3 ~~\_\_\_\_\_~~The alternates to the Executive Committee members shall be as follows:
- 22.8.3.1 The alternate for the County of San Diego shall be the alternate appointed by the County of San Diego to serve as the alternate for the Board.
- 2.8.3.2 ~~\_\_\_\_\_~~The alternate for the City of San Diego shall be selected by the City of San Diego from amongst the three remaining City of San Diego Board members.
- 2.8.3.3 ~~\_\_\_\_\_~~The alternates for the East County Cities' and the South Bay Cities' representatives shall be the representative from the city that is next in the rotation order set forth in section 22.8.2 above (for example, if the City of El Cajon is currently the primary Executive Committee member, then the City of La Mesa member shall be the alternate Executive Committee member). Alternates shall be appointed for a term of two years or such lesser term as necessary to coincide with the term of the member for whom the alternate is appointed.
- 22.8.4 The Vice ~~Chairman~~Chairperson shall attend each Executive Committee meeting as a voting member. The Vice ~~Chairman~~Chairperson shall serve as the alternate to the ~~Chairman~~Chairperson in his or her absence and as a second alternate at large for any of the Executive Committee representatives and shall be a voting member when serving in this capacity.
- 22.8.5 ~~\_\_\_\_\_~~On or before its first meeting in January, the Executive Committee shall appoint one of its members to serve as the representative and one of its members to serve as the alternate to the San Diego Association of Governments (SANDAG) Transportation Committee to serve for a term of one year. In the event that the Executive Committee feels a member of the Board

who does not serve on the Executive Committee is their preferred representative or alternate for the SANDAG Transportation Committee, the Executive Committee shall have the ability to select the representative or alternate from the full Board. In that instance, the SANDAG Transportation Committee representative, or the alternate in his or her absence, shall attend the Executive Committee meetings as a voting member.

22.8.6 — The primary purpose of the Executive Committee shall be to review and recommend consent items for the agenda of the next MTS Board of Directors meeting; add or delete items as appropriate; and provide input and direction on emerging policies, plans, and issues, in advance, for Board consideration. The Executive Committee shall have the authority to create ad hoc subcommittees for purposes of carrying out its duties and responsibilities.

22.8.7 — Three members shall constitute a quorum of the Executive Committee, and a majority vote of the members present shall be required to approve any item. In the absence of a quorum, the ~~Chairman~~Chairperson may review and recommend consent items for the agenda, establish the order of items, and add or delete items.

22.8.8 — The Executive Committee shall adopt operating procedures as are necessary for the conduct of its business.

#### 22.9 Audit Oversight Committee

22.9.1 — The Audit Oversight Committee shall be comprised of the same members that make up the Executive Committee and such other individuals as the Board may appoint at the first MTS Board meeting each calendar year. The ~~Chairman~~Chairperson of the Audit Oversight Committee shall be a voting member. The ~~Chairman~~Chairperson of the Audit Oversight Committee shall not be the member who serves as the Executive Committee ~~Chairman~~Chairperson. The Board may also appoint individuals who are not members of the Board to serve as non-voting advisory members to the Audit Oversight Committee

22.9.2 — No additional compensation shall be paid to the members of the Audit Oversight Committee unless a meeting takes place on a day other than a regularly scheduled MTS Board meeting or MTS Executive Committee meeting. Compensation shall be paid to any additional voting members who are appointed to serve on the Audit Oversight Committee. No compensation shall be paid to any non-voting advisory member appointed by the MTS Board.

22.9.3 The primary duties and responsibilities of the Audit Oversight Committee shall be to ensure that management is maintaining a comprehensive framework of internal control, to ensure that

management's financial reporting practices are assessed objectively, and to determine to its own satisfaction that the financial statements are properly audited and that any problems uncovered in the course of the audit are properly reported and resolved.

## 22.9.4

The Audit Oversight Committee shall:

- a. Review the scope of the annual financial statement audit and any other audits the committee feels are appropriate. The financial statement or CAFR audit should be conducted by an external, independent, public accounting firm experienced in municipal financial audits (external auditor).
- b. Review the purpose and scope of any nonaudit services to be performed by the external auditor.
- c. Oversee the procurement of the external auditor and any related advisory services with final approval by the Board.
- d. Oversee the preparation of annual financial statements, the annual financial reporting process, internal controls, and the external auditor using an appropriate degree of professional skepticism.
- e. Assess the performance of the external auditor.
- f. Provide a forum for internal auditors to report findings during committee meetings. Internal auditors are MTS employees who report to management and primarily perform operational and compliance audits. In unusual circumstances involving significant fraud, waste, or abuse, the internal auditors must contact the ~~chairman~~Chairperson of the Executive Committee and the ~~chairman~~Chairperson of the Audit Oversight Committee.
- g. Establish a procedure for receipt, retention, and treatment of complaints regarding accounting, internal controls, or auditing matters.

## 22.9.5

The Audit Oversight Committee shall perform the following tasks each year and, to the extent possible, adhere to this timetable:

- a. In June, review the independent audit engagement letter.
- b. In March or April, establish a plan for review of the audits with external auditor.
- c. In September, receive report on the status of any audit(s).

- d. In October, receive a report on the preliminary audit findings and review and/or amend the list of audit questions in Section 22.9.6 as appropriate.
- e. In December, receive a report and provide feedback on financial and compliance statements to Board, and provide the annual report to the Board on the committee's activities, including asking the questions listed in Section 22.9.6, as modified by the Audit Oversight Committee pursuant to Section 22.9.5(d).
- f. In March, review the management letter and management's response to the letter.

## 22.9.6

— At a minimum, and no later than the final MTS Board meeting for the CAFR final adoption meeting, the Audit Oversight Committee shall publically ask the following questions of MTS management and/or the external auditors:

- a. What is the name of the audit firm performing the audit, and how long has such firm been under contract to perform such audits?
- b. Was the audit performed in accordance with generally accepted auditing standards and generally accepted government auditing standards? If not, why?
- c. Has the external auditor prepared an unqualified opinion regarding the financial statements? If not, what type of opinion was issued and why?
- d. Did the external auditor issue a management letter?
- e. Did the external auditor find any nonmaterial weaknesses or reportable conditions?
- f. How did the external audit firm maintain its independence during the course of the audit?
- g. Describe, in general, the audit procedures performed.
- h. Were any new accounting principles adopted? If so, what was their effect?
- i. Does the external auditor recommend any changes in the accounting policies used or their application? Did management apply the best accounting principles or merely permitted ones?

- j. Describe any significant accounting adjustments affecting the financial statements (prior year as well as current year).
- k. Did the external auditor encounter any difficulties in dealing with management in performing the audit?
- l. Were there any disagreements with management regarding any accruals, estimates, reserves, or accounting principles?
- m. Did the external auditor have the full cooperation of MTS management and staff?
- n. Assess the quality of the accounting, internal controls, and the competency of staff.
- o. Were there any accounting issues on which the audit firm sought the advice of other audit firms or regulatory bodies?
- p. Are there new pronouncements and/or risks affecting future financial statements which the Audit Oversight Committee should be aware of?

22.9.8 ——— Three members shall constitute a quorum of the Audit Oversight Committee, and a majority vote of the members present shall be required to approve any item. In the absence of a quorum, the ~~Chairman~~Chairperson may review and recommend consent items for the agenda, establish the order of items, and add or delete items.

22.9.9 ——— The Audit Oversight Committee shall adopt operating procedures as are necessary for the conduct of its business.

22.10 Board Member Standards of Conduct

22.10.1 The purpose of this policy is to emphasize that each Board member occupies a position of public trust that demands the highest moral and ethical standard of conduct.

22.10.2 This policy shall be supplemental and in addition to the Conflict of Interest Code of the Board and any applicable laws or regulations (including, but not limited to, the Brown Act, Government Code section 1090 and the Political Reform Act) and is not intended to supersede any provisions thereof.

22.10.3 Board members shall not engage in any business or transaction or have a financial or other personal interest, actual, potential, or apparent, which is incompatible with the proper discharge of his or her official duties or would tend to impair his or her independence of judgment or action in the performance of such duties. Such

business, transaction, or interest shall constitute a conflict of interest.

22.10.4

No Board member shall engage in any enterprise or activity that shall result in any of the following:

- a. Using the prestige or influence of the Board office for private gain or advantage of the member or another person.
- b. Using time, facilities, equipment, or supplies of the Board for the private gain or advantage of the member or another person.
- c. Using official information not available to the general public for private gain or advantage of the member or another person.
- d. Receiving or accepting money or other consideration from anyone other than the Board for the performance of acts done in the regular course of duty.
- e. Receiving or accepting, directly or indirectly, any gift or favor from any one doing business with the Board under circumstances from which it could reasonably be inferred that such was intended to influence such person in such person's duties or as a reward for official action.
- f. Soliciting any gift or favor in such person's official capacity, either directly or indirectly, when such solicitation might reasonably be inferred as to have a potential effect on such person's duties or decision, or when the individual's position as a Board member would in any way influence the decision of the person being solicited.
- g. Engaging in or accepting private employment or rendering services for private interest, direct or indirect, which may conflict with such person's responsibility or duty, or which, because of that person's position, may influence a decision to the benefit of the organization in which such person has an interest.

22.10.5

If a Board member has an actual, potential, or apparent conflict of interest in the subject of an agenda item, and the Board will make a decision regarding this agenda item during an open session meeting, the Board member must recuse himself or herself or, in the case of uncertainty, request a binding determination from the Board's General Counsel. If the Board member has a conflict, he or she may observe, but not participate, in the decision-making process.

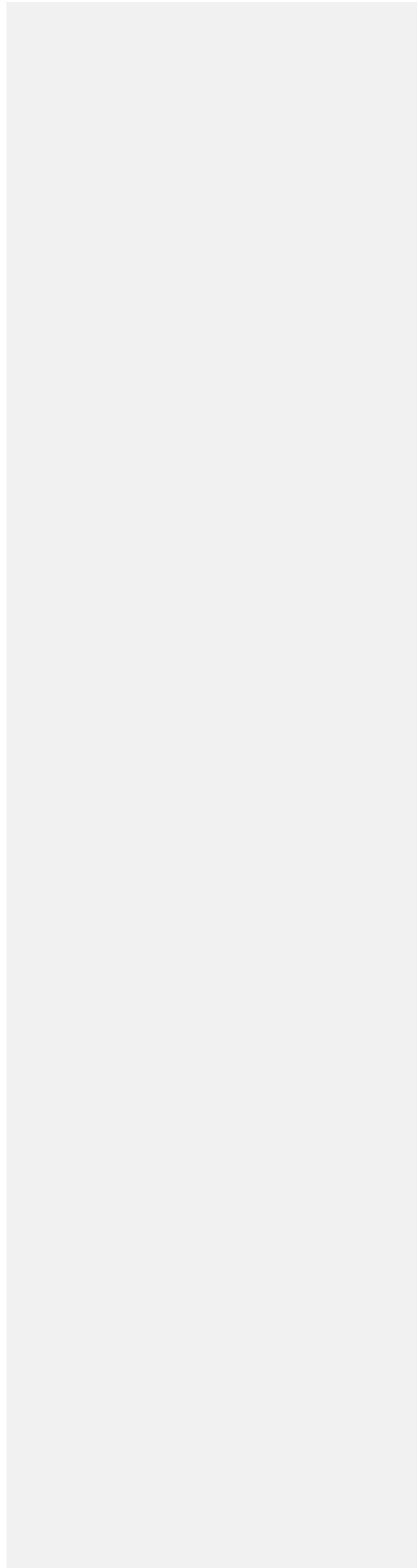


- 22.10.6 If a Board member has an actual, potential, or apparent conflict of interest in the subject of an agenda item to be discussed during a closed session meeting, the Board member shall be disqualified and not present during such discussion so as not to make, participate in making, or in any way attempt to use his or her official position to influence the discussion or decision. In such case, the Board member must recuse himself or herself or, in the case of uncertainty, request a binding determination from the Board's General Counsel. In accordance with the Brown Act, the Board member would be entitled to any information that is publicly reported. The Board member would not, however, be privy to any confidential or privileged information or communications pertaining to the closed session agenda item.
- 22.10.7 No Board member shall disclose to any person, other than members of the Board and other Board staff designated to handle such confidential matters, the content or substance of any information presented or discussed during a closed session meeting unless the Board authorizes such disclosure by the affirmative vote by a majority of the Board.
- 22.10.8 No Board member may disclose confidential or privileged information or communications to any person other than a Board member, General Counsel to the Board, or other Board staff designated to handle such matters, unless disclosure is mandated by law or the Board authorizes such disclosure by the affirmative vote of a majority of the Board.
- 22.10.9 A Board member shall not be privy to confidential or privileged information or communications concerning threatened, anticipated, or actual litigation affecting the Board where the Board member has an actual, potential, or apparent conflict of interest. In the case of uncertainty as to whether a conflict of interest exists, the Board's General Counsel shall issue a binding determination.
- 22.10.10 No Board member shall represent a position on an issue to be the Board's unless the Board has formally adopted such position at a public meeting.
- 22.10.11 Any violation of this policy shall constitute official misconduct if determined by an affirmative vote of the majority of the Board in an open and public meeting. The Board may elect to censure the Board member and the violation may be subject to criminal and/or civil penalties as provided for by applicable law.

| Original Policy approved on 4/5/84.  
Policy revised on 1/12/84.  
Policy revised on 7/11/85.  
Policy revised on 1/8/87.

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Policy revised on 1/11/90.  
Policy revised on 8/23/90.  
Policy revised on 1/10/91.  
Policy revised on 3/24/94.  
Policy revised on 1/14/99.  
Policy revised on 6/14/01.  
Policy revised on 1/10/02.  
Policy revised on 1/24/02.  
Policy revised on 5/8/03.  
Policy revised 2/26/04.  
Policy revised 1/12/06.  
Policy revised 3/9/06.  
Policy revised 3/23/06.  
Policy revised 6/14/07.  
Policy revised 7/19/07.  
Policy revised 2/21/08.  
Policy revised 12/11/08.  
Policy revised 2/12/15.  
Policy revised 11/10/16.  
Policy revised 11/9/2017, changes effective 1/1/2018.



# Policies and Procedures

No. 27

SUBJECT:  
11/9/17

Board Approval: ~~3/11/04~~

## WEIGHTED VOTE PROCEDURE

### PURPOSE:

To set forth a policy and procedure to implement the Public Utilities Code Section 120102.5 regarding weighted votes.

### BACKGROUND:

Public Utilities Code Section 120102.5, ~~adopted as part of the MTS reorganization legislation (Stats. 1984, Chapter 1124, Section 2),~~ requires ~~the affirmative vote of the a quorum of a~~ majority of the 15 members of the Board, ~~and a majority vote of the members present,~~ for all official acts. The section further provides that after a vote is taken, a weighted vote may be called and requires the Board to adopt a policy and procedure to implement that weighted vote.

Comment [MTS1]: See revised PUC 120102.5(a)

### POLICY:

27.1 The members of the Board shall vote on all items on the basis of one vote per member except that if representatives of two jurisdictions, ~~at least one of whom is not a City of San Diego representative,~~ request a weighted vote after voting on any particular item; in that event, a new weighted vote that will be final and binding shall be taken.

27.2 ~~The weighted vote procedure shall not be used on any matter of purely intracity local service unless it is the desire of the affected city or jurisdiction.~~

Comment [MTS2]: AB 805 deleted this language

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~~27.3~~ When the weighted vote is taken, there shall be a total of 100 votes. Each member shall have that number of votes determined by the following apportionment formula provided that each member shall have at least one vote, and there shall be no fractional vote except for the representatives of the City of San Diego.

a. Each of the four representatives of the City of San Diego shall exercise 12 1/2 weighted votes for a total of 50 votes.

b. ~~The Chairperson shall exercise one weighted vote. representatives of the City of Chula Vista shall split the votes allocated to that city evenly.~~

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Comment [MTS3]: See revised PUC 120102.5(b)

c. The County of San Diego and each city other than the City of San Diego shall in total exercise ~~49-50~~ weighted votes to be apportioned annually by population.

Comment [MTS4]: Revised PUC 120102.5(b)

d. The following formula shall be used in the annual apportionment:

- (1) Determine the population of each city, other than the City of San Diego, and the population of the County of San Diego in the unincorporated area of the County within the area of jurisdiction of the Board.
- (2) Total the population determined in Step (1) and compute the percentage of that total that each jurisdiction has.
  - (a) Multiply each percentage derived above by ~~5049~~ to determine fractional shares.
  - (b) Boost fractions that are less than one to one; and add the whole numbers.
  - (c) If the answer to Step (b) is ~~4950~~, drop all fractions and the whole numbers are the votes for each jurisdiction.
  - (d) If the answer to Step (b) is less than ~~4950~~, the remaining vote(s) are allocated to each of the jurisdiction(s) having the highest fraction(s) except those whose vote was increased to one in Step (b) above.
  - (e) If the answer to Step (b) is more than ~~4950~~, the excess vote(s) is taken one each from the jurisdiction(s) with the lowest fraction(s). In no case may a vote be reduced to less than one.

27.4 When a weighted vote is taken, the vote of not less than three (3) jurisdictions, representing not less than fifty-one percent (51%) of the total weighted vote shall be required to supersede the original action. If the weighted vote fails, action determined by the original vote shall stand.

Comment [MTS5]: No change from current law. See revised PUC 120102.5(c)

a. ~~When a weighted vote is taken on any item that requires more than a majority vote of the board, it shall also require the supermajority percentage of the weighted vote.~~

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Comment [MTS6]: See revised PUC 120102.5(d)

27.5 The weighted vote shall be recomputed in the above manner on July 1 of each year. For Fiscal Year ~~2004-2005~~ 2017-2018, a weighted vote shall be as follows:

City of San Diego	50
County of San Diego	<del>4214</del>
Chula Vista	<del>4414</del>
El Cajon	<del>65</del>
National City	<del>43</del>
La Mesa	<del>43</del>
Santee	<del>33</del>
Poway	<del>33</del>

Imperial Beach	2
Lemon Grove	2
Coronado	<del>21</del>
Chairperson	<del>1</del>
TOTAL	100

~~DDarro/SChamp/JGarde~~

POLICY.27.WEIGHTED VOTE PROCEDURE

7/14/06

Original Policy approved on 7/11/85.

Policy revised on 8/14/86.

Policy revised on 7/9/87.

Policy revised on 7/14/88.

Policy revised on 7/13/89.

Policy revised on 9/12/91.

Policy revised on 9/11/03.

Policy revised on 3/11/04.

Policy revised on 11/9/17, effective 1/1/18.

**AFTER AB 805 - effective January 1, 2018**

**MTS Weighted Vote Procedure**

**2018**

**MTS Policy No. 27**

Source: 2016 SANDAG population estimates

Jurisdiction	Population	% of Pop	Votes	Policy 27.3(d)(2)(b)	Fraction	Fraction Rank	Additional Vote	Policy 27.3(d)(2)(d)
County of San Diego*	272,533	28.78%	14.39	14	0.39	7	0	14
City of Chula Vista	265,070	28.00%	14.00	13	1.00	1	1	14
City of Coronado	25,230	2.66%	1.33	1	0.33	8	0	1
City of El Cajon	102,337	10.81%	5.40	5	0.40	6	0	5
City of Imperial Beach	27,434	2.90%	1.45	1	0.45	4	1	2
City of La Mesa	59,982	6.34%	3.17	3	0.17	10	0	3
City of Lemon Grove	26,611	2.81%	1.41	1	0.41	5	1	2
City of National City	60,768	6.42%	3.21	3	0.21	9	0	3
City of Poway	50,103	5.29%	2.65	2	0.65	3	1	3
City of Santee	56,757	5.99%	3.00	2	1.00	2	1	3
<b>Totals</b>	<b>946,825</b>	<b>100.00%</b>	<b>50</b>	<b>45</b>				<b>50</b>

Weighted Votes - 2018	
Jurisdiction	Votes
City of San Diego - #1	12.5
City of San Diego - #2	12.5
City of San Diego - #3	12.5
City of San Diego - Mayor	12.5
County of San Diego	14
City of Chula Vista - Mayor	7
City of Chula Vista	7
City of Coronado	1
City of El Cajon	5
City of Imperial Beach	2
City of La Mesa	3
City of Lemon Grove	2
City of National City	3
City of Poway	3
City of Santee	3
<b>Totals</b>	<b>100</b>

# Policies and Procedures

No. 52

Board Approval: ~~6/9/2016~~11/09/17

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SUBJECT:

PROCUREMENT OF GOODS AND SERVICES

PURPOSE:

To provide a uniform policy that guides the acquisition of goods and services for use at MTS.

BACKGROUND:

There is a compelling interest in ensuring that all federal, state, local, and private funds available to MTS are captured and used timely and in a manner that is compliant with federal and state procurement rules. To maximize the use of federal, state, local, and private funds and to maintain a competitive posture in seeking supplemental federal funds, MTS shall have the authority to establish and use a flexible contracting and procurement process. MTS may use any procurement method authorized for state or local agencies under state or federal law. This Policy provides the framework for what acquisition and contracting guidelines MTS shall comply with in the procurement of all of its goods and services.

This Policy applies to San Diego Metropolitan Transit System (MTS), San Diego Transit Corporation (SDTC) and San Diego Trolley Inc. (SDTI), collectively "MTS".

POLICY:

52.1 Regulatory Framework

- A. MTS's enabling legislation is codified at California Public Utilities Code §§ 120220-120238. Included in MTS's enabling legislation are various provisions regulating procurement. In particular, MTS's enabling legislation sets forth the requirements for purchasing goods and services funded by federal, state, local and private funds.
- B. As a recipient of Federal Transportation Administration (FTA) funds, MTS shall comply with all applicable FTA regulations and directives. All applicable FTA regulations and directives that MTS shall follow may be found at MTS Board Policy No. 52, Exhibit A.

- C. As a recipient of California Department of Transportation (CALTRANS) funds, MTS shall comply with applicable CALTRANS procurement requirements and standards. All applicable CALTRANS regulations and directives that MTS shall follow may be found at MTS Board Policy No. 52, Exhibit A.
- D. MTS is a political subdivision and local agency of the State of California. As such, MTS shall comply with all applicable California Government Code (Cal. Gov. Code), California Public Contract Code (Cal. Pub. Con. Code), California Labor Code (Cal. Lab. Code), California Public Utility Code (Cal. Pub. Util. Code), California Civil Code (Cal. Civ. Code) and California Code of Civil Procedure (Cal. Code of Civ. Pro.) sections that regulate how MTS shall procure goods and services. All applicable code sections that MTS shall follow may be found at MTS Board Policy No. 52, Exhibit A.

52.2 Procurement Standards

- A. MTS may contract with any department or agency of the United States of America, the State of California, or with any other public agency or any private persons or entity upon such terms and conditions as MTS finds to be in its best interest. MTS may also join other agencies in a joint procurement to issue a single solicitation and enter into a single contract with a Contractor.
- B. MTS shall include all federal, state and local requirements and clauses in its solicitations and contracts, as applicable.
- C. No procurements shall be split into multiple small contract awards merely to avoid rules applicable to full and open competitive procurements. However, procurements may be split if doing so will aid efforts to foster greater opportunities for Disadvantaged Business Enterprises (DBEs) and other small business enterprises.
- D. Prior to award of a contract, MTS shall certify and document that the price is fair and reasonable in connection with any procurement action that is within the micro purchase threshold. A price or cost analysis will be documented for procurements that exceed the micro-purchase threshold. The method and degree of analysis shall depend on the circumstances of each procurement.
- E. The Chief Executive Officer, through an internal policy or procedural manual, may establish additional standards and procedures for MTS procurements.

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### 52.3 Procurement Methods – Full and Open Competition

#### A. Micro-Purchases: \$3,500 or less

MTS may conduct micro-purchase procurements without obtaining competitive quotations. MTS shall solicit at least one documented quote. Any construction service that is expected to be more than \$1,000 but does not exceed \$50,000 shall be conducted in accordance with the Section 52.3 (B) of this Policy.

#### B. Small Purchases: More than \$3,500, but does not exceed \$100,000 for goods and services and more than \$1,000 but does not exceed \$50,000 for construction services

When the expected amount of the small purchase is more than \$3,500 but does not exceed \$100,000 for goods and services, and is more than \$1,000 but does not exceed \$50,000 for construction services, MTS shall conduct a documented competitive procurement as identified in the subsections below. MTS shall seek not less than three documented quotations/submissions through a Request for Quotes (RFQ), Invitation for Bids (IFB) or Request for Proposals (RFP) process that would permit price and other terms to be compared.

- (i) Construction Services: More than \$1,000, but does not exceed \$50,000
  - a. MTS may utilize an IFB or RFQ procurement method, whichever is most appropriate, and award to the lowest responsible and responsive bidder.
  - b. If No Responsive Bid Received - If after solicitation of bids no responsive bids are received, the project may be performed through direct negotiations with a responsible and responsive Contractor.
- (ii) Goods: More than \$3,500, but does not exceed \$100,000
  - a. MTS may utilize a RFQ or IFB procurement method, whichever is most appropriate, and award to the lowest responsive and responsible bidder. For purposes of determining the lowest price, the amount of sales tax shall be excluded from the total amount of the bid received.
  - b. If Lower Price Available in Open Market – If after rejection of bids, the Board of Directors determines and declares by two-thirds vote that the goods may be purchased at a lower price in the open market, the Board of Directors may proceed to

purchase the goods in the open market without further observance of Section 52.3 (B) of this Policy.

- c. If No Responsive Bid Received - If after solicitation of bids, the Board of Directors determines and declares by majority vote that it has not received a responsive bid, the Board of Directors may proceed to purchase the goods in the open market without further observance of Section 52.3 (B) of this Policy.
  - d. Procurement of Prototype Equipment or Modifications - Upon a finding by two-thirds of all members of the Board of Directors that a purchase in compliance with Section 52.3 (B) of this Policy does not constitute a method of procurement adequate for the operation of MTS facilities or equipment, the Board of Directors may direct the procurement of prototype equipment or modifications in an amount sufficient to conduct and evaluate operational testing without further observance of Section 52.3 (B) of this Policy.
  - e. Source of Procurement for Replacement Goods: The Board of Directors may direct the purchase of any goods without observance Section 52.3 (B) of this Policy upon a finding by two-thirds of all members of the Board of Directors that there is only a single source of procurement and that the purchase is for the sole purpose of duplicating, repairing, or replacing goods that are in use, including upgrades or migrations of proprietary intellectual property.
- (iii) Services (Excluding Architectural, Landscape Architectural, Engineering, Environmental, Land Surveying Services and Construction Management): More than \$3,500, but does not exceed \$100,000

MTS may utilize a RFQ or RFP procurement method, whichever is most appropriate, and shall award the contract to either the lowest responsible and responsive bidder or to a responsible and responsive proposer who is determined to have provided the overall best value based on an evaluation of price and other factors.

- (iv) Architectural, Landscape Architectural, Engineering, Environmental, Land Surveying Services and Construction Project Management Service Procurements: More than \$3,500, but does not exceed \$100,000

Unless another method is more appropriate, MTS may utilize a Request for Statement of Qualifications (RFSQ) procurement method and shall award the contract to the most highly rated offeror, in accordance with the Cal. Gov. Code §§ 4525 et seq. or the Brooks Act if federally funded.

C. Formal Procurements: More than \$50,000 for construction services and more than \$100,000 for goods and other services

When the expected amount of the procurement is more than \$50,000 for construction services and more than \$100,000 for goods and other services, MTS shall conduct a documented competitive procurement as identified in the subsections below. All of the below competitive procurements shall be advertised in accordance with Section 52.4 of this Policy to ensure full and open competition.

(i) Construction Services: More than \$50,000

a. Unless another procurement method is more appropriate, MTS may utilize an IFB procurement method and shall award to the lowest responsible and responsive bidder.

b. No Bids Received: If after solicitation of bids no responsive bids are received, the project may be performed through direct negotiations with a responsible and responsive Contractor.

c. If more than \$1,000,000, then the construction services contract shall include an enforceable commitment that the contractor and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the project/contract that falls within an apprenticeship occupation in accordance with Public Contract Code section 2600 et seq.

b.i. In lieu of the above, this requirement may be satisfied if a binding project labor agreement is in place that would cover the construction work at issue.

(ii) Goods: More than \$100,000

a. MTS may utilize either an IFB or a RFP procurement method, whichever is most appropriate, and shall award either to the lowest responsible and responsive bidder or to a responsible and responsive proposer who is determined to have provided the overall best value based on price and other factors. For

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Comment [MTS1]: See new PUC 120221.5

purposes of determining the lowest price, the amount of sales tax shall be excluded from the total amount of the bid or proposal received.

- b. If Lower Price Available in Open Market – If after rejection of bids, the Board of Directors determines and declares by two-thirds vote that the goods may be purchased at a lower price in the open market, the Board of Directors may proceed to purchase the goods in the open market without further observance of Section 52.3 (C) of this Policy.
  - c. If No Responsive Bid Received - If after solicitation of bids, the Board of Directors determines and declares by majority vote that it has not received a responsive bid, the Board of Directors may proceed to purchase the goods in the open market without further observance of Section 52.3 (C) of this Policy.
  - d. Procurement of Prototype Equipment or Modifications - Upon a finding by two-thirds of all members of the Board of Directors that a purchase in compliance with Section 52.3 (C) of this Policy does not constitute a method of procurement adequate for the operation of MTS facilities or equipment, the Board of Directors may direct the procurement of prototype equipment or modifications in an amount sufficient to conduct and evaluate operational testing without further observance of Section 52.3 (C) of this Policy.
  - e. Source of procurement for replacement goods: The Board of Directors may direct the purchase of any goods without observance of Section 52.3 (C) of this Policy upon a finding by two-thirds of all members of the Board of Directors that there is only a single source of procurement and that the purchase is for the sole purpose of duplicating, repairing, or replacing goods that are in use, including upgrades or migrations of proprietary intellectual property.
- (iii) Services (Excluding Architectural, Landscape Architectural, Engineering, Environmental, Land Surveying Services and Construction Management Services): More than \$100,000

MTS may utilize an IFB or RFP procurement method, whichever is most appropriate, and award to the lowest responsible and responsive bidder or a responsible and responsive proposer who is

determined to have provided the overall best value based on price and other factors.

- (iv) Architectural, Landscape Architectural, Engineering, Environmental, Land Surveying Services and Construction Project Management Services: More than \$100,000

- a. MTS may utilize a RFSQ procurement method, and shall award the contract to the most highly rated offeror, in accordance with the Cal. Gov. Code §§ 4525 et seq. or the Brooks Act if federally funded.

- b. This section shall not apply if the Chief Executive Officer determines that the services needed are more technical in nature, involve little professional judgment and that another procurement method would better serve MTS' needs.

D. Design-Build:

When deemed appropriate, MTS may utilize a documented competitive RFP procurement method and shall award to the proposer who provides the best overall value, based on price and other factors. The award shall be to a single contractor for the design, construction and delivery of a complete and operational project.

E. Design-Bid-Build:

When deemed appropriate MTS may:

- (i) First: Utilize through a documented competitive RFP or IFB procurement method, whichever is most appropriate, a design services contract for the development of drawings and specifications and shall award the contract to lowest responsible and responsive bidder or a responsible and responsive proposer who is determined to have provided the overall best value based on price and other factors
- (ii) Second: Utilize a documented competitive IFB procurement method for the construction and delivery of a complete and operational project and award to the lowest responsive and responsible bidder.

F. Noncompetitive Procurement: Sole Source

MTS may utilize a documented Sole Source procurement method when:

- (i) The goods or services it needs are available from only one responsible and responsive source and no other goods or services will satisfy its requirements;
- (ii) A change to a contract is beyond the contract's original scope;
- (iii) A specified brand or trade name is the only article that will properly meet the needs of the Board of Directors;
- (iv) In an emergency declared by vote of two-thirds of the membership of the Board of Directors;
- (v) Immediate remedial measures to avert, alleviate, repair or restore damaged MTS property are necessary to ensure that MTS facilities or vehicles are available to serve the transportation needs of the public; or
- (vi) Otherwise authorized by local, state or federal law.

In all cases Sole Source procurements must be fully approved before award.

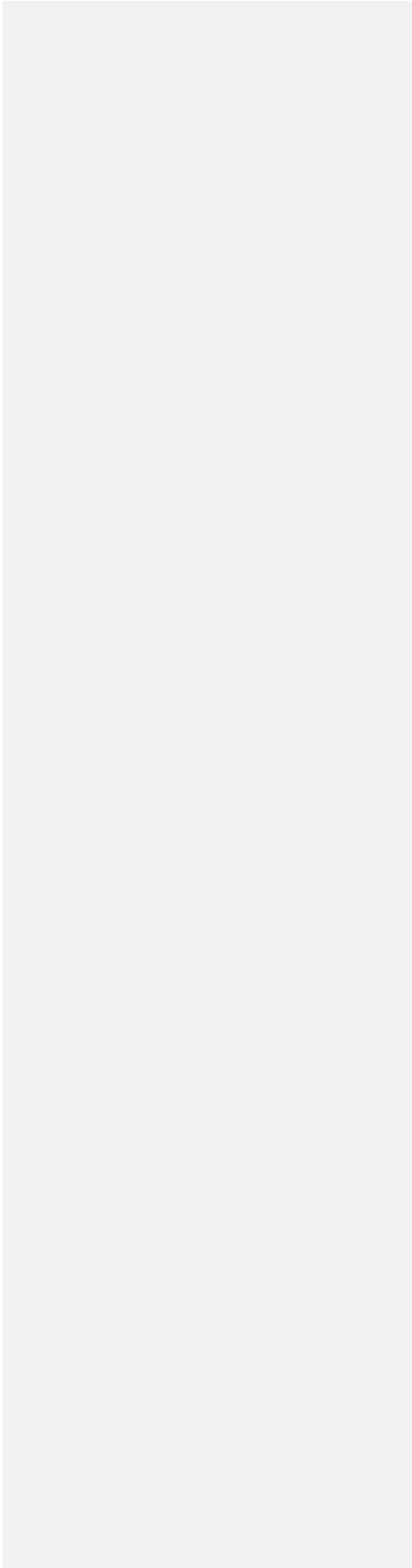
G. Revenue Contracts

Unless another method is more appropriate, MTS may utilize a competitive solicitation process for revenue contracts. MTS shall award a revenue contract to the candidate whose offer maximizes revenues to MTS after consideration of all technical qualifications and other criteria as applicable.

52.4 Advertising

- A. Procurements which require advertising shall be published through one or more of the following sources:
  - (i) Within a newspaper of general circulation in San Diego County;
  - (ii) Within the a bid management site (e.g. PlanetBids); and/or
  - (iii) In a local community, small business or contracting trade publication.
- B. MTS may also send to contractors and bidders previously known to be interested in providing the goods or services and at least 1 DBE contractor or other small business contractor that performs the subject work, if available.
- C. Any notice shall specify in the bid invitation and public notice the place bids are to be received and the time by which they shall be received.

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#### 52.5 Contract Form

All purchases shall be documented. MTS may document purchases using one of the following contract forms: Formal Contract, Purchase Order, Vendor Service Contract Form, Memorandum of Understanding, Memorandum of Agreement and purchases by Payment Card when permissible under the MTS Purchasing Card Policy.

#### 52.6 Contract Award

The authority to approve and execute all procurement activities shall be in accordance with MTS Board Policy No. 41 – “Signature Authority”.

#### 52.7 Protests

- A. Content Based Protest: Protests based on the content of the procurement solicitation shall be filed with MTS Procurement Manager within 10 calendar days after the procurement solicitation is first advertised. The Chief Executive Officer’s designee, the MTS Procurement Manager, shall issue a written decision on the protest prior to opening of the procurement solicitation. A protest may be renewed by refiling the protest with MTS Procurement Manager within 15 calendar days after the mailing of the notice of the intent to award.
- B. Award Protest: Any bidder may protest the intent to award on any ground not based upon the content of the procurement solicitation by filing a protest with MTS Procurement Manager within 15 calendar days after the mailing of the notice of the intent to award.
- C. Content of Protest: Any protest shall contain a full and complete written statement specifying in detail the grounds of the protest and the facts supporting the protest.
- D. Opportunity to be Heard: Protestors shall have an opportunity to appear and be heard before the Board of Directors prior to the opening of the procurement solicitation in the case of protests based on the content of the procurement solicitation, or prior to final award in the case of protests based on other grounds or the renewal of protests based on the content of the procurement solicitation. The decision of the protest by the Board of Directors shall be in writing and constitutes a final administrative decision for purposes of judicial review pursuant to Cal. Code of Civ. Pro. § 1094.6
- E. Protests on Federally Funded Procurements: MTS shall notify the FTA when MTS receives a protest on a federally funded procurement and keep the FTA informed about its status. A protestor may appeal to the FTA within five (5) working days of the date when the protestor receives actual or constructive notice of MTS’s final decision on a protest.



#### 52.8 Responsible and Responsive Contractors

MTS shall award contracts only to responsible and responsive contractors. The degree and complexity of the responsibility and responsiveness analysis shall depend on the procurement method utilized. The solicitation must identify all factors to be used in evaluating whether contractors are responsible and responsive.

- A. Responsible: In selecting a responsible contractor, MTS staff shall consider: | the contractor's capacity to perform the work required by the contract documents with respect to financial strength, resources available and experience; and the contractor's integrity and trustworthiness to complete performance of the work in accordance with the contract.
- B. Responsive: MTS staff, prior to making a recommendation to award, shall ensure that all prospective contractors meet all the responsiveness requirements of the solicitation which may include, but shall not be limited to, submission of all required documentation and meeting all minimum performance qualifications.

#### 52.9 Prequalification

MTS may prequalify contractors when there is a reasonable expectation that the procurement may involve precise specifications and performance standards.

#### 52.10 Bonds, Retention and Rates

##### A. Bonding

- (i) Bidder's Security – MTS shall require the following forms of bidder's security for all construction service contracts estimated to cost more than \$50,000: cash, a cashier's check, certified check or a bidder's bond executed by an admitted surety insurer. MTS may require bidder's security for other procurements when MTS finds it necessary to provide assurance that the bidder will execute the contract as may be required.
- (ii) Payment Bond – MTS shall require that for all construction service contracts over \$25,000, a payment bond be provided by the Contractor. MTS may require payment bonds for other procurements when MTS finds it necessary to provide additional assurances that the Contractor will make payment to all people and firms supplying labor and material.
- (iii) Performance Bond – MTS shall require that for all construction service contracts over \$100,000 that are funded in whole or in part

with federal funds, a performance bond be provided by the Contractor. MTS may require performance bonds for other procurements when MTS finds it necessary to provide additional assurances that the Contractor will fulfill all contractual obligations.

B. Retention

MTS shall require that for all construction contracts over \$5,000, MTS will retain at least 5% of the contract price. MTS may hold more than 5% retention if a finding is made by the Chief Executive Officer at a public hearing on a project by project basis that an increased amount is necessary and such findings are detailed in the bid documents.

C. Prevailing Wage

All public work contracts (as that term is defined by the Cal. Lab. Code § 1771 and the federal Davis Bacon Act) valued at more than \$1,000 shall be subject to the payment of federal and/or state prevailing wage wages, whichever is higher. Public works contracts funded solely with federal funds valued at more than \$2,000 shall be subject to the payment of federal prevailing wage.

Original Policy Enacted on 6/22/2006

Policy Revised on 9/13/2007

Policy Revised on 11/18/2010

Policy Revised on 6/9/2016

Policy Revised on 11/9/2017, effective January 1, 2018

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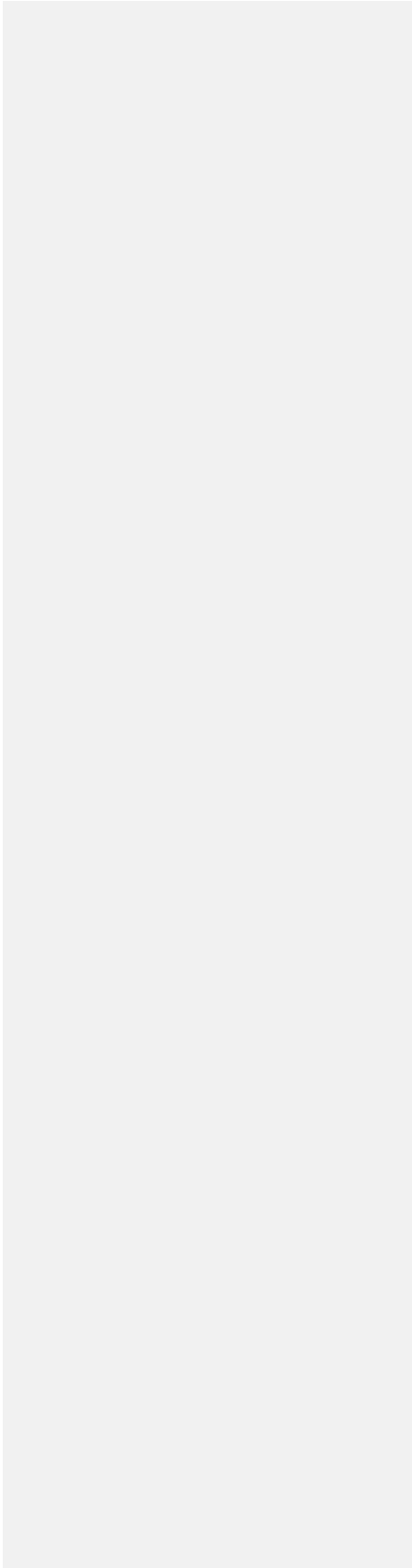


Exhibit A

Statutory and Regulatory Requirements Table:

The following is a listing of the sources of laws, regulations, and guidance that MTS shall follow, depending on the procurement’s funding source:

Federal Statute, Regulations, and Policies	Subject
49 U.S.C Chapter 53	Mass Transportation
49 CFR Part 18	Administrative Requirements for Grants and Cooperative Contracts
FTA Circular 4220.1F	Third Party Contracting Guidance
FTA Circular 5010.1D	Grant Management Guidelines
FTA Circular 5100.1	Bus and Bus Facilities
FTA Circular 5300.1	State of Good Repair
FTA Circular 6100.1E	Technology
FTA Circular 9030.1E	5307 Program
FTA Circular 9040.1G	Non Urbanized
FTA Circular 9045.1	New Freedom
FTA Circular 9050.1	JARC
FTA Circular 9070.1F	ADA Capital
FTA Circular 9300.1B	Capital Investment
Office of Management of Budget (OMB) Circular A-87	Cost Principles for State, Local and Indian Tribal Governments
FTA Master Agreement	Annual Terms and Conditions of FTA funded

	projects
FTA Certification and Assurances	Annual Agreement between MTS and FTA
Moving Ahead for Progress in the 21st Century Act (P.L. 112-141)	Transportation Law Appropriating Transportation Funds
FAR Part 31	Federal Cost Principles
2 CFR Part 200	Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards

State Laws	Sections(s)	Subject
Public Utilities Code	120220 – 120228	MTS Enabling Legislation
Civil Code	9550 et seq.	Payment Bond Requirement for Construction Projects
Civil Code	3320 – 3321	Prompt Payment and Retention to Design Professionals
Code of Civil Procedure	995.311	Verification of Admitted Surety Insurers on Bonds
Government Code	4525 et seq.	Architect & Engineering Services
Government Code	6250 – 6270	California Public Records Act
Government Code	5956 et seq.	Infrastructure Projects
Government Code	14080 et seq.	Funding from California Department of Transportation for Exclusive Mass Transit Guideway Systems
Labor Code	1720, 1720.2, 1720.3, and 1771	Public Works and Prevailing Wage
Code of Regulations	8 CCR 16000	Public Works and Prevailing Wage Cont.
Public Contract Code	1103	Responsible Bidder in Public Work Contracts
Public Contract Code	1104	Architectural & Engineering Plans and Specifications
Public Contract Code	3300	Contractor's License in Specifications for Bids
Public Contract Code	3400	Trade Name or Specific Names in Specifications for Bids
Public Contract Code	4100 - 4114	Subcontracting

Public Contract Code	5100 - 5107	Relief of Bidders
Public Contract Code	6109	Ineligible and Debarred Contractors and Subcontractors
Public Contract Code	6610	Contents of Notice Inviting Bids
Public Contract Code	7100 - 7200	Public Work Contract Clauses
Public Contract Code	9201 - 9203	Claims and Disputes
Public Contract Code	20101	Prequalification of bidders
Public Contract Code	20103.5	Effect of License Requirement on Bid
Public Contract Code	20103.6	Procurement of Architectural Design Services
Public Contract Code	20103.8	Determining the Lowest Bid
Public Contract Code	20104	Resolution of Construction Claims
Public Contract Code	20104.50	Progress Payments on Public Works
Public Contract Code	20216	Competitive Negotiation Process
Public Contract Code	20341	Procurement of Construction Services
Public Contract Code	20342	Bidder's Security – Bid Bond Requirement for Construction Projects

Exhibit A was originally adopted on 6/9/2016.

The election of a chairperson is governed by MTS’s enabling legislation. MTS Board Policy No. 22 also references it (discussed below), but the statute controls if there is a conflict.

Currently, the Chair is either a member of the public appointed by the board to hold the 15<sup>th</sup> board seat or a sitting member of the board (appointed by his or her member agency). They are elected by a 2/3 vote of the board and weighted voting cannot be used. They serve a 4-year term but are subject to a 2/3 removal vote. Chairman Harry Mathis was elected to his current term in December 2013. His term expires December 2017.

Under AB 805, effective January 1, 2018, the MTS Board Chair must be a member of the Board (there is no longer the option for a member of the public). The Chairperson serves a 2-year term and must be elected by a 2/3 vote of the Board. Weighted voting can be used, but the weighted vote percentage must match the 2/3 (requires at least 66.7 of weighted vote points).

Current Public Utilities Code reads:	The new MTS enabling legislation under AB 805 reads:
<p><b>120050.2.</b> The board consists of 15 members selected as follows:</p> <p>(a) One member of the County of San Diego Board of Supervisors, appointed by the board of supervisors.</p> <p>(b) Four members of the City Council of the City of San Diego, one of whom may be the mayor, appointed by the city council.</p> <p>(c) One member of each city council appointed individually by the City Councils of the Cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee.</p> <p>(d) One person, a resident of San Diego County, elected by a two-thirds vote of the board, a quorum being present, who shall serve as chairperson of the board. The chairperson shall serve for a term of four years, except that he or she is subject to removal at any time by a two-thirds vote of the board, a quorum being present. If the person elected chairperson is also a member of the board, the appointing power may not fill the vacancy created by the election of that member as chairperson as long as that member remains chairperson and, if removed as chairperson, that person shall resume the position on the board he or she vacated upon</p>	<p><b>120050.2.</b> The board consists of 15 members selected as follows:</p> <p>(a) One member of the County of San Diego Board of Supervisors, appointed by the board of supervisors.</p> <p>(b) One member of each city council appointed individually by the city councils of the Cities of Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee.</p> <p>(c) Four members of the City Council of the City of San Diego, one of whom shall be the mayor, and two members of the City Council of the City of Chula Vista, one of whom shall be the mayor, each appointed by their respective city council.</p> <p>(d) The chairperson of the board shall be selected by a two-thirds vote of the board, a quorum being present. The chairperson shall serve for a term of two years, except that he or she is subject to removal at any time by a two-thirds vote of the board, a quorum being present.</p>

<p>election as chairperson. Section 120102.5 does not apply to any vote taken under this subdivision. Further, in the event that the chairperson is elected from the membership of the board, the County of San Diego shall then have two members appointed by the board of supervisors and the board membership shall remain at 15. In the event the subsequently elected chairperson is not a member, the membership on the board of the second appointee of the County of San Diego shall be suspended and the board membership shall remain at 15.</p>	
<p><b>120102.5.</b>                  (a) A majority of the members of the board constitutes a quorum for the transaction of business. All official acts of the board require the affirmative vote of the majority of the members of the board. However, after a vote of the members is taken, a weighted vote may be called by any two members, at least one of whom is not a City of San Diego representative.                  (b) In the case of a weighted vote, each of the four representatives of the City of San Diego shall exercise 12 1/2 weighted votes, for a total of 50 votes. The County of San Diego and each city, other than the City of San Diego, shall, in total, exercise 49 weighted votes to be apportioned annually by population. The chairperson, if not chosen from the membership of the board, shall exercise one weighted vote.                  (c) Approval under the weighted vote procedure requires the vote of the representatives of not less than three jurisdictions representing not less than 51 percent of the total weighted vote to supersede the original action of the board.                  (d) The weighted vote procedure shall not be used on any matter of purely intracity local service, unless it is the desire of the affected city or jurisdiction.                  (e) The weighted vote procedure shall not be used for purposes of subdivision (c) of Section 120265.</p>	<p><b>120102.5.</b>                  (a) A majority of the members of the board constitutes a quorum for the transaction of business. All official acts of the board require the affirmative vote of the majority of the members of the board present. However, after a vote of the members is taken, a weighted vote may be called by the members of any two jurisdictions.                  (b) In the case of a weighted vote, the County of San Diego and each city shall, in total, exercise 100 votes to be apportioned annually based on population, except in the case of the City of San Diego. Each of the four representatives of the City of San Diego shall exercise 12 1/2 weighted votes, for a total of 50 votes. The representatives for the City of Chula Vista shall split the votes allocated to that city evenly among its representatives.                  (c) Approval under the weighted vote procedure requires the vote of the representatives of not less than three jurisdictions representing not less than 51 percent of the total weighted vote to supersede the original action of the board.                  (d) When a weighted vote is taken on any item that requires more than a majority vote of the board, it shall also require the supermajority percentage of the weighted vote.                  (e) For purposes of subdivision (b), the population of the County of San Diego is the population in the unincorporated area of the county within the area of jurisdiction of the</p>



<p>(f) For purposes of subdivision (c), the population of the County of San Diego is the population in the unincorporated area of the county within the area of jurisdiction of the transit development board.</p> <p>(g) The board shall adopt a policy and procedure to implement this section.</p>	<p>transit development board pursuant to Section 120054.</p> <p>(f) The board shall adopt a policy and procedure to implement this section.</p>
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Current MTS Board Policy No. 22 addresses the Board Chair position in the following sections:

**Board Policy No. 22.1.2(d)** – 21.1.2 details Board membership consistent with MTS’ enabling legislation. Subsection (d) reflects the fact that MTS has traditionally used the public member chair position:

*22.1.2 The Board consists of 15 members selected as follows:*

- a. One member of the County of San Diego Board of Supervisors appointed by the Board of Supervisors.*
- b. Four members of the City Council of the City of San Diego, one of whom may be the mayor, appointed by the City Council.*
- c. One member of each city council appointed individually by the City Councils of the Cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee.*
- d. One person, a resident of San Diego County, elected by a two-thirds vote of the Board, a quorum being present, who shall serve as chairperson of the Board.*

**Board Policy No. 22.6** – Details process for electing Chair. In the case of a new chair, the Executive Committee is charged with creating an ad hoc nominating committee that will recommend candidates to the Board for the Chair position:

22.6 Chairperson

*Prior to the expiration of a Chairperson’s term, the Executive Committee shall make a recommendation to the Board on whether to reelect the current Chairperson. In the event that the Board does not reelect a chairperson, or in the event of a vacancy in the position of Chairperson, the Executive Committee shall create an ad hoc nominating committee that shall, by whatever means it deems appropriate, recommend to the Board a candidate or candidates for the position of Chairperson. The Board shall then vote to elect a Chairperson.*

In short, it appears the process for electing a new Chair, upon AB 805's effective date, will be as follows:

1. Executive Committee to form an Ad Hoc Nominating committee to recommend a candidate or candidates for the Board to vote on.
  - Solicit candidate statements from interested Board members at November meeting?
  - Board member would need to be reasonably certain his or her agency will reappoint him or her to the MTS Board for the 2018 calendar year.
2. The Chair must be elected by a 2/3 vote of the board. Under tally voting, that requires 10 affirmative votes. If less than 10 votes are recorded for a candidate, a weighted vote may be called by 2 jurisdictions. Under weighted voting, at least 66.7 votes/points must be recorded to elect a Chair.
3. Since the Chair position receives a monthly stipend (see Ordinance No. 10), the board member being proposed as Chair cannot vote for him or herself unless FPPC Form 806 is posted on the MTS website prior to the Board vote to make the appointment.
4. Timing of vote: MTS's legislation (pre and post-AB 805) does not specify when a Board vote on the Chair position must take place. Traditionally, the MTS Board membership changes slightly as each agency makes an appointment at the beginning of each calendar year. Board Policy No. 22 requires member agencies to inform MTS of its board member appointment before the MTS February board meeting each year. The City of San Diego often makes its appointments at its December city council meeting, which is effective for the January MTS Board meeting. Other agencies make their appointments in January. Depending on the date of each city council meeting, this means some agencies appointment is not effective until the February MTS Board meeting.

Options:

- Solicit Chairperson applications in November, vote in December.
  - Vote would be prior to AB 805 effective date, so no weighted voting possible.
- Solicit Chairperson applications in November and December, vote in January or February
  - If Board wants to vote in January, cities could take action to appoint 2018 MTS Board member in December, so that full 2018 Board votes on chairperson.



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

## Agenda Item No. 33

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

November 9, 2017

#### SUBJECT:

APPOINTMENT OF AD HOC NOMINATING COMMITTEE FOR RECOMMENDING  
APPOINTMENTS TO MTS COMMITTEES FOR 2018 (SHARON COONEY)

#### RECOMMENDATION:

That the Board of Directors appoint an Ad Hoc Nominating Committee to make recommendations to the Board with respect to the appointment of members of the Board to serve as Vice-Chair, Chair Pro-Tem and on MTS and non-MTS committees for 2018.

#### Budget Impact

None.

#### DISCUSSION:

Each year, the Board makes appointments to various committees, including the Budget Development Committee, Public Security Committee, Audit Oversight Committee, Executive Committee, Taxicab Advisory Committee, Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency (LOSSAN), and the Accessible Services Advisory Committee (ASAC). The Executive Committee membership is governed by MTS Board Policy 22.8. The Executive Committee appoints the representative to the San Diego Association of Governments (SANDAG) Transportation Committee. Attachment B is a table of committee appointments for 2017.

MTS Board Policy No. 22 (Attachment A) specifies that on or before the Board's first meeting in November, the Board shall appoint less than a quorum of members to an Ad Hoc Nominating Committee. Last year's Ad Hoc Nominating Committee included Board members Mathis, Roberts, Bragg and Cole.

The Ad Hoc Nominating Committee shall review the list of MTS committees and make recommendations to the Board with respect to the appointment of members of the Board to serve on each committee. The Ad Hoc Nominating Committee is also tasked with



reviewing the list of outside boards and/or committees and making recommendations to the Board with respect to the appointment of members of the Board to represent MTS on each outside board or committee, except for the Board representative appointed to the SANDAG Transportation Committee, which is appointed by the Executive Committee.

The Ad Hoc Nominating Committee forwards its recommendations for appointments of officers and committee members on or before the first Board meeting in January.

The election procedures to appoint an Ad Hoc Nominating Committee pursuant to Robert's Rules of Order are as follows:

1. The Chairman of the Board opens the agenda item.
2. The Chairman requests nominations from the floor. Nominations do not require a second.
3. The Chairman closes the nominations.
4. The Chairman invites the candidate(s) to address the Board for three minutes.
5. The Chairman asks for any Board discussion.
6. The Chairman calls for the vote on each motion for each candidate.
7. A vote is taken on the motion(s) for each candidate based upon the order in which they were nominated. The vote continues until a candidate is elected.

/s/ Paul C. Jablonski  
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. Board Policy No. 22  
B. Table of MTS Committees for 2017



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

## Policies and Procedures No. 22

Board Approval: 11/10/16

**SUBJECT:**

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

**PURPOSE:**

To define and clarify Board Rules of Procedure and incorporate them in Board Policy.

**BACKGROUND:**

In 1977, the Board adopted Rules of Procedure by resolution and from time to time amendments have been adopted. The Rules shall be contained in Board Policy for ease of reference and periodic updating. The Board is established and governed by the Mills-Deddeh Transit Development Act, set forth in the Sections 120000 through 120702 of the California Public Utilities Code ("MTS Enabling Legislation"). Section 120101 requires to the Board to "establish rules for its proceedings." In the event the rules of procedure set forth herein conflict with the MTS Enabling Legislation, or other applicable law, the applicable law shall supersede these rules.

### 22.1 Membership and Organization

22.1.1 Membership in this Board is established by Sections 120050 through 120051.6 of the California Public Utilities Code.

22.1.2 The Board consists of 15 members selected as follows:

- a. One member of the County of San Diego Board of Supervisors appointed by the Board of Supervisors.
- b. Four members of the City Council of the City of San Diego, one of whom may be the mayor, appointed by the City Council.
- c. One member of each city council appointed individually by the City Councils of the Cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee.
- d. One person, a resident of San Diego County, elected by a two-thirds vote of the Board, a quorum being present, who shall serve as chairperson of the Board.

- 22.1.3 Any person who is a member of the Board may be appointed by his or her appointing authority to continue to serve as a member of the Board after the termination of his or her term of office for a period not to exceed four years after the date of termination of his or her term of elected office.
- 22.1.4 Alternate members of the Board shall be appointed as follows:
- a. The County of San Diego Board of Supervisors shall appoint any other county supervisor who qualifies for appointment to serve as an alternate member.
  - b. The City Council of the City of San Diego shall appoint a member of the City Council not already appointed to serve as an alternate member.
  - c. The City Councils of the Cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee shall each individually appoint a member of their respective city councils not already appointed to serve as an alternate member.
- 22.1.5 This Board shall exercise all powers authorized by the laws of the State of California.
- 22.1.6 Only the duly selected official representative, or in his or her absence his or her duly selected alternate, shall be entitled to represent a member agency in the deliberations of the Board.
- 22.1.7 Names of the official representatives and alternates shall be communicated in writing to the Board by each participating member agency and shall thereafter be annually communicated or reaffirmed prior to the February meeting of the Board and at such other times as changes in representation are made by member agencies.
- 22.1.8 The Board shall have the authority to appoint committees or subcommittees and may provide for the appointment of alternates to these committees or subcommittees.
- 22.1.9 Standing committees shall be appointed by the Board as may be required to carry out general and continuing functions and shall be abolished only upon specific action by the Board.
- 22.1.10 Ad hoc specialized subcommittees may be appointed by the Board as the need arises to accomplish specific tasks. Upon completion of its assignment, each ad hoc subcommittee shall disband.

22.1.11 Board members serving on such subcommittees shall be compensated as provided by Board ordinance. The Chief Executive Officer is authorized to enter into agreements to compensate individuals who were Board members at the time of their appointments to such subcommittees and who continue to serve on such subcommittees after their terms of office as Board members, subject to the same limitations as exist for compensation of Board members, and subject to replacement by the Board.

22.2 Meetings

22.2.1 On or before the first regular meeting of the Board in December of each year, the Board shall adopt a schedule of its meetings by date, time, and location for the coming year. The schedule of the meetings shall be published in the local newspaper of general circulation prior to the next regular meeting. The schedule of meetings shall also be published on the MTS website and posted at the MTS Executive Offices.

22.2.2 The Board may, when necessary, change the time and place of regular meetings. Notice of such change shall be posted pursuant to the Ralph M. Brown Act.

22.2.3 The Clerk of the Board shall forward written notice of the annual schedule of regular meetings and any changes thereto stating the dates, times, and locations to each member's agency and to the respective members and alternates of the Board and the standing committees.

22.2.4 Special meetings may be called and noticed under the provisions of the Ralph M. Brown Act as applicable and, specifically, Section 54956 of the California Government Code. The call and notice shall be posted in an area accessible to the public at least 24 hours prior to the meeting.

Special meetings normally shall be called by a majority of the Board or Executive Committee only upon a finding that extraordinary circumstances require Board action prior to the next scheduled Board meeting, such as to discuss a work stoppage or significant litigation, or that a special meeting is necessary to hold a workshop, a joint meeting with another agency, or for other special purposes at a future date beyond the next Board meeting. The Chair may call such meetings only when such extraordinary circumstances arise after the last Board or Executive Committee meeting and Board action is required prior to the next regularly scheduled Board or Executive Committee meeting.

22.2.5 A majority of the members of the Board shall constitute a quorum for the transaction of business, and all official acts of the

Board shall require the affirmative vote of a majority of the members of the Board.

22.2.6 Parliamentary procedure at all meetings shall be governed by Robert's Rules of Order Newly Revised except as otherwise modified herein.

22.2.7 Prior to each regular meeting, the Clerk of the Board shall forward a copy of the agenda to each member in accordance with the schedule adopted by the Board. The agendas shall also be mailed to each person or entity previously requesting such in writing. The Clerk shall post the agenda in an area accessible to the public at least 72 hours before the meeting in accordance with the Ralph M. Brown Act. Agenda materials shall be available as public record in accordance with the Ralph M. Brown Act and, specifically, Section 54957.5 of the California Government Code.

22.2.8 The Board may take action on items of business not appearing on the posted agenda in accordance with the Ralph M. Brown Act.

22.2.9 Requests for Board action may be initiated by any member of the Board or any staff officer.

22.2.10 Communication requests may be initiated by an individual and submitted to the Clerk by letter or on forms provided by the Clerk and must state the subject matter and the action which the writer wishes the Board to take. The Clerk shall review all communication requests so received and shall list them on the Board's docket under those items which the Clerk deems to be proper areas of discussion or action by the Board. When a Communications item is listed on the docket, it is not debatable and must be referred to an appropriate committee, other public agency, or to staff to prepare a report or response.

22.2.11 Any permanent rule of the Board as set forth herein and unless otherwise established by law may be suspended temporarily by a two-thirds vote of the members present.

### 22.3 Amendments

22.3.1 The Board shall be responsible for making all amendments to these rules.

22.3.2 Proposed amendments may be originated by the Board, or any member of such, or by the Chief Executive Officer.

22.3.3 Each proposed amendment shall be considered by the Board and a copy thereof forwarded by the Clerk of the Board to the official representative of each member agency.



22.4 Ordinances

22.4.1 Every ordinance shall be signed by the Chairman of the Board and attested by the Clerk of the Board.

22.4.2 On the passage of all ordinances, the votes of the several members of the Board shall be entered on the minutes.

22.4.3 Ordinances shall not be passed at other than a regular meeting or at an adjourned regular meeting. However, an urgency ordinance may be passed at a special meeting. Except when, after reading the title, further reading is waived by regular motion adopted by unanimous vote of the Board members present, all ordinances shall be read in full either at the time of introduction or passage. When ordinances, other than urgency ordinances, are altered after introduction, they shall be passed only at a regular or at an adjourned regular meeting held at least five days after alteration. Corrections of typographical or clerical errors are not alterations within the meaning of this section.

22.4.4 Consistent with Section 120109 of the MTS Enabling Legislation, the Clerk of the Board shall cause a proposed ordinance or proposed amendment to an ordinance, and any ordinance adopted by the Board, to be published at least once, in a newspaper of general circulation published and circulated in the Board's area of jurisdiction.

22.4.5 The publication of an ordinance, as required by subdivision 22.4.4, may be satisfied by either of the following actions:

- a. The Board may publish a summary of a proposed ordinance or proposed amendment to an ordinance. The summary shall be prepared by the Clerk of the Board and General Counsel. The summary shall be published and a certified copy of the full text of the proposed ordinance or proposed amendment shall be posted in the office of the Clerk of the Board at least five (5) days prior to the Board meeting at which the proposed ordinance or amendment is to be adopted. Within 15 days after adoption of the ordinance or amendment, the Board shall publish a summary of the ordinance or amendment with the names of those Board members voting for and against the ordinance or amendment, and the Clerk of the Board shall post in the office of the clerk a certified copy of the full text of the adopted ordinance or amendment along with the names of those Board members voting for and against the ordinance or amendment.
- b. If the person designated by the Board determines that it is not feasible to prepare a fair and adequate summary of the proposed ordinance or amendment, and if the Board so

orders, a display advertisement of at least one-quarter of a page in a newspaper of general circulation in the Board's area of jurisdiction shall be published at least five (5) days prior to the Board meeting at which the proposed ordinance or amendment is to be adopted. Within 15 days after adoption of the ordinance or amendment, a display advertisement of at least one-quarter of a page shall be published. The advertisement shall indicate the general nature of, and provide information regarding, the adopted ordinance or amendment, including information sufficient to enable the public to obtain copy of the complete text of the ordinance or amendment and the name of those Board members voting for and against the ordinance amendment.

22.4.6 Ordinances shall take effect thirty days after their final passage. An ordinance takes effect immediately, if it is an ordinance for the immediate preservation of the public peace, health, or safety, containing a declaration of the facts constituting the urgency and is passed by a four-fifths vote of the Board.

22.5 Public Comment

22.5.1 At a public hearing of the Board, persons wishing to provide comment and testimony shall be permitted to address the Board after submitting a written request to speak to the Clerk identifying the person and the subject agenda item. The Chairman may limit the time for each presentation and may permit additional time to speakers representing a group of individuals or organizations to avoid duplicative testimony. Ordinarily, each speaker will be allowed no more than three minutes.

22.5.2 Persons wishing to comment on agenda items other than a public hearing must submit a written request to speak in advance to the Clerk identifying the person and the subject agenda item. Comments must be limited to issues relevant to the particular agenda item. The Chairman may limit the time for each presentation and may permit additional time to speakers representing a group of individuals or organizations to avoid duplicative testimony. Ordinarily, each speaker will be allowed no more than three minutes.

22.5.3 Public comment on matters not on the agenda will be permitted on items of interest to the public that are within the subject matter jurisdiction of the Board. Persons wishing to comment must submit a written request in advance to the Clerk identifying the person and subject matter. The Chairman may limit the time for each speaker. Ordinarily, each speaker will be allowed no more than three minutes.

22.6 Chairperson

Prior to the expiration of a Chairperson's term, the Executive Committee shall make a recommendation to the Board on whether to reelect the current

Chairperson. In the event that the Board does not reelect a chairperson, or in the event of a vacancy in the position of Chairperson, the Executive Committee shall create an ad hoc nominating committee that shall, by whatever means it deems appropriate, recommend to the Board a candidate or candidates for the position of Chairperson. The Board shall then vote to elect a Chairperson.

22.7 Election of Board Officers and Appointments to Committees

22.7.1 On or before the Board's first meeting in November, the Board shall appoint less than a quorum of members to an Ad Hoc Nominating Committee. The Ad Hoc Nominating Committee shall review the list of MTS committees and make recommendations to the Board with respect to the appointment of members of the Board or former Board members to serve on each MTS committee.

22.7.2 The Ad Hoc Nominating Committee shall also review the list of outside boards and/or committees and make recommendations to the Board with respect to the appointment of members of the Board to represent MTS on each outside board or committee, except for the Board representative appointed to the San Diego Association of Governments (SANDAG) Transportation Committee, which shall be appointed by the Executive Committee.

22.7.3 The Ad Hoc Nominating Committee shall also make a recommendation to the Board with respect to the appointment of the Vice Chairman and the Chair Pro Tem and any other board officers.

22.7.4 The Ad Hoc Nominating Committee shall forward its recommendations for appointments of officers and committee members on or before the first Board meeting in January.

22.7.5 At its first meeting in January, the Board shall elect a Vice Chairman and a Chair Pro Tem from amongst its members. The Vice Chairman shall preside in the absence of the Chairman. In the event of the absence or inability to act by the Chairman and Vice Chairman, the Chair Pro Tem shall preside.

22.7.6 The Board shall then vote on the recommendations made by the Ad Hoc Nominating Committee with respect to all other committee appointments.

22.7.7 In the event that a Board member vacates his or her position on the Board, at the next meeting, the Chairperson shall take nominations from the floor to fill any opening in any Committee positions vacated by that Board member.

22.8 Executive Committee

22.8.1 The Executive Committee of the Board shall consist of the Chairman, the Vice Chairman (if he or she is not already a voting

member), a member from the County of San Diego, a member from the City of San Diego, the Transportation Committee Representative (if he or she is not already a voting member), one member who represents the cities of Chula Vista, National City, Coronado, and Imperial Beach (the “South Bay Cities’ representative”), and one member who represents the cities of Lemon Grove, La Mesa, El Cajon, Poway, and Santee (the “East County Cities’ representative”). The South Bay Cities’ representative and the East County Cities’ representative shall serve as members of the Executive Committee for a term of two years each. The terms of these two members shall be staggered so as to avoid replacement of both members at the same time.

22.8.2 The East County and South Bay representatives shall serve in the following order:

East County: El Cajon, La Mesa, Lemon Grove, Santee, Poway—each serving a two-year term.

South Bay: Chula Vista, Coronado, Imperial Beach, National City—each serving a two-year term.

After each member has served as either the East County or South Bay representative, the rotation schedule shall repeat.

22.8.3 The alternates to the Executive Committee members shall be as follows:

22.8.3.1 The alternate for the County of San Diego shall be the alternate appointed by the County of San Diego to serve as the alternate for the Board.

2.8.3.2 The alternate for the City of San Diego shall be selected by the City of San Diego from amongst the three remaining City of San Diego Board members.

2.8.3.3 The alternates for the East County Cities’ and the South Bay Cities’ representatives shall be the representative from the city that is next in the rotation order set forth in section 22.8.2 above (for example, if the City of El Cajon is currently the primary Executive Committee member, then the City of La Mesa member shall be the alternate Executive Committee member). Alternates shall be appointed for a term of two years or such lesser term as necessary to coincide with the term of the member for whom the alternate is appointed.

22.8.4 The Vice Chairman shall attend each Executive Committee meeting as a voting member. The Vice Chairman shall serve as

the alternate to the Chairman in his or her absence and as a second alternate at large for any of the Executive Committee representatives and shall be a voting member when serving in this capacity.

22.8.5 On or before its first meeting in January, the Executive Committee shall appoint one of its members to serve as the representative and one of its members to serve as the alternate to the San Diego Association of Governments (SANDAG) Transportation Committee to serve for a term of one year. In the event that the Executive Committee feels a member of the Board who does not serve on the Executive Committee is their preferred representative or alternate for the SANDAG Transportation Committee, the Executive Committee shall have the ability to select the representative or alternate from the full Board. In that instance, the SANDAG Transportation Committee representative, or the alternate in his or her absence, shall attend the Executive Committee meetings as a voting member.

22.8.6 The primary purpose of the Executive Committee shall be to review and recommend consent items for the agenda of the next MTS Board of Directors meeting; add or delete items as appropriate; and provide input and direction on emerging policies, plans, and issues, in advance, for Board consideration. The Executive Committee shall have the authority to create ad hoc subcommittees for purposes of carrying out its duties and responsibilities.

22.8.7 Three members shall constitute a quorum of the Executive Committee, and a majority vote of the members present shall be required to approve any item. In the absence of a quorum, the Chairman may review and recommend consent items for the agenda, establish the order of items, and add or delete items.

22.8.8 The Executive Committee shall adopt operating procedures as are necessary for the conduct of its business.

22.9 Audit Oversight Committee

22.9.1 The Audit Oversight Committee shall be comprised of the same members that make up the Executive Committee and such other individuals as the Board may appoint at the first MTS Board meeting each calendar year. The Chairman of the Audit Oversight Committee shall be a voting member. The Chairman of the Audit Oversight Committee shall not be the member who serves as the Executive Committee Chairman. The Board may also appoint individuals who are not members of the Board to serve as non-voting advisory members to the Audit Oversight Committee

22.9.2 No additional compensation shall be paid to the members of the Audit Oversight Committee unless a meeting takes place on

a day other than a regularly scheduled MTS Board meeting or MTS Executive Committee meeting. Compensation shall be paid to any additional voting members who are appointed to serve on the Audit Oversight Committee. No compensation shall be paid to any non-voting advisory member appointed by the MTS Board.

22.9.3 The primary duties and responsibilities of the Audit Oversight Committee shall be to ensure that management is maintaining a comprehensive framework of internal control, to ensure that management's financial reporting practices are assessed objectively, and to determine to its own satisfaction that the financial statements are properly audited and that any problems uncovered in the course of the audit are properly reported and resolved.

22.9.4 The Audit Oversight Committee shall:

- a. Review the scope of the annual financial statement audit and any other audits the committee feels are appropriate. The financial statement or CAFR audit should be conducted by an external, independent, public accounting firm experienced in municipal financial audits (external auditor).
- b. Review the purpose and scope of any nonaudit services to be performed by the external auditor.
- c. Oversee the procurement of the external auditor and any related advisory services with final approval by the Board.
- d. Oversee the preparation of annual financial statements, the annual financial reporting process, internal controls, and the external auditor using an appropriate degree of professional skepticism.
- e. Assess the performance of the external auditor.
- f. Provide a forum for internal auditors to report findings during committee meetings. Internal auditors are MTS employees who report to management and primarily perform operational and compliance audits. In unusual circumstances involving significant fraud, waste, or abuse, the internal auditors must contact the chairman of the Executive Committee and the chairman of the Audit Oversight Committee.
- g. Establish a procedure for receipt, retention, and treatment of complaints regarding accounting, internal controls, or auditing matters.

22.9.5

The Audit Oversight Committee shall perform the following tasks each year and, to the extent possible, adhere to this timetable:

- a. In June, review the independent audit engagement letter.
- b. In March or April, establish a plan for review of the audits with external auditor.
- c. In September, receive report on the status of any audit(s).
- d. In October, receive a report on the preliminary audit findings and review and/or amend the list of audit questions in Section 22.9.6 as appropriate.
- e. In December, receive a report and provide feedback on financial and compliance statements to Board, and provide the annual report to the Board on the committee's activities, including asking the questions listed in Section 22.9.6, as modified by the Audit Oversight Committee pursuant to Section 22.9.5(d).
- f. In March, review the management letter and management's response to the letter.

22.9.6

At a minimum, and no later than the final MTS Board meeting for the CAFR final adoption meeting, the Audit Oversight Committee shall publically ask the following questions of MTS management and/or the external auditors:

- a. What is the name of the audit firm performing the audit, and how long has such firm been under contract to perform such audits?
- b. Was the audit performed in accordance with generally accepted auditing standards and generally accepted government auditing standards? If not, why?
- c. Has the external auditor prepared an unqualified opinion regarding the financial statements? If not, what type of opinion was issued and why?
- d. Did the external auditor issue a management letter?
- e. Did the external auditor find any nonmaterial weaknesses or reportable conditions?
- f. How did the external audit firm maintain its independence during the course of the audit?
- g. Describe, in general, the audit procedures performed.

- h. Were any new accounting principles adopted? If so, what was their effect?
- i. Does the external auditor recommend any changes in the accounting policies used or their application? Did management apply the best accounting principles or merely permitted ones?
- j. Describe any significant accounting adjustments affecting the financial statements (prior year as well as current year).
- k. Did the external auditor encounter any difficulties in dealing with management in performing the audit?
- l. Were there any disagreements with management regarding any accruals, estimates, reserves, or accounting principles?
- m. Did the external auditor have the full cooperation of MTS management and staff?
- n. Assess the quality of the accounting, internal controls, and the competency of staff.
- o. Were there any accounting issues on which the audit firm sought the advice of other audit firms or regulatory bodies?
- p. Are there new pronouncements and/or risks affecting future financial statements which the Audit Oversight Committee should be aware of?

22.9.8 Three members shall constitute a quorum of the Audit Oversight Committee, and a majority vote of the members present shall be required to approve any item. In the absence of a quorum, the Chairman may review and recommend consent items for the agenda, establish the order of items, and add or delete items.

22.9.9 The Audit Oversight Committee shall adopt operating procedures as are necessary for the conduct of its business.

22.10 Board Member Standards of Conduct

22.10.1 The purpose of this policy is to emphasize that each Board member occupies a position of public trust that demands the highest moral and ethical standard of conduct.

22.10.2 This policy shall be supplemental and in addition to the Conflict of Interest Code of the Board and any applicable laws or regulations (including, but not limited to, the Brown Act, Government Code



section 1090 and the Political Reform Act) and is not intended to supersede any provisions thereof.

22.10.3 Board members shall not engage in any business or transaction or have a financial or other personal interest, actual, potential, or apparent, which is incompatible with the proper discharge of his or her official duties or would tend to impair his or her independence of judgment or action in the performance of such duties. Such business, transaction, or interest shall constitute a conflict of interest.

22.10.4 No Board member shall engage in any enterprise or activity that shall result in any of the following:

- a. Using the prestige or influence of the Board office for private gain or advantage of the member or another person.
- b. Using time, facilities, equipment, or supplies of the Board for the private gain or advantage of the member or another person.
- c. Using official information not available to the general public for private gain or advantage of the member or another person.
- d. Receiving or accepting money or other consideration from anyone other than the Board for the performance of acts done in the regular course of duty.
- e. Receiving or accepting, directly or indirectly, any gift or favor from any one doing business with the Board under circumstances from which it could reasonably be inferred that such was intended to influence such person in such person's duties or as a reward for official action.
- f. Soliciting any gift or favor in such person's official capacity, either directly or indirectly, when such solicitation might reasonably be inferred as to have a potential effect on such person's duties or decision, or when the individual's position as a Board member would in any way influence the decision of the person being solicited.
- g. Engaging in or accepting private employment or rendering services for private interest, direct or indirect, which may conflict with such person's responsibility or duty, or which, because of that person's position, may influence a decision to the benefit of the organization in which such person has an interest.

- 22.10.5 If a Board member has an actual, potential, or apparent conflict of interest in the subject of an agenda item, and the Board will make a decision regarding this agenda item during an open session meeting, the Board member must recuse himself or herself or, in the case of uncertainty, request a binding determination from the Board's General Counsel. If the Board member has a conflict, he or she may observe, but not participate, in the decision-making process.
- 22.10.6 If a Board member has an actual, potential, or apparent conflict of interest in the subject of an agenda item to be discussed during a closed session meeting, the Board member shall be disqualified and not present during such discussion so as not to make, participate in making, or in any way attempt to use his or her official position to influence the discussion or decision. In such case, the Board member must recuse himself or herself or, in the case of uncertainty, request a binding determination from the Board's General Counsel. In accordance with the Brown Act, the Board member would be entitled to any information that is publicly reported. The Board member would not, however, be privy to any confidential or privileged information or communications pertaining to the closed session agenda item.
- 22.10.7 No Board member shall disclose to any person, other than members of the Board and other Board staff designated to handle such confidential matters, the content or substance of any information presented or discussed during a closed session meeting unless the Board authorizes such disclosure by the affirmative vote by a majority of the Board.
- 22.10.8 No Board member may disclose confidential or privileged information or communications to any person other than a Board member, General Counsel to the Board, or other Board staff designated to handle such matters, unless disclosure is mandated by law or the Board authorizes such disclosure by the affirmative vote of a majority of the Board.
- 22.10.9 A Board member shall not be privy to confidential or privileged information or communications concerning threatened, anticipated, or actual litigation affecting the Board where the Board member has an actual, potential, or apparent conflict of interest. In the case of uncertainty as to whether a conflict of interest exists, the Board's General Counsel shall issue a binding determination.
- 22.10.10 No Board member shall represent a position on an issue to be the Board's unless the Board has formally adopted such position at a public meeting.
- 22.10.11 Any violation of this policy shall constitute official misconduct if determined by an affirmative vote of the majority of the Board in

an open and public meeting. The Board may elect to censure the Board member and the violation may be subject to criminal and/or civil penalties as provided for by applicable law.

Original Policy approved on 4/5/84.

Policy revised on 1/12/84.

Policy revised on 7/11/85.

Policy revised on 1/8/87.

Policy revised on 1/11/90.

Policy revised on 8/23/90.

Policy revised on 1/10/91.

Policy revised on 3/24/94.

Policy revised on 1/14/99.

Policy revised on 6/14/01.

Policy revised on 1/10/02.

Policy revised on 1/24/02.

Policy revised on 5/8/03.

Policy revised 2/26/04.

Policy revised 1/12/06.

Policy revised 3/9/06.

Policy revised 3/23/06.

Policy revised 6/14/07.

Policy revised 7/19/07.

Policy revised 2/21/08.

Policy revised 12/11/08.

Policy revised 2/12/15.

Policy revised 11/10/16.

**2017 SLATE OF MTS COMMITTEES AND OUTSIDE AGENCY APPOINTMENTS**

Accessible Services Advisory Committee (ASAC)	Lorie Bragg – Chair
Airport Authority Advisory Committee	Harry Mathis – Committee Representative Ron Roberts – Alternate
Audit Oversight Committee	Ernie Ewin – Chair Harry Mathis – Committee Representative Ron Roberts – County Representative (Alternate: Greg Cox) Myrtle Cole – City of San Diego Representative (Alternate: Georgette Gomez) Mona Rios – South Bay Representative (Alternate: Mary Salas) Bob McClellan – East County Representative (Alternate: Guy McWhirter)
Budget Development Committee	Harry Mathis – Committee Representative Ron Roberts – Committee Representative Bob McClellan – Committee Representative Mary Salas – Committee Representative Lorie Zapf – Committee Representative
Executive Committee	Harry Mathis – Chair Ron Roberts – County Representative (Alternate: Greg Cox) Myrtle Cole – City of San Diego Representative (Alternate: Georgette Gomez) Mona Rios – South Bay Representative (Alternate: Mary Salas) Bob McClellan – East County Representative (Alternate: Guy McWhirter)
Los Angeles - San Diego Rail Corridor Agency (LOSSAN)	Lorie Bragg – Committee Representative Harry Mathis – Alternate
Public Security Committee	Harry Mathis – Committee Representative Myrtle Cole – Committee Representative Jim Cunningham – Committee Representative Guy McWhirter – Committee Representative Bill Sandke – Committee Representative
SANDAG Board	Harry Mathis – Advisory Representative Mona Rios – Alternate
SANDAG Regional Planning Committee	Mona Rios – Committee Representative Guy McWhirter – Alternate
SANDAG Transportation Committee	Harry Mathis – Committee Representative Lorie Bragg – Alternate (Chosen by the Executive Committee)
Taxicab Advisory Committee	Lorie Zapf – Chair Bob McClellan – Alternate
Vice Chair Chair Pro Tem	Ron Roberts – Vice Chair Mary Salas – Chair Pro Tem



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

## Agenda Item No. 45

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

November 9, 2017

#### SUBJECT:

2017 CUSTOMER SATISFACTION REPORT (ROB SCHUPP AND JUDITH MCCOURT  
WITH REDHILL PRINCIPAL)

#### INFORMATIONAL ITEM

##### Budget Impact

None.

#### DISCUSSION:

MTS has been conducting Customer Satisfaction surveys every other year on board Bus and Trolley routes since 2011. The purpose of the surveys is to identify customer satisfaction in every facet of operations, including overall satisfaction, transit information tools, customer service, service improvement projects, fare pricing, reliability and more. Surveys are conducted on routes that are representative on the entire MTS service territory. The results are broken down into four geographic zones and by several demographics, including gender, age, income and ethnicity. Results are used to identify areas of passenger concern and to improve services when possible.

The surveys in 2015 and 2017 were conducted by the Redhill group, an Irvine-based firm with wide experience with transportation agencies, including LA Metro, Metrolink, OCTA and many others.



Redhill Principal Judith McCourt will provide an overview of the 2017 survey results.

/s/ Paul C. Jablonski  
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. Overview Presentation



# MTS Customer Satisfaction Surveys

## Final Report



# Bi-annual Trolley & Bus Rider Satisfaction Survey

## Study purpose to:

- Measure rider satisfaction with bus and trolley
- Measure rider satisfaction by geographic area
- Gauge customer satisfaction with improvements and projects implemented
- Understand information tools riders use for wayfinding

## In March an onboard survey was conducted:

- English and Spanish Language
- Excellent participation: up 14.5% from 2015
- Personal Assistance to Complete
- Mail-back Option

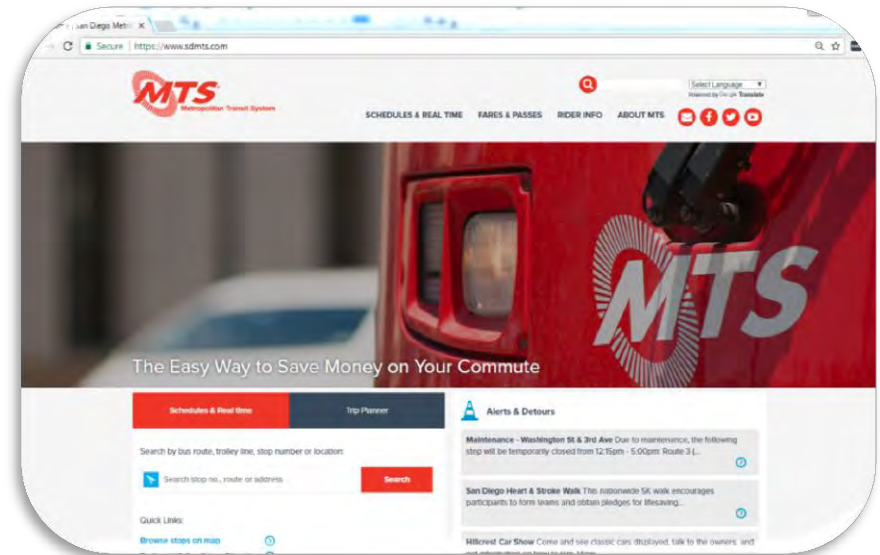
Mode	Sample Size n=	Margin of Error +/-
System-wide	3,380	1.7%
Bus	2,210	2.1%
Trolley	1,170	2.9%





# Operating and Environmental Changes

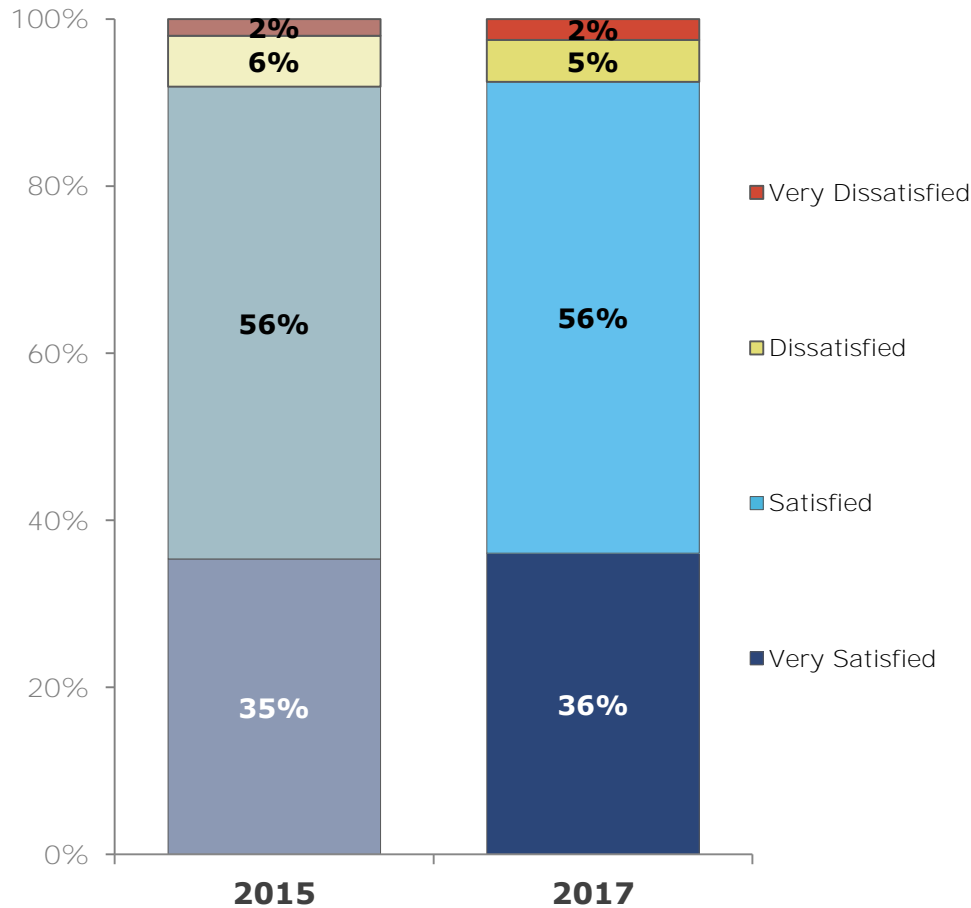
- Completion of Projects in South Bay
- Opening of New Transit Store Location
- New MTS Website
- Nationwide Ridership Dip
- Economic Recovery
- Gasoline Costs and Improved Vehicle Mileage
- Aging Population
- Increase in Smartphone Ownership
- Uber/Lyft



# Topline Customer Satisfaction Results



# Overall Rider Satisfaction

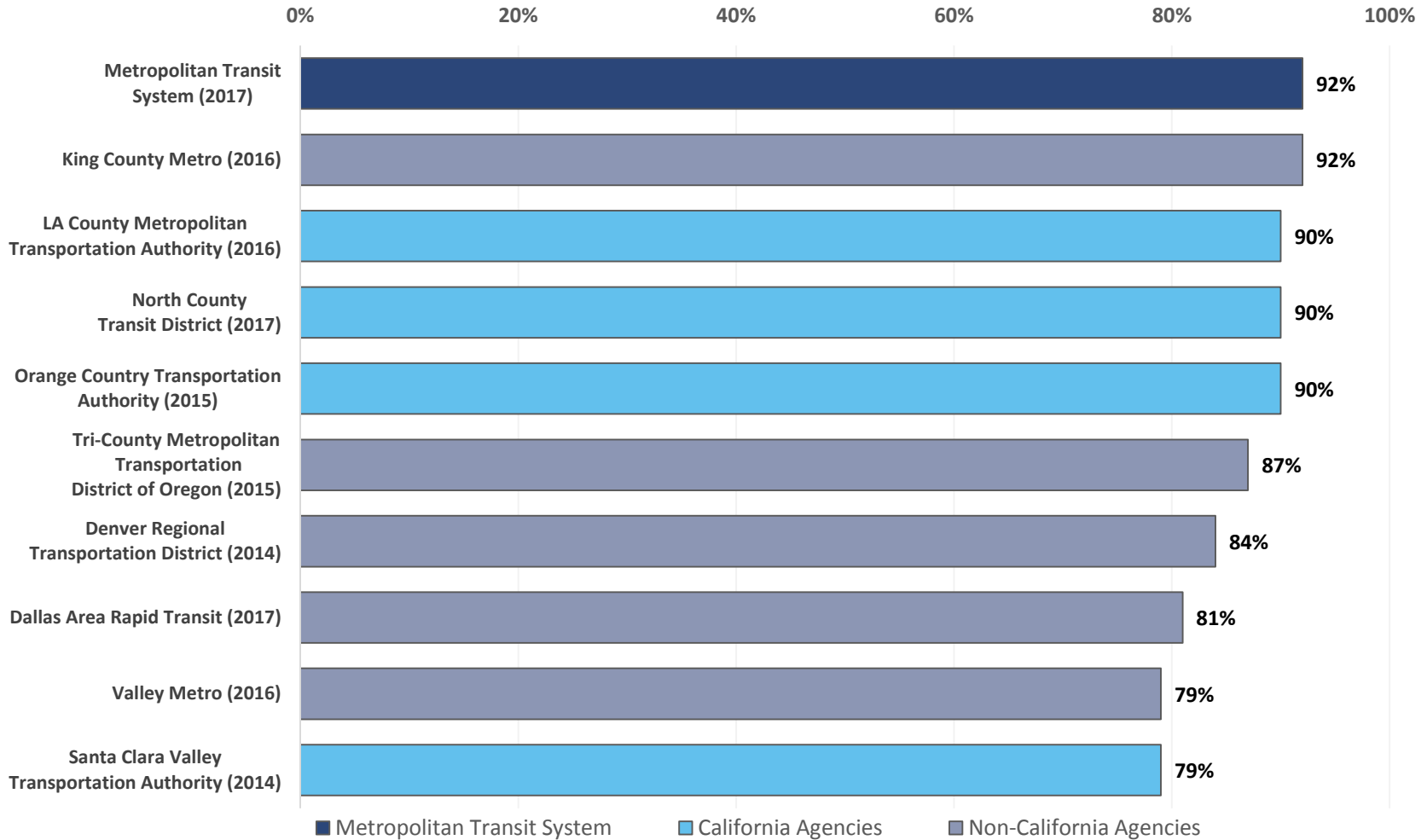


92%  
Satisfied

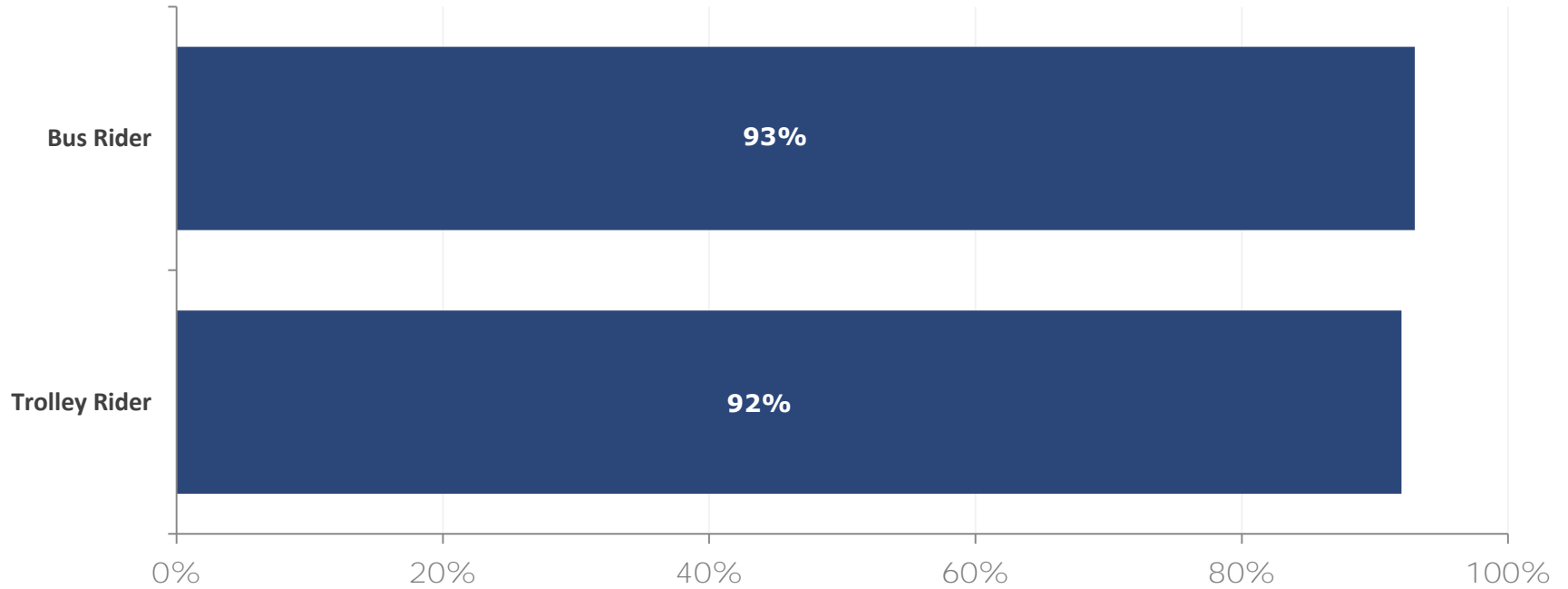


# Peer Transit Agency Comparison: Customer Satisfaction Ratings

Att. A, AI 45, 11/9/17



# Overall Satisfaction by Rider Mode



Unchanged from 2015

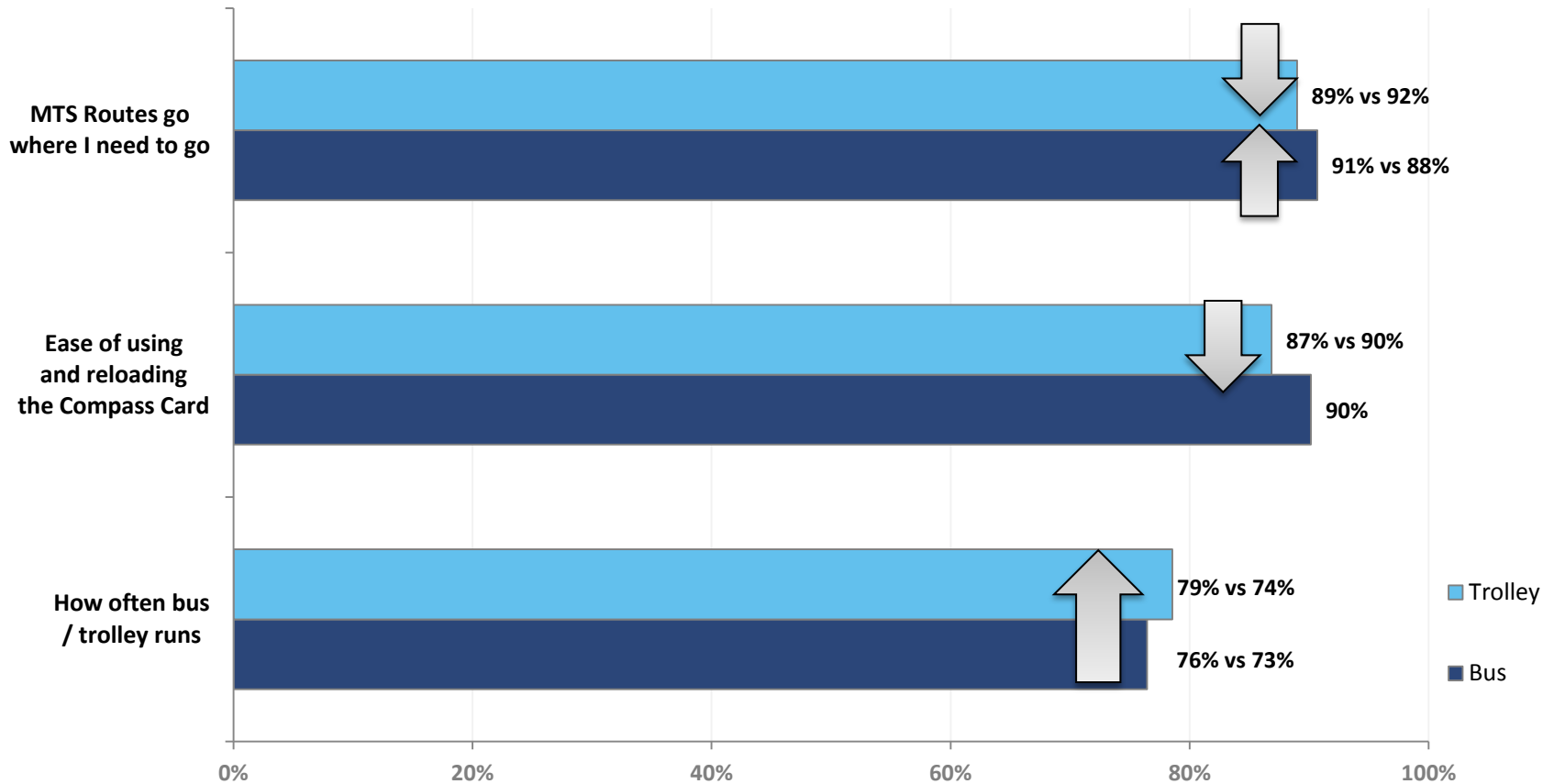


# Topline Results: Satisfaction - Attributes

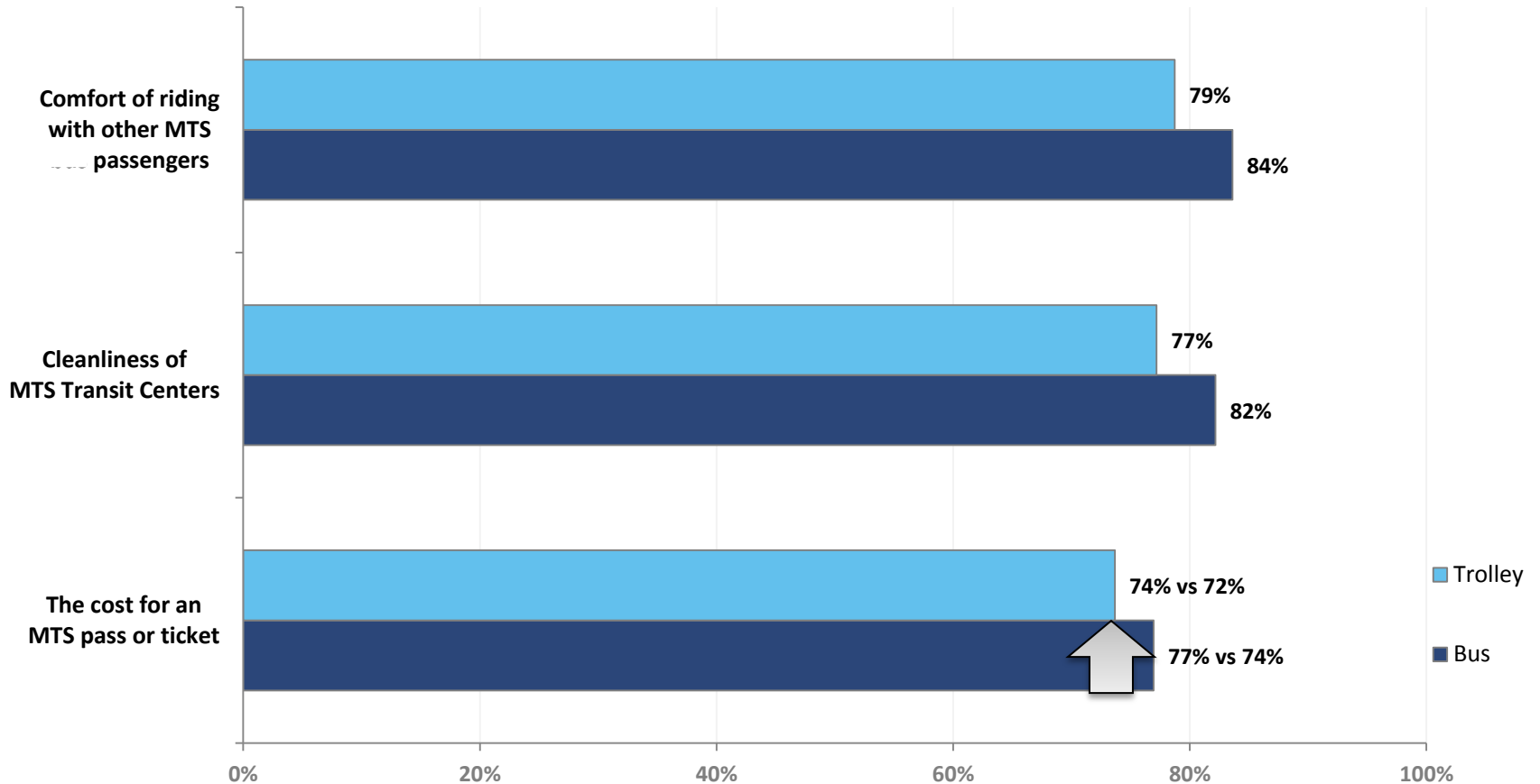
- Six categories of rider satisfaction rated
- Top rated categories unchanged from 2015
  - Service coverage
  - Ease of loading Compass Card
- Lowest rated categories the same as 2015 but statistically significant improvement
  - Service Frequency
  - Fares



# Attributes Trolley & Bus Riders

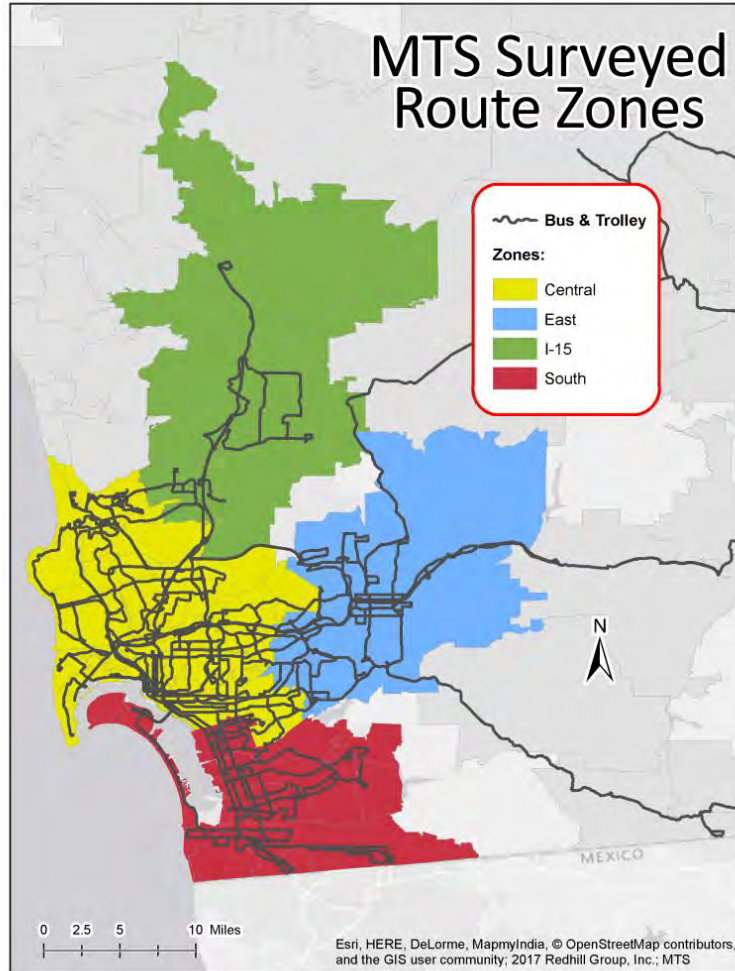


# Attributes Trolley & Bus Riders





# Overall Satisfaction – by Zone

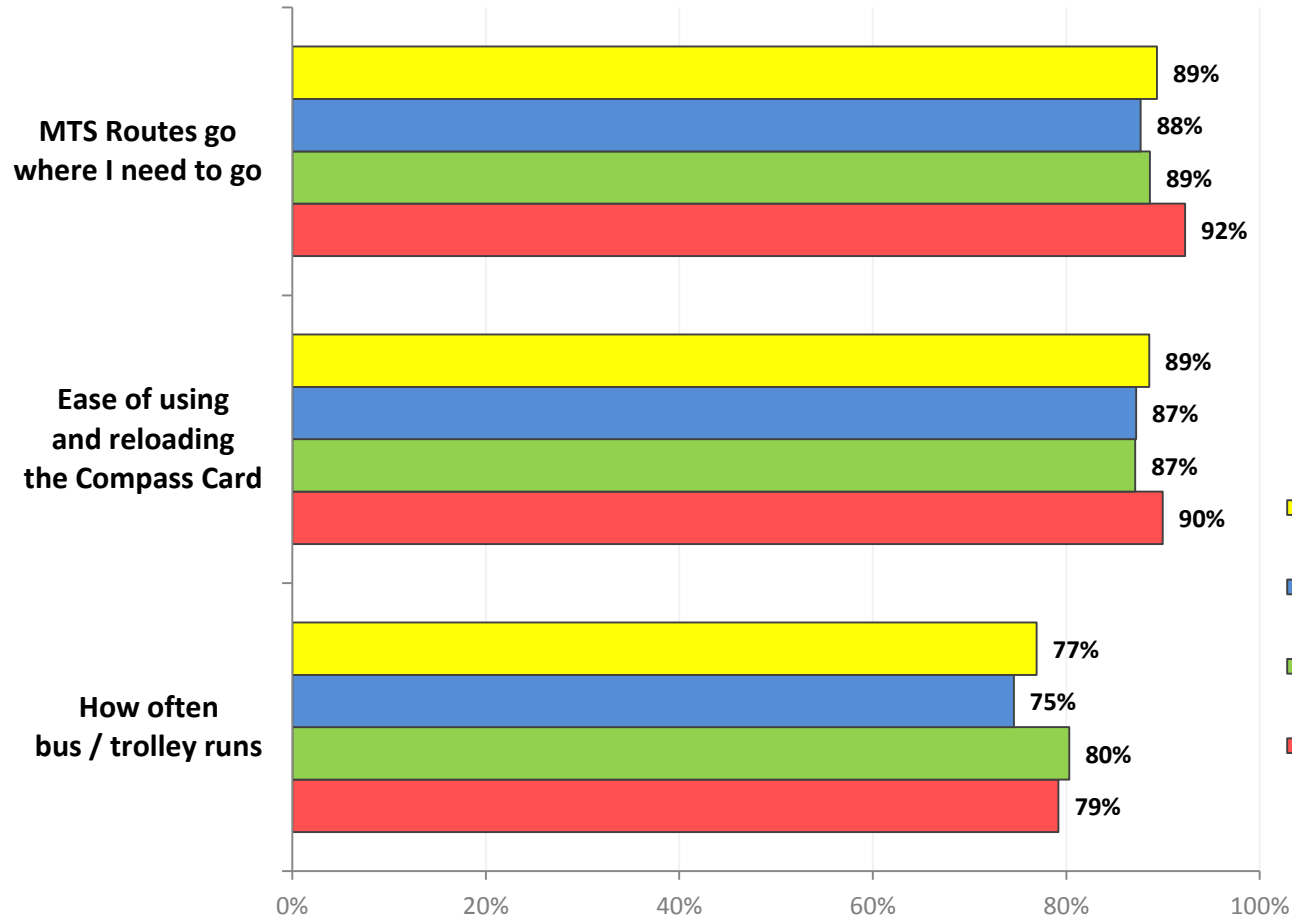
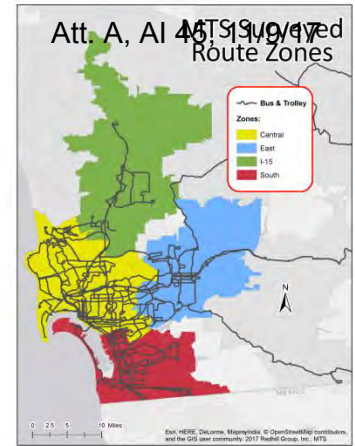


<b>MTS Overall Transit Service</b>	
<b>Zone Interviewed In</b>	<b>'17</b>
<b>Central Urban</b>	93%
<b>East County</b>	90%
<b>I-15 Corridor</b>	94%
<b>South Bay</b>	93%

**Unchanged from 2015**



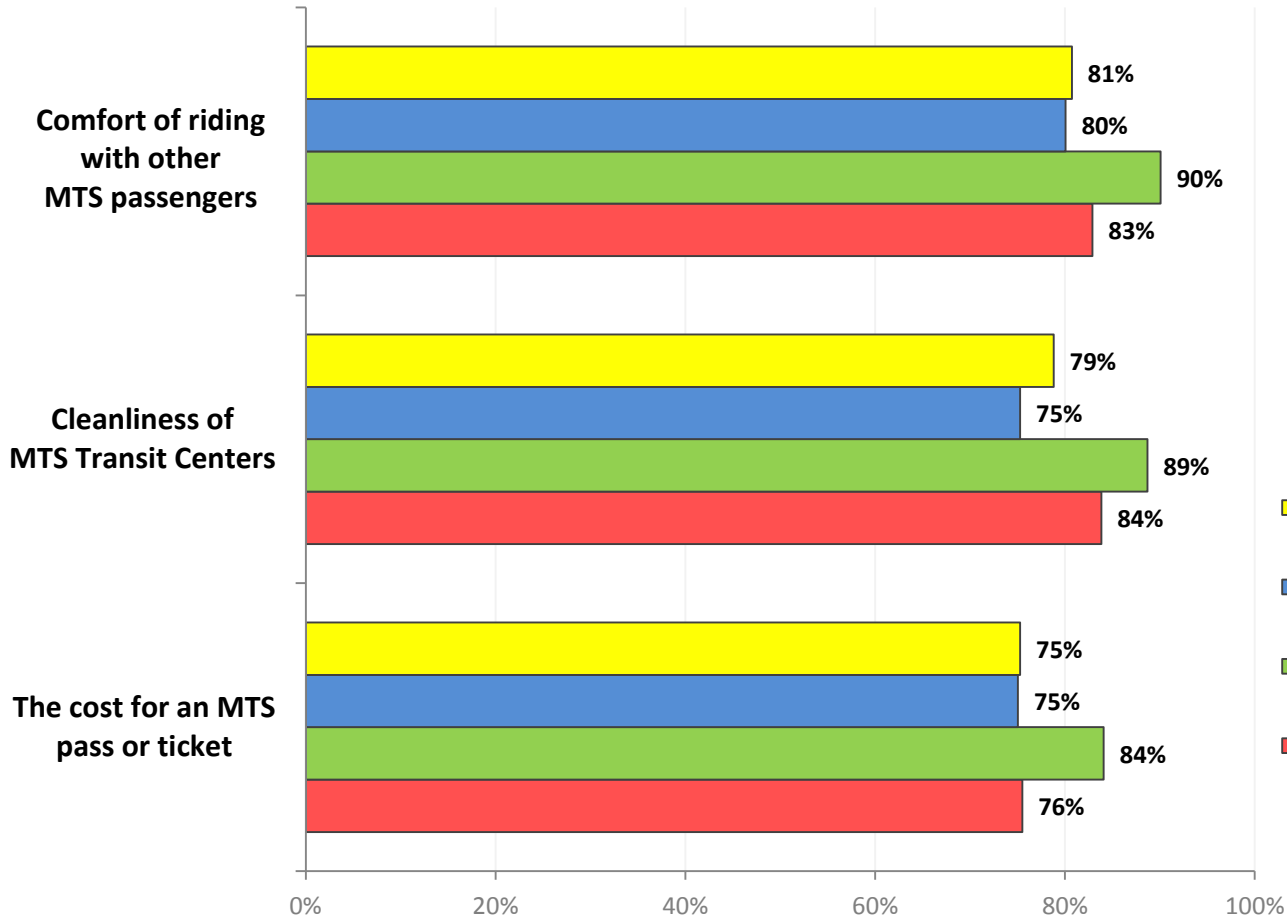
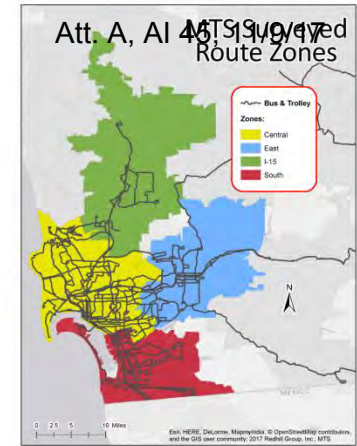
# Satisfaction by Zone



- Central Urban
- East County
- I-15 Corridor
- South Bay



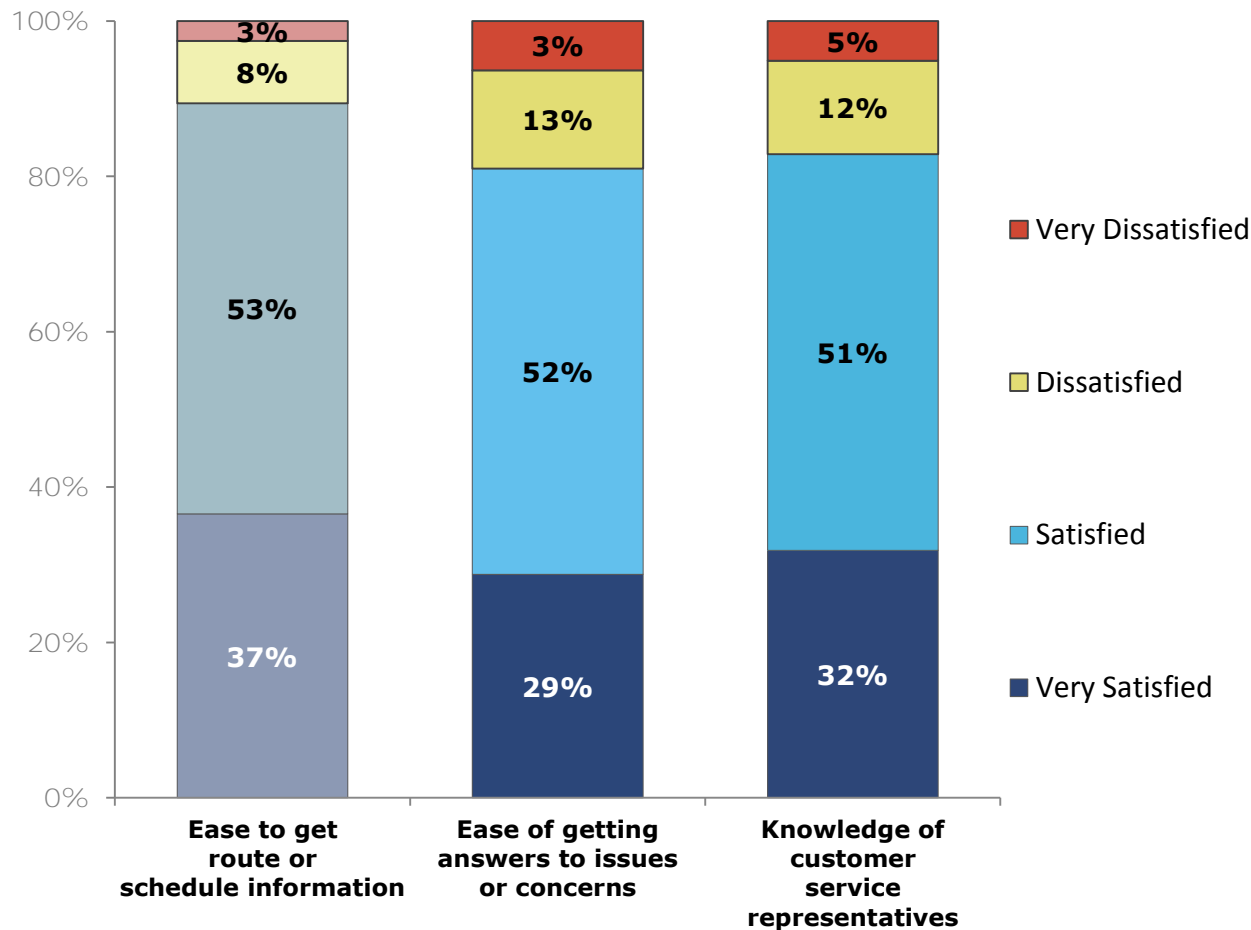
# Satisfaction by Zone



- Central Urban
- East County
- I-15 Corridor
- South Bay



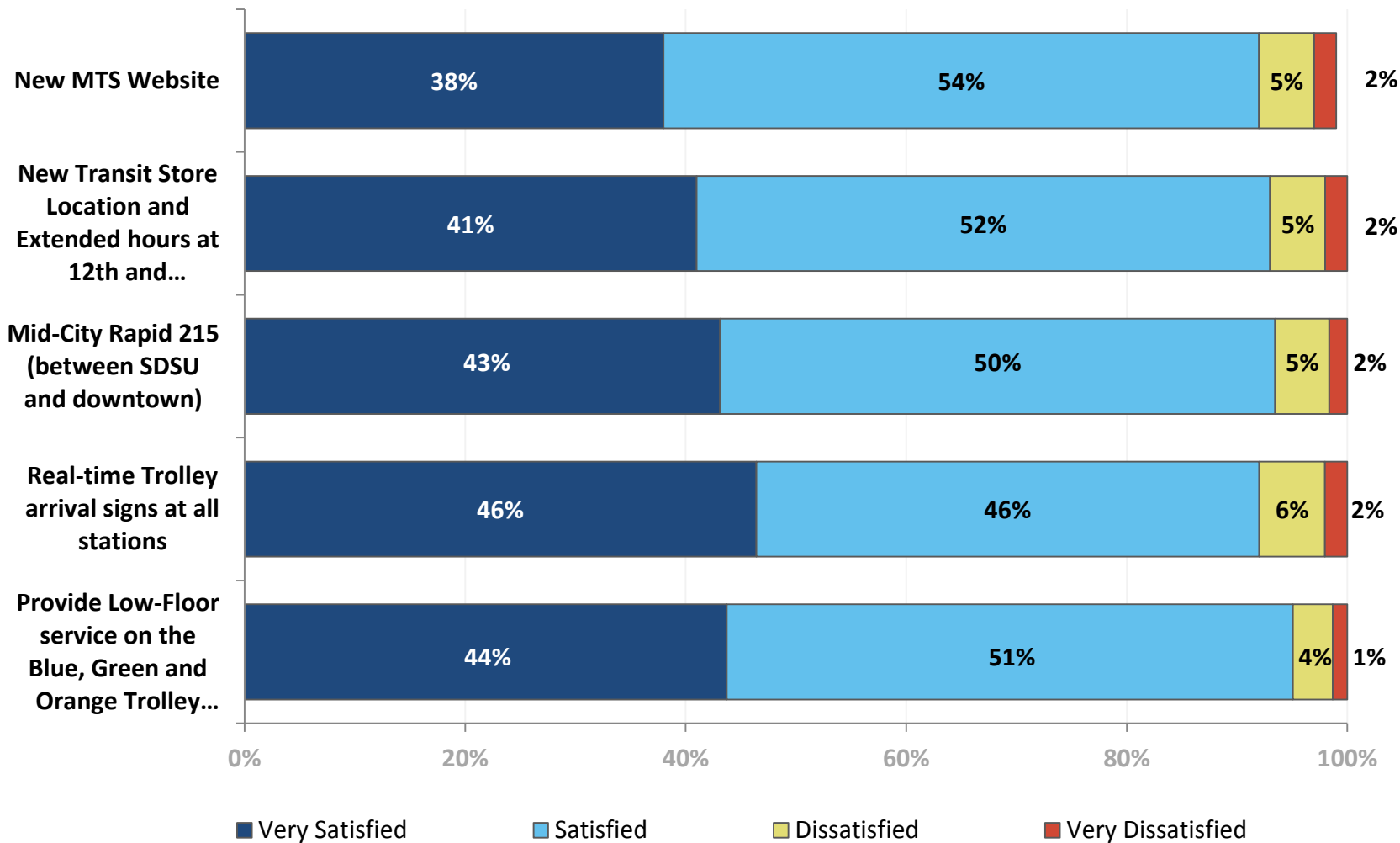
# Satisfaction – Customer Information



Unchanged from 2015



# High Satisfaction with Improvements



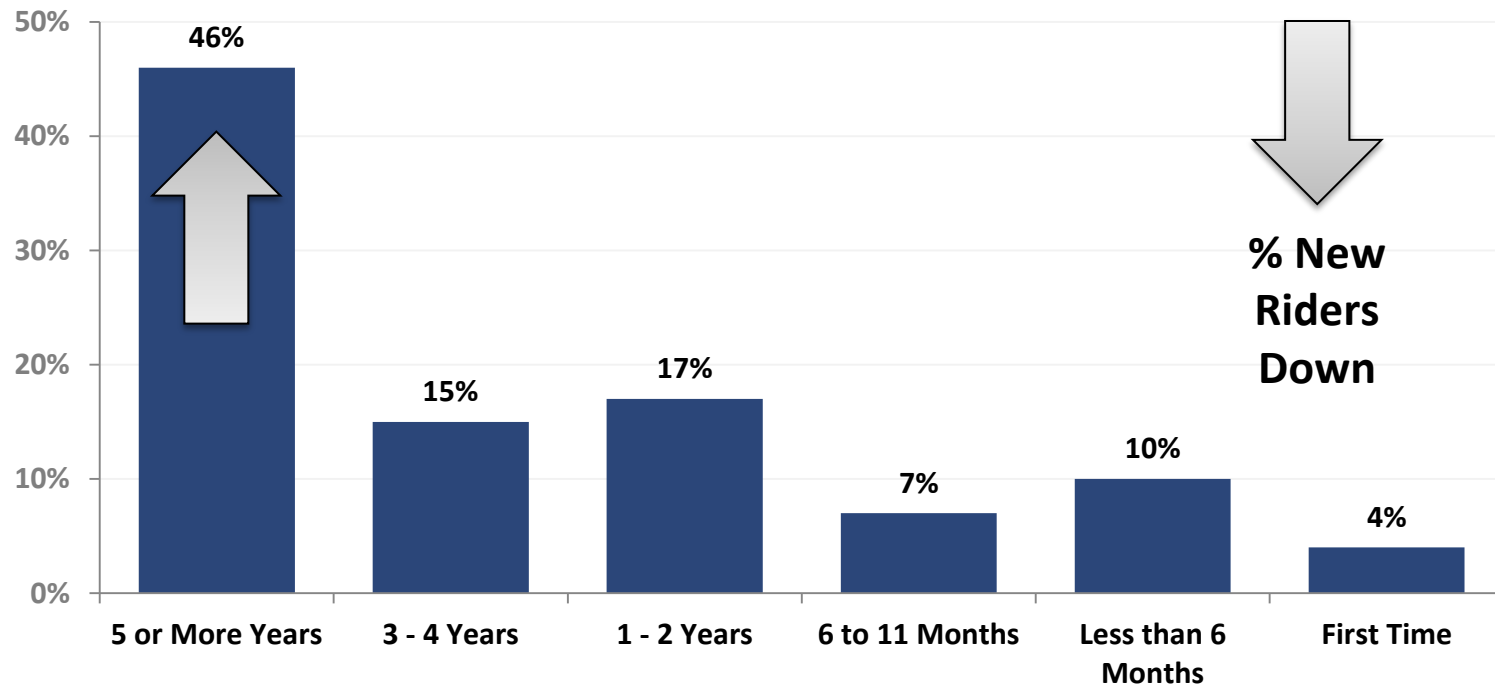
# 2017 Rider Profile

- Use both bus (88%) and trolley (92%)
- Use MTS at least 3 times a week (72%)
- Use MTS the same or more than last year
- Transit Dependent
- Annual Income Less than \$50K (81%)
- More likely to be Hispanic (47%)
- Are likely to speak a language other than English and also speak English “well” or “very well”



# Rider Profile: Length of Use

- Almost half of riders have used MTS for at least 5 years
- Twenty-one percent are new to the system in the past year down from 25% in 2015



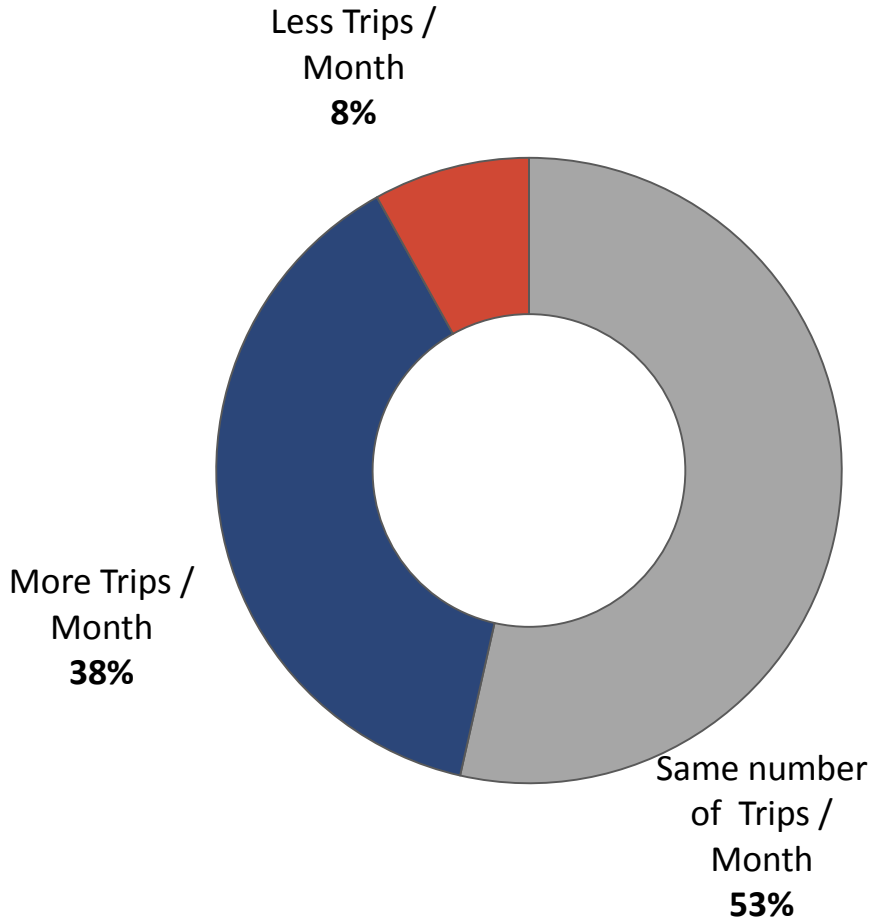
# Rider Profile: Frequency

Rider Type	'15	'17
Regular Rider (3+ days/week)	75%	72%
Less than 3 days per week	-	7%
Occasional Rider (1-10 times/month)	18%	13%
Infrequent Rider (Less than once a month)	4%	4%
First Time or Visitor	3%	4%





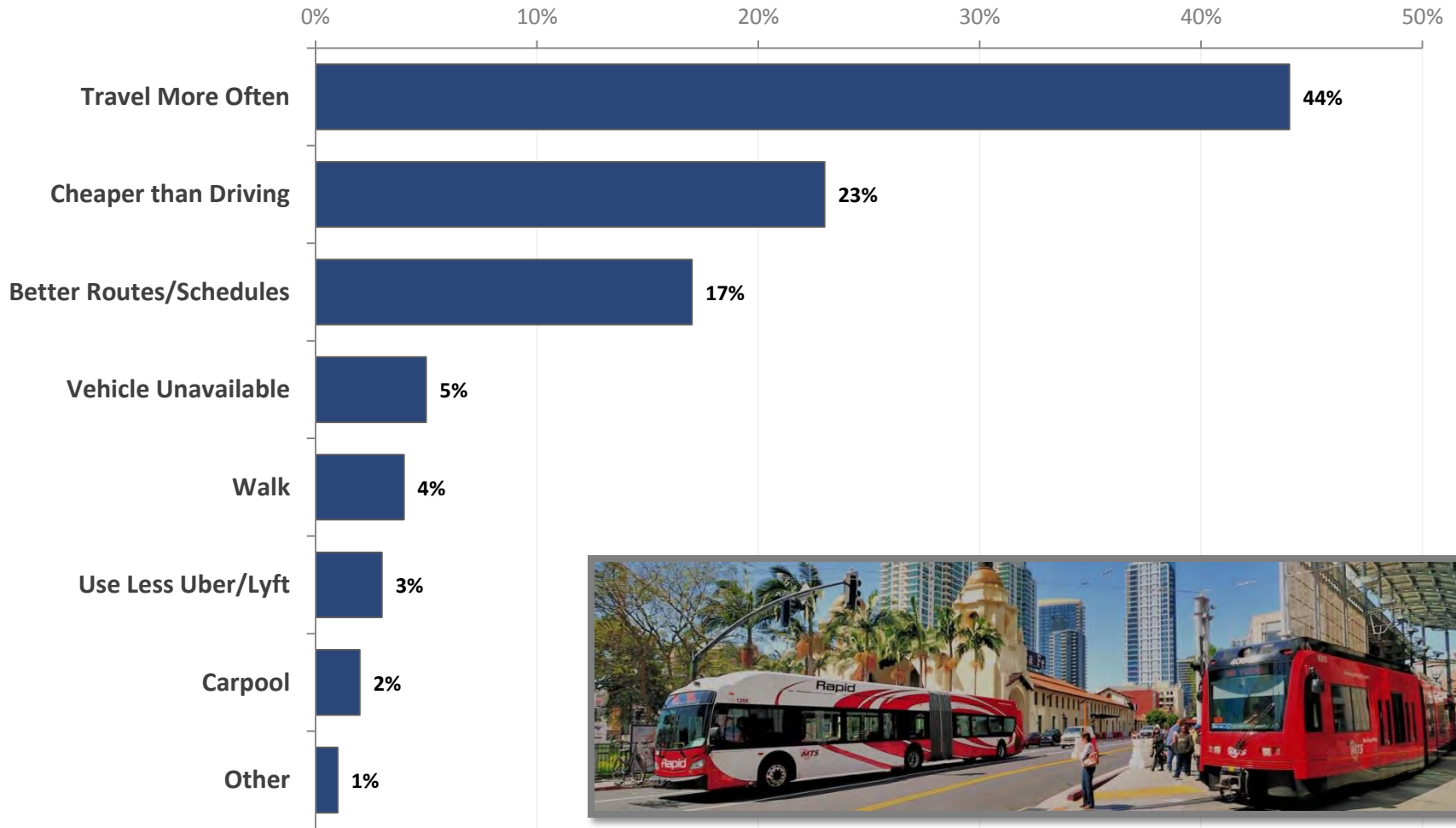
# Rider Profile: Use Compared to a Year Ago



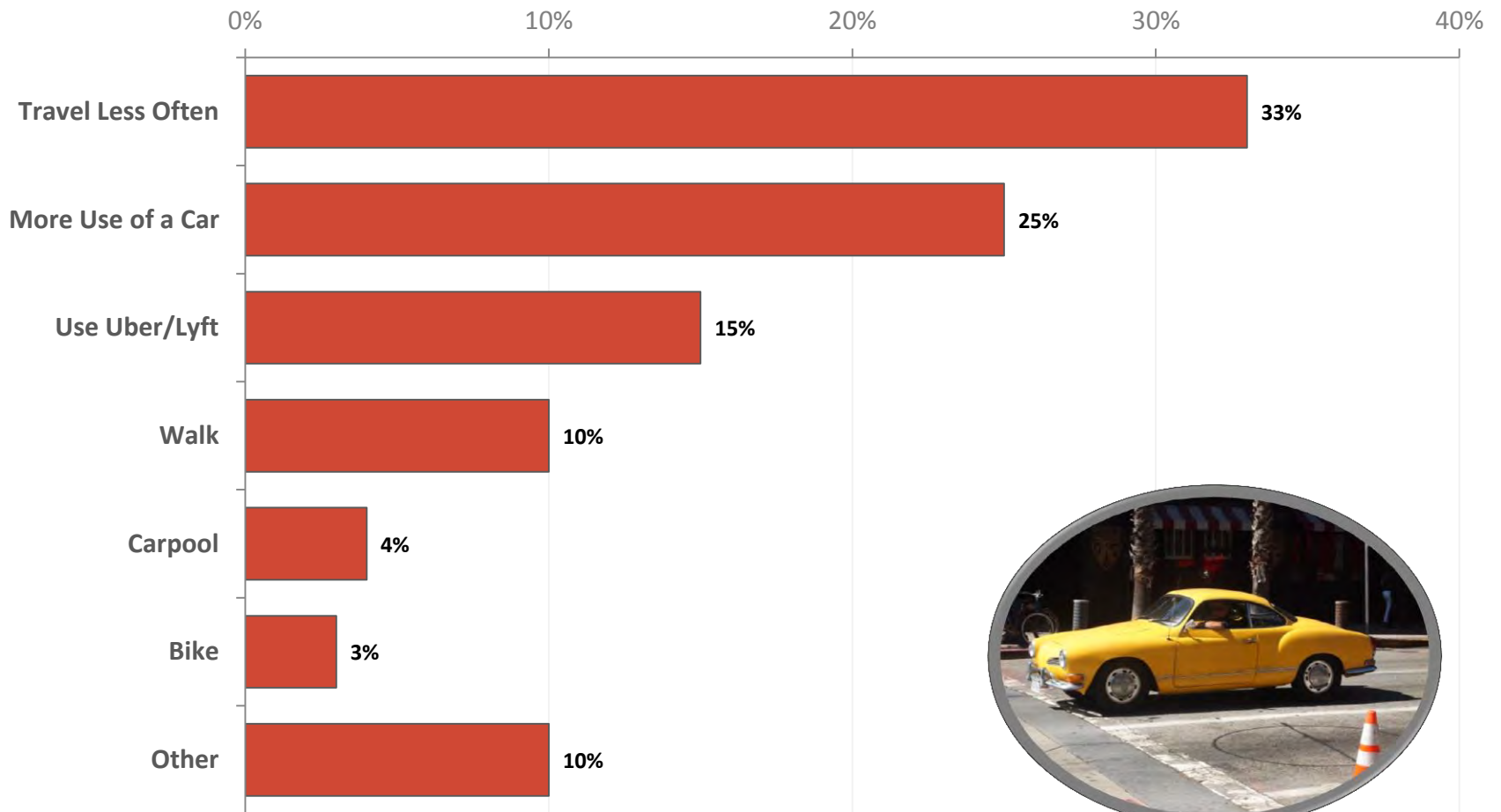
- Most riders are making the same or more trips
- Suggests that ridership decline is from riders who are no longer using MTS



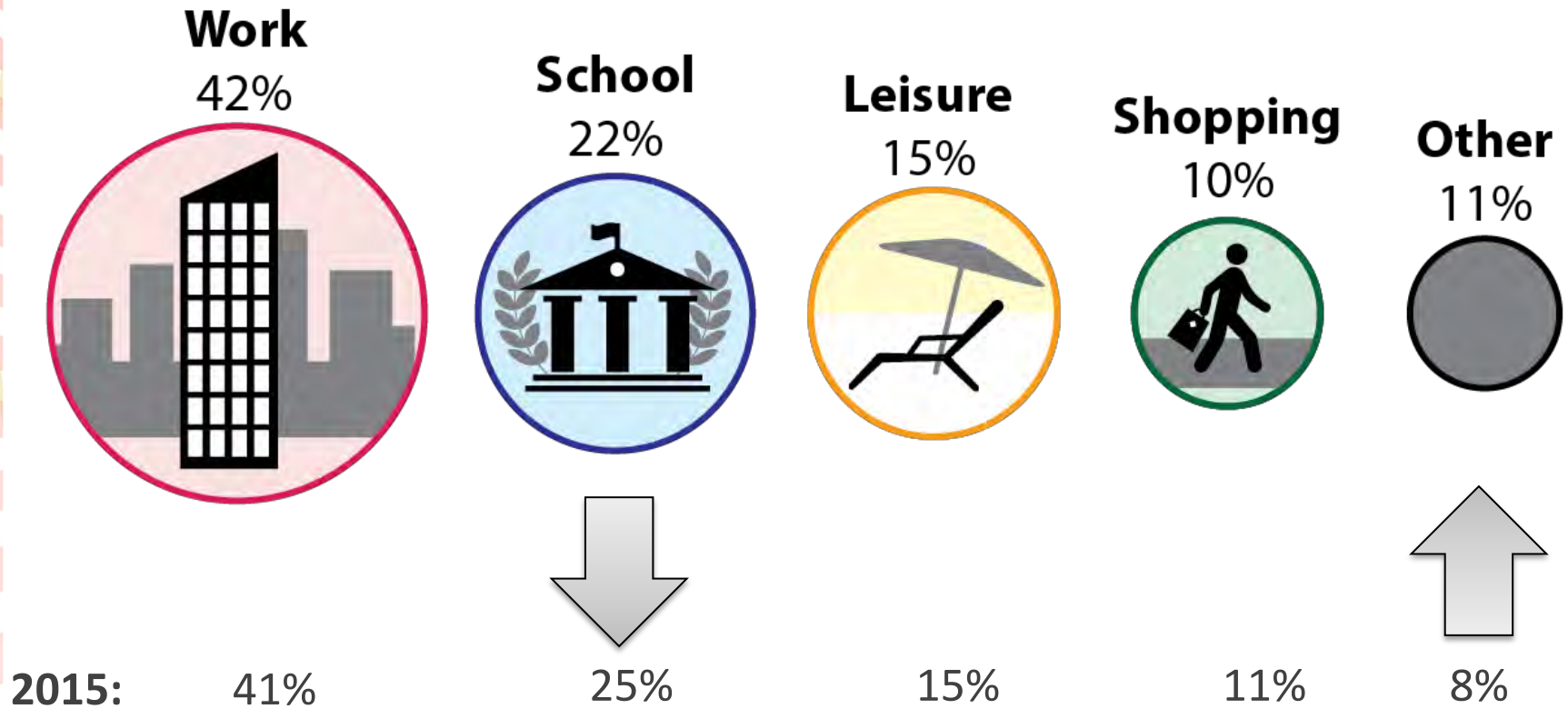
# Reasons for Riding More



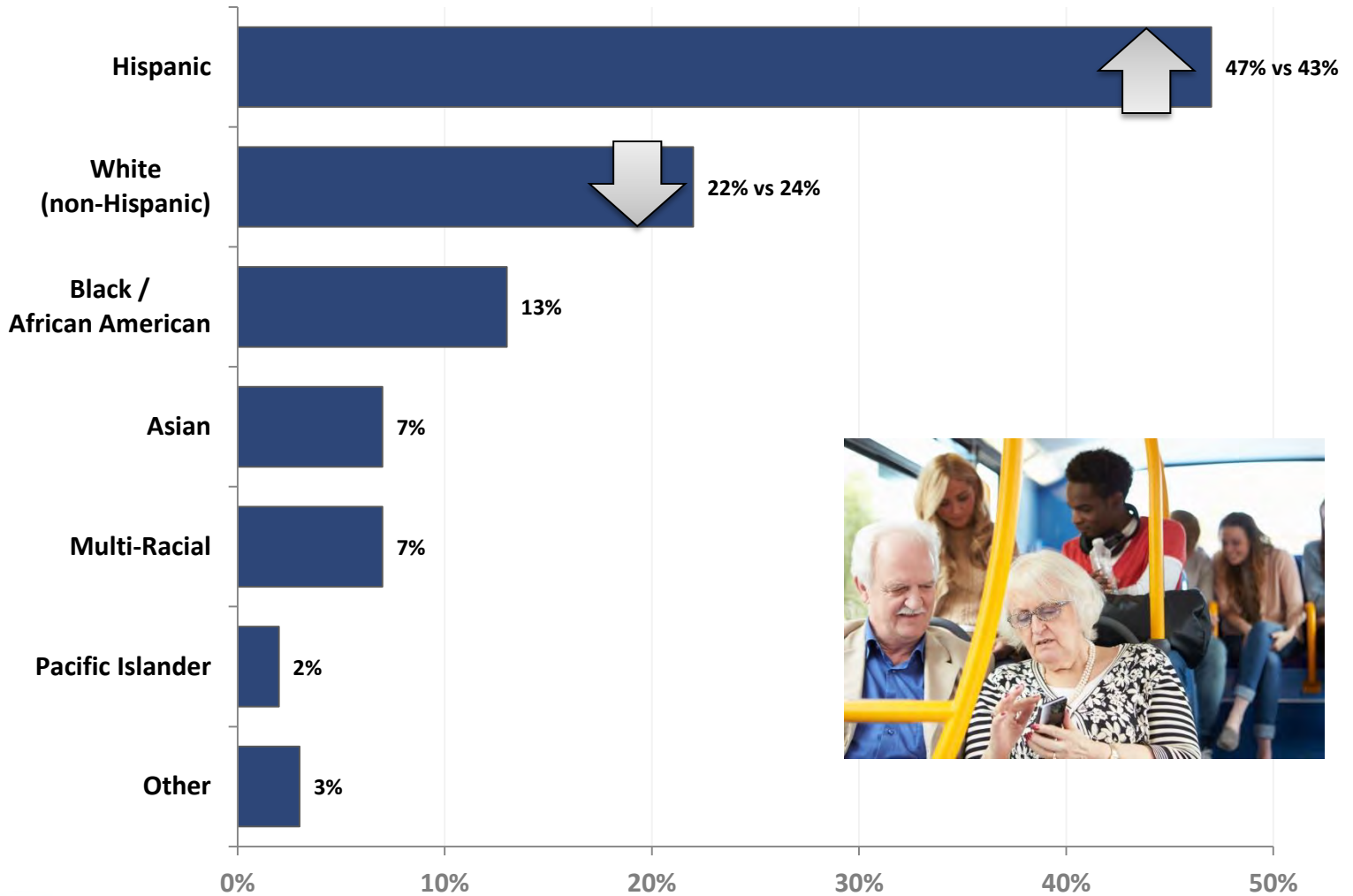
# Reasons for Riding Less



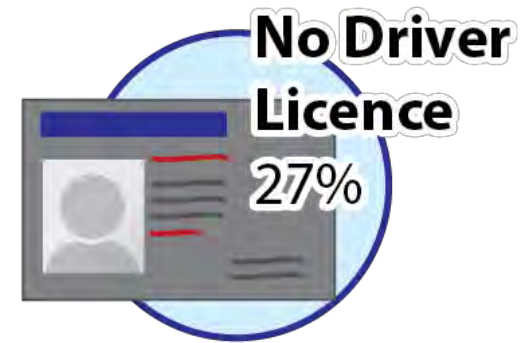
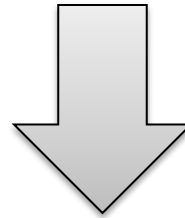
# Rider Profile: Trip Purpose



# Demographics: Ethnicity



# Reasons for Taking Transit



2015: 69%

34%

31%

# Reasons for Taking Transit by Income

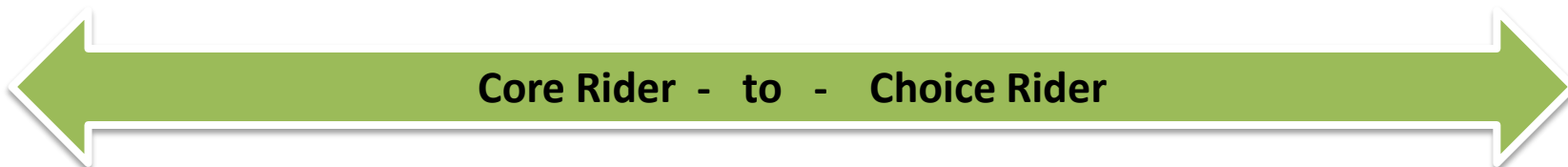
## The Income Effect

< \$15,000	\$15,000 - \$49,999	\$50,000 +
<b>No Car to Use</b>	<b>No Car to Use</b>	Price of Fuel
<b>75%</b>	<b>61%</b>	40%
No Driver's License	Save Money	No Car to Use
29%	32%	39%
Save Money	No Driver's License	Save Money
27%	27%	37%



# Reasons for Taking Transit by Age

13 - 18	19 - 24	25 - 34	35 - 49	50 - 59	60 or Older
No Car to Use	No Car to Use	No Car to Use	No Car to Use	No Car to Use	No Car to Use
<b>71%</b>	<b>74%</b>	62%	60%	55%	52%
No Driver's License	Save Money	Save Money	Save Money	Save Money	Save Money
<b>55%</b>	<b>36%</b>	31%	27%	<b>25%</b>	<b>35%</b>
Save Money/ No Car to Use	No Driver's License	No Driver's License	Avoid Traffic	Avoid Traffic	Avoid Traffic/ Better for Environment
21%	33%	26%	24%	<b>25%</b>	<b>21%</b>

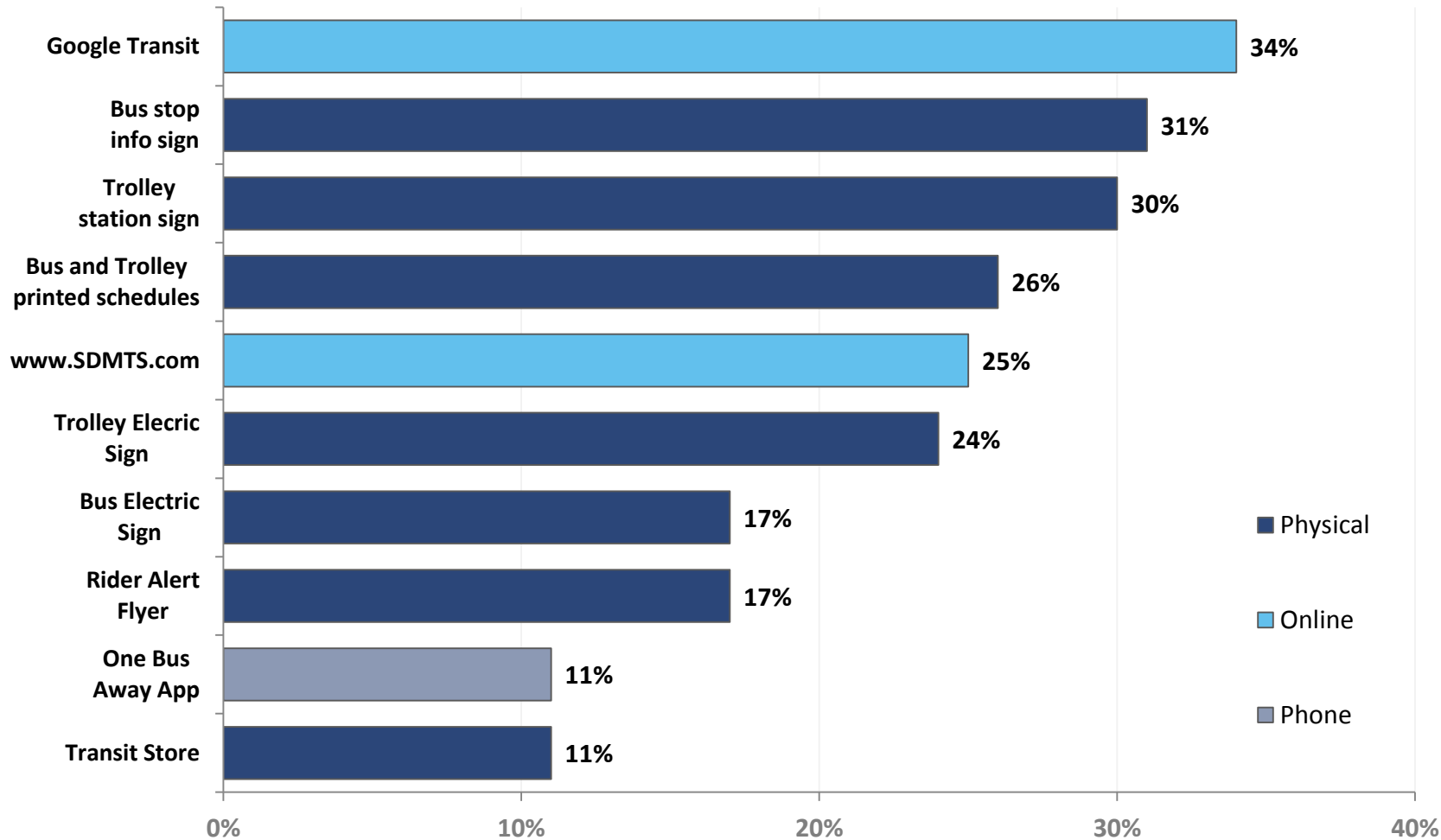




# Sources of Information



# Top Sources of Information





# Thank You!

  
THE POWER OF INSIGHT



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## Agenda Item No. 46

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

November 9, 2017

#### SUBJECT:

YEAR END OPERATIONS REPORT (WAYNE TERRY, BILL SPRAUL AND DENIS DESMOND)

#### INFORMATIONAL ONLY

##### Budget Impact

None.

#### DISCUSSION:

MTS Board Policy No. 42, "Transit Service Evaluation and Adjustment", establishes a process for evaluating existing transit services to achieve the objective of developing a customer-focused, competitive, integrated, and sustainable system. Additionally, federal Title VI guidance requires that certain performance measures be evaluated and reported to the Board periodically. The analyses show trends for the current fiscal year and help to track performance throughout the year.

Staff from the Planning department and the Rail and Bus Operating Divisions will provide a summary of fiscal year 2017 service performance.

/s/ Paul C. Jablonski  
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. Service Performance Monitoring Report



**SERVICE PERFORMANCE  
MONITORING REPORT  
WILL BE PROVIDED AT THE  
BOARD MEETING**



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San Diego, CA 92101-7490  
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## Agenda Item No. 47

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

November 9, 2017

#### SUBJECT:

SEMI-ANNUAL SECURITY REPORT (JANUARY 1, 2017 THROUGH JUNE 30, 2017)  
(MANNY GUADERRAMA)

#### INFORMATIONAL ONLY

##### Budget Impact

None with this action.

#### DISCUSSION:

This semi-annual security report covers the period from January 1, 2017 through June 30, 2017. Topics to be discussed will be the crime statistics for the calendar year and information regarding security and enforcement.

Transit Enforcement staff utilized the Automated Regional Justice Information System (ARJIS) database to obtain/identify Part I crimes that were possibly transit related. All law enforcement agencies in the San Diego region report their crime information to ARJIS and this is the most reliable data. Crime statistics where MTS staff was notified/involved are tracked and maintained in the MTS database (eForce). Once a crime was identified as possibly transit related, crime reports were obtained/reviewed to determine if there was a nexus to MTS.

/s/ Paul C. Jablonski

Paul C. Jablonski  
Chief Executive Officer

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





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## Agenda Item No. 48

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

November 9, 2017

#### SUBJECT:

OPERATIONS BUDGET STATUS REPORT FOR SEPTEMBER 2017 (MIKE THOMPSON)

#### INFORMATIONAL ONLY

##### Budget Impact

None at this time.

#### DISCUSSION:

This report summarizes the year-to-date operating results for September 2017 compared to the fiscal year (FY) 2018 adopted budget for San Diego Metropolitan Transit System (MTS). Attachment A-1 combines the operations', administrations' and other activities' results for September 2017. Attachment A-2 details the September 2017 combined operations' results and Attachments A-3 to A-7 present budget comparisons for each MTS operation. Attachment A-8 details budget comparisons for MTS Administration, and Attachment A-9 provides September 2017 results for MTS's other activities (Taxicab/San Diego and Arizona Eastern Railway Company).

#### MTS NET-OPERATING SUBSIDY RESULTS

As indicated within Attachment A-1, for the year-to-date period ending September 2017, MTS's net-operating income unfavorable variance totaled \$1,478,000 (-3.5%). Operations produced a \$1,941,000 (-4.7%) unfavorable variance and the administrative/other activities areas were favorable by \$463,000.

#### MTS COMBINED RESULTS

Revenues. Year-to-date combined revenues through September 2017 were \$27,250,000, compared to the year-to-date budget of \$28,656,000, representing an



\$1,406,000 (-4.9%) unfavorable variance. This is primarily due to unfavorable variances within Passenger Fare revenues.

Expenses. Year-to-date combined expenses through September 2017 were \$70,545,000 compared to the budget of \$70,473,000, resulting in a \$72,000 (-0.1%) unfavorable variance.

Personnel Costs. Year-to-date personnel-related costs totaled \$33,699,000, compared to a budgetary figure of \$33,450,000, producing an unfavorable variance of \$249,000 (-0.7%).

Outside Services and Purchased Transportation. Total outside services through three months of the fiscal year totaled \$24,210,000, compared to a budget of \$24,392,000, resulting in a favorable variance of \$182,000 (0.7%).

Materials and Supplies. Total year-to-date materials and supplies expenses were \$3,131,000, compared to a budgetary figure of \$2,877,000, resulting in an unfavorable variance of \$255,000 (-8.8%).

Energy. Total year-to-date energy costs were \$7,089,000, compared to the budget of \$7,260,000 resulting in a favorable variance of \$171,000 (2.4%).

Risk Management. Total year-to-date expenses for risk management were \$1,044,000, compared to the budget of \$1,066,000, resulting in a favorable variance totaling \$21,000 (2.0%).

General and Administrative. The year-to-date general and administrative costs, including vehicle and facilities leases, were \$1,371,000 through September 2017, compared to a budget of \$1,429,000, resulting in a favorable variance of \$58,000 (4.1%).

#### YEAR-TO-DATE SUMMARY

The September 2017, year-to-date net-operating income totaled an unfavorable variance of \$1,478,000 (-3.5%). These factors include unfavorable variances in operating revenue, personnel costs and materials and supplies; offset by favorable variances in outside services, energy, risk management and general and administrative.

/s/ Paul C. Jablonski  
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. Comparison to Budget



**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**MTS**  
**CONSOLIDATED**  
**COMPARISON TO BUDGET - FISCAL YEAR 2018**  
**SEPTEMBER 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ 23,396	\$ 25,013	\$ (1,617)	-6.5%
Other Revenue	3,854	3,643	211	5.8%
<b>Total Operating Revenue</b>	<b>\$ 27,250</b>	<b>\$ 28,656</b>	<b>\$ (1,406)</b>	<b>-4.9%</b>
Personnel costs	\$ 33,699	\$ 33,450	\$ (249)	-0.7%
Outside services	24,210	24,392	182	0.7%
Transit operations funding	-	-	-	-
Materials and supplies	3,131	2,877	(255)	-8.8%
Energy	7,089	7,260	171	2.4%
Risk management	1,044	1,066	21	2.0%
General & administrative	1,161	1,128	(34)	-3.0%
Vehicle/facility leases	210	302	92	30.6%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	-	(0)	(0)	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 70,545</b>	<b>\$ 70,473</b>	<b>\$ (72)</b>	<b>-0.1%</b>
<b>Operating income (loss)</b>	<b>\$ (43,295)</b>	<b>\$ (41,817)</b>	<b>\$ (1,478)</b>	<b>-3.5%</b>
<b>Total public support and nonoperating revenues</b>	<b>(137)</b>	<b>(127)</b>	<b>(10)</b>	<b>7.7%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ (43,432)</b>	<b>\$ (41,944)</b>	<b>\$ (1,487)</b>	<b>3.5%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**OPERATIONS**  
**CONSOLIDATED OPERATIONS**  
**COMPARISON TO BUDGET - FISCAL YEAR 2018**  
**SEPTEMBER 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ 23,396	\$ 25,013	\$ (1,617)	-6.5%
Other Revenue	355	301	54	18.0%
<b>Total Operating Revenue</b>	<b>\$ 23,751</b>	<b>\$ 25,314</b>	<b>\$ (1,563)</b>	<b>-6.2%</b>
Personnel costs	\$ 28,339	\$ 27,629	\$ (710)	-2.6%
Outside services	20,105	20,391	285	1.4%
Transit operations funding	-	-	-	-
Materials and supplies	3,135	2,865	(269)	-9.4%
Energy	6,910	7,061	151	2.1%
Risk management	866	949	83	8.8%
General & administrative	208	220	12	5.6%
Vehicle/facility leases	185	256	70	27.5%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	6,935	6,935	(0)	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 66,683</b>	<b>\$ 66,306</b>	<b>\$ (377)</b>	<b>-0.6%</b>
<b>Operating income (loss)</b>	<b>\$ (42,932)</b>	<b>\$ (40,991)</b>	<b>\$ (1,941)</b>	<b>-4.7%</b>
<b>Total public support and nonoperating revenues</b>	<b>(148)</b>	<b>(162)</b>	<b>14</b>	<b>-8.8%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ (43,080)</b>	<b>\$ (41,153)</b>	<b>\$ (1,926)</b>	<b>4.7%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**OPERATIONS**  
**TRANSIT SERVICES (SAN DIEGO TRANSIT CORPORATION)**  
**COMPARISON TO BUDGET - FISCAL YEAR 2018**  
**SEPTEMBER 30, 2017**  
**(in \$000's)**

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 5,342	\$ 5,625	\$ (283)	-5.0%
Other Revenue	12	1	11	865.9%
<b>Total Operating Revenue</b>	<b>\$ 5,354</b>	<b>\$ 5,626</b>	<b>\$ (272)</b>	<b>-4.8%</b>
Personnel costs	\$ 18,846	\$ 18,273	\$ (573)	-3.1%
Outside services	587	501	(85)	-17.0%
Transit operations funding	-	-	-	-
Materials and supplies	1,108	1,124	16	1.4%
Energy	1,397	1,420	22	1.6%
Risk management	434	484	50	10.4%
General & administrative	110	112	2	1.9%
Vehicle/facility leases	79	97	17	17.8%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	2,407	2,407	-	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 24,968</b>	<b>\$ 24,417</b>	<b>\$ (551)</b>	<b>-2.3%</b>
<b>Operating income (loss)</b>	<b>\$ (19,613)</b>	<b>\$ (18,790)</b>	<b>\$ (823)</b>	<b>-4.4%</b>
<b>Total public support and nonoperating revenues</b>	<b>(210)</b>	<b>(213)</b>	<b>3</b>	<b>-1.6%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ (19,823)</b>	<b>\$ (19,003)</b>	<b>\$ (819)</b>	<b>4.3%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
OPERATIONS  
RAIL OPERATIONS (SAN DIEGO TROLLEY, INCORPORATED)  
COMPARISON TO BUDGET - FISCAL YEAR 2018  
SEPTEMBER 30, 2017  
(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ 10,803	\$ 11,553	\$ (750)	-6.5%
Other Revenue	343	300	43	14.2%
<b>Total Operating Revenue</b>	<b>\$ 11,145</b>	<b>\$ 11,853</b>	<b>\$ (708)</b>	<b>-6.0%</b>
Personnel costs	\$ 9,215	\$ 9,035	\$ (179)	-2.0%
Outside services	1,227	1,344	117	8.7%
Transit operations funding	-	-	-	-
Materials and supplies	2,024	1,729	(295)	-17.1%
Energy	3,486	3,487	1	0.0%
Risk management	428	461	33	7.2%
General & administrative	97	105	8	7.8%
Vehicle/facility leases	32	84	53	62.6%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	4,008	4,008	-	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 20,516</b>	<b>\$ 20,253</b>	<b>\$ (263)</b>	<b>-1.3%</b>
<b>Operating income (loss)</b>	<b>\$ (9,370)</b>	<b>\$ (8,400)</b>	<b>\$ (970)</b>	<b>-11.6%</b>
<b>Total public support and nonoperating revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (loss) before capital contributions</b>	<b>\$ (9,370)</b>	<b>\$ (8,400)</b>	<b>\$ (970)</b>	<b>11.6%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
OPERATIONS  
MULTIMODAL OPERATIONS (FIXED ROUTE)  
COMPARISON TO BUDGET - FISCAL YEAR 2018  
SEPTEMBER 30, 2017  
(in \$000's)**

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 6,614	\$ 7,000	\$ (386)	-5.5%
Other Revenue	1	-	1	-
<b>Total Operating Revenue</b>	<b>\$ 6,615</b>	<b>\$ 7,000</b>	<b>\$ (385)</b>	<b>-5.5%</b>
Personnel costs	\$ 62	\$ 83	\$ 21	25.1%
Outside services	13,721	13,835	114	0.8%
Transit operations funding	-	-	-	-
Materials and supplies	2	12	10	80.4%
Energy	1,475	1,609	135	8.4%
Risk management	-	-	-	-
General & administrative	0	1	1	67.5%
Vehicle/facility leases	5	5	0	9.9%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	381	381	0	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 15,646</b>	<b>\$ 15,927</b>	<b>\$ 281</b>	<b>1.8%</b>
<b>Operating income (loss)</b>	<b>\$ (9,032)</b>	<b>\$ (8,928)</b>	<b>\$ (104)</b>	<b>-1.2%</b>
<b>Total public support and nonoperating revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (loss) before capital contributions</b>	<b>\$ (9,032)</b>	<b>\$ (8,928)</b>	<b>\$ (104)</b>	<b>1.2%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
OPERATIONS  
MULTIMODAL OPERATIONS (PARATRANSIT)  
COMPARISON TO BUDGET - FISCAL YEAR 2018  
SEPTEMBER 30, 2017  
(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ 637	\$ 836	\$ (198)	-23.8%
Other Revenue	-	-	-	-
<b>Total Operating Revenue</b>	<b>\$ 637</b>	<b>\$ 836</b>	<b>\$ (198)</b>	<b>-23.8%</b>
Personnel costs	\$ 21	\$ 42	\$ 21	50.6%
Outside services	4,355	4,495	140	3.1%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	553	546	(7)	-1.3%
Risk management	4	4	-	0.0%
General & administrative	1	2	1	61.6%
Vehicle/facility leases	70	70	0	0.0%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	139	139	(0)	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 5,143</b>	<b>\$ 5,298</b>	<b>\$ 155</b>	<b>2.9%</b>
<b>Operating income (loss)</b>	<b>\$ (4,505)</b>	<b>\$ (4,462)</b>	<b>\$ (43)</b>	<b>-1.0%</b>
<b>Total public support and nonoperating revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (loss) before capital contributions</b>	<b>\$ (4,505)</b>	<b>\$ (4,462)</b>	<b>\$ (43)</b>	<b>1.0%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**OPERATIONS**  
**CORONADO FERRY**  
**COMPARISON TO BUDGET - FISCAL YEAR 2018**  
**SEPTEMBER 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	-	-	-	-
<b>Total Operating Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
Personnel costs	\$ -	\$ -	\$ -	-
Outside services	53	53	(0)	0.0%
Transit operations funding	-	-	-	-
Materials and supplies	-	-	-	-
Energy	-	-	-	-
Risk management	-	-	-	-
General & administrative	-	-	-	-
Vehicle/facility leases	-	-	-	-
Amortization of net pension asset	-	-	-	-
Administrative Allocation	-	-	-	-
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 53</b>	<b>\$ 53</b>	<b>\$ (0)</b>	<b>0.0%</b>
<b>Operating income (loss)</b>	<b>\$ (53)</b>	<b>\$ (53)</b>	<b>\$ (0)</b>	<b>0.0%</b>
<b>Total public support and nonoperating revenues</b>	<b>62</b>	<b>51</b>	<b>11</b>	<b>21.6%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ 9</b>	<b>\$ (2)</b>	<b>\$ 11</b>	<b>-550.1%</b>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**ADMINISTRATION**  
**CONSOLIDATED**  
**COMPARISON TO BUDGET - FISCAL YEAR 2018**  
**SEPTEMBER 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	3,408	3,254	154	4.7%
<b>Total Operating Revenue</b>	<b>\$ 3,408</b>	<b>\$ 3,254</b>	<b>\$ 154</b>	<b>4.7%</b>
Personnel costs	\$ 5,157	\$ 5,553	\$ 396	7.1%
Outside services	4,060	3,930	(130)	-3.3%
Transit operations funding	-	-	-	-
Materials and supplies	(3)	10	13	134.3%
Energy	178	196	18	9.3%
Risk management	124	110	(14)	-12.8%
General & administrative	926	878	(49)	-5.5%
Vehicle/facility leases	19	40	21	53.6%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	(6,971)	(6,971)	-	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 3,490</b>	<b>\$ 3,746</b>	<b>\$ 256</b>	<b>6.8%</b>
<b>Operating income (loss)</b>	<b>\$ (82)</b>	<b>\$ (492)</b>	<b>\$ 410</b>	<b>83.4%</b>
<b>Total public support and nonoperating revenues</b>	<b>11</b>	<b>35</b>	<b>(24)</b>	<b>-68.6%</b>
<b>Income (loss) before capital contributions</b>	<b>\$ (71)</b>	<b>\$ (457)</b>	<b>\$ 386</b>	<b>-84.5%</b>



**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**  
**OTHER ACTIVITIES**  
**CONSOLIDATED**  
**COMPARISON TO BUDGET - FISCAL YEAR 2018**  
**SEPTEMBER 30, 2017**  
**(in \$000's)**

	<b>YEAR TO DATE</b>			
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR. %</b>
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	90	88	3	3.1%
<b>Total Operating Revenue</b>	<b>\$ 90</b>	<b>\$ 88</b>	<b>\$ 3</b>	<b>3.1%</b>
Personnel costs	\$ 202	\$ 267	\$ 65	24.4%
Outside services	45	71	27	37.3%
Transit operations funding	-	-	-	-
Materials and supplies	0	2	2	95.0%
Energy	2	3	2	50.7%
Risk management	54	6	(48)	-783.3%
General & administrative	27	30	2	8.2%
Vehicle/facility leases	6	6	0	7.4%
Amortization of net pension asset	-	-	-	-
Administrative Allocation	36	36	-	0.0%
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 371</b>	<b>\$ 421</b>	<b>\$ 50</b>	<b>11.9%</b>
<b>Operating income (loss)</b>	<b>\$ (281)</b>	<b>\$ (334)</b>	<b>\$ 53</b>	<b>15.8%</b>
<b>Total public support and nonoperating revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (loss) before capital contributions</b>	<b>\$ (281)</b>	<b>\$ (334)</b>	<b>\$ 53</b>	<b>-15.8%</b>



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

## Agenda Item No. 61

### Chief Executive Officer's Report

November 9, 2017

In accordance with Board Policy No. 52, "Procurement of Goods and Services", attached are listings of contracts, purchase orders, and work orders that have been approved within the CEO's authority (up to and including \$100,000) for the period October 11, 2017 through October 31, 2017.

\*Please note additional reporting of purchase orders that is now possible with the new SAP Enterprise Resource Planning system.

#### CEO Travel Report (since last Board meeting)

- Oct. 19-21: TOPS Committee Meeting in Washington, DC
- Oct. 24: Meeting with California Transit Association (CTA) and California Air Resources Board (CARB) staff regarding next steps for Zero Emission Bus (ZEB) Regulation in Sacramento, CA
- Nov. 7-8: CTA Executive Committee Meeting and Annual Fall Conference in Riverside, CA

#### Board Member Travel Report (since last Board meeting)

N/A



EXPENSE CONTRACTS				
Doc #	Organization	Subject	Amount	Day
G1959.1-17	EXIT CERTIFIED CORPORATION	CONTRACT EXTENSION FOR 6 MONTHS	\$0.00	10/12/2017
L1360.1-17	JACOBS ENGINEERING	ROADWAY WORKER PROTECTION TRAINING	\$29,520.00	10/17/2017
PWL18201615	HERZOG CONSTRUCTION	HAWTHORNE OPEN CUT	\$19,013.12	10/17/2017
PWL214.5-17	GLOBAL SIGNALS GROUP	INSTALL ADDITIONAL INTRUSION EQUIP	\$11,645.21	10/17/2017
G1947.01702	HDR ENGINEERING	ADA BUS STOP IMPROVEMENTS	\$40,066.00	10/18/2017
G1928.2-18	T&T JANITORIAL	JANITORIAL SVC - TAXI	\$0.00	10/19/2017
PWL20301609	HMS CONSTRUCTION	REMOVE PULL CABLE AT IMPERIAL STATION	\$18,957.24	10/20/2017
B0600.2-13	KINGSBURY UNIFORMS, INC.	ADD OPTION ITEMS AND EXERCISE OY2	\$0.00	10/26/2017
G1947.01710	HDR ENGINEERING	ORANGE LINE	\$97,209.00	10/27/2017
G1205.4-10	FIRST TRANSIT	ADA PARATRANSIT SVC	\$0.00	10/31/2017
G1474.1-12	ENVIRONMENTAL LOGISTICS, INC.	HAZARDOUS MATERIAL DISPOSAL SVC	\$17,594.00	10/31/2017
PWL237.1-17	DRAKE INTEGRATIONS	CIRCON LONWORKS CONTROLLERS	\$29,500.00	10/31/2017

REVENUE CONTRACTS & MOUs				
Doc #	Organization	Subject	Amount	Day
L1396.0-17	PEDAL FOR THE CAUSE	ROE PEDAL FOR CAUSE CYCLING EVENT	\$750.00	10/12/2017
L6723.2-16	SECC CORPORATION	JROE - RELOCATION OF FIBER LOS PENASQUIT	\$750.00	10/12/2017
M6719.1-17	HAZARD CONSTRUCTION COMPANY	ROE EXTEND PERMIT	\$750.00	10/16/2017
L5807.0-18	HENKELS & MCCOY	JROE - SDGE VINE SUBSTATION	\$3,950.00	10/17/2017
M6726.0-18	FRANK MORAN	LEASE - GRANTVILLE STATION	\$71,552.00	10/17/2017
L1329.0-17	AMERICAN WRECKING, INC	ROE - BOSA'S BROADWAY	\$3,750.00	10/20/2017
L6710.10-15	SKANSKA USA CIVIL WEST CA DIST	JROE - ADD SOW & FIBER OPTIC RELOCATION	\$0.00	10/20/2017
L1412.0-18	CANIN COATINGS, INC	ROE - REMOVE BIRDS NEST	\$750.00	10/24/2017
L1419.0-18	GOT U WIRED	ROE - GASLAMP QUARTER PARK	\$750.00	10/25/2017
S200-18-674	RAIL WORKS TRACK SERVICES	ROE - MUSEUM CAMPO TIE REPLACEMENT	\$0.00	10/25/2017
G2056.0-18	SD UNIFIED SCHOOL DISTRICT	COMPASS CARD (PPB)	\$0.00	10/27/2017
L1411.0-18	SAN DIEGO COUNTY BICYCLE COALITION	ROE - CICLOS DIAS BIKE RACE	\$750.00	10/27/2017
L6767.0-17	DOKKEN ENGINEERING	JROE - MID COAST	\$750.00	10/27/2017
M6725.0-18	EASY DAY SPORTS	ROE - THRIVE HALF MARATHON	\$750.00	10/27/2017
L1421.0-18	HP COMMUNICATIONS, INC.	ROE - 22ND ST & COMMERCIAL ST	\$750.00	10/30/2017
L6744.2-17	KLEINFELDER, INC	JROE - SECTION 1.3 UPDATED	\$0.00	10/30/2017

**WORK ORDERS**

<b>Doc #</b>	<b>Organization</b>	<b>Subject</b>	<b>Amount</b>	<b>Day</b>
G1493.0-13.14.02	KIMLEY HORN & ASSOCIATES	GROUNDWATER MONITORING FOR IAD YARD	\$8,700.00	10/12/2017
PWL182.0-16.18	HERZOG CONSTRUCTION, INC.	INSULATED JOINT REPLACEMENT SIGNAL	\$22,015.93	10/12/2017
PWL182.016.750115	HERZOG CONSTRUCTION	HAWTHORNE OPEN CUT	\$19,013.12	10/17/2017
PWL203.0-16-09	HMS CONSTRUCTION	REMOVE PULL CABLE AT IMPERIAL STATION	\$18,957.24	10/20/2017
G1947.0-17-10	HDR ENGINEERING, INC.	DSDC FOR ORANGE LINE COURTHOUSE	\$97,209.00	10/25/2017

Purchase Orders				
PO Number	PO Date	Name	Material Group	PO Value
4400000227	10/12/2017	W.W. Grainger Inc	B250-BUS REPAIR PARTS	98.14
4400000228	10/16/2017	W.W. Grainger Inc	B250-BUS REPAIR PARTS	64.63
4400000229	10/20/2017	W.W. Grainger Inc	B250-BUS REPAIR PARTS	132.08
4400000230	10/20/2017	W.W. Grainger Inc	G130-SHOP TOOLS	88.36
4400000231	10/20/2017	W.W. Grainger Inc	G160-PAINTS & CHEMICALS	269.72
4400000232	10/20/2017	Mcmaster-Carr Supply Co	B250-BUS REPAIR PARTS	81.13
4400000233	10/27/2017	W.W. Grainger Inc	G200-OFFICE SUPPLIES	925.35
4500014757	10/11/2017	Neleco Products Inc	G170-LUBRICANTS	21,560.78
4500014758	10/11/2017	City Electric Works Inc	P120-BLDG/FACILITY REPRS	515.00
4500014759	10/11/2017	Charter Industrial Supply Inc	B120-BUS MECHANICAL PARTS	60.16
4500014760	10/11/2017	CDW LLC	I110-INFORMATION TECH	37.72
4500014761	10/11/2017	Team One Repair Inc	G290-FARE REVENUE EQUIP	1,631.22
4500014762	10/11/2017	Bocks Awards Inc	G250-NOVELTIES & AWARDS	467.55
4500014763	10/11/2017	Golden State Supply LLC	G140-SHOP SUPPLIES	15.06
4500014764	10/11/2017	Simon Wong Engineering Inc	C120-SPECIALTY CONTRACTOR	93,915.04
4500014765	10/11/2017	Waxie Sanitary Supply Inc	G140-SHOP SUPPLIES	248.96
4500014766	10/11/2017	Jones Roach & Caringella, Inc.	P410-CONSULTING	8,500.00
4500014767	10/11/2017	Transit Holdings Inc	B120-BUS MECHANICAL PARTS	2,322.46
4500014768	10/11/2017	Digital Printing Systems Inc	G280-FARE MATERIALS	8,986.35
4500014769	10/11/2017	Airgas Inc	G140-SHOP SUPPLIES	6,172.50
4500014770	10/11/2017	East Village Association	G250-NOVELTIES & AWARDS	250.00
4500014771	10/11/2017	New Technical Solutions, Inc.	I110-INFORMATION TECH	686.00
4500014772	10/11/2017	Sid Tool Co	G130-SHOP TOOLS	333.09
4500014773	10/11/2017	Waytek Inc	G140-SHOP SUPPLIES	79.02
4500014774	10/11/2017	Home Depot USA Inc	G140-SHOP SUPPLIES	1,629.83
4500014775	10/11/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,818.68
4500014776	10/11/2017	Reid and Clark Screen Arts Co	R120-RAIL/LRV CAR BODY	80.38
4500014777	10/11/2017	Staples Contract & Commercial Inc	P540-MAINTENANCE TRAINING	385.04
4500014778	10/11/2017	Chromate Industrial Corporation	G270-ELECTRICAL/LIGHTING	122.22
4500014779	10/11/2017	Prochem Specialty Products Inc	G180-JANITORIAL SUPPLIES	2,531.68
4500014780	10/11/2017	Citywide Auto Glass Inc	G130-SHOP TOOLS	22.63
4500014781	10/11/2017	Ansaldo Sts Usa Inc	M130-CROSSING MECHANISM	403.41
4500014782	10/11/2017	Willy's Electronic Supply Co	G270-ELECTRICAL/LIGHTING	342.11
4500014783	10/11/2017	Werth Sanitary Supply Co Inc	G180-JANITORIAL SUPPLIES	1,271.54
4500014784	10/11/2017	Kenneth Evans	I110-INFORMATION TECH	5,600.28
4500014785	10/11/2017	Nth Generation Computing Inc	I110-INFORMATION TECH	3,301.00
4500014786	10/11/2017	4One LLC	B130-BUS BODY	2,476.85
4500014787	10/11/2017	Matheson Tri-Gas Inc	G140-SHOP SUPPLIES	157.50
4500014788	10/11/2017	Transit Holdings Inc	B130-BUS BODY	22,054.05
4500014789	10/11/2017	CDW LLC	G200-OFFICE SUPPLIES	448.15
4500014790	10/12/2017	Maintex Inc	G170-LUBRICANTS	1,179.05
4500014791	10/12/2017	Optimum Floorcare	F180-BUILDING MATERIALS	845.60
4500014792	10/12/2017	TK Services Inc	B250-BUS REPAIR PARTS	404.80
4500014793	10/12/2017	Cembre Inc	M170-IMPEDANCE BOND	840.45
4500014794	10/12/2017	Nth Generation Computing Inc	I110-INFORMATION TECH	21,222.25
4500014795	10/12/2017	Transit Holdings Inc	B250-BUS REPAIR PARTS	527.35
4500014796	10/12/2017	Reid and Clark Screen Arts Co	R120-RAIL/LRV CAR BODY	2,240.69
4500014797	10/12/2017	Cummins Pacific LLC	P190-REV VEHICLE REPAIRS	2,543.20
4500014798	10/12/2017	Flyers Energy LLC	A120-AUTO/TRUCK GASOLINE	19,308.78
4500014799	10/12/2017	Transit Holdings Inc	B250-BUS REPAIR PARTS	314.84
4500014800	10/12/2017	Harbor Diesel & Equipment	B200-BUS PWR TRAIN EQUIP	10,784.89
4500014801	10/12/2017	Dunn-Edwards Corporation	G160-PAINTS & CHEMICALS	255.29
4500014802	10/12/2017	Cummins Pacific LLC	B130-BUS BODY	1,983.79
4500014803	10/12/2017	W.W. Grainger Inc	F110-SHOP/BLDG MACHINERY	166.39
4500014804	10/12/2017	Gillig LLC	B250-BUS REPAIR PARTS	91.02
4500014805	10/12/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,806.35
4500014806	10/12/2017	OSI Hardware Inc	I110-INFORMATION TECH	320.07
4500014807	10/12/2017	Home Depot USA Inc	F180-BUILDING MATERIALS	300.82
4500014808	10/12/2017	W.W. Grainger Inc	G190-SAFETY/MED SUPPLIES	226.07

Purchase Orders				
PO Number	PO Date	Name	Material Group	PO Value
4500014809	10/12/2017	Home Depot USA Inc	F190-LANDSCAPING MAT'LS	326.12
4500014810	10/12/2017	Cummins Pacific LLC	P190-REV VEHICLE REPAIRS	1,131.38
4500014811	10/12/2017	Professional Contractors Supplies	G140-SHOP SUPPLIES	3,309.09
4500014812	10/12/2017	Don Oleson Inc	B250-BUS REPAIR PARTS	441.47
4500014813	10/12/2017	Neyenesch Printers Inc	G230-PRINTED MATERIALS	14,110.94
4500014814	10/12/2017	Cubic Transportation Systems	G290-FARE REVENUE EQUIP	2,482.72
4500014815	10/12/2017	Charter Industrial Supply Inc	R220-RAIL/LRV TRUCKS	2,325.85
4500014816	10/12/2017	Schunk Carbon Technology LLC	R190-RAIL/LRV PANTOGRAPH	3,071.20
4500014817	10/12/2017	Team One Repair Inc	G290-FARE REVENUE EQUIP	224.12
4500014818	10/12/2017	The Gordian Group, Inc.	P120-BLDG/FACILITY REPRS	2,646.70
4500014819	10/13/2017	Konecranes Inc	P130-EQUIP MAINT REPR SVC	2,861.93
4500014820	10/13/2017	Winchester Industries Inc	P130-EQUIP MAINT REPR SVC	86.00
4500014821	10/13/2017	Cummins Pacific LLC	B130-BUS BODY	3,360.77
4500014822	10/13/2017	Elite K-9 Inc	G120-SECURITY	3,247.54
4500014823	10/13/2017	Zemarc Corporation	T120-TRACK, LUBRICATORS	87.93
4500014824	10/13/2017	Comfort Mechanical Inc	M190-SDSU ELECTRICAL	993.00
4500014825	10/13/2017	Praxair Distribution Inc.	G130-SHOP TOOLS	87.14
4500014826	10/13/2017	Home Depot USA Inc	G130-SHOP TOOLS	471.04
4500014827	10/13/2017	Muncie Transit Supply	B160-BUS ELECTRICAL	1,782.22
4500014828	10/13/2017	Cummins Pacific LLC	P190-REV VEHICLE REPAIRS	2,543.20
4500014829	10/13/2017	M Power Truck & Diesel Repair	P210-NON-REV VEH REPAIRS	60,378.70
4500014830	10/13/2017	Cummins Pacific LLC	B250-BUS REPAIR PARTS	246.86
4500014831	10/13/2017	Daniels Tire Service	A110-AUTO/TRUCK TIRES	197.58
4500014832	10/13/2017	Waxie Sanitary Supply Inc	G140-SHOP SUPPLIES	2,745.25
4500014833	10/13/2017	Transit Holdings Inc	B250-BUS REPAIR PARTS	219.27
4500014834	10/13/2017	Bocks Awards Inc	G250-NOVELTIES & AWARDS	47.98
4500014835	10/13/2017	Gillig LLC	B250-BUS REPAIR PARTS	214.25
4500014836	10/13/2017	Smart Car Care Products Inc	R240-RAIL/LRV REPR PARTS	735.48
4500014837	10/13/2017	Merrimac Petroleum Inc	B180-BUS DIESEL	7,531.73
4500014838	10/13/2017	Soco Group Inc	A120-AUTO/TRUCK GASOLINE	3,329.10
4500014839	10/13/2017	Sid Tool Co	G180-JANITORIAL SUPPLIES	479.74
4500014840	10/13/2017	Airgas Inc	G140-SHOP SUPPLIES	1,270.00
4500014841	10/13/2017	Jeyco Products Inc	G140-SHOP SUPPLIES	687.49
4500014842	10/13/2017	Applied Industrial Technologies-CA	G140-SHOP SUPPLIES	2,279.92
4500014843	10/13/2017	Transwest San Diego LLC	B200-BUS PWR TRAIN EQUIP	2,531.37
4500014844	10/13/2017	Transit Holdings Inc	B130-BUS BODY	2,979.79
4500014845	10/13/2017	Cummins Pacific LLC	B200-BUS PWR TRAIN EQUIP	2,164.65
4500014846	10/13/2017	Kaman Industrial Technologies	G140-SHOP SUPPLIES	2,584.08
4500014847	10/13/2017	Soco Group Inc	G170-LUBRICANTS	99.32
4500014848	10/13/2017	Jankovich Company	G170-LUBRICANTS	178.26
4500014849	10/13/2017	BCP Systems Inc	G290-FARE REVENUE EQUIP	1,121.19
4500014850	10/13/2017	R.S. Hughes Co Inc	B130-BUS BODY	3,433.62
4500014851	10/13/2017	Charter Industrial Supply Inc	G140-SHOP SUPPLIES	909.76
4500014852	10/13/2017	Siemens Industry Inc	R160-RAIL/LRV ELECTRICAL	66,657.77
4500014853	10/14/2017	M Power Truck & Diesel Repair	P210-NON-REV VEH REPAIRS	1,135.44
4500014854	10/14/2017	Cummins Pacific LLC	B200-BUS PWR TRAIN EQUIP	13,325.10
4500014855	10/14/2017	Gillig LLC	B130-BUS BODY	2,634.29
4500014856	10/14/2017	Industrial Maintenance Supply LLC	G150-FASTENERS	81.45
4500014857	10/14/2017	Insultech LLC	B200-BUS PWR TRAIN EQUIP	1,346.41
4500014858	10/14/2017	Mohawk Mfg & Supply Co	B140-BUS CHASSIS	128.47
4500014859	10/14/2017	Mohawk Mfg & Supply Co	B140-BUS CHASSIS	76.04
4500014860	10/14/2017	Robert Costanzo	B140-BUS CHASSIS	360.95
4500014861	10/14/2017	W.W. Grainger Inc	B190-BUS FARE EQUIP	250.33
4500014862	10/14/2017	United Laboratories Inc	G180-JANITORIAL SUPPLIES	390.70
4500014863	10/14/2017	Delphin Computer Supply	G200-OFFICE SUPPLIES	1,028.57
4500014864	10/14/2017	Muncie Transit Supply	B110-BUS HVAC SYSTEMS	2,071.89
4500014865	10/14/2017	SPX Corporation	G290-FARE REVENUE EQUIP	138.75
4500014866	10/14/2017	Waytek Inc	G140-SHOP SUPPLIES	79.02
4500014867	10/14/2017	Culligan of San Diego	G140-SHOP SUPPLIES	1,162.80

Purchase Orders				
PO Number	PO Date	Name	Material Group	PO Value
4500014868	10/14/2017	Ansaldo Sts Usa Inc	M130-CROSSING MECHANISM	403.41
4500014869	10/14/2017	Virginia Electronic & Lighting LLC	M140-WAYSIDE SIGNALS	3,448.00
4500014870	10/16/2017	Transwest San Diego LLC	B160-BUS ELECTRICAL	2,198.10
4500014871	10/16/2017	CASEI	F180-BUILDING MATERIALS	1,090.43
4500014872	10/16/2017	Charter Industrial Supply Inc	G140-SHOP SUPPLIES	167.19
4500014873	10/16/2017	Norman Industrial Materials	B250-BUS REPAIR PARTS	256.33
4500014874	10/16/2017	Southern Counties Lubricants LLC	G170-LUBRICANTS	22,000.00
4500014875	10/16/2017	Rick Busch	G180-JANITORIAL SUPPLIES	145.47
4500014876	10/16/2017	Vern Rose Inc	G140-SHOP SUPPLIES	702.88
4500014877	10/16/2017	Soco Group Inc	A120-AUTO/TRUCK GASOLINE	19,755.74
4500014878	10/16/2017	P & R Paper Supply Company Inc	G140-SHOP SUPPLIES	1,067.15
4500014879	10/16/2017	Waxie Sanitary Supply Inc	G180-JANITORIAL SUPPLIES	438.60
4500014880	10/16/2017	Harbor Diesel & Equipment	B250-BUS REPAIR PARTS	1,449.84
4500014881	10/16/2017	Golden State Supply LLC	G130-SHOP TOOLS	218.92
4500014882	10/16/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,818.68
4500014883	10/16/2017	Mission Janitorial Supplies	G180-JANITORIAL SUPPLIES	1,844.25
4500014884	10/16/2017	OneSource Distributors, LLC	R160-RAIL/LRV ELECTRICAL	5,842.76
4500014885	10/16/2017	Willy's Electronic Supply Co	G140-SHOP SUPPLIES	204.73
4500014886	10/16/2017	Sherri Cameron	R120-RAIL/LRV CAR BODY	326.49
4500014887	10/16/2017	Marco's Canopies Inc	P280-GENERAL SVC AGRMNTS	450.00
4500014888	10/16/2017	Staples Contract & Commercial Inc	G200-OFFICE SUPPLIES	2,145.31
4500014889	10/16/2017	Carlos Guzman Inc	G180-JANITORIAL SUPPLIES	1,818.47
4500014890	10/16/2017	Cummins Pacific LLC	P190-REV VEHICLE REPAIRS	408.00
4500014891	10/16/2017	Total Filtration Services Inc	F120-BUS/LRV PAINT BOOTHS	548.46
4500014892	10/16/2017	Supreme Oil Company	B180-BUS DIESEL	7,661.03
4500014893	10/16/2017	Soco Group Inc	A120-AUTO/TRUCK GASOLINE	19,934.53
4500014894	10/16/2017	America Fujikura LTD	M120-OVRHEAD CATENARY SYS	10,128.23
4500014895	10/16/2017	TK Services Inc	INSURANCE-Insurance Stock	7,415.51
4500014896	10/16/2017	Reefco LLC	B110-BUS HVAC SYSTEMS	1,043.50
4500014897	10/16/2017	United Refrigeration Inc	G170-LUBRICANTS	2,576.27
4500014898	10/16/2017	Flyers Energy LLC	R230-RAIL/LRV MECHANICAL	3,392.70
4500014899	10/16/2017	Rick Busch	G180-JANITORIAL SUPPLIES	145.47
4500014900	10/16/2017	The Truck Lighthouse	G140-SHOP SUPPLIES	458.59
4500014901	10/16/2017	Professional Contractors Supplies	G140-SHOP SUPPLIES	1,310.24
4500014902	10/16/2017	Comfort Mechanical Inc	M190-SDSU ELECTRICAL	997.00
4500014903	10/16/2017	Daniels Tire Service	A110-AUTO/TRUCK TIRES	3,128.85
4500014904	10/16/2017	Nth Generation Computing Inc	I110-INFORMATION TECH	16,775.52
4500014905	10/17/2017	Aztec Fire & Safety	G140-SHOP SUPPLIES	3,148.24
4500014906	10/17/2017	Wesco Distribution Inc	G270-ELECTRICAL/LIGHTING	226.69
4500014907	10/17/2017	Jeyco Products Inc	G150-FASTENERS	1,349.44
4500014908	10/17/2017	Gillig LLC	B160-BUS ELECTRICAL	940.10
4500014909	10/17/2017	Prochem Specialty Products Inc	G180-JANITORIAL SUPPLIES	1,265.84
4500014910	10/17/2017	Mission Janitorial Supplies	G180-JANITORIAL SUPPLIES	714.95
4500014911	10/17/2017	Hydraulic Electric Component	B200-BUS PWR TRAIN EQUIP	205.94
4500014912	10/17/2017	Airgas Inc	G140-SHOP SUPPLIES	17.81
4500014913	10/17/2017	Soco Group Inc	G170-LUBRICANTS	1,142.73
4500014914	10/17/2017	Vern Rose Inc	G160-PAINTS & CHEMICALS	61.89
4500014915	10/17/2017	Southwest Paint Products Inc	G140-SHOP SUPPLIES	99.81
4500014916	10/17/2017	Battery Systems Inc	B160-BUS ELECTRICAL	2,578.45
4500014917	10/17/2017	Waxie Sanitary Supply Inc	G140-SHOP SUPPLIES	748.14
4500014918	10/17/2017	Alarm Center Group Inc	P480-EE MAINTENANCE	12,068.00
4500014919	10/17/2017	Audio Visual Innovations, Inc.	I110-INFORMATION TECH	2,433.85
4500014920	10/17/2017	Harbor Diesel & Equipment	B200-BUS PWR TRAIN EQUIP	1,217.71
4500014921	10/17/2017	Office Depot	G200-OFFICE SUPPLIES	170.19
4500014922	10/17/2017	Kurt Morgan	G200-OFFICE SUPPLIES	426.39
4500014923	10/17/2017	Transwest San Diego LLC	B160-BUS ELECTRICAL	928.00
4500014924	10/17/2017	Steven Timme	C140-CONSTRUCTION MGT SRV	320.02
4500014925	10/17/2017	General Information Systems Ltd	G120-SECURITY	880.00
4500014926	10/17/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,837.17

Purchase Orders				
PO Number	PO Date	Name	Material Group	PO Value
4500014927	10/17/2017	Kaman Industrial Technologies	G170-LUBRICANTS	1,254.83
4500014928	10/17/2017	R.S. Hughes Co Inc	G140-SHOP SUPPLIES	359.03
4500014929	10/17/2017	J. Perez Associates Inc.	B130-BUS BODY	450.00
4500014930	10/17/2017	Tribologik Corporation	G140-SHOP SUPPLIES	1,034.94
4500014931	10/17/2017	South Bay Fence Inc	M200-YARD FACILITIES	6,400.00
4500014932	10/17/2017	Stotz Equipment	A110-AUTO/TRUCK TIRES	731.09
4500014933	10/17/2017	Luminator Mass Transit, LLC	R180-RAIL/LRV LIGHTING	7,784.89
4500014934	10/17/2017	Super Welding of Southern CA	R220-RAIL/LRV TRUCKS	2,074.19
4500014935	10/17/2017	Romaine Electric Corporation	B130-BUS BODY	667.84
4500014936	10/17/2017	Kaman Industrial Technologies	G170-LUBRICANTS	11,122.96
4500014937	10/17/2017	Progressive Tints LLC	R120-RAIL/LRV CAR BODY	3,066.74
4500014938	10/17/2017	Louis Sardo Upholstery Inc	B130-BUS BODY	1,375.43
4500014939	10/17/2017	Thompson Building Materials	R230-RAIL/LRV MECHANICAL	5,327.92
4500014940	10/17/2017	Barry Sandler Enterprises	G180-JANITORIAL SUPPLIES	3,612.32
4500014941	10/17/2017	Steven Timme	G110-BUS/TROLLEY SIGNAGE	205.16
4500014942	10/18/2017	MJP Enterprises	P210-NON-REV VEH REPAIRS	3,870.18
4500014943	10/18/2017	Western-Cullen-Hayes Inc	M130-CROSSING MECHANISM	1,935.20
4500014944	10/18/2017	Cembre Inc	M170-IMPEDANCE BOND	316.79
4500014945	10/18/2017	All The King's Flags	M200-YARD FACILITIES	291.35
4500014946	10/18/2017	Mcmaster-Carr Supply Co	M110-SUB STATION	422.06
4500014947	10/18/2017	W.W. Grainger Inc	G140-SHOP SUPPLIES	217.23
4500014948	10/18/2017	Janek Corporation	B130-BUS BODY	526.42
4500014949	10/18/2017	San Diego Friction Products, Inc.	B140-BUS CHASSIS	3,022.39
4500014950	10/18/2017	San Diego Friction Products, Inc.	B140-BUS CHASSIS	550.43
4500014951	10/18/2017	Southern Counties Lubricants LLC	G170-LUBRICANTS	4,666.93
4500014952	10/18/2017	Transit Holdings Inc	B130-BUS BODY	438.04
4500014953	10/18/2017	Transit Holdings Inc	B250-BUS REPAIR PARTS	415.66
4500014954	10/18/2017	Gillig LLC	B250-BUS REPAIR PARTS	551.94
4500014955	10/18/2017	W.W. Grainger Inc	B250-BUS REPAIR PARTS	520.24
4500014956	10/18/2017	Cummins Pacific LLC	P190-REV VEHICLE REPAIRS	2,532.47
4500014957	10/18/2017	Harbor Diesel & Equipment	B250-BUS REPAIR PARTS	1,449.84
4500014958	10/18/2017	Gillig LLC	B250-BUS REPAIR PARTS	258.60
4500014959	10/18/2017	Kurt Morgan	G200-OFFICE SUPPLIES	2,478.25
4500014960	10/18/2017	Home Depot USA Inc	F110-SHOP/BLDG MACHINERY	34.78
4500014961	10/18/2017	Uline	P540-MAINTENANCE TRAINING	156.24
4500014962	10/18/2017	Transit Holdings Inc	B250-BUS REPAIR PARTS	951.01
4500014963	10/18/2017	Harbor Diesel & Equipment	B250-BUS REPAIR PARTS	1,446.17
4500014964	10/18/2017	Staples Contract & Commercial Inc	G200-OFFICE SUPPLIES	96.35
4500014965	10/18/2017	W.W. Grainger Inc	F110-SHOP/BLDG MACHINERY	56.85
4500014966	10/18/2017	Kaman Industrial Technologies	B250-BUS REPAIR PARTS	1,451.69
4500014967	10/18/2017	Mcmaster-Carr Supply Co	F110-SHOP/BLDG MACHINERY	17.05
4500014968	10/18/2017	Transit Holdings Inc	B250-BUS REPAIR PARTS	141.04
4500014969	10/18/2017	CASEI	F110-SHOP/BLDG MACHINERY	216.58
4500014970	10/18/2017	Genuine Parts Co	P190-REV VEHICLE REPAIRS	242.17
4500014971	10/18/2017	M Power Truck & Diesel Repair	P210-NON-REV VEH REPAIRS	552.53
4500014972	10/18/2017	R.S. Hughes Co Inc	P540-MAINTENANCE TRAINING	336.84
4500014973	10/18/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,818.68
4500014974	10/18/2017	Soco Group Inc	A120-AUTO/TRUCK GASOLINE	1,701.54
4500014975	10/18/2017	Greater SD Chamber of Commerce	P450-PERSONNEL SVCS	75.00
4500014976	10/18/2017	Transit Holdings Inc	B200-BUS PWR TRAIN EQUIP	247.29
4500014977	10/18/2017	Transit Holdings Inc	B200-BUS PWR TRAIN EQUIP	12,469.65
4500014978	10/18/2017	Ramsay Corporation	P540-MAINTENANCE TRAINING	1,137.13
4500014979	10/18/2017	Mcmaster-Carr Supply Co	F110-SHOP/BLDG MACHINERY	281.56
4500014980	10/18/2017	W.W. Grainger Inc	F110-SHOP/BLDG MACHINERY	919.33
4500014981	10/18/2017	Transit Holdings Inc	B250-BUS REPAIR PARTS	2,076.37
4500014982	10/18/2017	Gillig LLC	B130-BUS BODY	484.88
4500014983	10/18/2017	Prochem Specialty Products Inc	G180-JANITORIAL SUPPLIES	1,265.84
4500014984	10/18/2017	Flyers Energy LLC	A120-AUTO/TRUCK GASOLINE	19,755.74
4500014985	10/18/2017	W.W. Grainger Inc	G160-PAINTS & CHEMICALS	9.70



Purchase Orders				
PO Number	PO Date	Name	Material Group	PO Value
4500014986	10/18/2017	Ismael Frausto	R120-RAIL/LRV CAR BODY	758.98
4500014987	10/18/2017	Mohawk Mfg & Supply Co	B200-BUS PWR TRAIN EQUIP	25.96
4500014989	10/18/2017	TK Services Inc	B200-BUS PWR TRAIN EQUIP	72.20
4500014990	10/18/2017	Romaine Electric Corporation	B160-BUS ELECTRICAL	6,444.56
4500014991	10/18/2017	Prudential Overall Supply	G180-JANITORIAL SUPPLIES	533.30
4500014992	10/18/2017	Culligan of San Diego	G140-SHOP SUPPLIES	1,632.00
4500014993	10/18/2017	Willy's Electronic Supply Co	G270-ELECTRICAL/LIGHTING	136.85
4500014994	10/18/2017	Paragon Magnadata Inc.	G280-FARE MATERIALS	12,477.45
4500014995	10/18/2017	Airgas Refrigerants Inc	R170-RAIL/LRV HVAC	321.10
4500014996	10/19/2017	CDW LLC	G290-FARE REVENUE EQUIP	494.14
4500014997	10/19/2017	M Power Truck & Diesel Repair	P210-NON-REV VEH REPAIRS	1,060.79
4500014998	10/19/2017	Aztec Landscaping Inc	P290-LANDSCAPING SERVICES	43,619.50
4500014999	10/19/2017	Applied Industrial Technologies-CA	G170-LUBRICANTS	1,880.95
4500015000	10/19/2017	American Battery Corporation	M110-SUB STATION	64.20
4500015001	10/19/2017	R.S. Hughes Co Inc	R120-RAIL/LRV CAR BODY	3,298.48
4500015002	10/19/2017	Willy's Electronic Supply Co	R150-RAIL/LRV COMM EQUIP	178.27
4500015003	10/19/2017	Flyers Energy LLC	G170-LUBRICANTS	4,316.36
4500015004	10/19/2017	W.W. Grainger Inc	G140-SHOP SUPPLIES	304.06
4500015005	10/19/2017	Vallen Distribution Inc.	G120-SECURITY	528.92
4500015006	10/19/2017	Siemens Industry Inc	R220-RAIL/LRV TRUCKS	50,122.07
4500015007	10/19/2017	Home Depot USA Inc	F180-BUILDING MATERIALS	151.36
4500015008	10/19/2017	Prudential Overall Supply	G140-SHOP SUPPLIES	650.27
4500015009	10/19/2017	Louis Sardo Upholstery Inc	B130-BUS BODY	1,166.12
4500015010	10/19/2017	Kaman Industrial Technologies	G140-SHOP SUPPLIES	522.03
4500015011	10/19/2017	R.S. Hughes Co Inc	G140-SHOP SUPPLIES	16.13
4500015012	10/19/2017	Zoho Corporation	I110-INFORMATION TECH	795.00
4500015013	10/19/2017	Transit Holdings Inc	B130-BUS BODY	454.34
4500015014	10/19/2017	Battery Power Inc.	B160-BUS ELECTRICAL	19,120.13
4500015015	10/19/2017	Kurt Morgan	G200-OFFICE SUPPLIES	148.05
4500015016	10/19/2017	Kurt Morgan	G200-OFFICE SUPPLIES	1,268.69
4500015017	10/19/2017	TK Services Inc	G170-LUBRICANTS	657.55
4500015018	10/19/2017	Herzog Contracting Co	T110-TRACK, RAIL	19,013.12
4500015019	10/19/2017	The Gordian Group, Inc.	T110-TRACK, RAIL	510.86
4500015020	10/19/2017	HDR Engineering Inc	C130-CONSTRUCTION SVCS	40,066.00
4500015021	10/19/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,812.51
4500015022	10/19/2017	Simplexgrinnell LP	P280-GENERAL SVC AGRMNTS	2,800.00
4500015024	10/19/2017	Paradigm Mechanical Corp	P280-GENERAL SVC AGRMNTS	1,616.62
4500015025	10/19/2017	Robcar Corporation	G110-BUS/TROLLEY SIGNAGE	75.43
4500015026	10/20/2017	Cummins Pacific LLC	B250-BUS REPAIR PARTS	135.10
4500015027	10/20/2017	Freeby Signs	B250-BUS REPAIR PARTS	1,398.60
4500015028	10/20/2017	Chromate Industrial Corporation	G140-SHOP SUPPLIES	1,127.70
4500015029	10/20/2017	Sherwin Williams Company	P190-REV VEHICLE REPAIRS	2,667.62
4500015030	10/20/2017	Transit Holdings Inc	B250-BUS REPAIR PARTS	1,589.60
4500015031	10/20/2017	United Rentals (NA), Inc.	P160-EQUIPMENT RENTALS	2,752.76
4500015032	10/20/2017	Sherwin Williams Company	B250-BUS REPAIR PARTS	1,296.94
4500015033	10/20/2017	Annex Automotive and	F120-BUS/LRV PAINT BOOTHS	17,018.29
4500015034	10/20/2017	Dell Marketing L.P.	I110-INFORMATION TECH	1,131.32
4500015035	10/20/2017	Mcmaster-Carr Supply Co	G140-SHOP SUPPLIES	381.16
4500015036	10/20/2017	Golden State Supply LLC	G140-SHOP SUPPLIES	20.21
4500015037	10/20/2017	Soco Group Inc	A120-AUTO/TRUCK GASOLINE	3,390.76
4500015038	10/20/2017	Soco Group Inc	B180-BUS DIESEL	7,143.83
4500015039	10/20/2017	Soco Group Inc	A120-AUTO/TRUCK GASOLINE	20,381.49
4500015040	10/20/2017	Reid and Clark Screen Arts Co	R120-RAIL/LRV CAR BODY	222.84
4500015041	10/20/2017	R.S. Hughes Co Inc	G190-SAFETY/MED SUPPLIES	583.24
4500015042	10/20/2017	Super Welding of Southern CA	R160-RAIL/LRV ELECTRICAL	2,481.01
4500015043	10/20/2017	Mohawk Mfg & Supply Co	B140-BUS CHASSIS	2,204.74
4500015044	10/20/2017	Kronos Inc	I120-INFO TECH, SVCS	10,425.11
4500015045	10/20/2017	Wave Technology Solutions Group Inc	I120-INFO TECH, SVCS	12,282.63
4500015046	10/20/2017	SHI International Corp	I110-INFORMATION TECH	610.41

Purchase Orders				
PO Number	PO Date	Name	Material Group	PO Value
4500015047	10/23/2017	Shilpark Paint Corp.	G160-PAINTS & CHEMICALS	355.58
4500015048	10/23/2017	Kaman Industrial Technologies	G140-SHOP SUPPLIES	151.41
4500015049	10/23/2017	Western Pump Inc	G140-SHOP SUPPLIES	870.62
4500015050	10/23/2017	Transit Holdings Inc	B110-BUS HVAC SYSTEMS	964.86
4500015051	10/23/2017	Knorr Brake Company	R160-RAIL/LRV ELECTRICAL	252.35
4500015052	10/23/2017	Comfort Mechanical Inc	M160-SUMP PUMP STATIONS	997.00
4500015053	10/23/2017	SHI International Corp	I110-INFORMATION TECH	225.57
4500015054	10/23/2017	Office Solutions	G200-OFFICE SUPPLIES	271.53
4500015055	10/23/2017	JKL Cleaning Systems	P210-NON-REV VEH REPAIRS	1,279.07
4500015056	10/23/2017	San Diego Plastics Inc	F180-BUILDING MATERIALS	111.79
4500015058	10/23/2017	W.W. Grainger Inc	G130-SHOP TOOLS	83.80
4500015059	10/23/2017	Lorbel, Inc	P280-GENERAL SVC AGRMNTS	900.00
4500015060	10/23/2017	El Dorado Coatings Inc	P120-BLDG/FACILITY REPRS	300.00
4500015061	10/23/2017	Staples Contract & Commercial Inc	G200-OFFICE SUPPLIES	72.61
4500015062	10/23/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,849.50
4500015063	10/23/2017	Entercom San Diego LLC	P450-PERSONNEL SVCS	3,000.00
4500015064	10/23/2017	Cummins Pacific LLC	B200-BUS PWR TRAIN EQUIP	16,848.20
4500015065	10/23/2017	Cummins Pacific LLC	B200-BUS PWR TRAIN EQUIP	17,544.76
4500015066	10/23/2017	Prudential Overall Supply	G180-JANITORIAL SUPPLIES	4,928.85
4500015067	10/23/2017	Airgas Inc	G190-SAFETY/MED SUPPLIES	490.07
4500015068	10/23/2017	Applied Industrial Technologies-CA	G140-SHOP SUPPLIES	1,292.35
4500015069	10/23/2017	Marco's Canopies Inc	G140-SHOP SUPPLIES	930.96
4500015070	10/23/2017	Waxie Sanitary Supply Inc	G180-JANITORIAL SUPPLIES	648.16
4500015071	10/23/2017	JP Morgan Chase Bank	G200-OFFICE SUPPLIES	1,034.24
4500015072	10/24/2017	Cummins Pacific LLC	B250-BUS REPAIR PARTS	1,981.48
4500015073	10/24/2017	Gillig LLC	B250-BUS REPAIR PARTS	928.91
4500015074	10/24/2017	Knorr Brake Company	R160-RAIL/LRV ELECTRICAL	63,414.82
4500015075	10/24/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,824.84
4500015076	10/24/2017	South Bay Fence Inc	P120-BLDG/FACILITY REPRS	700.00
4500015077	10/24/2017	Romaine Electric Corporation	M130-CROSSING MECHANISM	922.53
4500015078	10/24/2017	Jeyco Products Inc	G130-SHOP TOOLS	155.19
4500015079	10/24/2017	BSRO LLC	P210-NON-REV VEH REPAIRS	86.90
4500015080	10/24/2017	West End Holdings Inc	P120-BLDG/FACILITY REPRS	161.15
4500015081	10/24/2017	Gillig LLC	B120-BUS MECHANICAL PARTS	2,171.89
4500015082	10/24/2017	Uline	F140-SHELVING AND RACK	1,706.54
4500015083	10/24/2017	Kurt Morgan	G140-SHOP SUPPLIES	727.96
4500015084	10/24/2017	Prochem Specialty Products Inc	G180-JANITORIAL SUPPLIES	1,265.84
4500015085	10/24/2017	insultech LLC	B200-BUS PWR TRAIN EQUIP	286.85
4500015086	10/24/2017	Mohawk Mfg & Supply Co	B160-BUS ELECTRICAL	31.80
4500015087	10/24/2017	Muncie Transit Supply	B130-BUS BODY	27.60
4500015088	10/24/2017	Transit Holdings Inc	B130-BUS BODY	100.12
4500015089	10/24/2017	Waxie Sanitary Supply Inc	G180-JANITORIAL SUPPLIES	2,651.43
4500015090	10/24/2017	JKL Cleaning Systems	G140-SHOP SUPPLIES	278.00
4500015091	10/24/2017	OneSource Distributors, LLC	G140-SHOP SUPPLIES	184.26
4500015092	10/24/2017	American Battery Corporation	G290-FARE REVENUE EQUIP	246.18
4500015093	10/24/2017	Flyers Energy LLC	R230-RAIL/LRV MECHANICAL	3,392.70
4500015094	10/24/2017	Stotz Equipment	A110-AUTO/TRUCK TIRES	326.87
4500015095	10/24/2017	Airgas Inc	G140-SHOP SUPPLIES	816.80
4500015096	10/24/2017	Harbor Diesel & Equipment	B200-BUS PWR TRAIN EQUIP	1,513.23
4500015097	10/24/2017	Don Oleson Inc	B200-BUS PWR TRAIN EQUIP	2,076.35
4500015098	10/24/2017	Transwest San Diego LLC	B200-BUS PWR TRAIN EQUIP	62.07
4500015099	10/24/2017	Kaman Industrial Technologies	G170-LUBRICANTS	26.60
4500015100	10/24/2017	Charter Industrial Supply Inc	B160-BUS ELECTRICAL	2,300.24
4500015101	10/24/2017	R.S. Hughes Co Inc	G190-SAFETY/MED SUPPLIES	1,970.14
4500015102	10/24/2017	Industrial Maintenance Supply LLC	G150-FASTENERS	134.50
4500015103	10/24/2017	Transit Holdings Inc	B130-BUS BODY	19,513.64
4500015104	10/24/2017	Mcmaster-Carr Supply Co	F110-SHOP/BLDG MACHINERY	72.78
4500015105	10/24/2017	Duncan Bolt Company	B250-BUS REPAIR PARTS	217.61
4500015106	10/24/2017	W.W. Grainger Inc	G180-JANITORIAL SUPPLIES	500.07

Purchase Orders				
PO Number	PO Date	Name	Material Group	PO Value
4500015107	10/24/2017	San Diego Pump, Inc.	F110-SHOP/BLDG MACHINERY	2,748.71
4500015108	10/24/2017	Transit Holdings Inc	B250-BUS REPAIR PARTS	632.27
4500015109	10/24/2017	HMS Construction Inc	M180-STATION ELECTRICAL	18,957.24
4500015110	10/24/2017	The Gordian Group, Inc.	M180-STATION ELECTRICAL	509.36
4500015111	10/24/2017	Transit Holdings Inc	B130-BUS BODY	2,927.11
4500015112	10/24/2017	Urban Corps of San Diego County	P290-LANDSCAPING SERVICES	4,532.00
4500015113	10/25/2017	Citywide Auto Glass Inc	R120-RAIL/LRV CAR BODY	374.97
4500015114	10/25/2017	Professional Contractors Supplies	G140-SHOP SUPPLIES	536.17
4500015115	10/25/2017	Staples Contract & Commercial Inc	G200-OFFICE SUPPLIES	206.04
4500015116	10/25/2017	Penn Machine Company LLC	G170-LUBRICANTS	263.99
4500015117	10/25/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,837.17
4500015118	10/25/2017	Transit Holdings Inc	B250-BUS REPAIR PARTS	3,663.84
4500015119	10/25/2017	Home Depot USA Inc	B250-BUS REPAIR PARTS	193.82
4500015120	10/25/2017	CDW LLC	G220-OFFICE EQUIPMENT	466.27
4500015121	10/25/2017	Transit Holdings Inc	B250-BUS REPAIR PARTS	2,166.63
4500015122	10/25/2017	Dell Marketing L.P.	G200-OFFICE SUPPLIES	26.39
4500015123	10/25/2017	Staples Contract & Commercial Inc	G220-OFFICE EQUIPMENT	183.51
4500015124	10/25/2017	Siemens Industry Inc	R120-RAIL/LRV CAR BODY	1,630.05
4500015125	10/25/2017	ISC Applied Systems Corp	R160-RAIL/LRV ELECTRICAL	4,672.04
4500015126	10/25/2017	Smart Car Care Products Inc	R240-RAIL/LRV REPR PARTS	483.30
4500015127	10/25/2017	Brand Makers LLC	G230-PRINTED MATERIALS	7,855.00
4500015128	10/25/2017	Annex Automotive and	R240-RAIL/LRV REPR PARTS	3,705.26
4500015129	10/25/2017	Pressnet Express Inc	G230-PRINTED MATERIALS	883.55
4500015130	10/25/2017	Dimensional Silk Screen Inc	G200-OFFICE SUPPLIES	2,871.55
4500015131	10/25/2017	Great Circle Family Foods	P440-CATERING SERVICES	912.65
4500015132	10/25/2017	Dimensional Silk Screen Inc	G110-BUS/TROLLEY SIGNAGE	539.83
4500015133	10/25/2017	Steven Timme	G110-BUS/TROLLEY SIGNAGE	2,131.90
4500015134	10/25/2017	Shilpark Paint Corp.	G160-PAINTS & CHEMICALS	125.22
4500015135	10/25/2017	Transwest San Diego LLC	B200-BUS PWR TRAIN EQUIP	96.14
4500015136	10/25/2017	West-Lite Supply Co Inc	M180-STATION ELECTRICAL	3,165.40
4500015137	10/25/2017	Wesco Distribution Inc	G270-ELECTRICAL/LIGHTING	141.46
4500015138	10/25/2017	Romaine Electric Corporation	B160-BUS ELECTRICAL	610.60
4500015139	10/25/2017	Transit Holdings Inc	B110-BUS HVAC SYSTEMS	964.86
4500015140	10/25/2017	Jeyco Products Inc	G150-FASTENERS	17.99
4500015141	10/25/2017	Charter Industrial Supply Inc	B200-BUS PWR TRAIN EQUIP	70.54
4500015142	10/25/2017	Home Depot USA Inc	F110-SHOP/BLDG MACHINERY	344.37
4500015143	10/25/2017	Asbury Environmental Services	B200-BUS PWR TRAIN EQUIP	2,370.50
4500015144	10/26/2017	Steven Timme	G110-BUS/TROLLEY SIGNAGE	296.32
4500015145	10/26/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,787.85
4500015146	10/26/2017	Transit Holdings Inc	B250-BUS REPAIR PARTS	1,079.22
4500015147	10/26/2017	Kiel NA LLC	B250-BUS REPAIR PARTS	420.23
4500015148	10/26/2017	W.W. Grainger Inc	G140-SHOP SUPPLIES	120.79
4500015149	10/26/2017	Soco Group Inc	A120-AUTO/TRUCK GASOLINE	20,023.92
4500015150	10/26/2017	Coin Security Systems Inc	G290-FARE REVENUE EQUIP	4,761.70
4500015151	10/27/2017	Cummins Pacific LLC	P190-REV VEHICLE REPAIRS	2,532.47
4500015152	10/27/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,621.40
4500015153	10/27/2017	TK Services Inc	INSURANCE-Insurance Stock	7,415.51
4500015154	10/27/2017	Daniels Tire Service	A110-AUTO/TRUCK TIRES	2,266.10
4500015155	10/27/2017	HD Supply Construction Supply, LTD.	G140-SHOP SUPPLIES	2,401.05
4500015156	10/27/2017	Home Depot USA Inc	M140-WAYSIDE SIGNALS	161.88
4500015157	10/27/2017	Gillig LLC	B130-BUS BODY	6,232.94
4500015158	10/27/2017	B&H Photo & Electronics Corp	G200-OFFICE SUPPLIES	1,247.40
4500015159	10/27/2017	Transit Holdings Inc	B160-BUS ELECTRICAL	2,400.02
4500015160	10/27/2017	Cummins Pacific LLC	B200-BUS PWR TRAIN EQUIP	141.25
4500015161	10/27/2017	W.W. Grainger Inc	G140-SHOP SUPPLIES	171.67
4500015162	10/27/2017	OneSource Distributors, LLC	M140-WAYSIDE SIGNALS	353.46
4500015163	10/27/2017	Soco Group Inc	A120-AUTO/TRUCK GASOLINE	3,514.06
4500015164	10/27/2017	American Battery Corporation	M110-SUB STATION	808.13
4500015165	10/27/2017	Ahlee Backflow Service	P260-TESTING & ANALYSIS	59.00

Purchase Orders				
PO Number	PO Date	Name	Material Group	PO Value
4500015166	10/27/2017	Madden Construction Inc	P280-GENERAL SVC AGRMNTS	897.75
4500015167	10/27/2017	Merrimac Petroleum Inc	B180-BUS DIESEL	7,305.45
4500015168	10/27/2017	Western Pump Inc	F110-SHOP/BLDG MACHINERY	541.42
4500015169	10/27/2017	TK Services Inc	B250-BUS REPAIR PARTS	359.35
4500015170	10/27/2017	NS Corporation	F110-SHOP/BLDG MACHINERY	470.55
4500015171	10/27/2017	Battery Systems Inc	F110-SHOP/BLDG MACHINERY	586.59
4500015172	10/27/2017	Schunk Carbon Technology LLC	R190-RAIL/LRV PANTOGRAPH	35,638.32
4500015173	10/27/2017	Herzog Contracting Co	C130-CONSTRUCTION SVCS	22,015.93
4500015174	10/27/2017	The Gordian Group, Inc.	C130-CONSTRUCTION SVCS	591.54
4500015175	10/27/2017	Alan Ferber	M140-WAYSIDE SIGNALS	600.50
4500015176	10/27/2017	Erica Farrar	B240-BUS/VEHICLE PROCRMNT	3,000.00
4500015177	10/27/2017	ESRI	I110-INFORMATION TECH	27,400.00
4500015178	10/30/2017	Vern Rose Inc	G140-SHOP SUPPLIES	352.43
4500015179	10/30/2017	HDR Engineering Inc	P520-A & E/DESIGN	97,209.00
4500015180	10/30/2017	Transit Holdings Inc	B130-BUS BODY	8,846.65
4500015181	10/30/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,806.35
4500015182	10/30/2017	Transit Holdings Inc	B130-BUS BODY	3,259.05
4500015183	10/30/2017	R.S. Hughes Co Inc	G140-SHOP SUPPLIES	1,024.90
4500015184	10/30/2017	W.W. Grainger Inc	F110-SHOP/BLDG MACHINERY	28.42
4500015185	10/30/2017	Cummins Pacific LLC	B200-BUS PWR TRAIN EQUIP	10,895.89
4500015186	10/30/2017	Chromate Industrial Corporation	G150-FASTENERS	1,409.19
4500015187	10/30/2017	Office Solutions	G200-OFFICE SUPPLIES	1,627.11
4500015188	10/30/2017	OSI Hardware Inc	I110-INFORMATION TECH	2,908.98
4500015189	10/31/2017	Gillig LLC	B120-BUS MECHANICAL PARTS	8,483.10
4500015190	10/31/2017	Cummins Pacific LLC	B160-BUS ELECTRICAL	9,590.86
4500015192	10/31/2017	California Coast Metrology Inc	G130-SHOP TOOLS	15,665.00
4500015193	10/31/2017	Gaslamp Quarter Association Inc	P310-ADVERTISING SERVICES	500.00
4500015194	10/31/2017	Office Depot	G200-OFFICE SUPPLIES	905.07
4500015195	10/31/2017	Environmental Logistics Inc	S130-DISPOSAL, OTHER	112.17
4500015196	10/31/2017	Supreme Oil Company	A120-AUTO/TRUCK GASOLINE	1,874.16
4500015197	10/31/2017	Vinyard Doors	P120-BLDG/FACILITY REPRS	950.00
4500015198	10/31/2017	Staples Contract & Commercial Inc	G200-OFFICE SUPPLIES	182.49
4500015199	10/31/2017	JKL Cleaning Systems	P210-NON-REV VEH REPAIRS	103.23
4500015200	10/31/2017	M Power Truck & Diesel Repair	P210-NON-REV VEH REPAIRS	406.94
4500015201	10/31/2017	Allied Electronics Inc	M140-WAYSIDE SIGNALS	80.64
4500015202	10/31/2017	SHI International Corp	I110-INFORMATION TECH	28,870.81
4500015203	10/31/2017	Airgas Refrigerants Inc	R170-RAIL/LRV HVAC	321.10
4500015204	10/31/2017	Charter Industrial Supply Inc	R220-RAIL/LRV TRUCKS	25,290.31
4500015205	10/31/2017	Transwest San Diego LLC	B120-BUS MECHANICAL PARTS	3,464.40
4500015206	10/31/2017	Oracle Corporation	I120-INFO TECH, SVCS	88,248.91
4500015207	10/31/2017	Mohawk Mfg & Supply Co	B140-BUS CHASSIS	10,053.06
4500015208	10/31/2017	GSG Printing Inc	G230-PRINTED MATERIALS	3,200.00
4500015209	10/31/2017	Cummins Pacific LLC	B250-BUS REPAIR PARTS	2,532.47
4500015210	10/31/2017	Romaine Electric Corporation	B250-BUS REPAIR PARTS	50.67
4500015211	10/31/2017	Kaman Industrial Technologies	B200-BUS PWR TRAIN EQUIP	169.16
4500015212	10/31/2017	Transit Holdings Inc	B160-BUS ELECTRICAL	1,331.41
4500015213	10/31/2017	San Diego Plastics Inc	F180-BUILDING MATERIALS	767.05