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Agenda

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

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 11, 2018 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.
4. Appointment of Ad Hoc Nominating Committee for Recommending Appointments to MTS Committees for 2019 (Sharon Cooney) Appoint
Action would appoint an Ad Hoc Nominating Committee to make recommendations to the Board with respect to the appointment of the Board to serve as Vice-Chair, Chair Pro-Tem and on MTS and non-MTS committees for 2019.

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

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| 6. | <u>Adoption of the 2019 San Diego Metropolitan Transit System (MTS) Executive Committee and Board of Directors Meeting Schedule</u> Action would adopt the 2019 Executive Committee and Board of Directors meeting schedule. | Adopt |
| 7. | <u>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 Meetings on October 9, 2018</u> Action would receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Desert Line quarterly reports, and ratify all actions taken. | Receive/ Ratify |
| 8. | <u>Federal Transit Administration (FTA) Section 5310 Grant Application, and TransNet Senior Mini-Grant Application, Apportioned Through the San Diego Association of Governments (SANDAG)</u> Action would: (1) Adopt Resolution No. 18-14 agreeing to comply with all terms and conditions of the FTA Section 5310 Enhanced Mobility for Seniors and Individuals with Disabilities program as set forth by the FTA and SANDAG; and agreeing to comply with all terms and conditions of the <i>TransNet</i> Senior Mini-grant program as set forth by <i>TransNet</i> and SANDAG; (2) Authorize the Chief Executive Officer (CEO) to submit the following applications and execute any grant agreements awarded by SANDAG: (a) \$452,685 in federal fiscal year 2020 FTA Section 5310 Enhanced Mobility for Seniors and Individuals with Disabilities funding for paratransit vehicle replacements; (b) \$499,900 in federal fiscal year 2021 FTA Section 5310 Enhanced Mobility for Seniors and Individuals with Disabilities funding for paratransit vehicle replacements; (c) \$61,200 in fiscal year 2020 <i>TransNet</i> Senior Mini-grant funding for the MTS Access Travel Training Program; and (d) \$61,200 in fiscal year 2021 <i>TransNet</i> Senior Mini-grant funding for the MTS Access Travel Training Program; (3) Authorize the commitment of up to \$292,307 in local matching funds to fully fund the purchase of 11 paratransit vehicles if awarded; and (4) Authorize the commitment of up to \$30,600 in local matching funds to fully fund the MTS access Travel Training Program. | Adopt/ Approve |
| 9. | <u>Revisions to San Diego Metropolitan Transit System (MTS) Ordinance No. 11</u> Action would: (1) Adopt the proposed amendments to MTS Ordinance No. 11, an Ordinance Providing for the Licensing and the Regulating of Transportation Services within the City by the adoption of a Uniform Paratransit Ordinance (Attachment A); (2) Direct publication of a summary of the amendments to MTS Ordinance No. 11; and (3) Upon adoption of the proposed amendments, authorize the Chief Executive Officer (CEO) the discretion to enforce MTS Ordinance No. 11 in its amended form. | Adopt/ Approve |
| 10. | <u>Investment Report – Quarter Ending September 30, 2018</u> | Informational |
| 11. | <u>Light Rail Vehicle Lifting Jacks Replacement – Sole Source Contract Award</u> Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL266.0-19 with Macton Corporation for the purchase and installation of In-Floor Lifting Hoists for the service of the MTS Light Rail Vehicle (LRV) fleet and modernization of control systems within the LRV Maintenance Facility. | Approve |

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| 12. | <u>Ticket Vending Machine (TVM) Enhanced Credit and Debit Cardholder Data Security – Contract Award</u> Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc No. G2191.0-19, with AT&T Corp., for the enhanced credit and debit cardholder data project. | Approve |
| 13. | <u>Drug and Alcohol Collection, Testing, and Administration Services – Contract Award</u> Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G2150.0-18, with Drug Testing Network, Inc., for the provision of drug and alcohol collection, testing, and administration services for a two (2) year base period with three (3) one-year optional terms, exercisable at MTS's sole determination, for a total of five years; and exercise each option year at the CEO's discretion. | Approve |
| 14. | <u>Design Services for Beech Street Double Crossover – Trackwork and Signaling – Work Order</u> Action would authorize the Chief Executive Officer (CEO) to execute Work Order WOA1953-AE-30 for MTS Doc. No. G1953.0-17 (in substantially the same format as Attachment A), with Pacific Railway Enterprises, Inc. (PRE), for design services for Beech Street Double Crossover – Trackwork and Signaling. | Approve |
| 15. | <u>MTS Job Order Contract Work Order for Turnout S34 Replacement – Change Order</u> Action would authorize the Chief Executive Officer (CEO) to execute Change Order 1 to MTS Doc. No. PWL182.0-16, Work Order No. MTSJOC7501-27.01, with Herzog Contracting Corporation (Herzog), for the replacement of Turnout S34 on the Blue Line. | Approve |
| 16. | <u>CNG Fueling Facility Stations Operation and Maintenance Services for Imperial Avenue Division (IAD), Kearny Mesa Division (KMD), South Bay Maintenance Facility (SBMF), and East County Bus Maintenance Facility (ECBMF) – Sole Source Contract Extension/Exercise Option Years</u> Action would authorize the Chief Executive Officer (CEO) to: (1) Extend the current contract for nineteen (19) months effective from 8/1/20 through 3/1/22 with Trillium USA Company, LLC (Trillium), MTS Doc. No. B0522.4-09 for CNG fueling facility stations operation and maintenance services for IAD, KMD, and SBF; and (2) Exercise all Option Years 1-3 for MTS Doc. No. B0594.5-13 for CNG fueling facility station operation and maintenance services for ECBMF. | Approve |
| 17. | <u>Regional Transit Management System (RTMS) Radio Tower at Mt. Soledad Signal Station, Naval Base Point Loma – Site Lease Amendment</u> Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0513.4-09, with the Department of the Navy, to continue the lease of MTS's Mt. Soledad Signal Station site for five years. | Approve |
| 18. | <u>Third Party Compass Card and Transit Pass Sales – Amended Agreement with Bricehouse Station, LLC</u> Action would authorize the Chief Executive Officer (CEO) to execute Amendment No. 2 to MTS Doc. No. G1767.0-15, with BriceHouse Station, LLC, for the sale of MTS and North County Transit District (NCTD) Compass Card passes at three locations operated by BriceHouse Station, LLC for three (3) additional years. | Approve |

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| 19. | <u>As Needed Towing Services for Buses and Non-Revenue Vehicles (SDTC and SDTI) – Contract Award</u> | Approve |
| | <p>Action would authorize the Chief Executive Officer (CEO) to: (1) Execute MTS Doc. No. B0691.0-18 with A to Z Enterprises, Inc.; dba: RoadOne (“RoadOne”) for the provision of towing services for buses and non-revenue vehicles for a three (3) year base period with three (3) 1-year options, exercisable at MTS’s sole discretion (total of six years); and (2) Exercise each option year at the CEO’s discretion.</p> | |

CLOSED SESSION

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| 24. | <p>a. CLOSED SESSION – CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to California Government Code Section 54956.8 <u>Property</u>: Assessor’s Parcel Number (APN) 384-041-07; 8733 Cuyamaca Street, Santee, California <u>Agency Negotiators</u>: Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets <u>Negotiating Parties</u>: Blake Megdal Management <u>Under Negotiation</u>: Price and Terms of Payment</p> | Possible Action |
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NOTICED PUBLIC HEARINGS

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| 25. | None. |
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DISCUSSION ITEMS

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| 30. | <u>Fiscal Year 2018 Comprehensive Annual Financial Report (Erin Dunn and Larry Marinesi; Ken Pun and Gary Caporicci of The Pun Group)</u> | Informational |
| 31. | <p><u>Fiscal Year 2018 Final Budget Comparison (Mike Thompson)</u> Action would receive the MTS operations budget status report for Fiscal Year 2018 and approve staff recommendations to program the excess revenues less expenses.</p> | Approve |

REPORT ITEMS

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| 45. | <u>Operations Budget Status Report for September 2018 (Mike Thompson)</u> | Informational |
| 46. | <u>Year End Operations Report (Denis Desmond, Bill Spraul and Wayne Terry)</u> | Informational |
| 47. | <u>Semi-Annual Security Report (January 1, 2018 through June 30, 2018) (Manny Guaderrama)</u> | Informational |
| 59. | <u>Ad Hoc Ballot Measure Committee Report (Board Member David Alvarez)</u> | Informational |
| 60. | <u>Chair Report</u> | Informational |
| 61. | <u>Chief Executive Officer’s Report</u> | Informational |
| 62. | <u>Board Member Communications</u> | Informational |

63. Additional Public Comments Not on the Agenda
If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments.
64. Next Meeting Date: December 13, 2018
65. Adjournment

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

DRAFT MINUTES

October 11, 2018

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

1. Roll Call

Chair Gomez called the Board meeting to order at 9:03 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Sandke moved to approve the minutes of the September 20, 2018, MTS Board of Directors meeting. Mr. Hall seconded the motion, and the vote was 10 to 0 in favor with Ms. Aguilar, Mr. Alvarez, Mr. Arambula, Mr. Roberts and Ms. Salas absent.

3. Public Comments

Lawrence Emerson – Mr. Emerson commented that he has been a long time transit user and appreciates what the Board does for transit. He stated that he would like to see more people from the military using public transit. Mr. Emerson said that he lives in National City near military housing and a bus stop was recently removed. He recommended transit options be improved for military personnel and that MTS provide outreach to military families. Mr. Emerson asked if there is an MTS program to enhance and encourage public transportation for military personnel.

CONSENT ITEMS

6. Bus Bench Advertising and Maintenance – Contract Award

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1805.0-19, with BriceHouse Inc., to provide Bus Bench Advertising and Maintenance services for a five (5) year base term with five (5) one year options.

7. Courthouse Station Construction – Change Orders

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL222.7-17 with West Coast General/HMS Construction, Inc., a Joint Venture (WCG), for construction of the Orange Line Courthouse Station in the amount of \$162,500.

8. Planning Services for Site Planning of 1313 – 1344 National Avenue for Future Transit Center Expansion and Transit Oriented Development – Work Order

Action would authorize the Chief Executive Officer (CEO) to execute Work Order WOA1950-AE-26 for MTS Doc. No. G1950.0-17 (in substantially the same format as Attachment A) with Kimley-Horn and Associates, Inc. in the amount of \$123,862.67 for engineering and planning services for site planning of 1313-1344 National Avenue for future transit center expansion and transit oriented development.

9. Geometric Track Testing – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1466.0-19, with Holland LP for the provision of geometric track testing for five (5) years.
10. Investment Report – August 2018
11. American Internet Services, LLC, Lightwave Data Center Colocation for Compass Card Program – Contract Award
Action would authorize the Chief Executive Officer (CEO) to: (1) Execute MTS Doc. No. G2172.0-19 with American Internet Services, LLC (AIS) for colocation data center facility services for a three (3) year base period with two (2) one-year option periods (for a total of 5 years); and (2) Exercise each option year at the CEO's discretion.
12. Legal Services Contract Award
Action would approve the List of Approved As-Needed Law Firms recommended following MTS Request for Proposals No. G2103.0-18.
13. ADA Paratransit Services – Sole Source Contract Extension
Action would authorize the Chief Executive Officer (CEO) to extend the contract for one (1) year with First Transit, Inc. (Amendment No. 6 to MTS Doc. No. G1205.0-10) for ADA Paratransit Services.

Action on Recommended Consent Items

Mr. Hall moved to approve Consent Agenda Item Nos. 6 – 13. Mr. McWhirter seconded the motion, and the vote was 13 to 0 in favor with Ms. Aguilar and Mr. Roberts absent.

CLOSED SESSION

24. Closed Session Items

The Board convened to Closed Session at 9:08 a.m.

- a. CLOSED SESSION - CONFERENCE WITH LABOR NEGOTIATORS Pursuant to California Government Code Section 54957.6
Agency: San Diego Transit Corporation (SDTC)
Employee Organization: Amalgamated Transit Union, Local 1309 (Representing Bus Operators and Clerical Employees at SDTC)
Agency-Designated Representative: Jeff Stumbo

The Board reconvened to Open Session at 9:15 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- a. The Board received a report from negotiators.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. Revisions to Board Policy No. 18, “Joint Development Program” (Sharon Cooney)

Sharon Cooney, Chief of Staff, provided a presentation on the proposed revisions to Board Policy No. 18, “Joint Development Program”. She reviewed and highlighted the main points on the changes to Policy No. 18. Some of the main points include prioritizing transit operational needs; analyzing replacement parking needs at park and ride locations; seeking improvements/programs as part of the development that will increase transit use; joint development expecting to generate value for MTS; residential projects being as dense as possible and including a 20% unit set aside for affordable housing; complying with local jurisdictional approval policies and procedures; seeking proposals through competitive bidding as well as unsolicited proposals; and creating a procedural manual within three months.

PUBLIC COMMENTS

Stephen Russell – Mr. Russell commented on behalf of the San Diego Housing Federation. He stated that they strongly support the changes to Policy No. 18. Mr. Russell thanked the staff and Chair Gomez for updating this policy and including a 20% affordable housing inclusionary statement within the policy.

Colin Parent – Mr. Parent commented on behalf of Circulate San Diego. He stated that they previously issued a report titled “Real Opportunity”, which identified underutilized real estate owned by MTS and made recommendations as to how MTS can make better use of those properties. Mr. Parent stated that they support the changes made to Policy No. 18. He thanked Chair Gomez and the Board for their support and recognized the MTS staff that have worked hard to put forth the updated policy.

John Seymour – Mr. Seymour commented on behalf of National CORE. He stated that they provided the Board a detailed letter describing additional changes to Policy No. 18 that they would like to see included in the policy. Mr. Seymour discussed the additional proposed changes that National CORE is recommending. A full copy of Mr. Seymour’s letter is included in the final Board meeting packet.

BOARD COMMENTS

Mr. Alvarez commented that he would like to thank Circulate San Diego for creating their report, “Real Opportunity”. He thanked the San Diego Housing Federation for their comments. He also thanked National CORE for presenting their additional recommended changes. Mr. Alvarez inquired about some of the points National CORE brought up during public comment. Ms. Cooney clarified that most of the comments put forth by National CORE referred to the old policy, not the proposed amended policy. She stated that the comments related to pages A-1 through A-3 all refer to the old policy, and the comments related to page B-2 refer to the amended policy. Ms. Cooney commented that the amended policy includes statements that will seek projects that will create transit-oriented communities, offer a range of housing types, and

look to provide the best fiscal return on investment to MTS. Mr. Alvarez asked where discussion of potential financial benefits to MTS would be included within the policy. Ms. Cooney replied that those points would be included in the procedural manual. Mr. Alvarez inquired if the procedural manual will include details on scoring for affordability housing options. Ms. Cooney replied that it is the Board's discretion to include scoring details related to affordable housing in the procedural manual. Mr. Alvarez inquired about the exclusive negotiating agreement and the associated fees in relation to affordable housing proposals. Ms. Cooney replied that the procedural manual will be brought to the Board for discussion and will clarify those points. Mr. Alvarez asked about the public process for unsolicited proposals. Ms. Landers commented that no detailed proposal information would be released to the public while negotiations are still underway. She stated that staff could report when a proposal has been received without providing any details of that proposal in order to offer competition from other companies.

Mr. Sandke inquired about working with local jurisdictions during the development process. Ms. Cooney replied that there is language in the policy that states MTS will abide by each local jurisdictions policies and zoning requirements.

Ms. Cole asked about the current properties that are available. Ms. Cooney presented maps of the locations where properties are currently available. Ms. Cole asked when public outreach would be conducted to different planning groups. Tim Allison, Manager of Real Estate Assets, replied that staff will be engaging individual planning groups for specific sites. He stated that depending on the jurisdiction, there are different processes for public outreach. Ms. Cole recommended for outreach to be conducted with Encanto Planning Group.

Chair Gomez thanked the public for working with staff and the Board on the updates to this policy. She stated that the Board recognizes the importance of this item. Chair Gomez said that she looks forward to being actively involved in improving our transit access and addressing the housing crisis.

Mr. McClellan recommended that sufficient parking be available in the East County area especially for the riders that have to drive from far distances to reach the nearest transit centers.

Action Taken

Mr. Alvarez moved to approve and adopt the updated Board Policy No. 18, "Joint Development Program". Mr. Hall seconded the motion, and the vote was 15 to 0 in favor.

31. Revisions to Board Policy No. 30, "Investment Policy" (Larry Marinesi)

Larry Marinesi, Chief Financial Officer, provided a presentation on the proposed revisions to Policy No. 30, "Investment Policy". He reviewed the purpose of the policy and discussed the details of the policy update and rewrite. Mr. Marinesi noted that there was an extensive review of the draft policy by Milliman (consultant that assisted in updating the policy), MTS's Internal Auditor and MTS's External Auditors. He discussed the details of the differences between the new and current policies. Jeff Nipp, with Milliman, continued the presentation and discussed the major elements of the policy including the purpose and scope, governance, objectives and guidelines, and risk management.

Action Taken

Mr. Hall moved to approve and adopt the updated Board Policy No. 30, "Investment Policy". Mr. Sandke seconded the motion, and the vote was 15 to 0 in favor.

32. Opposition to Proposition 6 (Sharon Cooney)

Ms. Cooney stated that the purpose of this item is to adopt Resolution No. 18-12 which would oppose Proposition 6. Proposition 6 seeks to repeal Senate Bill 1 (SB 1) which was passed in 2017 which provides a significant amount of revenue for transit service and capital projects throughout the state. Ms. Cooney said that some of the funding is formula funding that will come directly to MTS in an average of \$16-\$20 million per year. She also noted that MTS will be eligible for various capital projects. She stated that we have most recently received competitive funding for BRT in the South Bay, electric buses and some additional service. Ms. Cooney stated that SB 1 funding will provide critical funding for projects and State of Good Repair. She commented that the California Transit Association (CTA) has asked its member agencies to adopt a Resolution in opposition to Proposition 6.

PUBLIC COMMENTS

Tom Lemmon – Mr. Lemmon commented on behalf of San Diego Building Trades. He stated that they support staff's recommendation to oppose Proposition 6. Mr. Lemmon said that we need to continue to improve our transportation and this tax puts money towards those purposes. He urged the Board to oppose Proposition 6.

Gretchen Newsom – Ms. Newsom commented on behalf of IBEW 569. She stated that they are in strong opposition of Proposition 6. She said that Proposition 6 would eliminate funding from 6,500 local transportation improvement projects in California. Ms. Newsom stated that San Diego is at risk of losing 103 projects improving safety of local roads and bridges; 314 projects repairing potholes and repaving roads; and 20 safety improvement projects for pedestrians and bicyclists. Ms. Newsom stated that Proposition 6 would eliminate 68,000 jobs and \$183 billion in economic investments. She said that stopping these projects would result in more car repairs and more money out of resident's pockets. Ms. Newsom asked for the Board to oppose Proposition 6.

Colin Parent – Mr. Parent commented on behalf of Circulate San Diego. He stated that they agree that the Board should oppose Proposition 6. Mr. Parent said that there are important reasons to oppose Proposition 6 including the potential for great economic development and creating jobs. He said that the transit agency has a lot to gain by the continuation of these funds. Mr. Parent noted that he is also a City Councilmember in La Mesa and stated that opposition to Proposition 6 will help preserve the funding that each city will receive on their own projects.

Javier Santizo – Mr. Santizo commented on behalf of Southwest Regional Council of Carpenters. He stated that they represent over 65,000 carpenters. He said that they are proud of the work they do in the communities of San Diego to keep it beautiful and safe. Mr. Santizo said they oppose Proposition 6 and urge the Board to also oppose the proposition.

Jorge Viramontes – Mr. Viramontes commented on behalf of Southwest Regional Council of Carpenters. He stated that opposing Proposition 6 keeps the members of our communities safe and employed and believes it will stimulate the economy in San Diego.

Andrew Meling – Mr. Meling commented on behalf of Southwest Regional Council of Carpenters. He stated that traffic congestion is getting worse in San Diego and he has no problem paying a small amount extra at the gas tank to have reductions in traffic congestion. He said that opposing Proposition 6 will also help to create jobs and urged the Board to oppose the proposition.

BOARD COMMENTS

Mr. Mullin commented that he has a hard time supporting the increase of taxes when the funding can be brought in from other current sources, such as the high-speed rail fund. He stated that he will be voting no on the staff recommendation.

Mr. McClellan commented that he agrees with Mr. Mullin and believes that the funding should be redirected from other sources.

Mr. McWhirter commented that he does not trust the state to use the funding for the purpose they are stating. He believes that if emergencies come up, the state will divert the funding away from its stated purpose into the general fund. Mr. McWhirter stated that he will be voting no on the staff recommendation.

Ms. Rios stated that she will be approving staff's recommendation and opposing Proposition 6. She wants to support committed funding for MTS and the riders in the communities. Ms. Rios stated that supporting Proposition 6 would repeal SB 1 which would result in the loss of an additional \$16-\$20 million annually to MTS.

Mr. Hall commented that he doesn't believe MTS should be voting yes or no on this matter. He stated that people aren't going to look at MTS and determine how they will vote based on our decision. Mr. Hall said that it's not our business to get involved in these matters. He stated that he will be voting no on the staff recommendation. Mr. Hall said that he believes these funds will be going everywhere except to the roads as promised.

Ms. Zapf stated that this tax is disproportionately on the backs of working families and the tax will continue to increase. She said that this tax was not thought out in the right way and believes the money for high-speed rail could have been used for these purposes.

Ms. Salas commented that the background of this is that gas taxes haven't been raised in many years, even though we have failing infrastructure and deferred maintenance. She stated that the gas tax is unique to the state of California. Other states receive their revenues by directly taxing the oil companies, which the state of California does not have. Ms. Salas commented that every city is different and has different sources of revenue streams for projects. She said that the City of Chula Vista has a structural deficit, because they do not have an appropriate balance of jobs and housing availability, which decreases those revenue streams. Ms. Salas stated that every city has benefited from these taxes to fund necessary transportation and roads projects.

Ms. Aguilar commented that she supports staff's recommendation to oppose Proposition 6. She stated that she agrees with some of the concerns about the possibility of taxes being diverted. She believes that she views the gasoline tax as more of a fee rather than a regular tax. Ms. Aguilar said that the people who use gasoline are the same people that use the roads and she believes that those people should help pay to keep the roads in good repair.

Chair Gomez commented that she requested this item to be on the agenda for this month. She stated that if this funding were to go away, it would be a significant hit to the MTS budget. Chair Gomez stated that she wants to look at this matter through the lens of transit and what it means to MTS. She said that MTS will receive between \$16-\$20 million annually to use on operations and capital projects. Chair Gomez commented that if this funding goes away, the next conversation will be about cutting service or increasing fares. She noted that the people utilizing our system are not choice riders and are underserved populations. Chair Gomez said that she is a strong supporter of opposing this proposition.

Action Taken

Chair Gomez moved to adopt Resolution No. 18-12 opposing Proposition 6, which would repeal Senate Bill 1 (SB 1), also known as the "Road, Repair and Accountability Act". Ms. Rios seconded the motion, and the vote was 9 to 6 in favor of staff recommendation, with Mr. Mullin, Mr. McClellan, Mr. McWhirter, Mr. Hall, Mr. Sandke, and Ms. Zapf voting against staff recommendation.

33. Support for SANDAG's Downtown Stopover Project (Sharon Cooney)

Ms. Cooney provided a presentation on SANDAG's Downtown Stopover Project. She reminded the Board that the details of this project were discussed at last month's Board meeting. Ms. Cooney reviewed the details and need for a Downtown layover including that more than 400 buses travel to the western side of Downtown San Diego every day; currently there are only 14 layover locations in the west end of Downtown; a layover facility is needed to have a functioning bus system; and off street layover facilities are preferred when there are numerous buses in one location. She presented maps of the proposed layover facility site and discussed the status of the site ownership acquisition. Ms. Cooney stated that today's action would adopt a resolution in support of SANDAG's Downtown Stopover (layover) Project, which would express the Board's commitment to make sure the project is fully implemented.

Mr. Sandke commented that he has issues with the project, because it is still undefined as to acquiring the location and the design components. He asked for more information on the status of the project as well as details on the proposed action today. Ms. Cooney replied that this project has been thoroughly analyzed at the particular property site and staff agrees, at the MTS level, that this site is the appropriate location. She noted that Richard Chavez, with SANDAG, could address any questions related to that status of the project. Mr. Chavez stated that SANDAG has looked at five different design options for use of the site ranging from using it as a stopover only facility to a full build type of facility including housing, office space and multi-use purposes. Mr. Chavez stated that they have done extensive outreach in the Downtown area and have received feedback stating that the site should be utilized to its highest and best use. Mr. Chavez noted that the SANDAG Board gave direction to purchase two of the properties on the site and to continue negotiations with the three remaining property owners on the site. Mr. Sandke asked if the SANDAG Board has identified which type of design they would like to build

at the property site for this project. Mr. Chavez replied that there has not been a decision at SANDAG yet as to which design style they will move forward with for this project.

Ms. Bragg commented that she believes this project has a lot of opportunities for MTS and is hoping that the Board remains in full support of the project.

Mr. Roberts commented that we do not have another viable solution other than this option. He stated that if someone is against this project and the proposed option, please explain what alternative would be a better option than this project. Mr. Roberts stated that we are not in the position of knowing the design that will be developed at this site, but he hopes that SANDAG will maximize the property to its fullest benefit.

Chair Gomez stated that she looks forward to seeing this project continue to move forward. She said this project will benefit all jurisdictions. Chair Gomez noted that this project will help to improve the quality of life in the Downtown area by moving the buses from laying over on the side of the street to their own facility.

Action Taken

Mr. Roberts moved to adopt Resolution No. 18-13 in support of SANDAG's Downtown Stopover Project. Mr. Hall seconded the motion, and the vote was 15 to 0 in favor.

REPORT ITEMS

45. First Transit/Taxicab Pilot Update - Access Services (Bill Spraul)

Bill Spraul, Chief Operating Officer – Transit Services, provided a presentation on the First Transit/Taxicab Pilot. He provided an overview of the pilot program and noted that it is an ongoing effort to maintain quality of service and also improve the cost effectiveness and efficiency of the service. He stated that the pilot leverages increased availability of taxi resources with targeted Access trips. Mr. Spraul discussed the pilot program components and stated that it is managed and administered by First Transit, within the MTS/First Transit Access contract. The taxi trips are required to be ADA compliant and will run for a twelve month period with a goal of 36,000 trips. He reviewed additional pilot program components and provided details on the performance vs. goals. Mr. Spraul presented results from the first quarter of the pilot program and stated that it has improved on time performance; reduced the average trip travel time; and has reduced preventable accidents. Lastly, Mr. Spraul discussed details on customer feedback related to the pilot program.

Mr. Mullin inquired about the savings and asked for the total cost of a normal Access trip. Jay Washburn, Manager of Paratransit and Mini Bus, replied that the average cost of a normal Access single ride trip varies from \$56 to \$58.

Mr. McClellan asked why the riders that are able to get in and out of the taxicabs are still eligible to ride Access service. Mr. Spraul commented on the review and recertification process of Access service. He noted that the riders that are primarily using the taxicabs have cognitive disabilities or some physical disability that prevent them from riding the regular fixed route service.

Ms. Bragg commented that this is a great program for the Access riders. She stated that many of the riders really enjoy being able to use the taxicabs. She thanked the staff for providing this transformational difference in the lives of these riders.

Mr. McClellan commented that we should be determining who can use the taxicabs instead of the Access vehicles. Mr. Spraul commented that the system technology we use determines which riders will use the taxicabs and which riders will use the Access vehicles.

Action Taken

No action taken. Informational item only.

46. Comic-Con 2018 Recap (Rob Schupp and Tom Doogan)

Rob Schupp, Director of Marketing and Communications, and Tom Doogan, Special Events Coordinator, provided a presentation on the results from Comic-Con 2018. Mr. Schupp discussed the results and details of the trolley wraps; station activations; ticketing; marketing and advertising; and earned media.

Mr. Doogan discussed details related to security and safety adjustments; crowds at station crossings and on trains; and challenges of ridership levels. He provided results on automated passenger counter data; ridership by trolley line; overall system ridership by line; total system ridership by day; fare revenue; compass cloud usage; and pass sales by denomination.

Mr. Alvarez inquired about the multi-day fare options in the future. Ms. Cooney replied that we will still be able to offer the special multi-day fare options for special events such as Comic-Con. Mr. Alvarez asked what percentage of people purchased fares on Compass Cloud versus printed tickets. Mr. Schupp replied that Compass Cloud accounted for 15% of the sales.

Ms. Bragg commented that this report is her favorite report of the year. She also commented that the special printed tickets are a great feature and people can use them as souvenirs and memorabilia from the event.

Action Taken

No action taken. Informational item only.

47. MTS Free Ride Day (Rob Schupp)

Mr. Schupp provided a report on MTS Free Ride Day. He discussed the Free Ride Day goals; tactics; results; advertising; earned media; customer service; ridership results; and next steps moving forward.

Ms. Rios asked when the campaign and advertising began for this day. Mr. Schupp replied that it began about month prior.

Mr. Alvarez inquired about the cost and investment that went into this event. Mr. Schupp replied that the total investment, including the advertising costs and the lost revenue from the day, was approximately \$250,000. He stated that the return on the investment could be equal or higher

than the total cost based on potentially new acquired riders. Mr. Alvarez asked how we can follow up with first time riders for feedback. Mr. Schupp replied that MTS did twelve outreach events speaking with riders and obtained phone numbers and email addresses in order to reach out to those riders.

Action Taken

No action taken. Informational item only.

48. Budget Operations Status Report for June 2018 (Mike Thompson)

Mike Thompson, Director of Financial Planning and Analysis, provided a report on the budget operations status through June 2018. He discussed the total operating revenues; total operating expenses; total non-operating revenue; and total revenues less expenses. Lastly, he discussed ongoing concerns including regional sales tax receipts; State of California budget; passenger levels, and energy prices.

Ms. Cooney commented on the issue with Medi-Cal reimbursement. She stated that there was legislation that passed in 2016 was a bill that was intended to help Medi-Cal patients get to non-emergency medical appointments or to pharmacies or other medically related reasons. She noted that the bill did not address reimbursement to transit operators. Ms. Cooney noted that the legislature did not realize that this would become an unintended consequence of the bill. She stated that MTS and other transit agencies have approached the author of the bill to incorporate some legislative clean up language to address these issues. Ms. Cooney stated that this item will be included on our legislative program for next year.

Action Taken

No action taken. Informational item only.

59. Ad Hoc Ballot Measure Committee Report (Board Member David Alvarez)

Mr. Alvarez commented that staff is working on scheduling a meeting either in October or early November. He stated that we will keep the Board informed of schedules and updates.

60. Chair Report

There was no Chair report.

61. Chief Executive Officer's Report

Paul Jablonski was not present at this meeting. Ms. Cooney commented that they attended the APTA Annual Conference in Nashville, Tennessee in September with Chair Gomez, Mr. Roberts and Mr. Hall.

62. Board Member Communications

There were no Board Member communications.

63. Additional Public Comments on Items Not on the Agenda

Patrick Brown – This speaker was not present.

64. Next Meeting Date

The next regularly scheduled Board meeting is November 8, 2018.

65. Adjournment

Chair Gomez adjourned the meeting at 11:25 a.m.

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

General Counsel
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
ROLL CALL

MEETING OF (DATE): October 11, 2018

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

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:08 a.m.

RECONVENE: 9:15 a.m.

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 11:25 a.m.

| BOARD MEMBER | (Alternate) | PRESENT (TIME ARRIVED) | ABSENT (TIME LEFT) |
|--------------|---|---------------------------|-----------------------|
| ALVAREZ | <input checked="" type="checkbox"/> (Cate) <input type="checkbox"/> | 9:06 a.m. | 11:25 a.m. |
| ARAMBULA | <input checked="" type="checkbox"/> (Mendoza) <input type="checkbox"/> | 9:08 a.m. | 11:25 a.m. |
| BRAGG | <input checked="" type="checkbox"/> (Spriggs) <input type="checkbox"/> | 9:00 a.m. | 11:25 a.m. |
| COLE | <input checked="" type="checkbox"/> (Ward) <input type="checkbox"/> | 9:00 a.m. | 11:25 a.m. |
| DIAZ | <input type="checkbox"/> (Aguilar) <input checked="" type="checkbox"/> | 9:10 a.m. | 11:25 a.m. |
| FAULCONER | <input type="checkbox"/> (Zapf) <input checked="" type="checkbox"/> | 9:00 a.m. | 11:25 a.m. |
| GOMEZ | <input checked="" type="checkbox"/> (Bry) <input type="checkbox"/> | 9:00 a.m. | 11:25 a.m. |
| HALL | <input checked="" type="checkbox"/> (Jones) <input type="checkbox"/> | 9:00 a.m. | 11:25 a.m. |
| MCCLELLAN | <input checked="" type="checkbox"/> (Goble) <input type="checkbox"/> | 9:00 a.m. | 11:25 a.m. |
| MCWHIRTER | <input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/> | 9:00 a.m. | 11:25 a.m. |
| MULLIN | <input checked="" type="checkbox"/> (TBD) <input type="checkbox"/> | 9:00 a.m. | 11:25 a.m. |
| RIOS | <input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/> | 9:00 a.m. | 11:25 a.m. |
| ROBERTS | <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/> | 9:29 a.m. | 11:14 a.m. |
| SALAS | <input checked="" type="checkbox"/> (Aguilar) <input type="checkbox"/> | 9:04 a.m. | 11:25 a.m. |
| SANDKE | <input checked="" type="checkbox"/> (Donovan) <input type="checkbox"/> | 9:00 a.m. | 11:25 a.m. |

SIGNED BY THE CLERK OF THE BOARD: Julia Turner

CONFIRMED BY THE GENERAL COUNSEL: Yam Cao



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San Diego, CA 92101-7490
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Agenda Item No. 4

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

APPOINTMENT OF AD HOC NOMINATING COMMITTEE FOR RECOMMENDING
APPOINTMENTS TO MTS COMMITTEES FOR 2019 (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 2019.

Budget Impact

None.

DISCUSSION:

Each year, the Board makes appointments to various committees, including the Accessible Services Advisory Committee (ASAC), Airport Authority Advisory Committee, Audit Oversight Committee, Budget Development Committee, Executive Committee, Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency (LOSSAN), Public Security Committee, and the Taxicab Advisory Committee. The Executive Committee membership is governed by MTS Board Policy 22.8. Attachment B is a table of committee appointments for 2018.

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.

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.

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 Chairperson of the Board opens the agenda item.
2. The Chairperson requests nominations from the floor. Nominations do not require a second.
3. The Chairperson closes the nominations.
4. The Chairperson invites the candidate(s) to address the Board for three minutes.
5. The Chairperson asks for any Board discussion.
6. The Chairperson 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

Attachments: A. Board Policy No. 22
B. Table of MTS Committees for 2018



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Policies and Procedures

No. 22

Board Approval: 11/9/17

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 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 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 Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee.

- d. Two members of the City Council of the City of Chula Vista, one of whom shall be the mayor, appointed by the City Council.
- 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.

22.1.3 [RESERVED]

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 a county supervisor not already appointed as the primary board member under Section 22.1.2(a), who 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.
- 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.
- 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.

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.
- 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 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 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 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 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).

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.

22.7.3 The Ad Hoc Nominating Committee shall also make a recommendation to the Board with respect to the appointment of the Vice 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 Chairperson and a Chair Pro Tem from amongst its members. The Vice Chairperson shall preside in the absence of the Chairperson. In the event of the absence or inability to act by the Chairperson and Vice 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 Chairperson, the Vice 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 Chairperson shall attend each Executive Committee meeting as a voting member. The Vice Chairperson shall serve as the alternate to the 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 At its first meeting in January, the Board shall vote on the Ad Hoc Nominating Committee's recommendation for the representative and alternate to the San Diego Association of Governments (SANDAG) Transportation Committee to serve for a term of one year. In the event that the Board votes to appoint a member of the Board who does not serve on the Executive Committee, then the appointed 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 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 Chairperson of the Audit Oversight Committee shall be a voting member. The Chairperson of the Audit Oversight Committee shall not be the member who serves as the Executive Committee 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 Chairperson of the Executive Committee and the 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 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.

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.

2018 SLATE OF MTS COMMITTEES AND OUTSIDE AGENCY APPOINTMENTS

| | |
|---|--|
| Chair Vice Chair Chair Pro Tem | Georgette Gómez – Chair Mona Rios – Vice Chair Lorie Bragg – Chair Pro Tem |
| Accessible Services Advisory Committee (ASAC) | Lorie Bragg – Chair |
| Ad Hoc Ballot Measure Committee | David Alvarez – Chair David Arambula Georgette Gómez Guy McWhirter Ron Roberts Mona Rios Bill Sandke |
| Airport Authority Advisory Committee | Bill Sandke – Committee Representative Guy McWhirter – Alternate |
| Audit Oversight Committee | Ernie Ewin – Chair Plus Executive Committee (listed below) |
| Budget Development Committee | David Alvarez – Committee Representative Georgette Gómez – Committee Representative Bob McClellan – Committee Representative Ron Roberts – Committee Representative Mary Salas – Committee Representative |
| Executive Committee | Georgette Gómez – Chair Ron Roberts – County Representative (<i>Alternate: Greg Cox</i>) Myrtle Cole – City of San Diego Representative (<i>Alternate: Georgette Gómez</i>) Mona Rios – South Bay Representative (<i>Alternate: Mary Salas</i>) Guy McWhirter – East County Representative (<i>Alternate: David Arambula</i>) David Arambula – SANDAG Transportation Committee Rep. |
| Los Angeles - San Diego Rail Corridor Agency (LOSSAN) | Lorie Bragg – Committee Representative Guy McWhirter – Alternate |
| Public Security Committee | Myrtle Cole – Committee Representative Jim Cunningham – Committee Representative Mike Diaz – Committee Representative Ronn Hall – Committee Representative Guy McWhirter – Committee Representative Bill Sandke – Committee Representative |
| SANDAG Board | Mona Rios – Advisory Representative Bill Sandke – Alternate |
| SANDAG Regional Planning Committee | Ronn Hall – Committee Representative Lorie Bragg – Alternate |
| SANDAG Transportation Committee | David Arambula – Committee Representative Lorie Bragg – Alternate |
| San Diego Regional Building Authority (SDRBA) | Georgette Gómez – Committee Representative |
| Taxicab Advisory Committee | Lorie Zapf – Chair |



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 8, 2018

SUBJECT:

ADOPTION OF THE 2019 SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)
EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS MEETING SCHEDULE

RECOMMENDATION:

That the Board of Directors adopt the 2019 Executive Committee and Board of Directors meeting schedule (Attachment A).

Budget Impact

None.

DISCUSSION:

The MTS Board of Directors annually adopts its meeting schedule for the next calendar year. The meeting schedule reflects Executive Committee and Board of Directors meetings throughout the 2019 calendar year (Attachment A). Meetings are scheduled to primarily occur on the first and second Thursdays of every month, with some exceptions due to conferences, holidays and other conflicts.

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

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

Attachment: A. 2019 MTS Executive Committee and Board of Directors Meeting Schedule





2019
SAN DIEGO METROPOLITAN TRANSIT SYSTEM

JOINT BOARD OF DIRECTORS AND
EXECUTIVE COMMITTEE MEETINGS
James R. Mills Building
1255 Imperial Avenue, 10th Floor

| Executive Committee Meetings Thursdays at 9:00 a.m. | Board Meetings Thursdays at 9:00 a.m. |
|--|--|
| January 10 | January 17 |
| February 7 | February 14 |
| March 14 | March 21 (Finance Workshop) |
| April 4 | April 11 (Finance Workshop) |
| May 2 | May 9 (Public Hearing) |
| June 6 | June 13 |
| July 11 | July 25 |
| August 15 | August 22 |
| September 5 | September 12 |
| October 3 | October 10 |
| November 7 | November 14 |
| December 5 | December 12 |

* The League of California Cities is holding the 2019 Annual Conference & Expo October 16-18.

* The APTA 2019 Annual meeting will be October 13-16.

2019 MTS EC & BOARD MEETING SCHEDULE - 1

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

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.





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Agenda Item No. 7

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

SAN DIEGO AND ARIZONA EASTERN (SD&AE) RAILWAY COMPANY QUARTERLY
REPORTS AND RATIFICATION OF ACTIONS TAKEN BY THE SD&AE BOARD OF
DIRECTORS AT ITS MEETING ON OCTOBER 9, 2018

RECOMMENDATION:

That the Board of Directors receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Desert Line quarterly reports (Attachment A), and ratify all actions taken.

Budget Impact

None.

DISCUSSION:

Pursuant to the Agreement for Operation of Freight Rail Services, SD&IV and Museum, have provided operations reports during the third quarter of 2018 (Attachment A).

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

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

Attachment: A. Copy of Final Meeting Materials from 10/9/2018 SD&AE Meeting



AGENDA

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

October 9, 2018

9:00 a.m.

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

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

ACTION RECOMMENDED

1. [Approval of the Minutes of July 10, 2018](#) Approve
Action would approve the SD&AE Railway Company Minutes of July 10, 2018.
2. [Statement of Railway Finances \(Erin Dunn\)](#) Informational
3. [Report on San Diego and Imperial Valley \(SD&IV\) Railroad Operations \(Matt Domen\)](#) Informational
4. [Report on Pacific Southwest Railway Museum \(Diana Hyatt\)](#) Informational
5. [Report on the Desert Line \(Jorge Izquierdo\)](#) Informational
6. [Real Property Matters \(Tim Allison\)](#)
 - a. [Summary of SD&AE Documents Issued Since July 10, 2018](#) Informational
 - b. [License for E Street At-Grade Crossing and Sweetwater Bicycle Path and Pedestrian Promenade](#) Approve
Action would approve issuing a license to the San Diego Unified Port District for an at-grade crossing and class 1 bike path and pedestrian promenade at the existing E Street crossing on the Coronado Branch in the City of Chula Vista.
 - c. [License for Camera Tower Placement Near Mile Post 86.5 on the Desert Line](#) Approve
Action would approve issuing a license to the United States Customs and Border Protection (CBP) for a camera tower installation on the Desert Line near mile post 86.5.
7. [Removal of Abandoned Track – Proposed Capital Project](#) Approve
Action would approve the removal of unused track in Commercial Street in San Diego, Cleveland Street in National City, and F Street and J Street in Chula Vista.

8. [Approval of the 2019 SD&AE Board of Directors Meeting Schedule \(Karen Landers\)](#) Approve
Action would approve the 2019 SD&AE Board of Directors meeting schedule.
9. Board Member Communications
10. Public Comments
11. Next Meeting Date: January 15, 2019 (contingent upon approval of No. 7)
12. Adjournment



SAN DIEGO & ARIZONA
EASTERN RAILWAY
COMPANY

A NEVADA NONPROFIT
CORPORATION

1255 IMPERIAL AVE., STE. 1000
SAN DIEGO, CA
92101-7490
(619) 231-1466

BOARD OF DIRECTORS
PAUL JABLONSKI, CHAIRPERSON
MATT DOMEN
JARED GOOCH

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

LEGAL COUNSEL
KAREN LANDERS

AGENDA

Att. A, AI 7, 11/8/18

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

October 9, 2018

9:00 a.m.

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

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

ACTION RECOMMENDED

1. Approval of the Minutes of July 10, 2018 Approve
Action would approve the SD&AE Railway Company Minutes of July 10, 2018.
2. Statement of Railway Finances (Erin Dunn) Informational
3. Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Matt Domen) Informational
4. Report on Pacific Southwest Railway Museum (Diana Hyatt) Informational
5. Report on the Desert Line (Jorge Izquierdo) Informational
6. Real Property Matters (Tim Allison)
 - a. Summary of SD&AE Documents Issued Since July 10, 2018 Informational
 - b. License for E Street At-Grade Crossing and Sweetwater Bicycle Path and Pedestrian Promenade Approve
Action would approve issuing a license to the San Diego Unified Port District for an at-grade crossing and class 1 bike path and pedestrian promenade at the existing E Street crossing on the Coronado Branch in the City of Chula Vista.
 - c. License for Camera Tower Placement Near Mile Post 86.5 on the Desert Line Approve
Action would approve issuing a license to the United States Customs and Border Protection (CBP) for a camera tower installation on the Desert Line near mile post 86.5.
7. Removal of Abandoned Track – Proposed Capital Project Approve
Action would approve the removal of unused track in Commercial Street in San Diego, Cleveland Street in National City, and F Street and J Street in Chula Vista.

8. Approval of the 2019 SD&AE Board of Directors Meeting Schedule
(Karen Landers) Approve
Action would approve the 2019 SD&AE Board of Directors meeting schedule.
9. Board Member Communications
10. Public Comments
11. Next Meeting Date: January 15, 2019 (contingent upon approval of No. 7)
12. Adjournment

San Diego and Arizona Eastern Railway Company

October 9, 2018

Sign-in Sheet (VOLUNTARY)

| Name | Company |
|-------------------------------|---|
| 1. <i>Matt Deane</i> | <i>SDR</i> |
| 2. <i>Paul Gault</i> | <i>SDIV</i> |
| 3. <i>Josef Fournier</i> | <i>BJR</i> |
| 4. <i>Diana Hyatt</i> | <i>PSRM</i> |
| 5. <i>R. Mitchell Beaudin</i> | <i>San Diego Electric Railway Assn.</i> |
| 6. | |
| 7. | |
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MINUTES

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

July 10, 2018

A meeting of the Board of Directors of the San Diego & Arizona Eastern (SD&AE) Railway Company, a Nevada corporation, was held at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101, on July 10, 2018, at 9:00 a.m.

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

| | |
|--|---|
| San Diego Metropolitan Transit System: | Tim Allison, Erin Dunn, Karen Landers, Wayne Terry |
| Pacific Southwest Railway Museum: | Diana Hyatt, James Caestecker |

1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the April 10, 2018, SD&AE Railway Board of Directors meeting. Mr. Gooch seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Erin Dunn reviewed Statement of Railway Finances for the second quarter of 2018 (attached to the agenda item). Ms. Landers stated that there have been more expenses this year and asked if there are sufficient funds in the SD&AE account to pay some of the Desert Line expenses; i.e., travel, outside consultants, etc. Ms. Dunn clarified that the amended budget for MTS has those expenses coming out of SD&AE reserves. Ms. Landers added that there may also be expenses in FY 19 related to a legal case.

Action Taken

Informational item only. No action taken.

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

Matt Domen reviewed the SD&IV Periodic Report for activities for the second quarter of 2018 (attached to the agenda item).

Mr. Jablonski stated that Fernando Beltran with Baja Railroad (BJRR) told him about a possible diesel-shipping deal with suppliers, and he asked if that is on the horizon. Mr. Gooch replied that BJRR is optimistic but it will depend. He explained that one car crossed a couple of weeks ago; however to date, no companies have signed up to transport gas by rail. Discussion ensued about current and potential business and commodities via rail versus other modes of transportation.

Mr. Domen informed Mr. Jablonski that Palomar Siding is open and operational. Wayne Terry, MTS Chief Operating Officer (Rail), added that the FRA testing has not been finished, but the track work and signaling are functional. He stated that PRE has to do some additional work and

then the FRA will be scheduled to conduct witness testing. Mr. Terry will follow up on the current status (see additional comments made under Agenda Item No. 7 Board Member Communications).

Action Taken

Informational item only. No action taken.

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the Pacific Southwest Railway Museum (PSRM) report for the second quarter of 2018 (attached to the agenda item). Ms. Hyatt clarified that the recent fires did not affect the Campo Depot. She also stated that PSRM has been doing its weed abatement in house. Ms. Hyatt clarified that Cal Fire does its own aerial inspections—without notifying PSRM—and PSRM operates on the assumption that there are no issues if Cal Fire does not contact PSRM. She added that Cal Fire also gave PSRM a waiver for its locomotive that is used for train rides.

Action Taken

Informational item only. No action taken.

5. Report on the Desert Line

There were no representatives from BJRR present at the meeting. Ms. Landers gave a verbal report. She stated that MTS staff is working with Customs and Border Protection on siting a customs facility, and it's getting closer to the substantive phase. Ms. Landers and Ms. Hyatt are going to meet to discuss comments from PSRM. Ms. Landers went on a tour on June 28 beginning at the border in San Ysidro with Customs, Border Protection, and the Rail Director from Washington DC. They viewed the existing crossing and then went to Campo where they hi-railed out and walked the tunnel. The same was done with the SAT group on the Mexico side. Ms. Landers said that it was a good, productive meeting with a lot of cooperation and collaboration between the agencies.

Ms. Landers stated that there is a meeting scheduled in August with Union Pacific and BJRR to bring them up to speed on the project. Environmental review and analysis must still be done, and the emphasis will be to make sure that BJRR has the right people to do that work because, if not, it could delay the project. Dan Davis will also have to review and approve any of the work required. BJRR has had contractors surveying the line, but there is no new, updated formal construction plan for Mr. Davis to review. Ms. Landers clarified that BJRR is financially responsible for the construction, and there is no actual time line for completion at this point.

Action Taken

Informational item only. No action taken.

SD&AE Railway Company Board Meeting Minutes

6. Real Property Matters

a. Summary of SD&AE Documents Issued Since July 10, 2018

Tim Allison reported that since the April 10, 2018, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-18-680: Right of Entry Permit to Navy Region Southwest Morale, Welfare and Recreation Department for the Navy's Annual Bay Bridge Run / Walk event.
- S200-18-681: Right of Entry Permit to San Diego County Bicycle Coalition for the Bike to Bay event.
- S200-18-682: Right of Entry Permit to the City of La Mesa for the Annual Flag Day Parade.
- S200-18-683: Right of Entry Permit to S & B Engineering, Inc. to repair a drainage pipe near the I-8 bridge crossing in El Cajon west of Chase Avenue.

Ms. Landers stated that she will be drafting a formal agreement with SDG&E for MTS billboards that are on SDG&E property near the Blue Line.

Action Taken

Informational item only. No action taken.

7. Board Member Communications

There were no Board member communications.

• Follow-up comments regarding Agenda Item No. 3

Mr. Terry stated that the absolute block was an overlay to the new Siemens signaling system on the Blue Line. He said that MTS has the signal prints and is reviewing them with the contractor. The FRA witness testing will most likely be conducted by the end of month. This will require operating a freight train through the absolute block from San Ysidro to the Palomar Siding. Once that's complete, submission can be made for final approval by the FRA—possibly by the end of August. Mr. Terry added that it should be a fairly simple approval.

Mr. Domen asked about the status of the track on Hill Street on the Orange Line. Ms. Landers responded that construction easements on the neighboring properties are being finalized so as to move forward with construction. She anticipates that construction will begin in the next several months. Mr. Terry will contact Mr. Domen with an update.

8. Public Comments

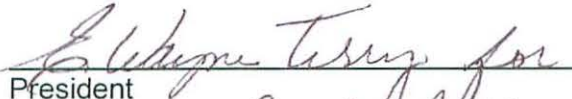
There were no public comments.

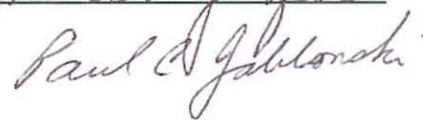
9. Next Meeting Date

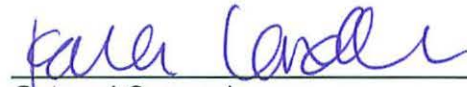
The next meeting of the SD&AE Railway Company Board of Directors is on Tuesday, October 9, 2018.

10. Adjournment

The meeting was adjourned at 9:25 a.m.



President




General Counsel

Agenda Item No. 2

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

October 9, 2018

SUBJECT:

STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a financial report for the year ending June 30, 2018, and period ending August 31, 2018.

Budget Impact

None.

DISCUSSION:

Attached are SD&AE's financial results for the year ending June 30, 2018, as well as the period ending August 31, 2018.

Fiscal year 2018 ended with revenues totaling \$1.147 million and expenses totaling \$328,000. Combining the resulting \$818,000 operating profit with an estimated \$30,000 in interest income, offset by \$1.0 million in Desert Line revenue contributed to MTS capital projects, reserves decreased by an estimated \$152,000 for the year. Although the financial statements have not been published, we do not expect any further changes.

As of August 31, 2018, fiscal year-to-date revenues are \$174,000 favorable to budget primarily due to the Desert Line Lease revenue not included in the budget.

Expenses are \$57,000 favorable to budget primarily due to a favorable variance in Outside Services and Personnel Costs.

The Net Income for the period ending August 31, 2018, was \$204,000.

Attachments: SD&AE Operating Statement Fiscal Year 2018
SD&AE Operating Statement for period ending August 31, 2018

SD&AE Operating Statement FY2018-17

Revenues

Right of Entry Permits
 Lease Income
 Desert Line Lease Revenue
 Operator Income - SD&IV 1% Freight Fee
 Misc. Revenue (Cure of Default - DL lease assignment)

Total Revenues

Expenses

Personnel Costs
 Outside Services
 Risk Management
 Misc. Operating Expenses

Total Expenses

Net Income/(Loss)

| FY 2018 | | | FY 2017 | | |
|---------|----------------|----------------|--------------|----------------|--------------|
| | FY 2018 Actual | FY 2018 Budget | Variance | FY 2017 Actual | Variance |
| \$ | 16,950 | \$ 30,000 | \$ (13,050) | \$ 23,574 | \$ (6,624) |
| | 90,572 | 80,000 | 10,572 | 87,134 | 3,438 |
| | 1,000,000 | - | 1,000,000 | 1,000,000 | - |
| | 39,270 | 35,000 | 4,270 | 51,787 | (12,517) |
| | - | - | - | 45,000 | (45,000) |
| | 1,146,792 | 145,000 | 1,001,792 | 1,207,495 | (60,703) |
| | 55,554 | 37,200 | (18,354) | 40,914 | (14,640) |
| | 181,520 | 220,000 | 38,480 | 154,751 | (26,769) |
| | 66,773 | 67,300 | 527 | 15,766 | (51,007) |
| | 24,627 | 20,000 | (4,627) | 72,347 | 47,720 |
| | 328,474 | 344,500 | 16,026 | 283,778 | (44,696) |
| | \$ 818,318 | \$ (199,500) | \$ 1,017,818 | \$ 923,717 | \$ (105,399) |

Reserve Balance July 1, 2017 **\$ 1,527,382**

Allocated Interest Earnings - Estimated 30,000
 Operating Profit/(Loss) - FY 2018 818,318
 Less: Desert Line Lease Revenue - Contributed Operating C (1,000,000)

Estimated Reserve Balance as of June 30, 2018 **\$ 1,375,700**

SD&AE Operating Statement FY2019 and FY2018

| | FY 2019 | | | FY 2018 | | |
|--|-------------------------|-------------------------|-------------------|-------------------------|------------------|--|
| | <u>Jul - Aug Actual</u> | <u>Jul - Aug Budget</u> | <u>Variance</u> | <u>Jul - Aug Actual</u> | <u>Variance</u> | |
| Revenues | | | | | | |
| Right of Entry Permits | \$ 750 | \$ 5,000 | \$ (4,250) | \$ 750 | \$ - | |
| Lease Income | 40,435 | 25,834 | 14,601 | 39,240 | 1,195 | |
| Desert Line Lease Revenue | 166,669 | - | 166,669 | 166,669 | - | |
| Operator Income - SD&IV 1% Freight Fee | 6,667 | 10,000 | (3,333) | 6,200 | 467 | |
| Total Revenues | 214,520 | 40,834 | 173,686 | 212,859 | 1,662 | |
| Expenses | | | | | | |
| Personnel Costs | 5,194 | 24,820 | 19,626 | 6,804 | 1,610 | |
| Outside Services | 1,990 | 35,670 | 33,680 | 7,822 | 5,832 | |
| Risk Management | 2,356 | 3,384 | 1,028 | 52,195 | 49,839 | |
| Misc. Operating Expenses | 1,257 | 4,012 | 2,755 | 299 | (958) | |
| Total Expenses | 10,796 | 67,886 | 57,090 | 67,120 | 56,324 | |
| Net Income/(Loss) | <u>\$ 203,725</u> | <u>\$ (27,052)</u> | <u>\$ 230,777</u> | <u>\$ 145,739</u> | <u>\$ 57,986</u> | |

| | |
|---|---------------------|
| <u>Estimated Reserve Balance July 1, 2018</u> | <u>\$ 1,375,700</u> |
|---|---------------------|

| | |
|-------------------------------|-----------|
| Interest Earnings - Estimated | 4,000 |
| Operating Profit/(Loss) - YTD | 203,725 |
| Less: Desert Line Revenue | (166,669) |

| | |
|---|---------------------|
| <u>Estimated Reserve Balance Aug 31, 2018</u> | <u>\$ 1,416,756</u> |
|---|---------------------|

Agenda Item No. 3

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

October 9, 2018

SUBJECT:

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

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

An oral report will be given during the meeting.

Attachment: Periodic Report for the 3rd Quarter of 2018



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

October 1, 2018

Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company activities of interest for the 3rd Quarter of 2018 are listed as follows:

1. Labor

At the end of September 30, 2018 the San Diego & Imperial Railroad had 8 employees:

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

2. Marketing

Volume in the 3rd Quarter had a 3% decrease as compared to the same quarter in 2017. Bridge traffic into Mexico was up about 8% while traffic terminating or originating on the SDIY was down about 17% versus last year. The primary driver for this is a paper customer that moved from a US to a Mexican receiver.

3. Reportable Injuries/Environmental

Days through year to date, September 30, 2018, there were no FRA Reportable injuries or Environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: **7848**

4. Summary of Freight

| | 2018 | 2017 | 2016 |
|---|-------------|-------------|-------------|
| Total rail carloads that moved by SDIY Rail Service in the quarter. | 951 | 979 | 1385 |
| Total railroad carloads Terminating/Originating Mexico in the quarter. | 594 | 547 | 1058 |
| Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter. | 357 | 432 | 327 |
| Total customers directly served by SDIY in the quarter | 13 | 12 | 10 |
| Regional Truck trips that SDIY Railroad Service replaced in the quarter | 2853 | 2937 | 4155 |

Respectfully,

Matt Domen

General Manager

Agenda Item No. 4

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

October 9, 2018

SUBJECT:

REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Quarterly Report



Pacific Southwest Railway Museum

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

October 3, 2018

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

Re: Third Quarter 2018

Dear SD&AE Board:

During the third quarter of 2018 and utilizing all volunteer crews, the Pacific Southwest Railway Museum operated 67 Golden State passenger trains, 14 Valley Flyer trains and one midweek train for NMRA convention attendees, carrying a total of 1,021 passengers during 27 operating days. There were no FRA reportable accidents or injuries during the third quarter, 2018. Earned revenue from SD&AE property for the third quarter, 2018 was \$ 18,030.20 our check for \$360.60 is enclosed.

1,021 passengers during the third quarter of 2018
822 passengers during the third quarter of 2017
773 passengers during the third quarter of 2016
658 passengers during the third quarter of 2015
1,031 passengers during the third quarter of 2014
1,254 passengers during the third quarter of 2013
1,012 passengers during the third quarter of 2012

There were no special event trains operated during the third quarter but pre-sales are now open for October's Pumpkin Express trains which will operate each weekend day in October and December's North Pole trains which will operate every Friday and Saturday evening from November 30 to December 22. I would like to extend an invitation to all members of the SD&AE and MTS meetings to visit the museum at Campo for either event or on any weekend, please e-mail dhyatt@psrm.org for arrangements.

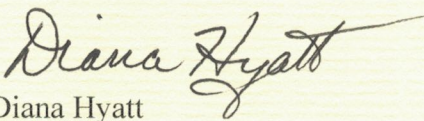
PSRM continues to maintain both signalized railroad crossings within our right of way limits; PSRM signal maintainers perform the monthly, quarterly and annual inspections. During this quarter twenty three switch ties were purchased and installed under both the west and east ends

A Federal Tax Exempt 501 (C) 3 California Non-Profit Corporation www.psrm.org

of the House and Siding tracks within Campo Yard limits and another twenty ties were replaced along the mainline. Additionally, 1.5 miles of right-of-way was hand-weeded of summer Russian thistle growth, then sprayed with a combination of weed killer and pre-emergent. New growth vegetation was also removed from the drainage areas in this region.

Please mark your calendars and plan on joining us mid-morning on Thursday, November 15, 2018 for a media event marking the 99 year anniversary of the completion of the San Diego & Arizona Railway. This event will be held at the Santa Fe Depot at 1050 Kettner Blvd., San Diego. The media would like to interview one or more MTS/SDAE representatives as well as current freight operators of the SD&AE at this kickoff to the railroad's 100th year anniversary celebration next year. There are many activities planned during 2019 at Campo and locations around San Diego prior to the culminating event on Saturday, November 16, 2019 in Campo with a re-enactment of John D. Spreckels' driving of the gold spike. We will be joined by the San Diego City Guard Band who will perform the same musical piece for us that was written and performed at the 1919 celebration. All are encouraged to appear in period-appropriate attire for the 99th and 100th anniversary occasions.

Sincerely,

A handwritten signature in black ink that reads "Diana Hyatt". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Diana Hyatt
President

Agenda Item No. 5

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

October 9, 2018

SUBJECT:

REPORT ON THE DESERT LINE

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Not submitted in time for the mail-out.

Agenda Item No. 6a

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

October 9, 2018

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE JULY 10, 2018

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

Since the July 10, 2018, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-18-684: Right of Entry Permit to Wilson and Company for surveying at the San Ysidro border crossing.
- S200-18-685: Right of Entry Permit to Jerusalem Construction to construct street improvements on north Spring Street in the City of La Mesa.

Agenda Item No. 6b

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

October 9, 2018

SUBJECT:

LICENSE FOR E STREET AT-GRADE CROSSING AND SWEETWATER BICYCLE
PATH AND PEDESTRIAN PROMENADE

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors approve issuing a license to the San Diego Unified Port District for an at-grade crossing and class 1 bike path and pedestrian promenade at the existing E Street crossing on the Coronado Branch in the City of Chula Vista.

Budget Impact

MTS expenses shall be reimbursed for review, approval, processing, and construction oversight.

DISCUSSION:

The San Diego Unified Port District (Port) is developing improvements to the E Street corridor in the City of Chula Vista west of Interstate 5 as part of the Bay Front Master Plan. The Port has asked for approval of a Class 1 Bikeway and a pedestrian promenade and eventual at-grade crossing at the current private crossing of the Coronado Branch at E Street. The Port has received an Urban Greening Program Grant for this project and wants to move forward.

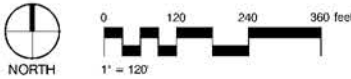
Attached is a schematic of the Urban Greening Strategy Site Plan that shows the relationship of the bikeway and promenade to the existing railroad corridor (6b-2). Eventually E Street will be extended as a public street similar to H Street further south of this location. Staff and the Port have agreed to the attached draft license agreement covering this request (6b-3).

It is anticipated that in the future, the California Public Utilities Commission approval for the at-grade crossing will be obtained and, at that time, staff will revisit upgrading the agreement to an easement. The license contains language to allow for the removal of the rail at this location with consideration to upgrade the crossing at such time the railway is put back in service. The license is terminable.

Attachments: 6b-2. Urban Greening Strategy Site Plan
6b-3. Draft License Agreement



OVERALL SITE PLAN
CHULA VISTA BAYFRONT PARK - URBAN GREENING STRATEGY



CONSTRUCTION AND MAINTENANCE AGREEMENT

THIS CONSTRUCTION AND MAINTENANCE AGREEMENT (“CMA”) is made and entered into this _____ day of _____, 2018, (the “Commencement Date”) by and between the SAN DIEGO AND ARIZONA EASTERN RAILWAY COMPANY (“SDAE”), a California public agency, and SAN DIEGO UNIFIED PORT DISTRICT, a public corporation (“LICENSEE”) (collectively the “Parties”).

RECITALS

WHEREAS, SDAE is the owner of certain railroad right-of-way assets (the “ROW”) located in the County of San Diego, California. The ROW is in inactive use by heavy rail operators; and

WHEREAS, LICENSEE proposes to construct the E Street At-Grade Crossing and Sweetwater Bicycle Path and Pedestrian Promenade, which includes the construction of a Class 1 bike path and pedestrian promenade (the “Project”). The LICENSEE desires to construct a new private at-grade crossing, to serve the Project across the SDAE tracks in substantial compliance with schematic plans attached hereto as Exhibit “A” (collectively, the “Improvements”); and

WHEREAS, the Parties agree that LICENSEE intends to construct and maintain the Project and LICENSEE will reimburse SDAE for all SDAE staff expenses, consultant expenses, and other direct expenses accrued in reviewing, approving, and constructing the Project and in preparing this CMA and any other agreements relating to the Project, including but not limited to a Right of Entry Permit that allows LICENSEE’s contractor to enter into the ROW to construct the Improvements;

NOW, THEREFORE, IT IS AGREED:

1. **License.** SDAE agrees to grant to LICENSEE and hereby grants to LICENSEE a license upon certain portions of the ROW in the County of San Diego, described in Exhibit “B” solely for the purpose of constructing, maintaining and operating the Improvements, in strict accordance with the provisions of this CMA. This license is granted subject to the prior, continuing, and future rights and obligations of SDAE (including its licensees, successors and assigns) to use the ROW for railroad purposes and other consistent uses, including, but not limited to, existing and future transportation activities, utilities, communication systems, pipeline facilities and appurtenances in, upon, over, across and along the ROW, and there is expressly reserved unto SDAE, and its respective successors and assigns, the right (consistent with the rights herein granted) to construct, reconstruct, maintain, operate, and use any and all existing and future facilities and appurtenances related to the above-referenced uses.

2. **Use.** If LICENSEE shall use the ROW for any purpose other than as stated in Section 1 above, or fail to act in accordance with the provisions of this CMA, or act in a manner which unreasonably interferes with the use of the ROW by SDAE (including its licensees, successors and assigns), then SDAE (or its successors and assigns) shall provide LICENSEE with a timely

written notice of any claim of default, meet and confer with LICENSEE regarding the claim of default, and allow LICENSEE a reasonable opportunity to cure the default so long as LICENSEE proceeds expeditiously to cure the default. So long as LICENSEE has delivered notice of the existence, identity and notice address of a lender to the LICENSEE or the Project (a “Lender”), SDAE agrees to deliver a like notice of default to such Lender contemporaneously with the notice given to LICENSEE and allow the said Lender to cure such default as if Lender were LICENSEE. If LICENSEE fails to cure the default in a timely manner, SDAE may exercise its remedies at law or equity against LICENSEE. It is expressly understood and agreed by SDAE that LICENSEE shall use the ROW without interference or damage to the catenary wires, pipelines, electric transmission lines, telephone lines, telegraph lines, communications systems and other facilities of like character, existing or constructed during the term of this CMA over, under, along and across the ROW. LICENSEE hereby agrees that it will indemnify and save harmless SDAE from and against any and all liability for any such interference or damage by LICENSEE or its contractors or agents as more expressly set forth below in paragraph 8.

3. **Conditions and Limitations.**

(a) **Conditions and Limitations on Use.**

- (i) LICENSEE shall comply with all applicable terms, conditions, directives and requirements of SDAE’s policies regarding rights-of-way and other SDAE ordinances, rules and regulations. LICENSEE shall comply with all applicable laws and regulations of the federal, state, county, local governments and all administrative agencies thereof which may have jurisdiction over LICENSEE’s construction, maintenance and operation of the Project.
- (ii) No use, construction, or maintenance by LICENSEE or on LICENSEE’s behalf on the Project will unreasonably interfere with any type of railroad operations on the ROW.
- (iii) LICENSEE shall not leave any personal property or equipment on the ROW unattended at any time unless approved by SDAE.

(b) **Limitations on License.** The license and permission to be granted by SDAE to LICENSEE are without warranty of title of any kind, expressed or implied, and are subject to and subordinate to all prior licenses, leases, easements, restrictions, reservations, conditions, covenants, encumbrances, right-of-ways, liens and claims of title which may in any manner encumber the ROW.

4. **Maintenance and Upgrade of Improvements.** LICENSEE shall maintain at its expense the Improvements constructed pursuant to the terms of this CMA and which are over, under, along and across the ROW except for the area of Improvements described in this paragraph. SDAE shall be responsible for the maintenance of the Improvements consisting of at grade roadway crossings between the rails and for two feet outside the rails. LICENSEE shall be responsible for the maintenance of the Improvements consisting of the entire below grade utility crossings between the rails and for two feet outside the rails and the roadway excepting that which is maintained by SDAE described above. SDAE shall also be responsible for maintaining

the trackage, crossing signaling, signage, communications, and crossing equipment as required. SDAE costs for maintaining the portion of the Improvements as described herein shall be at the sole expense of the LICENSEE.

LICENSEE expressly acknowledges that SDAE shall have the sole and exclusive discretion to order LICENSEE to upgrade the at-grade crossing elements of the Improvements, at LICENSEE's complete expense, to SDAE and industry/regulatory current standards in place at that time, such that any form of railroad or transportation operations could be conducted by SDAE. Subject to LICENSEE'S timely receipt of any necessary ROE Permits, LICENSEE shall commence work on rebuilding the crossings within one hundred and twenty (120) days of receiving a written notice from SDAE and shall complete the rebuilding within ninety (90) days from the date it commences work. The upgrades necessary to rebuild the crossings shall include, but are not limited to rails, ties, track way, crossing panels, railway signaling equipment, and ancillary improvements. Failure to rebuild the crossings within ninety (90) days will result in the imposition of liquidated damages at the rate of one hundred dollars (\$100) for each day the crossings are not rebuilt within the aforementioned time schedule.

5. **Construction Right of Entry Permit.** The exercise of any and all rights provided by this CMA is subject to the requirement that LICENSEE and/or its contractors and agents first obtain a Right of Entry Permit ("ROE Permit") from SDAE prior to entry onto the ROW for the construction, upgrade, reconstruction, or maintenance of the Improvements. The ROE Permit requires that LICENSEE and/or its contractors and agents procure and maintain in force at all times during the construction contract, the insurance described in this CMA. SDAE shall timely process any applications required to obtain the ROE Permit, and shall not unreasonably deny or delay the issuance of such ROE Permit. LICENSEE and/or its contractors and agents will comply in all material respects with all SDAE policies, rules and regulations as stated in the ROE Permit, and the instructions of SDAE's representatives in relation to the proper manner of protecting the railroad tracks and traffic moving thereon, catenary lines, pull lines, signals and other property of SDAE or their respective tenants or licensees, during the period of construction of the Improvements and shall perform the work at such times and in such a manner so as not to endanger or interfere with the safe and timely operation of the railroad track and other facilities. LICENSEE shall be responsible for all costs related to plan review, processing, and inspecting the construction of Improvements incurred by SDAE including staff, consultant, and other direct costs.

6. **Maintenance ROE Permit.** Notwithstanding the foregoing, SDAE hereby grants to LICENSEE a Durable Maintenance ROE Permit to allow LICENSEE to enter onto the ROW for routine maintenance of the Improvements, including, but not limited to, activities such as trash removal, landscape maintenance if any, minor repairs, and similar maintenance activities. The Durable Maintenance ROE Permit shall remain effective throughout the life of this CMA and be subject to all of the terms of this CMA, including but not limited to the indemnity and insurance provisions. Entry onto the ROW by individuals or entities other than LICENSEE (such as contractors, agents, and non-LICENSEE employees) shall require a separate ROE Permit as specified in paragraph 5, notwithstanding the traverse of the at-grade crossings as a private right-of-way.

7. **Notice.** The exercise of any and all rights provided to LICENSEE by this CMA is also subject to the notice requirements set forth in the ROE Permits for the construction and

maintenance of the Improvements, prior to entry onto the ROW for any purpose.

8. **Indemnification.**

(a) **LICENSEE**

LICENSEE shall indemnify, defend and hold harmless the San Diego Metropolitan Transit System (“MTS”), its Board, officers, directors, agents, and employees, Rail America, the San Diego and Imperial Valley Railroad (“SD&IV”), SD&AE, San Diego Trolley, Inc. (“SDTI”), San Diego Transit Corporation (“SDTC”), any other entity performing maintenance work on the ROW, any other entity providing passenger rail operation services for SDAE or SD&AE on the ROW, and any other entity providing dispatch services to SDAE for the ROW, their officers, directors, agents and employees (“SDAE Indemnitees”), from any and all liability, loss, expense (including reasonable attorneys’ fees and other defense costs), demands, suits, liens, damages, costs, claims, including, but not limited to, third party claims, claims for bodily injury, death, personal injury, or property damage, that are incurred by or asserted against the SDAE Indemnitees arising out of or connected with this CMA, the maintenance of any device or appurtenance implemented under this CMA, and any negligent acts or omissions on the part of LICENSEE, its Council, officers, agents, contractors, employees, or invitees, which shall include members of the public using the Project; provided, however, that LICENSEE shall not be required to indemnify, defend, or hold any of the SDAE Indemnitees harmless to the extent of the negligence or willful misconduct of any SDAE Indemnitee or the default of any SDAE Indemnitee of this CMA. The requirements as to the types and limits of the insurance coverage to be maintained by LICENSEE as required by paragraph 9, and any approval of the insurance by SDAE, are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by LICENSEE pursuant to this CMA, including but limited to, the provisions concerning indemnification.

(b) **SDAE**

SDAE agrees to indemnify, defend and hold harmless LICENSEE and its officers, agents, volunteers, contractors, and employees (“LICENSEE Indemnitees”), from any and all liability, loss, expense (including reasonable attorneys’ fees and other defense costs), demands, suits, liens, damages, costs, claims, including but not limited to, claims for bodily injury, death, personal injury, or property damage, that are incurred by or asserted against the LICENSEE Indemnitees arising out of or connected with any negligent acts or omissions on the part of SDAE, its Board, officers, agents, contractors, or employees, under or in connection with any work, authority or jurisdiction delegated to SDAE under this CMA or any breach of this CMA by SDAE; provided, however, that SDAE shall not be required to indemnify, defend, or hold any of the LICENSEE Indemnitees harmless to the extent of the negligence or willful misconduct of any LICENSEE Indemnitee or the default of any LICENSEE Indemnitee of this CMA. SDAE shall have no obligation to indemnify any invitee of LICENSEE.

(c) **CONCURRENT NEGLIGENCE**

In the event of an act or acts of concurrent negligence which results in the filing of a demand, claim, or complaint against the Parties, each party shall defend and represent itself such that each party shall bear its own costs and attorney’s fees.

9. **Insurance.** LICENSEE, at its sole cost and expense, shall procure and maintain the following insurance:

(a) General Liability

- (i) LICENSEE shall maintain \$15 million of general liability coverage (which can be in a combination of primary and umbrella coverage). Upon request by SDAE, LICENSEE shall provide satisfactory evidence that it meets the insurance requirements of this CMA.
- (ii) The coverage described above shall cover bodily injury (including death) and property damage liability, owned and non-owned equipment, and blanket contractual liability.
- (iii) The policies shall not have endorsement limitations relating to operations on or near railroad property.
- (iv) All such policies shall name in the endorsement San Diego Metropolitan Transit System (“MTS”), San Diego Trolley, Inc. (“SDTI”), San Diego and Arizona Eastern Railway Company, San Diego and Imperial Valley Railroad (“SDIV”), San Diego Transit Corporation (“SDTC”), and their directors, officers, agents, and employees as additional insureds as their interests may appear.

(b) Automobile Liability

- (i) LICENSEE shall maintain \$2 million of automobile liability coverage (which can be in a combination of primary and umbrella coverage). Upon request by SDAE, LICENSEE shall provide satisfactory evidence that it meets the insurance requirements of this CMA.
- (ii) The insurance shall indemnify against loss from liability imposed by law for damages on account of bodily injury, property damage, and personal injury. The automobile coverage shall cover all owned, non-owned and hired automobiles.

(c) **Workers Compensation.** LICENSEE shall cover or insure under the applicable laws relating to workers’ compensation insurance, all of their employees working on or about the Right-of-Way, all in accordance with the “Workers’ Compensation and Insurance Act,” Division IV of the Labor Code of the State of California and any Acts amendatory thereof. LICENSEE shall provide employers’ liability insurance in the amount of not less than two million dollars per accident for bodily injury and disease. By its signature hereunder, LICENSEE certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers’ compensation or to undertake

self-insurance in accordance with the provisions of that code, and it will comply with such provisions in connection with any work performed on the Site. Any persons providing services with or on behalf of LICENSEE shall be covered by workers' compensation (or qualified self-insurance.) LICENSEE waives any rights of subrogation against MTS, SD&AE, or any of their subsidiaries, and the policy form must permit and accept such waiver.

(d) **Railroad Protective Insurance.** LICENSEE shall remove any exclusions relating to performance of operations within the vicinity of any railroad, Project, trestle, track, roadbed, tunnel, underpass, or crossing from its General Liability Coverage or purchase a separate Railroad Protective Liability policy.

(e) For any claims arising out of or connected with this CMA regarding the maintenance of any device or appurtenance implemented under this CMA, and any negligent acts or omissions on the part of LICENSEE, its officers, agents, contractors, or employees, or LICENSEE's operations or activities, LICENSEE's insurance shall be primary insurance to MTS, SDTI, SDTC, SD&AE, SD&IV, and their directors, officers, employees, contractors, agents or authorized volunteers. Any insurance, self-insurance or other coverage maintained by MTS, SDTI, SDTC, SD&AE, SD&IV, and their directors, officers, employees, agents or authorized volunteers shall not contribute to it. All policies and coverages shall contain a provision for 30 days written notice by the Insurer(s) to the MTS Contracts Specialist of any cancellation or material reduction of coverage. A ten-day notice is required for non-payment of premium.

(f) LICENSEE (A) shall require that every general contractor (which, for the avoidance of doubt, shall mean any party which has a direct contractual relationship with LICENSEE) and (B) shall use commercially reasonable efforts to require every subcontractor retained by any such general contractor to perform the construction or maintenance of the Improvements, who enters upon, uses, or performs any work upon the ROW by or on behalf of LICENSEE shall provide to SDAE evidence of insurance as follows:

- (i) Commercial General Liability. At all times during construction of the Improvements, Commercial General Liability Insurance for bodily injury and property damage in an occurrence form and with insurance companies acceptable to SDAE with minimum policy limits of \$5 million (per occurrence) for any general contractor and \$2 million (per occurrence), \$4 million (aggregate) for any sub-contractors. Such coverages may be affected by a combination of primary and umbrella coverage. Commercial General Liability Insurance must include coverage for the following:
- Premises/Operations Liability
 - Aggregate Limits per Project
 - Products/Completed Operations Liability
 - No Explosion, Collapse, and Underground (XCU) exclusion
 - Contractual Liability, with respect to this agreement
 - Personal Injury Liability

- Broad Form Property Damage
- Independent Contractors

All such policies shall name in the endorsement San Diego Metropolitan Transit System, San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company, San Diego and Imperial Valley Railroad, San Diego Transit Corporation, and their directors, officers, agents, and employees as additional insureds as their interests may appear. All general liability coverages required under this Section 9(f) are PRIMARY and that any insurance of MTS, SDTI, SD&AE, SD&IV, and SDTC shall be excess and noncontributory (endorsement required). After construction of the Improvements is completed, such limits can be decreased to \$2 million (per occurrence) / \$4 million (aggregate) for any general contractor and \$1 million (per occurrence) / \$2 million (aggregate) for any subcontractor. Such coverages may be affected by a combination of primary and umbrella coverage.

- (ii) Automobile Liability. At all times during this contract, Automobile Liability Insurance for bodily injury and property damage including coverage for all owned, nonowned, and hired vehicles at a minimum policy limit of \$2 million dollars (per occurrence) for any general contractor and \$1 million (per occurrence) for any subcontractor. Such coverages may be affected by a combination of primary and umbrella coverage. All such policies shall name in the endorsement San Diego Metropolitan Transit System, San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company, San Diego and Imperial Valley Railroad, San Diego Transit Corporation and their directors, officers, agents, and employees as additional insureds as their interests may appear.
- (iii) Workers' Compensation/Employer Liability. At all times during this contract, Contractor agrees to maintain Workers' Compensation and Employers' Liability Insurance in compliance with the applicable statutory requirements at a minimum policy limit of \$1 million dollars. Contractor waives any rights of subrogation against MTS, SDTI, SD&AE, SD&IV, SDTC, , and LICENSEE and the policy form must permit and accept such waiver.
- (iv) Railroad Protective Insurance. Remove any exclusions relating to performance of operations within the vicinity of any railroad, Project, trestle, track, roadbed, tunnel, underpass, or crossing from its General Liability Coverage, or purchase a separate Railroad Protective policy in the amount of \$3,000,000 in the name of SDAE, and all other named parties in section f (i) above.

- (v) Notice. All policies and coverages shall contain a provision for 30 days written notice by the Insurer(s) to SDAE of any cancellation or material reduction of coverage. A ten-day notice is required for non-payment of premium.

10. **Co-operation in Defense of Claims.** The Parties agree to co-operate in good faith to seek a prompt disposition, by way of dismissal or summary judgment, of any claim or litigation alleging liability of any party to this CMA, based on the construction, maintenance or operation of the Project.

11. **Default; Termination.**

(a) In the event that LICENSEE fails to perform any obligation under this CMA, LICENSEE shall pay all costs and expenses incurred by SDAE in obtaining performance of such obligations, including costs of suit and reasonable attorney's fees. If LICENSEE uses the ROW for any purpose not expressly authorized by this CMA or fails to act strictly in accordance with the terms and conditions of this CMA, and if such default is not corrected within 30 days' notice from SDAE to LICENSEE, SDAE may prevent LICENSEE from entering the ROW until the default is corrected; provided, however, SDAE will not prevent LICENSEE from entering the ROW so long as LICENSEE has commenced curative action within such 30 day period and thereafter continues diligently to work to cure such default. Notwithstanding the foregoing, if SDAE determines that any default by LICENSEE does or has the potential to cause a danger to the ROW, light rail vehicle operations, or railroad operations, and LICENSEE fails or refuses to timely correct the default, SDAE may perform such work as is reasonable and necessary to remedy the danger, and LICENSEE shall reimburse SDAE for all costs and damages so incurred for correcting the default. If LICENSEE fails or refuses to correct any default after such notice, subject to the provisions above, or refuses to timely reimburse SDAE for the work required to remedy the danger, SDAE may, upon thirty (30) days additional notice and in addition to any other remedy provided by law, terminate this CMA and prevent LICENSEE from entering the ROW thereafter.

(b) In the event SDAE fails to perform any of its obligations under this CMA, LICENSEE shall give SDAE written notice of the nature of the default and the steps required to remedy the default. If the default is not cured within thirty (30) days of the delivery of LICENSEE's notice, LICENSEE may proceed to enforce its rights and protect its interests under this CMA. SDAE shall pay all costs and expenses incurred by LICENSEE in obtaining performance of the obligations, and protecting LICENSEE's interests hereunder, including costs of suit and reasonable attorney's fees. In no case will any enforcement action modify the ownership or operation of the ROW.

(c) This CMA may be terminated at any time by either SDAE or LICENSEE upon one hundred twenty (120) days' notice in writing to be served upon the other party, stating therein the date that such termination shall take place, and that upon the termination of this CMA in this or any other manner herein provided, LICENSEE, upon demand of SDAE, shall abandon the ROW and the use of the Improvements, remove any Improvements constructed, installed or maintained on the ROW for the Project, and restore the ROW and any other improvements or facilities within said ROW, whether owned by SDAE or others, to their original condition in which they were prior to the installation of the Improvements. In case LICENSEE fails to

restore SDAE's ROW and improvements or facilities as aforementioned within ten (10) days after the effective date of termination (or other time period approved by SDAE), SDAE may proceed with such work at the expense of LICENSEE. No termination hereof shall release LICENSEE from any liability or obligation hereunder, whether of indemnity or otherwise, resulting from any acts, omissions, or events happening prior to the date the Improvements are removed and the ROW of SDAE restored as above provided.

(d) Termination of this CMA shall not release any party from any liability or obligation hereunder resulting from an event which occurred before termination.

12. **Notices.** All notices to be given under this CMA shall be in writing and either:

(a) Sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered upon actual receipt or one (1) business day after deposit with this courier, whichever occurs first; or

(b) Sent by telecopy or similar means, if a copy of the notice is also sent by United States Mail, in which case notice shall be deemed delivered on transmittal by facsimile provided that a transmission report is generated reflecting the accurate transmission of the notice, as follows:

Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101
Attn: Manager of Real Estate Assets
Tel: 619-595-4903

San Diego Unified Port District
P.O. Box 120488
San Diego, CA 92112
Attn: Real Estate Dept.
Tel: 619-686-6291

These addresses may be changed by written notice to the other Parties provided that no notice of a change of address shall be effective until actual receipt by the Parties of the notice. Copies of notices, if any are so indicated, are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

13. **Waiver.** Any party's failure to enforce or exercise its rights with respect to any provision hereof shall not be construed as a waiver of such rights or of such provision.

14. **Laws, Venue, and Attorneys' Fees.** This CMA shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this CMA, the action shall be brought in a state or federal court situated in the County of San Diego, State of California. In the event of any claim, legal action or proceeding between the parties arising under or concerning this CMA, the prevailing party(ies) shall be entitled to reasonable attorneys' fees and expenses as part of the judgment resulting there from.

15. Dispute Resolution.

(a) The Parties agree that they shall first meet, through their senior staff representatives, to attempt to informally resolve any dispute that arises under this CMA.

(b) If the informal efforts are unsuccessful, then the Parties agree to participate in mediation. Within five (5) business days of the request of any party, the Parties shall mutually agree on the person or alternative dispute resolution agency to conduct the mediation. If the Parties are unable to agree on the person or alternative dispute resolution agency to conduct the mediation, the initiating party may arrange for the office of the American Arbitration Association in downtown San Diego, California, to perform the mediation. The initiating party shall then schedule the mediation so that it is conducted within five (5) business days of the mediator's appointment. The costs of the mediation and fees of the mediator, if any, shall be shared equally by the Parties.

(c) Any dispute not resolved through the mediation required by paragraph (b) of this Section, may proceed to litigation unless the Parties agree in writing to submit the dispute to binding arbitration.

16. Memorandum of Agreement; Estoppel Certificates; Assignment. Upon written request of either Party, or any proposed successor or assign of either Party, the other Party shall (i) cooperate in executing and causing to be recorded a memorandum of or recordable short form of this CMA and (ii) execute and deliver an estoppel letter, within 15 days of such request therefor, such estoppel letter addressed to requesting Party and/or to any party requesting the same, certifying under penalty of perjury as of the date of delivery thereof, whether this CMA has been amended or modified in any manner (and if so, identifying such amendment or modification), whether this CMA is then in full force and effect, and whether there then exist any breaches or defaults by either Party under this CMA, or any facts or circumstance which with the giving of notice or lapse of an applicable cure period, or both, would constitute a breach or default under this CMA. Such estoppel letter shall also include certifications by the requested party as to such other factual matters as the requesting Party or the person requesting same shall reasonably request. LICENSEE shall have the right, without obtaining the consent of SDAE, to freely assign, convey, encumber and otherwise transfer any or all of LICENSEE'S right, title or interest in or to this CMA, any ROE Permits issued in connection herewith, and/or the Improvements from time to time, including, but not limited to: (a) in connection with a sale or transfer, of any interest in the Project, (b) in connection with any finance, refinance, sale lease-back transaction or other funding transaction involving the Project, or (c) to any party controlling, under common control with, or controlled by, LICENSEE or that otherwise has an economic interest in the Project.

IN WITNESS WHEREOF, the parties hereto have caused this CMA to be executed by and through their respective officers duly authorized on the date written below their signatures.

SAN DIEGO AND ARIZONA EASTERN
RAILWAY COMPANY

SAN DIEGO UNIFIED PORT DISTRICT

By: _____
Paul C. Jablonski, President

By: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
Of Counsel

By: _____
Deputy Port Attorney

List of Exhibits

A. Project Schematic Plans

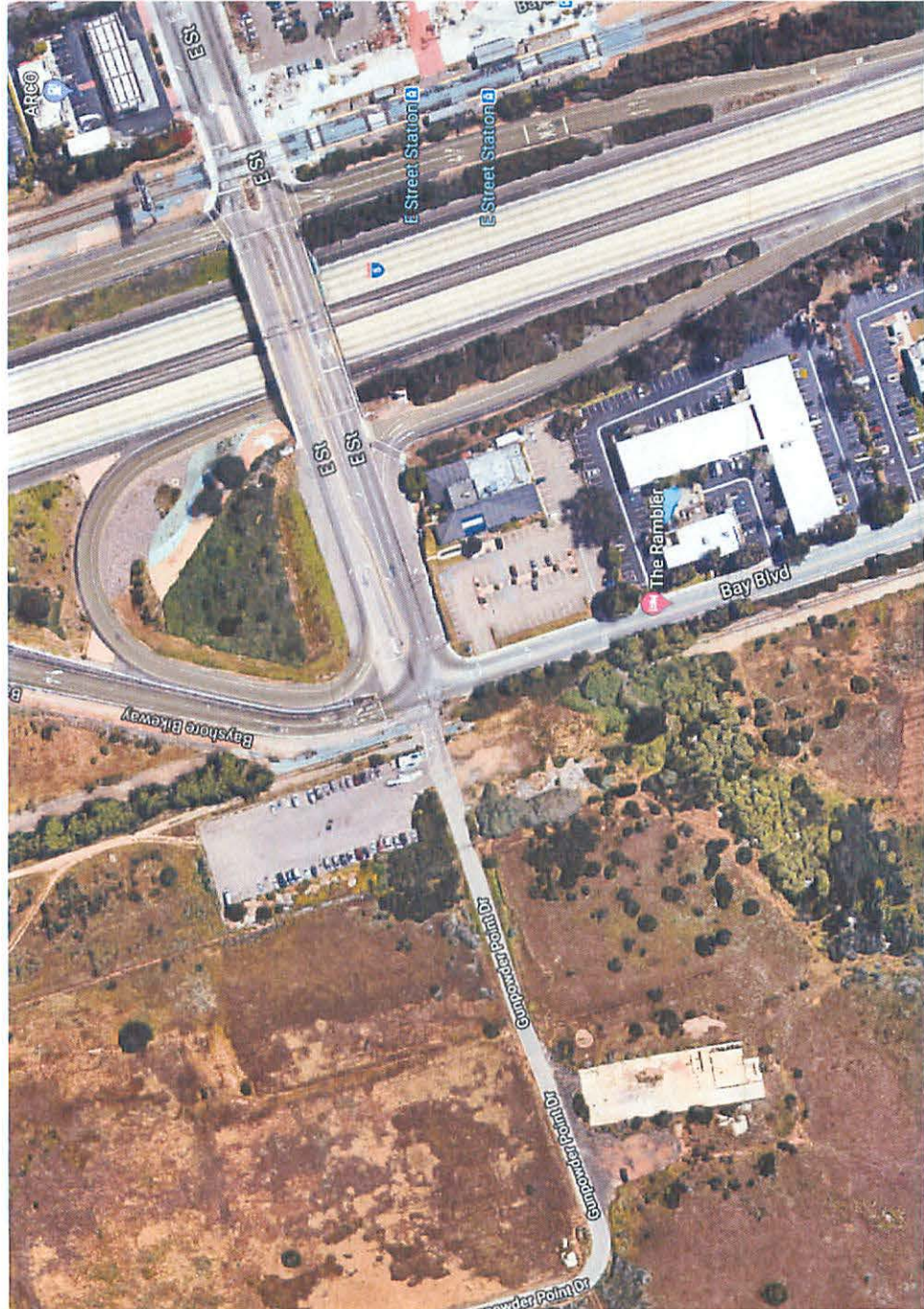
SD&AE Board of Directors

10/9/2018

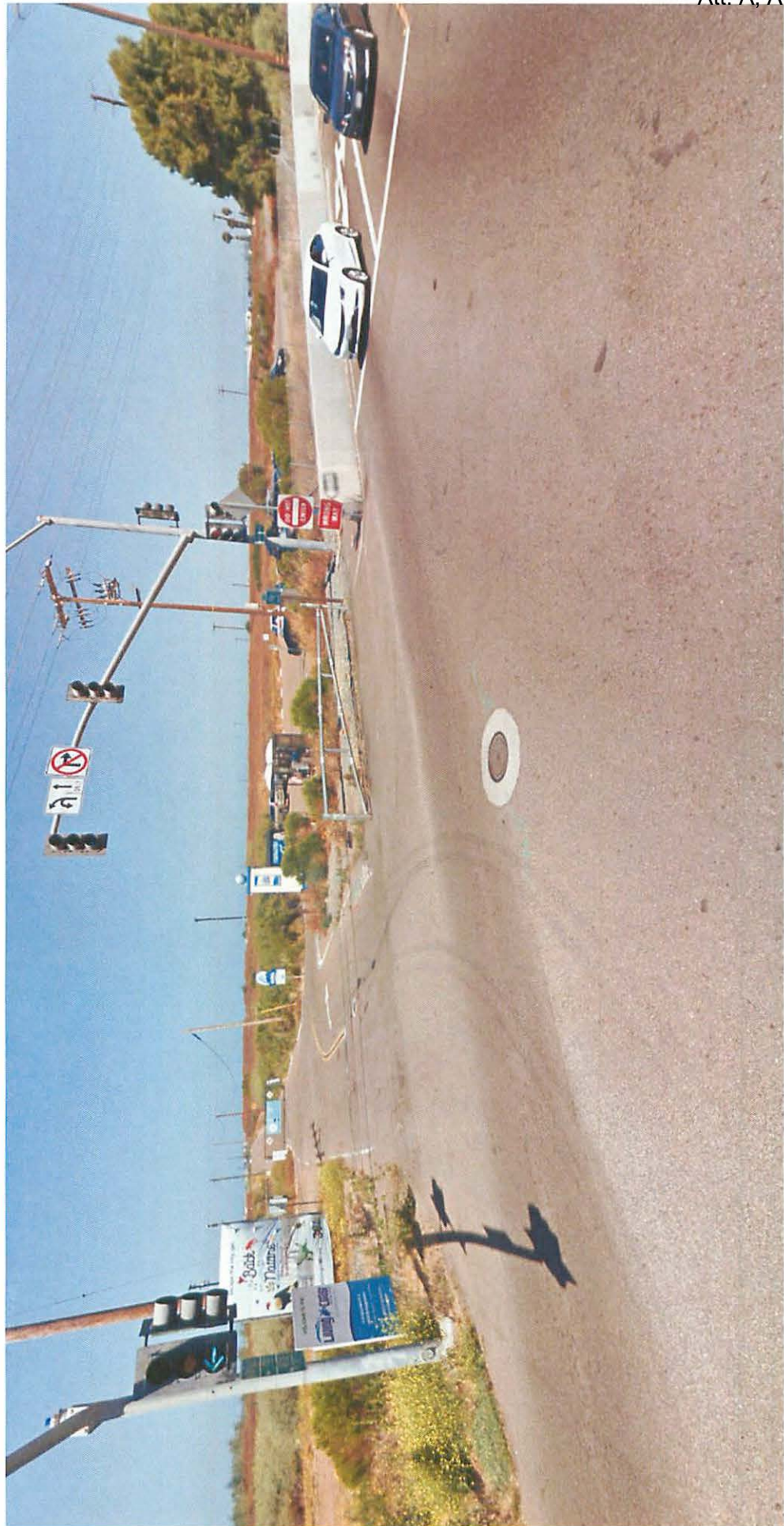
San Diego Unified Port District

E Street Crossing

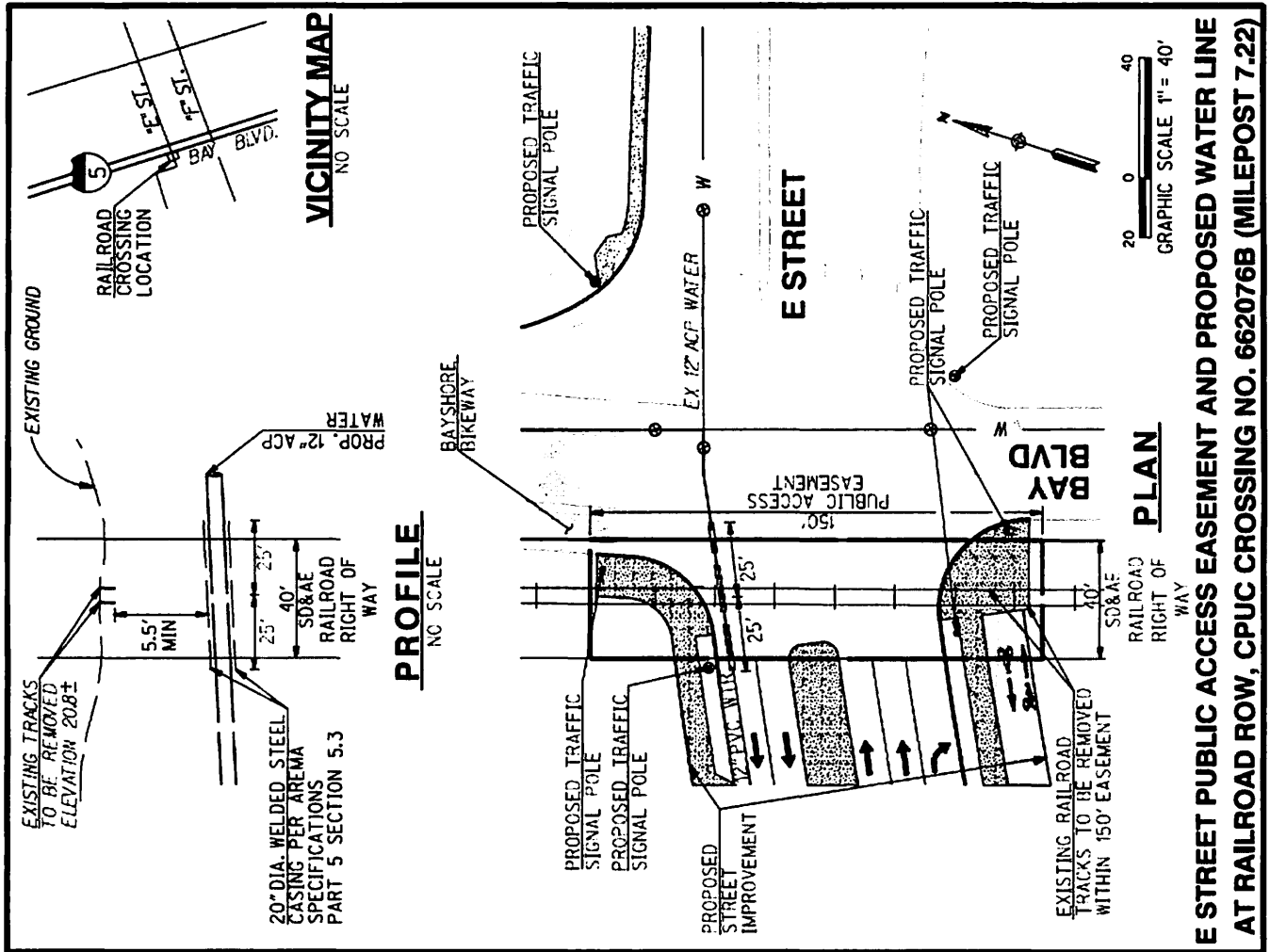
E Street Crossing



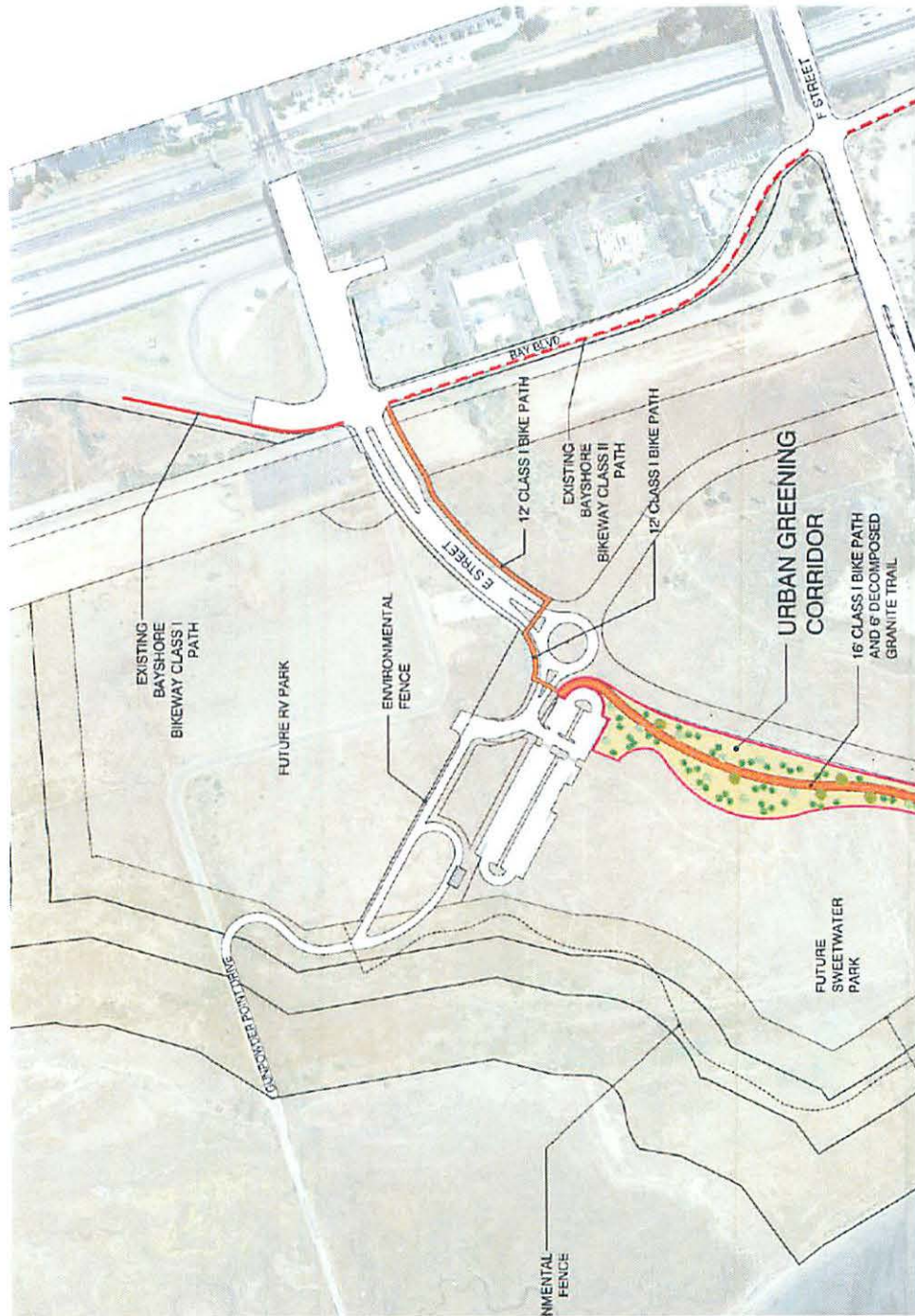
Street View



Proposed Crossing



Urban Greening Corridor



Agenda Item No. 6C

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

October 9, 2018

SUBJECT:

LICENSE FOR CAMERA TOWER PLACEMENT NEAR MILE POST 86.5 ON THE
DESERT LINE

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors approve issuing a license to the United States Customs and Border Protection (CBP) for a camera tower installation on the Desert Line near mile post 86.5.

Budget Impact

Reimbursement is not anticipated in cooperation with CBP.

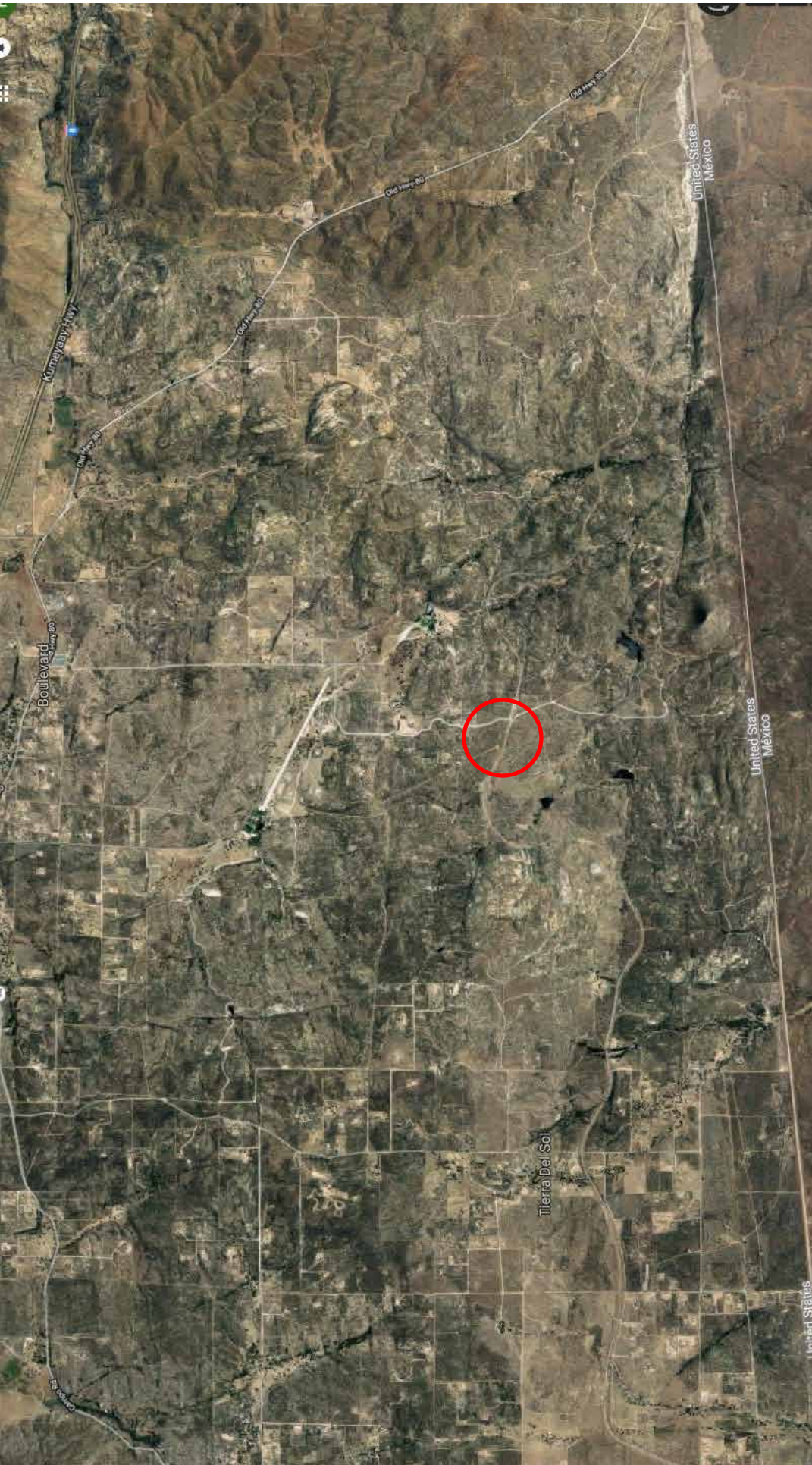
DISCUSSION:

CBP requests that a license be issued to cover the installation of a test camera tower as shown on the attached exhibit (6c-2). The tower's initial site location is east of High Pass near mile post 86.5. The tower may be moved depending on site coverage determined by CBP and approved by the MTS. The tower sites will be reviewed by appropriate specialists, such as historic preservationists and environmental experts.

It is anticipated that the installation will be for approximately 12 months. The tower placement will not be located in a manner that will be in conflict with future reopening of the Desert Line.

Attachment: Camera Tower Rendering





Desert Line milepost 86.5

SD&AE Board of Directors

10/9/2018

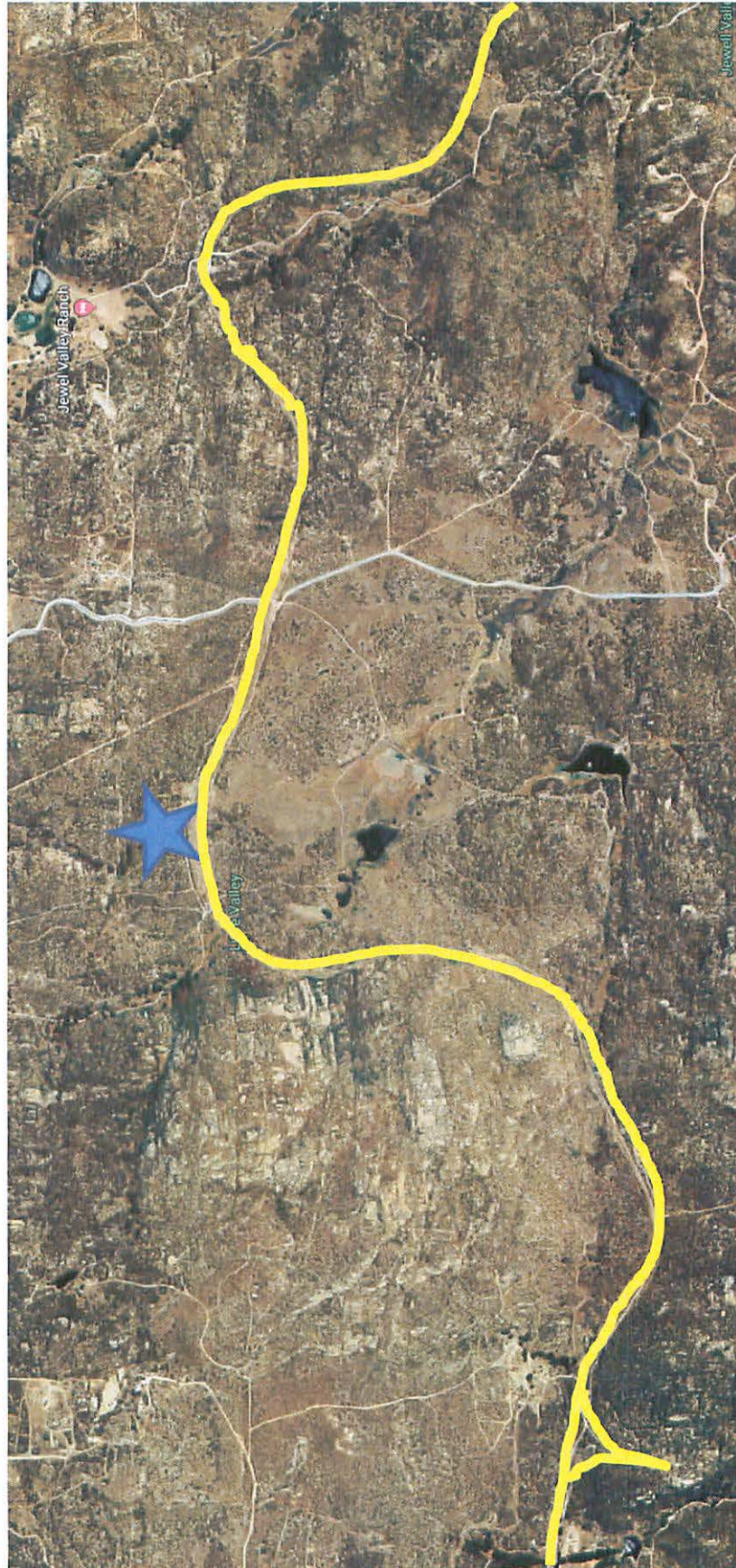
Customs and Border Protection

Camera Tower License

Camera Tower Typical



Initial Installation Site



Agenda Item No. 7

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

October 9, 2018

SUBJECT:

REMOVAL OF ABANDONED TRACK – PROPOSED CAPITAL PROJECT

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors approve the removal of unused track in Commercial Street in San Diego, Cleveland Street in National City, and F Street and J Street in Chula Vista.

Budget Impact

To be determined.

DISCUSSION:

MTS staff is currently preparing the FY 2020 Capital Improvement Project (CIP) list. One item that has been identified for potential action is removal of unused track in city streets. There are currently sections of abandoned SD&AE track in the cities of San Diego (Commercial Street), National City (Cleveland Street), and Chula Vista (F Street and J Street). MTS staff is preparing a project scope and independent cost estimate for this work and identifying potential funding sources. All or part of the funding may be identified from the SD&AE reserve account, which currently holds an estimated \$1,375,700 (as of June 30, 2018).

The proposed project is currently identified as follows: Remove track, timber panels, and warning system (where applicable).

| | |
|---|--|
| <u>Commercial Street (City of San Diego)</u> Siding - 1600' x 10' 31 st Spur – 410' x 10' 22 nd Spur - 150' x 10' Remove 4 switch frogs and 2 split-point derails | <u>F Street (City of Chula Vista)</u> Track (center of street) 1600 x 10' |
| <u>Cleveland Street (City of National City)</u> Track (center of street) 3500' x 10' | <u>J Street (City of Chula Vista)</u> Remove grade crossing |

The current project scope includes 7,260 lineal feet of track removal and 72,600 square feet of pavement install. In addition, staff will be evaluating the cost of removing all track and ties or only removing track and repaving. If the ties are not removed, it could require future maintenance obligations; however, tie removal could significantly increase the project cost.

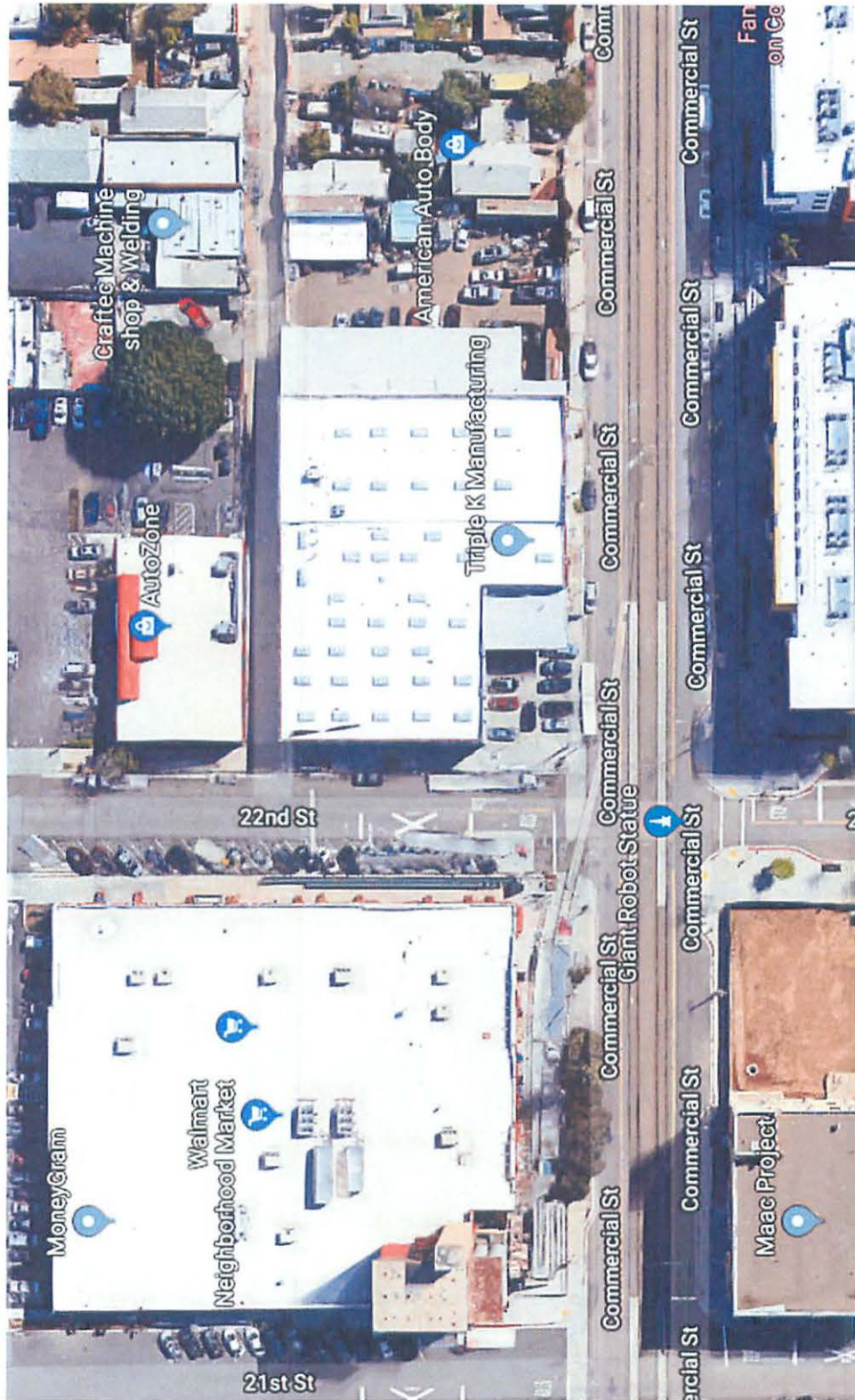
SD&AE Board of Directors
10/9/2018
Agenda Item 7

**REMOVAL OF ABANDONED TRACK –
PROPOSED CAPITAL PROJECT**

Commercial Ave Spurs

22nd Street Spur to Walmart

San Diego



Commercial Ave Spurs & Siding

29th Street to 31st Street

San Diego

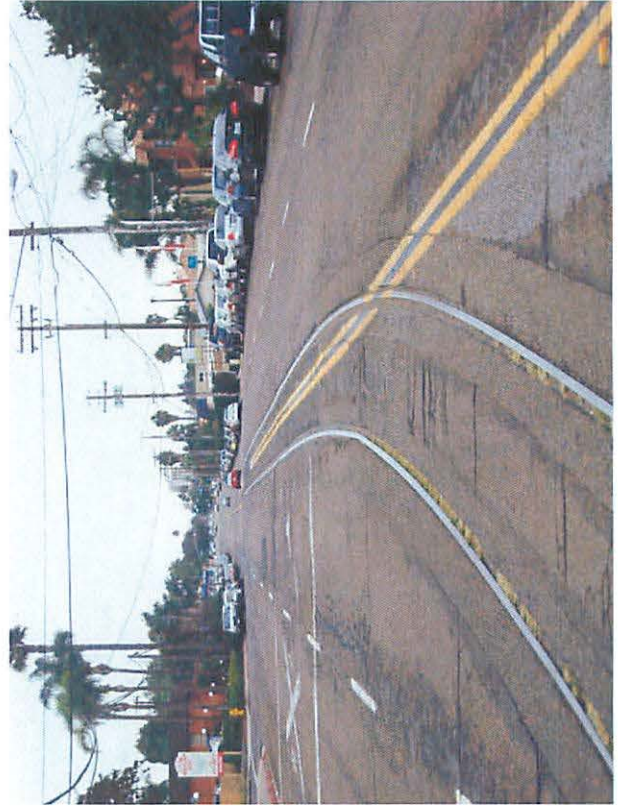


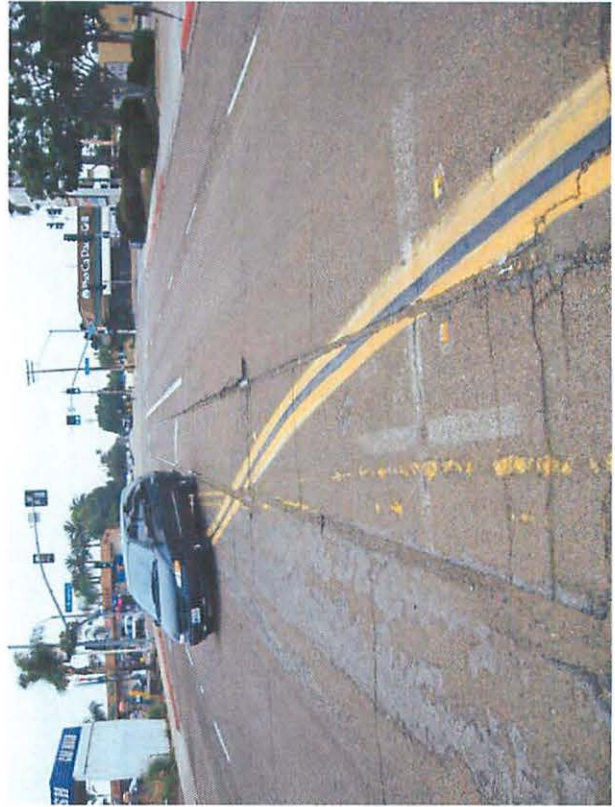
F Street

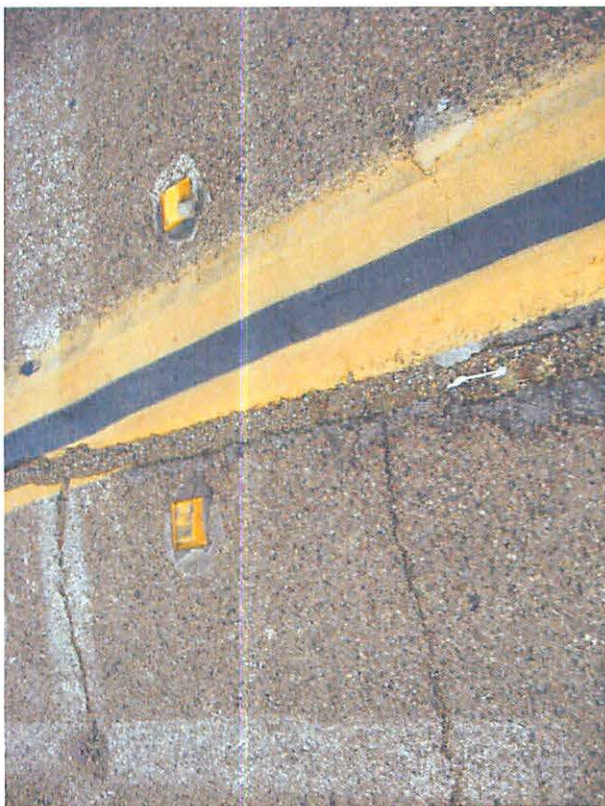
between I-5 and Broadway

Chula Vista



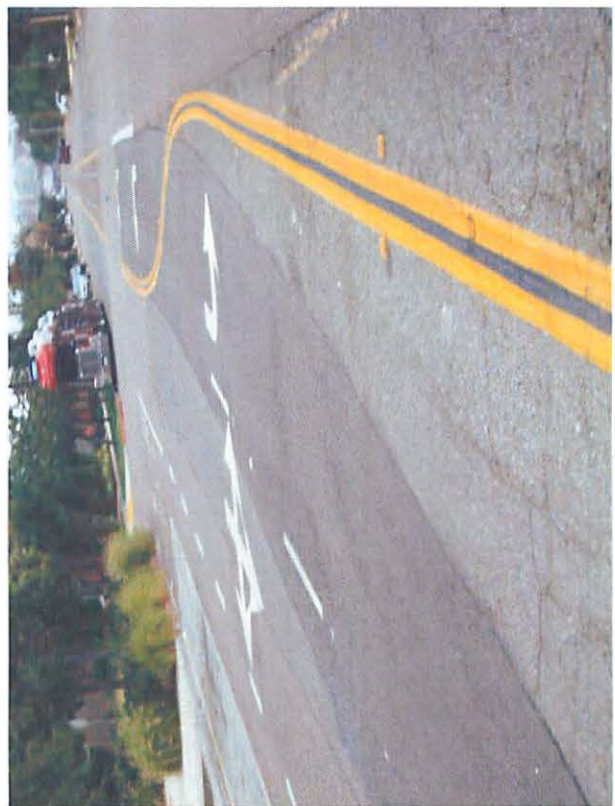
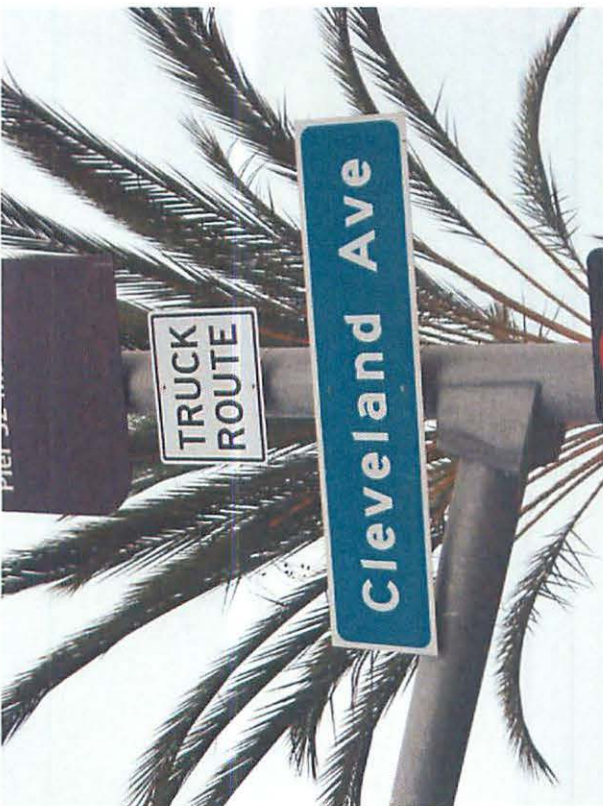




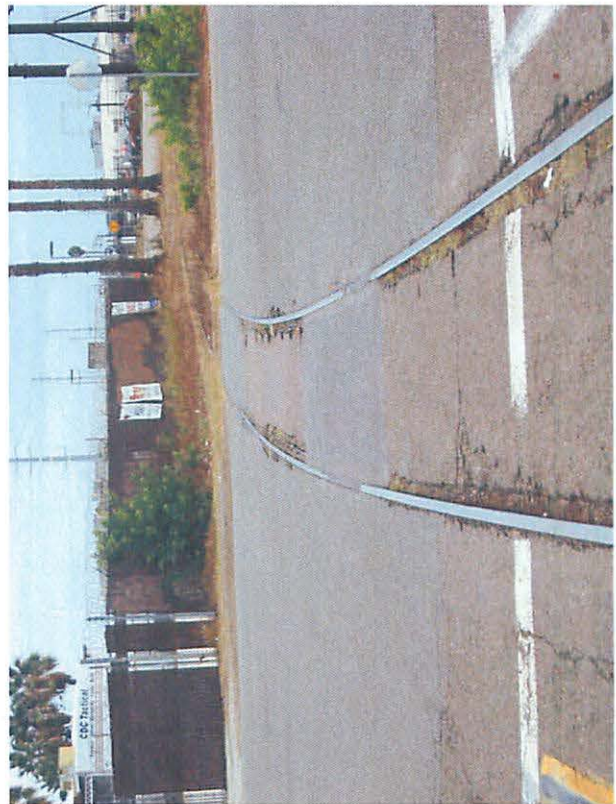
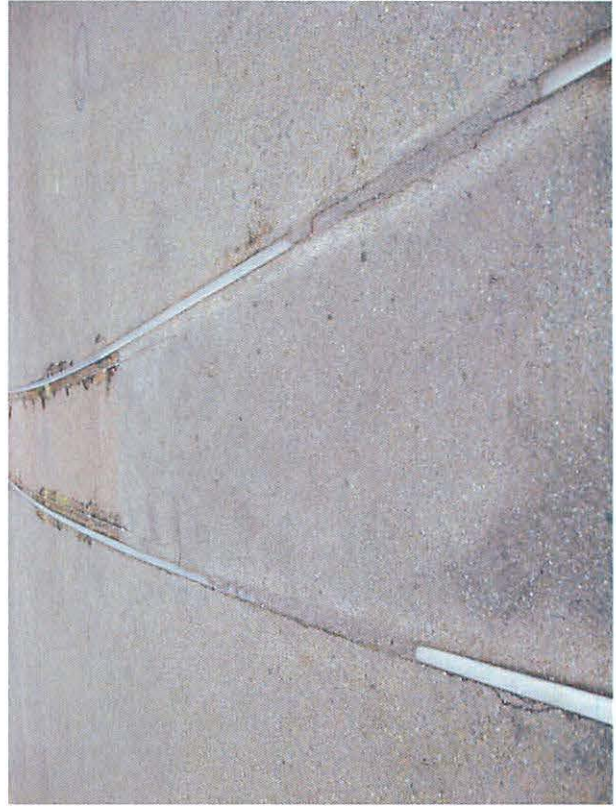




Cleveland
Street
between Civic
Center Dr. and Bay
Marina Drive
National City









REQUEST TO SPEAK

Agenda Item No. 7

Order Request Received

PLEASE SUBMIT THIS COMPLETED FORM (AND ANY WRITTEN STATEMENTS) TO THE CLERK OF THE COMMITTEE PRIOR TO DISCUSSION OF YOUR ITEM¹.

1. INSTRUCTIONS

This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Committee (please attach any written statement to this form). Communications on hearings and agenda items are generally limited to three (3) minutes per person unless the Committee authorizes additional time. However, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three (3) minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous hearings or agenda items may not again be addressed under General Public Comments.

Please Print

| | |
|---|--|
| NAME | <u>R. Michel Beauchamp</u> |
| Address | <u>1434 East 24th St</u> |
| Telephone | <u>619 477 5337</u> |
| Organization represented (if any) | <u>San Diego Electric Railway Assn</u> |
| Subject of your remarks | <u>Retention of route a Colorado Belt Line</u> |
| Regarding Agenda Item No. | <u>7</u> |
| Your comments are presenting a position of: | <div style="display: flex; justify-content: space-around; align-items: center;"><div><input type="checkbox"/> SUPPORT</div><div><input checked="" type="checkbox"/> OPPOSITION</div></div> |

2. TESTIMONY AT NOTICED PUBLIC HEARINGS

At public hearings of the Committee, persons wishing to speak shall be permitted to address the Committee on any issue relevant to the subject of the hearing.

3. DISCUSSION OF AGENDA ITEMS

The Chairman may permit any member of the public to address the Committee on any issue relevant to a particular agenda item.

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

Public comment on matters not on the agenda will be limited to five (5) speakers with three (3) minutes each under the Public Comment agenda item. Additional speakers will be heard at the end of the Committee's agenda.

Request to Speak Form.doc

¹ REMEMBER: Subjects of previous hearings or agenda items may not again be addressed under General Public Comments.

Agenda Item No. 8

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

October 9, 2018

SUBJECT:

APPROVAL OF THE 2019 SD&AE BOARD OF DIRECTORS MEETING SCHEDULE

RECOMMENDATION:

That the SD&AE Board of Directors approve the 2019 SD&AE Board of Directors meeting schedule.

Budget Impact

None.

DISCUSSION:

The SD&AE Board of Directors customarily meets once each quarter to discuss business and receive reports from its contract operators.

The following meeting schedule is recommended for 2019:

| | | |
|---------------------------|-----------|-------------------------------|
| Tuesday, January 15, 2019 | 9:00 a.m. | (Fourth Quarter 2018 Reports) |
| Tuesday, April 9, 2019 | 9:00 a.m. | (First Quarter 2019 Reports) |
| Tuesday, July 9, 2019 | 9:00 a.m. | (Second Quarter 2019 Reports) |
| Tuesday, October 8, 2019 | 9:00 a.m. | (Third Quarter 2019 Reports) |

Upon approval of the above meeting dates, additional information regarding materials due dates and mail-outs is as follows:

Materials Due to Clerk:

Wednesday, January 9, 2019
Wednesday, April 3, 2019
*Tuesday, July 2, 2019
Wednesday, October 2, 2019

Materials Posted:

Friday, January 11, 2019
Friday, April 5, 2019
Friday, July 6, 2019
Friday, October 4, 2019

*Materials due early due to July 4 holiday.



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 8, 2018

SUBJECT:

FEDERAL TRANSIT ADMINISTRATION (FTA) SECTION 5310 GRANT APPLICATION,
AND *TRANSNET* SENIOR MINI-GRANT APPLICATION, APPORTIONED THROUGH
THE SAN DIEGO ASSOCIATION OF GOVERNMENTS (SANDAG)

RECOMMENDATION:

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

- 1) Adopt Resolution No. 18-14 agreeing to comply with all terms and conditions of the FTA Section 5310 Enhanced Mobility for Seniors and Individuals with Disabilities program as set forth by the FTA and SANDAG; and agreeing to comply with all terms and conditions of the *TransNet* Senior Mini-grant program as set forth by *TransNet* and SANDAG;
- 2) Authorize the Chief Executive Officer (CEO) to submit the following applications and execute any grant agreements awarded by SANDAG:
 - a. \$452,685 in federal fiscal year 2020 FTA Section 5310 Enhanced Mobility for Seniors and Individuals with Disabilities funding for paratransit vehicle replacements;
 - b. \$499,900 in federal fiscal year 2021 FTA Section 5310 Enhanced Mobility for Seniors and Individuals with Disabilities funding for paratransit vehicle replacements;
 - c. \$61,200 in fiscal year 2020 *TransNet* Senior Mini-grant funding for the MTS Access Travel Training Program; and
 - d. \$61,200 in fiscal year 2021 *TransNet* Senior Mini-grant funding for the MTS Access Travel Training Program;
- 3) Authorize the commitment of up to \$292,307 in local matching funds to fully fund the purchase of 11 paratransit vehicles if awarded; and
- 4) Authorize the commitment of up to \$30,600 in local matching funds to fully fund the MTS access Travel Training Program.



Budget Impact

Section 5310 and the *TransNet* Mini-grant require that at least 20 percent of the total project cost is funded by local matching funds. SANDAG has set a maximum Section 5310 and Mini-grant request amount per year at \$500,000. Based on vehicle pricing estimates, the project will require \$292,307 local matching funds for the replacement of 11 paratransit vehicles, and \$30,600 local matching funds for the MTS Access Travel Training Program for a total local match of \$322,907 between the two programs.

DISCUSSION:

The FTA provides capital and operating assistance to agencies providing transportation through Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program. *TransNet* provides mobility management, and operating assistance for enhancing transportation for seniors through the *TransNet* Senior Mini-grant. These funds are to be apportioned by the Metropolitan Planning Organization (MPO), SANDAG, through a competitive grant application process. SANDAG is currently accepting applications for the available funding for federal fiscal years 2020 and 2021. SANDAG requirements include submission of a resolution by the MTS Board of Directors agreeing to comply with the terms and conditions of the Section 5310 program, and the *TransNet* program, authorizing the CEO to submit applications and execute any grant agreements, and authorizing the commitment of local matching funds to the project.

Therefore, staff recommends that the Board of Directors approve Resolution No. 18-14, authorizing the application and use of \$952,585 in FY 2020 and FY 2021 Section 5310 funding for the replacement of 11 paratransit vehicles, \$122,400 in *TransNet* funding for the MTS Access Travel Training program, and a total local match of \$322,907 between the two programs.

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

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

Attachment: A. Resolution No. 18-14

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 18-14

Resolution Authorizing the Filing of an Application for FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program funds for MTS Access Fleet Replacement, and the TransNet Senior Mini-Grant program for the MTS Access Travel Training Program, both apportioned together through the San Diego Association of Governments, Committing the Necessary Local Match for the Project(s), and Stating the Assurance of the San Diego Metropolitan Transit System to Complete the Project

WHEREAS, the San Diego Association of Governments (SANDAG) is making available funds for the Enhanced Mobility of Seniors and Individuals with Disabilities Program, and the TransNet Senior mini-grant program through a competitive process for Federal Fiscal Year 2020 and 2021 funding; and

WHEREAS, San Diego Metropolitan Transit System (MTS) wishes to receive up to \$952,585 in Section 5310 Program funds for the following project(s): MTS Access Fleet Replacement, and \$122,400 TransNet funds for the MTS Access Travel Training Program; and

WHEREAS, MTS understands that the Section 5310 Program funding and the TransNet Program funding is fixed at the programmed amount, and therefore any cost increase cannot be expected to be funded through the Section 5310 Program or TransNet Program; and

WHEREAS, MTS understands that all funds awarded from SANDAG are subject to a use it or lose it policy enunciated in SANDAG Board of Directors Policy No. 035; and

WHEREAS, MTS understands that projects funded through the Section 5310 Program, and TransNet Program, require matching funds to be provided by the project sponsor;

NOW THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the MTS Board of Directors that MTS is authorized to submit an application to SANDAG for Section 5310 funding in the amount of \$952,585 for MTS Access Fleet Replacement, and \$122,400 for TransNet Senior Mini-grant funding for the MTS Access Travel Training Program; and

BE IT FURTHER RESOLVED that if an award is made by SANDAG to fund the MTS Access Fleet Replacement project and/or the MTS Access Travel Training, the Board of Directors commits to providing up to \$292,307 of matching funds which is not less than the required amount of \$292,307 based on the required proportion to the grant request amount for Section 5310, and/or the Board of Directors commits to providing up to \$30,600 of matching funds which is not less than the required amount of \$30,600 based on the required proportion to the grant request amount for the TransNet Senior Mini-grant program, and authorizes the MTS Chief Executive Officer to accept the grant funding, execute a Grant Agreement with SANDAG in the form that has been provided by SANDAG, and complete the MTS Access Fleet Replacement project, and/or the MTS Access Travel Training Project.

PASSED AND ADOPTED, by the Board of Directors this 8th day of November 2018 by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

Resolution No. 18-14



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

Agenda Item No. 9

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

REVISIONS TO SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS)
ORDINANCE NO. 11

RECOMMENDATION:

That the Board of Directors:

- 1) Adopt the proposed amendments to MTS Ordinance No. 11, an Ordinance Providing for the Licensing and the Regulating of Transportation Services within the City by the adoption of a Uniform Paratransit Ordinance (Attachment A);
- 2) Direct publication of a summary of the amendments to MTS Ordinance No. 11; and
- 3) Upon adoption of the proposed amendments, authorize the Chief Executive Officer (CEO) the discretion to enforce MTS Ordinance No. 11 in its amended form.

Budget Impact

None with this action.

DISCUSSION:

Effective January 1, 2019, Assembly Bill No. 1069 ("AB 1069") (Attachment B) makes various changes to the regulation of taxicab transportation services.

In order to be in compliance with AB 1069, certain revisions to MTS Ordinance No. 11 are necessary. MTS Ordinance No. 11 provides for the licensing and regulating of transportation services.



MTS Ordinance No. 11, Section 1.1 (g)

Currently, MTS Ordinance No. 11 lists the following Cities to be under a contractual agreement with MTS for the licensing and regulation of transportation services: Cities of Chula Vista, El Cajon, Imperial Beach, La Mesa, Lemon grove, National City, Poway, San Diego and Santee. The proposed revisions would add the unincorporated areas of County of San Diego located within MTS's service area. The County of San Diego at this time has only agreed for MTS to regulate and enforce taxicab transportation services and not other for-hire vehicle services.

MTS Ordinance No. 11, Section 1.1 (hh), (ii)(4), 1.3 (a)(1), and 1.4 (c)

The proposed revisions would add the definition of substantially located. A taxicab must be substantially located within Chula Vista, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee or the unincorporated areas of the County of San Diego located within MTS's service area in order for MTS to regulate. Substantially located means either where the primary business address of the taxicab permit holder and/or the jurisdiction within San Diego County in which originating trips account for the largest share of that taxicab permit holder's total number of trips within San Diego County. The proposed revisions would also update the definition of a taxicab to require that it be substantially located within one of the above listed jurisdictions and that it carry not more than eight (8) passengers excluding the driver.

MTS Ordinance No. 11, Section 1.1 (jj), 1.8 (f)(4), and 2.2 (e)(2)

The proposed revisions update the definition of a taximeter. To clarify, taximeters can be either a hard meter or a soft meter. A hard meter has a prefixed fare with an external seal approved by the County of San Diego Agriculture, Weights and Measures, and mileage is calculated based on distance and time. A soft meter is a smartphone or tablet that uses GPS or other on-board diagnostics approved by the California Department of Food and Agriculture Division of Measurement Standards to calculate distance and rates.

MTS Ordinance No. 11, Section 1.3 (a)(8), and 2.2 (c), (i), (j)

Currently, all permit applicants must provide rates of fare proposed to be charged for vehicle for-hire services within their application. The proposed revisions would exclude this requirement for taxicab permit applicants since AB 1069 now allows the taxicab permit holder or driver to charge any rate of fare or flat fee so long as it does not exceed the maximum rate of fare adopted by MTS.

MTS Ordinance No. 11, Section 1.3 (a)(9)

Currently, all permit applicants must provide a description of their proposed vehicle color scheme or insignia within their application. With the changes adopted in December 2017, MTS no longer regulates a vehicle's proposed color scheme or insignia. Thus, the proposed revisions would remove this permit application requirement.

MTS Ordinance No. 11, Section 1.8 (o), 1.13 (a)(7), 2.2 (d), and 2.4 (w)

MTS Ordinance No. 11 Section 1.8 (o) currently requires that rates of fare charged for a for-hire vehicle shall be clearly displayed. The proposed revisions would only require that the maximum rates of fare be clearly and conspicuously displayed in the interior of the for-hire vehicles other than taxicabs. Per AB 1069, taxicabs may disclose fares to its passengers, by such methods as website, mobile phone application or telephone orders and may post fares on the exterior of the vehicle, on a mobile application or be clearly visible in print or electronic form within the taxicab.

MTS Ordinance No. 11, Section 1.8 (aa) - (ff)

These operating provisions (i.e. no smoking within the vehicle; cannot use abusive language towards passengers; driver can refuse a fare if it is readily apparent it will cause harm to driver; and cannot park near a fire plug or within a disabled parking zone) were moved from Section 2.4 ("Operating Regulations" for Taxicabs and Low Speed Vehicles (LSV)) to Section 1.8 ("Equipment and Operating Regulations") since they were not specific to only taxicabs and LSV, but applied to all for-hire vehicles. In addition, the proposed revisions update the non-discrimination provision to be consistent with how defined in AB 1069.

MTS Ordinance No. 11, Section 1.10 (f)

The proposed revisions would remove the requirement that a permit holder must appear in person to apply for a permit. It is sufficient that a permit application be emailed, mailed or submitted in person.

MTS Ordinance No. 11, Section 1.12 (e)

MTS Ordinance No. 11, Section 1.12 (e) requires every person who operates a for-hire vehicle to successfully complete an MTS approved driver safety training course. The proposed revisions would add the Americans with Disabilities Act (ADA) compliance component be included within the training course, in compliance with AB 1069. MTS currently mandates that all drivers of MTS regulated vehicles attend and pass a driver's safety course once every two years. The class addresses issues that include: driver and vehicle safety, customer service, Ordinance No. 11 provisions and ADA requirements.

MTS Ordinance No. 11, Section 2.2 (b)

Currently, it is required that taxicab trips from San Diego International Airport shall be charged at a uniform rate of fare with an additional Airport Trip Fee as applicable. AB 1069 now allows taxicabs to charge any rate of fare or flat fee so long as no more than the maximum rate of fare adopted by MTS, notwithstanding any additional Airport Trip Fee. The proposed revisions clarify this change.

MTS Ordinance No. 11, Section 2.4 (o)(3)

Since AB 1069 will require at the time of annual renewal that taxicab permit holders or drivers provide the last years' worth of trip log data to substantiate where they are substantially located, the proposed revision would add the requirement to maintain trip log data for at least 18 months. The proposed retention time frame will allow MTS enough time to collect, review and verify the required data without fear the data is no longer maintained.

MTS Ordinance No. 11, Section 2.4

Proposed revisions would remove the requirement that permit holders for taxicabs and LSV: have a color scheme that conforms to the dispatch service, since this requirement was removed in December 2017; maintain a business office that is available to the public, since most taxi companies are individual permit holders who operate out of their homes and the cost of maintaining a physical business office would be too burdensome and outside of current industry standards; file with MTS the rate of fare to be charged, since this is duplicative of what is already discussed and required in Section 1.3 (a)(8); and maintain a lease agreement and receipts of payments from lessee, since lease agreements between a permit holder and lessee is a private contract matter that does not involve MTS.

MTS Ordinance No. 11, Section 2.8

The proposed revisions would add a section relating to prearranged trips by taxicabs. Per AB 1069, once a taxicab is found to be substantially located within at least one jurisdiction within San Diego County, they can conduct prearranged trips anywhere within San Diego County without having to apply for a taxicab permit or business license within that particular jurisdiction. For instance, a MTS taxicab permit holder can now conduct a prearranged trip in Oceanside without having to apply for a separate taxicab permit or business license with the City of Oceanside. Likewise, a taxicab found to be substantially located in Oceanside would only need to get a taxicab permit and business license with the City of Oceanside. Such a taxicab would not be required to apply for a taxicab permit or business license with MTS if they conducted a prearranged trip within the City of San Diego. Nonetheless, AB 1069 does allow MTS Taxicab Administration the authority to enforce public health, safety or welfare measures on taxicabs operating within MTS's jurisdiction, regardless if they are not considered substantially located here. MTS Taxicab Administration will be discussing with the Workshop on Regulatory Matters (WORM) Committee which provisions should apply for taxicabs operating a prearranged trip in MTS's jurisdiction.

MTS Ordinance No. 11, Various Sections throughout MTS Ordinance No. 11

In December 2017, MTS removed the requirement that LSV must have a dispatch service in order to operate. Currently, only taxicabs must subscribe to a dispatch service. The proposed revisions clarify this change.

All other proposed revisions to MTS Ordinance No. 11 that are not described here are minor and non-substantive.

/s/ Paul C. Jablonski

Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Redline Draft of Amended MTS Ordinance No. 11
B. AB 1069

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

CODIFIED ORDINANCE NO. 11

(as amended through ~~September 20~~November 8,
2018)

An Ordinance Providing for the Licensing and the Regulating of
Transportation Services Within the City and County by the Adoption of
a Uniform Paratransit Ordinance

MTS CODIFIED ORDINANCE NO. 11

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SAN DIEGO METROPOLITAN TRANSIT SYSTEM

CODIFIED ORDINANCE NO. 11

(as amended through ~~September 20~~ November 8, 2018)

An Ordinance Providing for the Licensing and the Regulating
of Transportation Services Within the City and County By the Adoption of
a Uniform Paratransit Ordinance

SECTION 1.0 - GENERAL REGULATIONS

Section 1.1 - Definitions

The following words and phrases, wherever used in this section, shall be construed as defined in this section, unless from the context a different meaning is intended, or unless a different meaning is specifically defined and more particularly directed to the use of such words or phrases.

~~(a)~~ "Association" shall mean an incorporated or unincorporated group of persons united for some purpose related to the operation of for hire vehicles.

~~(b)~~ "Board" shall mean the Board of Directors of the San Diego Metropolitan Transit System.

~~(c)~~ A "low speed vehicle" is a motor vehicle, other than a motor truck, having four wheels on the ground and an unladen weight of 1,800 pounds or less, that is capable of propelling itself at a minimum speed of 20 miles per hour and a maximum speed of 25 miles per hour, on a paved level surface. For the purposes of this section, a "low speed vehicle" is not a golf cart, except when operated pursuant to California Vehicle Code Section 21115 or 21115.1.

~~(b)~~ "Charter vehicle" shall mean every vehicle which:

- (1) Transports passengers or parcels or both over the public streets of the City;
- (2) Is routed at the direction of the hiring passenger;
- (3) Is prearranged in writing for hire;
- (4) Is not made available through "cruising"; and
- (5) Is hired by and at the service of a person for the benefit of himself or herself or a specified group.

~~(c)~~ "Chief Executive Officer" shall mean the Chief Executive Officer of MTS or his or her designated representative.

~~(d)~~ "City" and "Cities" shall mean the incorporated areas of the Cities of Chula Vista, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee and any other City that has entered into a contractual agreement with MTS for the licensing and regulation of transportation services.

~~(e)~~ "Compensation" shall mean any money, thing of value, payment, consideration, reward, tip, donation, gratuity or profit paid to, accepted, or received by the driver or owner of any vehicle in exchange for transportation of a person, or persons; whether paid upon solicitation, demand or contract, or voluntarily, or intended as a gratuity or donation.

(f) "Compensation" shall mean any money, thing of value, payment, consideration, reward, tip, donation, gratuity or profit paid to, accepted, or received by the driver or owner of any vehicle in exchange for transportation of a person, or persons; whether paid upon solicitation, demand or contract, or voluntarily, or intended as a gratuity or donation.

(g) "County" shall mean the unincorporated area of the County of San Diego located within MTS's jurisdictional boundaries. Only the sections of MTS Ordinance No. 11 that apply to taxicab permit holders and taxicab drivers shall be applicable to the County of San Diego.

(h)

~~(g)~~ "Cruising" shall mean the movement over the public streets of a taxicab or low-speed vehicle (LSV) in search of prospective passengers; except the term does not include either the travel of a taxicab or LSV proceeding to answer a call for service received by telephone or radio from an intended passenger or the travel of such a vehicle, having discharged a passenger or passengers, returning to the owner's place of business or to its established point of departure.

~~(h)~~ "Days" shall mean working days, exclusive of weekends and holidays for which MTS offices are closed.

~~(i)~~ "Doing business" shall mean accepting, soliciting or transporting passengers for hire or compensation in a City or County.

~~(j)~~ "Driver" shall mean every person operating any for-hire vehicle.

~~(k)~~ "Driver's identification card" shall mean license, issued pursuant to this Ordinance, which permits a person to drive a for-hire vehicle within the City or County.

~~(l)~~ "Employ" as used in this Ordinance includes any form of agreement or contract under which the driver may operate the permit holder's for-hire vehicle.

~~(m)~~ "Exclusive ride" shall mean exclusive use of a for-hire vehicle by one or more related passengers at a time.

~~(n)~~ "For-hire vehicle" shall mean every vehicle, other than public transit vehicles or vehicles involved in an organized carpool not available to the general public, which is operated for any fare for compensation and used for the transportation of passengers over ~~city~~ public streets, irrespective of whether such operations extend beyond the boundary limits of said City or County. Such for-hire vehicles shall include taxicabs, vehicles for charter, jitneys, nonemergency medical vehicles, sightseeing vehicles, and LSVs.

~~(o) "Chief Executive Officer" shall mean the Chief Executive Officer of MTS or his or her designated representative.~~

(p) "Group ride" shall mean shared use of a taxicab or LSV where a group of related passengers enter at the same point of origin and disembark at the same destination and pay a single fare for the trip.

(q) "Hearing officer" shall mean any person or entity that meets the requirements of this Ordinance and that has been retained to conduct administrative hearings.

(r) "Jitney" shall mean every vehicle which:

- (1) Transports passengers or parcels or both over the public streets of the City;
- (2) Follows a fixed route of travel between specified points with the fare based on a per capita charge established in its permit; and
- (3) Is made available to boarding passengers at specified locations along its route on a variable schedule.

(s) A "low-speed vehicle" or "LSV" is a motor vehicle, other than a motor truck, having four wheels on the ground and an unladen weight of 1,800 pounds or less, that is capable of propelling itself at a minimum speed of 20 miles per hour and a maximum speed of 25 miles per hour, on a paved level surface. For the purposes of this section, a "low-speed vehicle" or "LSV" ~~is not a golf cart, except when operated pursuant to California Vehicle Code Section 21115 or 21115.1.~~

(t) "Medallion" shall mean the numbered plate, sticker, or decal issued by MTS to the permit holder which is displayed on a for-hire vehicle to indicate the authorized use or uses of that vehicle.

(ut) "MTS" shall mean the San Diego Metropolitan Transit System, a public agency created pursuant to Public Utilities Code Section 120050 et seq.

(vut) "MTS inspector" shall mean those individuals, regardless of job title, who are authorized by the Board, by ordinance, to enforce the provisions of this Ordinance.

(wv) "Nonemergency medical vehicle" shall mean every vehicle which: transports persons, regardless of whether specialized transportation equipment or assistance is needed, for primarily medical purposes, over the public streets of the City. Medical purposes is defined as providing transportation services to or from the following places: hospitals, convalescent homes, retirement homes, homes receiving funding for the board and care of residents living in those homes, medical or rehabilitation clinics, senior citizen centers, and any other like social service category, over the public streets of the City. It shall be the responsibility of the transportation provider to determine if the service is primarily for medical purposes.

(xw) "Operate" or "Operating" shall refer to the solicitation or acceptance of a fare within City or County limits for compensation or providing passenger transportation for compensation, regardless if such compensation is obtained from the passenger or a third party. It shall also include, as the context may require, the act of driving, managing or directing the utilization of one or more for-hire vehicles.

(yx) "Owner" shall mean the person, partnership, association, firm or corporation that is the registered owner of any for-hire vehicle and that holds the right to use the vehicle for its advantage.

(zy) "Passenger" shall mean every occupant other than the driver of the for-hire vehicle.

(aaz) "Permit" shall mean the authority under which a person, firm, partnership, association, or corporation may operate a for-hire vehicle as a business.

(bbaa) "Permit holder" shall mean any person or approved entity operating a business under a for-hire vehicle permit.

(~~ccbb~~) "Shared ride" shall mean nonexclusive use of a for-hire vehicle by two or more unrelated passengers traveling between different points of origins and/or destination, and traveling in the same general direction.

(~~ddee~~) "Shifts" shall mean the minimum number of hours a permit holder or driver operates a for-hire vehicle.

(~~eeed~~) "Sightseeing vehicle" shall mean every vehicle which:

(1) Transports passengers for sightseeing purposes of showing points of interest over the public streets of the City; and

(2) Charges a fee or compensation therefor; regardless of whether any fee or compensation is paid to the driver of such sightseeing vehicle, either by the passenger or by the owner or by the person who employs the driver or contracts with the driver or hires such sightseeing vehicle with a driver to transport or convey any passenger; and irrespective of whether or not such driver receives any fee or compensation for his or her services as driver.

(~~ffee~~) "Stands" shall mean public areas designated for specific use of for-hire vehicles.

(~~ggff~~) "Street" shall mean any place commonly used for the purpose of public travel.

(~~hh~~) "Substantially Located" shall mean where the primary business address of the taxicab permit holder is located and/or the jurisdiction with a single county in which trips originating in that jurisdiction account for the largest share of that taxicab permit holder's total number of trips within that county over the past year and determined every five (5) years thereafter. Trip logs and/or documentation showing where fifty percent or more of fare revenue are generated from shall be used to substantiate the jurisdiction of where largest share of originating trips occur.

(~~ii~~gg) "Taxicab" shall mean every vehicle other than a vehicle-for-charter, a jitney, a nonemergency medical vehicle, a sightseeing vehicle, or LSV which:

(1) Carries not more than eight (8) passengers excluding the driver;

(~~2~~4) Transports passengers or parcels or both over City or Countycity public streets;-

(~~3~~2) Is made available for hire on call or demand through "cruising," at taxi stands or by telephone or other communication devices to destination(s) specified by the hiring passenger; and:-

(4) Is Substantially Located within the jurisdiction of City and/or County.

(~~jj~~hh) "Taximeter" shall mean any instrument, appliance, device, or machine by which the charge for hire of a passenger-carrying vehicle is calculated, either for distance traveled or time consumed, or a combination of both, and upon which such charge is indicated by figures. Includes both a Hard Meter and a Soft Meter.

(1) A Hard Meter is a Taximeter that has a prefixed fare with an external seal approved by the County of San Diego Agriculture, Weights and Measures and mileage is calculated based on distance and time.

(2) A Soft Meter is a Taximeter that is provided through a smartphone or tablet that uses GPS or other on-board diagnostics approved by the California Department of Food and Agriculture Division of Measurement Standards to calculate distance and rates.

(kk#) "Vehicle" is a device by which any person or property may be propelled, moved, or drawn upon a street, excepting a device moved exclusively by human power or used exclusively upon stationary rails or tracks.

(Section 1.1 amended 11/8/2018, effective 1/1/2019)
(Section 1.1 amended 9/20/2018)
(Section 1.1 amended 12/14/2017)
(Section 1.1 amended 5/12/2016)
(Section 1.1 amended 8/7/2003)
(Section 1.1 amended 11/14/2002)
(Section 1.1 amended 6/24/1999)
(Sections 1.1(d), 1.1(R)(1) amended 6/22/1995)
(Section 1.1 amended 1/12/1995)
(Section 1.1 amended 6/27/1991; effective 7/27/1991)
(Section 1.1 amended 5/23/1991; effective 6/23/1991)

Section 1.2 - Operating Permits

(a) No person shall engage in the business of operating any for-hire vehicle or in the business of providing any vehicle for the operation of vehicle for-hire services within the Cities or Countyities without first having obtained an operating permit from the Chief Executive Officer or designated representative, which permit has not been revoked, suspended or otherwise canceled or terminated by operation of law or otherwise. A separate permit is required for each for-hire vehicle operated or provided for operation.

(b) An operating permit represents the granting of a privilege to operate a for-hire vehicle within the Cities, Countyities or zones specified by the permit for the purpose of the public convenience and necessity. This privilege may be rescinded at any time by operation of law or otherwise.

(c) A person who obtains an operating permit shall be responsible for the provision of vehicle-for-hire services in accordance with the provisions of this Ordinance and shall exercise due diligence to assure that drivers of the permitted vehicles adhere to all pertinent requirements of this ordinance.

(Section 1.2 amended 11/8/2018, effective 1/1/2019)
(Section 1.2 amended 12/14/2017)
(Section 1.2 amended 8/7/2003)
(Section 1.2 amended 11/14/2002)
(Section 1.2 amended 6/24/1999)

Section 1.3 - Application for Permit

(a) All persons applying to the Chief Executive Officer for new permit(s) for the operation of one or more for-hire vehicles shall file with the Chief Executive Officer a proposal to meet San Diego City Council Policy 500-02 requirements, and a sworn application therefore on forms provided by the Chief Executive Officer, stating as follows:

(1) The applicant name, company name, ~~-(doing business as (“DBA”) name if different than company name,~~ mailing and business address (a business address or mailing address is not a Post Office [PO] Box or dispatch service address), and business telephone number of the permit applicant. If a taxicab permit applicant, the business address will also serve the purpose of establishing where Substantially Located;

(2) The number of permitted vehicles actually owned and operated by such owner on the date of application, if any;

(3) The name and address of all legal and registered owner(s) of the vehicle(s);

(4) The name and address of each person with a financial interest in the business which operates the vehicle;

(5) Data sufficient to establish the applicant's financial responsibility;

(6) The number of vehicle(s) for which a permit(s) is desired;

(7) Proof that vehicle(s) meet California Air Resources Board criteria for zero emissions/low emissions, are ADA-compliant, are no older than 10 years of the model age and do not have a “salvage” title, and are equipped with a Global Positioning System (GPS);~~:-~~

(8) The rates of fare which the applicant proposes to charge for vehicle-for-hire services. This requirement does not apply to taxicab permit applicants;

(9) A description ~~of the proposed color scheme, insignia, trade style, or any other distinguishing characteristics~~ of the proposed vehicle design;

(10) Where the application is for a limited permit or LSV, a detailed description of the geographic area in which said permit shall be in existence; ~~and~~

(11) Such other information as the Chief Executive Officer may in his or her discretion require;~~:-~~

(12) Provide evidence of at least six-months' experience driving a taxicab, transportation network vehicle, charter party carrier services, or similar service oriented transportation or managing a demand responsive transportation service, or similar service oriented business;~~:-~~

(13) Provide a customer service and a customer complaint plan;~~:-~~

(14) Provide a plan for administrative functions, vehicle maintenance, and off-street storage for vehicle when not in use; ~~and~~:-

(15) Provide a dispatch service plan incorporating 24 hour staffing and computerized dispatch utilizing GPS technology, if a taxicab permit applicant.

(b) The applicant shall also submit, with the application, a nonrefundable application fee prior to the permit approval. Upon issuance of the permit, the applicant shall also pay an initial nonrefundable permit vehicle regulatory fee to be determined by the Chief Executive Officer in order to recover the cost of processing such applications.

(Section 1.3 amended 11/8/2018, effective 1/1/2019)

(Section 1.3 amended 12/14/2017)

(Section 1.3 amended 2/12/2015)

(Section 1.3 amended 11/15/2012)

(Section 1.3 amended 8/7/2003)

(Section 1.3 amended 11/14/2002)

Section 1.4 - Issuance of Permit

(a) Based on San Diego City Council Policy 500-02 requirements, the Chief Executive Officer shall determine the number of permits to be granted any applicant(s) and approve permits for any applicant(s) subject to such conditions as the Board and San Diego City Council Policy 500-02 may deem advisable or necessary in the public interest. Before a permit may be approved, the applicant shall pay an initial regulatory fee in an amount to be determined by the Chief Executive Officer.

(b) The Chief Executive Officer shall deny the approval of a permit upon making a finding:

(1) That the applicant is under twenty-one (21) years of age; or

(2) That within the five (5) years immediately preceding the processing of the application, the applicant has been convicted of, or held by any final administrative determination to have been in violation of any statute, ordinance, or regulation reasonably and rationally pertaining to the same or similar business operation which would have resulted in suspension or revocation of the permit in accordance with Section 1.13 of this Ordinance. For purposes of this section, a plea or verdict of guilty, a finding of guilty by a court, a plea of nolo contendere or a forfeiture of bail shall be deemed a conviction; or

(3) That the applicant provided false information of a material fact in an application within the past five (5) years.

(c) All permits issued after April 1, 2015 shall be renewable annually upon evidence San Diego City Council Policy 500-02 requirements are being met, that if a taxicab permit holder they are Substantially Located within City or County, and payment of a regulatory fee in an amount and on a date to be determined by the Chief Executive Officer.

(d) No permit issued after April 1, 2015 shall be approved or renewed for any person who has not fully complied with all of the requirements of this Ordinance, San Diego City Council Policy 500-02, and all other applicable laws and/or regulations necessary to be complied with before commencement of the operation of the proposed service.

(e) Permits held prior to April 1, 2015 by corporations and LLCs shall meet all of the screening criteria included in San Diego City Council Policy 500-02 by February 12, 2020. However, upon issuance of any new permits to said corporation or LLC, or upon the transfer of a permit to said corporation or LLC, the corporation or LLC shall need to be in compliance with requirements of this Ordinance and San Diego City Council Policy 500-02 for the new permit(s).

(f) When the permit has been approved and upon determination by the Chief Executive Officer that the for-hire vehicle, after appropriate inspection, meets the requirements of this Ordinance, the Chief Executive Officer will issue a numbered medallion(s) to be affixed to the for-hire vehicle.

(Section 1.4 amended 11/8/2018, effective 1/1/2019)

(Section 1.4 amended 12/14/2017)

(Section 1.4 amended 2/12/2015)

(Section 1.4 amended 11/15/2012)

(Section 1.4 amended 11/14/2002)

Section 1.5 - Transfer and Administration of Permits

(a) Each permit issued pursuant to the provisions of this section is separate and distinct and shall be transferable from the permit holder to another person or entity only with the approval of the Chief Executive Officer, and upon meeting the requirements of this Ordinance and San Diego City Council Policy 500-02 including, but not limited to:

(1) Provide evidence of at least six-months' experience driving a taxicab, transportation network vehicle, charter party carrier services, or similar service oriented transportation or managing a demand responsive transportation service, or similar service oriented business.

(2) Vehicle(s) must meet California Air Resources Board criteria for zero emissions/low emissions, be ADA-compliant, be equipped with a Global Positioning System (GPS), be no older than 10 years of the model age and not have a "salvage" title if a taxicab.

(3) Provide a customer service plan that demonstrates, a requirement for drivers to accept credit cards, detailed record keeping of all calls for service, trips provided, and a customer service complaint resolution plan.

(4) Provide a plan for administrative functions, vehicle maintenance, and off-street storage for vehicle when not in use.

(5) Provide a Dispatch service plan incorporating 24 hour staffing and computerized dispatch utilizing GPS technology if a taxicab.

(b) Permits held prior to April 1, 2015 shall be in compliance with San Diego City Council Policy 500-02 Screening Criteria by February 12, 2020. Whenever a corporation or LLC is issued any new permits, then it shall be in compliance with requirements of this Ordinance and San Diego City Council Policy 500-02.

(c) The proposed transferee shall file with the Chief Executive Officer a sworn application for the transfer and shall comply with the requirements of Section 1.3. The permit holder shall certify in writing that the permit holder has notified the proposed transferee of the requirements of this section pertaining to the transfer of a permit. Whenever an application for a transfer of permit is filed, the Chief Executive Officer shall process the application for transfer in accordance with Section 1.4 of this Ordinance.

(d) The Chief Executive Officer shall charge regulatory fees to affect the full cost recovery of activities associated with the administration, regulation, issuance, or transfer of for-hire vehicle permits and associated records.

(1) Changes in fee schedules affecting permits shall be mailed to all permit holders. Changes shall be effective thirty (30) calendar days thereafter.

(2) Any person objecting to a particular fee or charge may file, within ten (10) days of the mailing of such changes, an appeal for review with the Chief Executive Officer who shall thereafter process it in accordance with Section 1.17; provided, however, that the sole issue to be determined on review is whether the fee or charge exceeds the reasonable costs for personnel salaries and administrative overhead associated with the particular administrative service or function.

(Section 1.5 amended 11/8/2018, effective 1/1/2019)

(Section 1.5 amended 12/14/2017)

(Section 1.5 amended 2/12/2015)

(Section 1.5 amended 8/7/2003)

(Section 1.5 amended 11/14/2002)

Section 1.6 - Blank

The text of Section 1.6 is deleted in its entirety effective February 12, 2015.

(Section 1.6 deleted 2/12/2015)

(Section 1.6 amended 11/14/2002)

Section 1.7 - Blank

The text of Section 1.7 is deleted in its entirety effective October 24, 1998.

(Section 1.7 was deleted 9/24/1998)

Section 1.8 - Equipment and Operating Regulations

(a) No medallion shall be issued for a vehicle unless the vehicle conforms to all the applicable provisions of this Ordinance.

(b) The privilege of engaging in the business of operating a for-hire vehicle in a City or County granted in the permit is personal to the permit holder, who must be the owner of the for-hire vehicle. The rights, requirements, and responsibilities which attach to the permit remain with the holder at all times the for-hire vehicle is operated under the authority of the permit. These rights, requirements and responsibilities, which include, but are not limited to, the requirements of this Ordinance, will remain unaffected by any agreement or contractual arrangement between the permit holder and those persons who operate for-hire vehicles, irrespective of the form or characterization of the agreement under which the driver operates the for-hire vehicle.

(c) The permit holder shall maintain a business address, a mailing address where he or she can accept mail directed to his or her company, and a business telephone in working order which must be answered during normal business hours, Monday through Friday, and during all hours of operation. A post office box or dispatch service address shall not be used for the business address or mailing address. The permit holder shall, in the case of any change in his or her business address, mailing address, or business telephone, notify the Chief Executive Officer in writing of such change within forty-eight (48) hours of the effective date of this change.

(d) Before a for-hire vehicle is placed in service and at least annually thereafter, the for-hire vehicle shall be delivered to a place designated by the Chief Executive Officer for inspection. All new permit holders are required to observe at least one full vehicle inspection as part of the initial permit issuance. MTS inspectors shall inspect the for-hire vehicle and its equipment to

ascertain whether the vehicle complies with the provisions of this Ordinance. Failure to produce the vehicle for inspection shall be cause for suspension or revocation of the permit for such vehicle.

(e) Any MTS inspector or peace officer, after displaying proper identification, may make reasonable and periodic inspections of any for-hire vehicle operating under an MTS permit for the purpose of determining whether the vehicle is in compliance with the provisions of this Ordinance.

(f) Any for-hire vehicle which fails to meet the requirements of the California Vehicle Code or this section after inspection shall be immediately ordered out-of-service by an MTS inspector or peace officer if it is unsafe for service. Ordering a vehicle out-of-service does not constitute a suspension or revocation of the permit. A vehicle is deemed unsafe for service when any of the following conditions exists:

- (1) Tires fail to meet the requirements of the California Vehicle Code;
- (2) Headlights, taillights or signal lights are inoperable during hours of darkness (sunset to sunrise);
- (3) Windshield wipers are inoperable during rainy conditions;
- (4) Taximeter is not working, the Taximeter displays signs of tampering, the seal of a Hard Meter is broken, the County of San Diego seal of a Hard Meter is more than thirteen (13) months old from the date of issuance, ~~or~~ a Service Agent's temporary seal of a Hard Meter is more than ninety (90) days old from the date of issuance, or a Soft Meter displays technology not approved by the California Department of Food and Agriculture Division of Measurement Standards or does not appear to be operating as is intended or approved;
- (5) Brakes, brake lights or brake system are inoperable or otherwise fail to meet the requirements of the California Vehicle Code;
- (6) Excessive play in steering wheel exceeding three (3) inches;
- (7) Windshield glass contains cracks or chips that interfere with driver's vision;
- (8) Any door latch is inoperable from either the interior or exterior of the vehicle;
- (9) Any seat is not securely fastened to the floor;
- (10) Seat belts, when required, fail to meet requirements of the California Vehicle Code;
- (11) Either side or rearview mirrors are missing or defective;
- (12) Any vehicle safety system light is activated; and
- (13) Any other condition which reasonably and rationally pertains to the operating safety of the vehicle or to passenger or pedestrian safety.

(g) If the vehicle is not unsafe but is unsuitable or otherwise in violation of this Ordinance or any vehicle condition/equipment section of the California Vehicle Code, the operator or permit holder, as appropriate, shall be subject to a seventy-two (72) hours correction notice.

(1) Failure to correct such violation within the seventy-two (72) hours shall then be cause to order the vehicle out-of-service. When a vehicle is ordered out-of-service, the medallion shall be immediately removed.

(2) Before the vehicle may again be placed in service, the violation shall be corrected and the vehicle shall be inspected by an MTS inspector.

(3) The medallion shall be reaffixed when the MTS inspector finds that the vehicle meets prescribed standards.

(h) The interior and exterior of the for-hire vehicle shall be maintained in a safe and efficient operating condition, and meet California Vehicle Code requirements and the requirements of this Ordinance at all times when in operation. The following minimum vehicle standards must be maintained to comply with this section:

(1) Wheels. Hubcaps or wheel covers shall be on all wheels for which hubcaps or wheel covers are standard equipment.

(2) Body Condition. There shall be no tears or rust holes in the vehicle body and no loose pieces hanging from the vehicle body. Fenders, bumpers, and light trim shall be securely fixed to the vehicle. No extensive unrepaired body damage shall be allowed and exterior paint shall be free from excessive fading. The vehicle shall be equipped with front and rear bumpers. The exterior of the vehicle shall be maintained in a reasonably clean condition so as not to obscure approved vehicle markings.

(3) Lights. Headlights shall be operable on both high and low beam. Taillights, parking lights, signal lights, and interior lights shall all be operable.

(4) Wipers. Each vehicle shall be equipped with adequate windshield wipers maintained in good operating condition.

(5) Brakes. Both the parking and hydraulic or other brake system must be operable.

(6) Steering. Excessive play in the steering mechanism shall not exceed three (3) inches free play in turning the steering wheel from side to side.

(7) Engine. The engine compartment shall be reasonably clean and free of uncontained combustible materials.

(8) Mufflers. Mufflers shall be in good operating condition.

(9) Windows. The windshield shall be without cracks or chips that could interfere with the driver's vision. All other windows shall be intact and able to be opened and closed as intended by the manufacturer. The windows and windshield shall be maintained in a reasonably clean condition so as not to obstruct visibility.

(10) Door Latches. All door latches shall be operable from both the interior and exterior of the vehicle.

(11) Suspension. The vehicle's suspension system shall be maintained so that there are no sags because of weak or broken springs or excessive motion when the vehicle is in operation because of weak or defective shock absorbers.

(12) Seats. All seats shall be securely fastened. Seat belts, when required by the California Vehicle Code, shall be installed. The upholstery shall be free of grease, holes, rips, torn seams, and burns.

(13) Interior. The interior of each vehicle and the trunk or luggage area shall be maintained in a reasonably clean condition, free of foreign matter, offensive odors, and litter. The seats shall be kept reasonably clean and without large wear spots. The door handles and doors shall be intact and clean. The trunk or luggage area shall be kept empty except for spare tire and personal container for the driver not exceeding one (1) cubic foot in volume and emergency equipment, to allow maximum space for passenger luggage and belongings.

(i) Each for-hire vehicle, except taxicabs and Low Speed Vehicles, shall contain:

(1) A fire extinguisher of the dry chemical or carbon dioxide type with an aggregate rating of at least 5 B/C units and a current inspection card affixed to it.

(2) A minimum of three (3) red emergency reflectors.

(3) A first-aid kit containing medical items to adequately attend to minor medical problems.

(j) In the event that a for-hire vehicle for which a permit has been approved is taken out of service, by the permit holder for maintenance or any purpose, other than a violation of any provision of this Ordinance, a spare vehicle operating permit may be granted. The spare vehicle operating permit shall only be valid for the vehicle for which it was issued. The permit holder may only utilize a spare for-hire vehicle which has been duly inspected by an MTS inspector and approved prior to use. The permit holder must immediately inform an MTS inspector when a spare for-hire vehicle is in use and the location of the disabled vehicle. The spare vehicle will be issued a "spare vehicle" sticker which must be affixed to the left rear portion of the for-hire vehicle for which it is approved, in plain view from the rear of the for-hire vehicle. The permit holder may utilize one (1) spare for-hire vehicle for a period not to exceed thirty (30) calendar days from the date of issuance. This subsection shall not be construed, nor deemed to replace, those provisions in this Ordinance which apply to permanent replacement of a for-hire vehicle.

(k) The medallion issued to the permit holder must be affixed by an MTS inspector on the for-hire vehicle for which the permit is approved in plain view from the rear of the for-hire vehicle. The permit holder must immediately report the loss, destruction, or defacing of a medallion to the Chief Executive Officer. Except as provided in Subsection (j), it shall be unlawful to operate a for-hire vehicle without the medallion affixed and visible.

(l) There shall be displayed in the passenger compartment of each for-hire vehicle between the sun visors, in full view of the passengers in the front and rear seats, a card not less than ten (10) inches wide by six (6) inches high in size. Posted on this card, utilizing "Universe" font in black ink on white background, shall be:

1) The first line of the card, 3/4 inch in height, shall say one of the following according to permit type: TAXICAB, SIGHTSEEING, CHARTER, NONEMERGENCY, LOW-SPEED VEHICLE, OR JITNEY LOST AND FOUND.

2) Below this, the card shall include the vehicle medallion number in three-inch numerals.

3) Below the medallion number, the name, address, and phone number of the MTS Taxicab Administration and the permit holder and/or permit holder trade name shall be printed, 1/4-inch in height.

4) Without approval from MTS, no other signs, markings, lettering, decals, or any type of information shall be displayed within 18 inches around the card.

(m) Advertisements, whether displayed on the inside or outside of the vehicle, shall be posted in accordance with MTS Board Policy No. 21, Revenue-Generating Display Advertising, Concessions, and Merchandise, any guidelines developed by the Chief Executive Officer, and the provisions of this Ordinance. Advertisements shall not be displayed without prior approval from MTS.

(n) The driver of each for-hire vehicle may either carry: a map of the City or County, published within the past two (2) years; or an electronic device equipped with a GPS enabled map, which shall be displayed to any passenger upon request.

(o) The maximum rates of fare charged for for-hire vehicle services shall be clearly and conspicuously displayed in the passenger compartment. unless if a taxicab which shall be in compliance with Section 2.2(d) of this Ordinance.

(p) Each for-hire vehicle licensed to operate in the City or County shall have located on the passenger side dashboard area a driver identification card provided by the County of San Diego or Sheriff or the Chief Executive Officer. The driver identification card shall have no alterations or information covered. The driver identification card shall be visible to passengers, peace officers and MTS inspectors so they can easily view the driver identification card from either inside or outside the vehicle. The driver identification card shall bear the following information:

- (1) The number of the license of the driver;
- (2) The name and business address of the driver;
- (3) The name of the owner of the vehicle; and
- (4) A small photograph of the driver.

(q) Each for-hire vehicle shall be equipped with a rearview mirror affixed to the right side of the vehicle, as an addition to those rearview mirrors otherwise required by the California Vehicle Code.

(r) The driver shall offer each passenger a printed receipt upon payment of the fare. The receipt shall accurately show the date, the amount of the fare, the driver's name and ID number, the taxicab number, the company (DBA) name, and the dispatch service name with phone number if a taxicab.

(s) All disputes to fare shall be determined by the peace officer or MTS inspector most readily available where the dispute is had. It shall be unlawful for any person to fail or refuse to comply with such determination by the peace officer or MTS inspector.

(t) It is unlawful for any person to refuse to pay the lawful fare of a for-hire vehicle after employing or hiring the same.

(u) The driver of any for-hire vehicle shall promptly obey all lawful orders or instructions of any peace officer, fire fighter, or MTS inspector.

(v) No driver of any for-hire vehicle shall transport any greater number of persons, including the driver, than the manufacturer's rated seating capacity for the vehicle.

(w) It shall be unlawful for any person to solicit business for a for-hire vehicle by making a contract or agreement with any owner of any hotel, apartment house, motel, inn, rental units, restaurant, or bar, or with the agent or employees of such owner, by which the owner, agent or employee receives any type of payment or commission for recommending or directing any passenger to a specific for-hire vehicle or company. It shall be unlawful for any permit holder, association, or driver to have or make a contract or agreement with any owner of any hotel, apartment house, motel, inn, rental units, restaurant, or bar, or with the agents or employees of such owner, by which the permit holder, association or driver receives any type of payment or commission for recommending or directing any passenger to an establishment operated by a specific owner.

(x) The driver of a for-hire vehicle shall wear, in a manner clearly visible on their person, an identification card approved by the Chief Executive Officer.

(y) The Board specifically finds that the dress, grooming, and conduct of for-hire vehicle drivers affect the public health and safety, particularly as it relates to visitors and the tourist industry. Therefore, while driving or operating a for-hire vehicle, drivers shall be hygienically clean, well-groomed, and neat, and suitably dressed. Violations of this subsection are administrative in nature and shall not be the subject of criminal prosecution.

(1) The term "hygienically clean" shall refer to that state of personal hygiene, body cleanliness, and absence of offensive body odor normally associated with bathing or showering on a regular basis.

(2) The term "well-groomed" shall mean that male drivers shall be clean-shaven, except for those parts of the face where a beard or mustache is worn and their hair shall be neatly trimmed; beards or mustaches shall be groomed and neatly trimmed at all times in order not to present a ragged appearance. For all drivers, it shall mean that scalp or facial hair shall be combed or brushed and that all clothing is clean, free from soil, grease and dirt, and without unrepaired rips or tears.

(3) The term "neat and suitably dressed" shall be interpreted to require that a driver shall be fully covered by clothing at a minimum from a point not to exceed four (4) inches above the center of the kneecap to the base of the neck, excluding the arms. Drivers shall wear shoes. It shall not be permissible for any driver to wear as an outer garment any of the following: undershirt or underwear, tank tops, body shirts (see-through mesh), swim wear, jogging or warm-up suits or sweatshirts or similar attire, jogging or bathing shorts or trunks, or sandals. Trouser-type shorts that are no shorter than four inches above the center of the kneecap are permissible.

(z) For-hire vehicles shall comply with the California Vehicle Code, e.g., not impede traffic, and, where applicable, not operate on streets where posted speed limits are above 35 miles per hour. For-hire vehicle drivers, including taxicab, shall not load or unload passengers in traffic lanes.

(aa) Smoking is not permitted at any time inside a MTS-permitted vehicle.

(bb) A driver or permit holder shall not prejudice, disadvantage, or require a different rates or provide different service to a person because of race, national origin, religion, color, ancestry, physical disability, medical condition, occupation, marital status or change in marital status, sex or any characteristic listed or defined in Section 11135 of the Government Code.

(cc) A driver shall not use rude or abusive language toward a passenger(s) or conduct any physical action that a reasonable person would construe as threatening or intimidating.

(dd) A driver may refuse a fare if it is readily apparent that the prospective or actual fare is a hazard to the driver or operator. A driver is not obligated to transport any person who is verbally or otherwise abusive to the driver. Such incidents shall also be noted on the trip log and notification shall be immediately sent to the dispatch service organization, if a taxicab, which shall record the incident and keep the record for the minimum of 6 months.

(ee) No driver shall stop, park, or otherwise leave standing any MTS permitted vehicle within fifteen (15) feet of any fire plug except as modified in Section 2.5 of this Ordinance.

(ff) No driver shall stop, park or otherwise leave standing any MTS permitted vehicle in a disabled parking zone except as authorized per California Vehicle Code section 22507.8.

(Section 1.8 amended 11/8/2018, effective 1/1/2019)

(Section 1.8 amended 12/14/2017)

(Section 1.8 amended 10/13/2016)

(Section 1.8 amended 5/12/2016)

(Section 1.8 amended 2/12/2015)

(Section 1.8 amended 8/7/2003)

(Section 1.8 amended 11/14/2002)

(Section 1.8 amended 9/24/1998)

(Section 1.8 amended 2/13/1997)

(Section 1.8 amended 6/24/1993)

Section 1.9 - Public Liability

(a) It shall be unlawful to operate a for-hire vehicle unless the permit holder establishes and maintains in effect one of the forms of financial responsibility specified in this section.

(1) This requirement may be met by maintaining a valid policy of insurance executed and delivered by a company authorized to carry on an insurance business, the financial responsibility of which company has been approved by the Chief Executive Officer. The terms of the policy shall provide that the insurance company assumes financial responsibility for injuries to persons or property caused by the operation of the for-hire vehicle in an amount determined by the Chief Executive Officer.

(2) The permit holder may also meet this requirement by obtaining a certificate of self-insurance for a specified amount approved by the Board and pursuant to the applicable provisions of the California Vehicle Code.

(b) A valid proof of insurance issued by the company providing the insurance policy required under Subsection (a) (1) of this section shall be filed with and approved by the Chief Executive Officer. This certificate shall provide that MTS is a named certificate holder and shall be placed in each vehicle, per California Vehicle Code Section 16020. It shall also provide that the insurer will notify MTS of any cancellation and that the cancellation notice shall be in writing and

shall be sent by registered mail at least thirty (30) days prior to cancellation of the policy. The certificate shall also state:

- (1) The full name of the insurer;
- (2) The name and address of the insured;
- (3) The insurance policy number;
- (4) The type and limits of coverage;
- (5) The specific vehicle(s) insured;
- (6) The effective dates of the certificate; and
- (7) The certificate issue date.

(Section 1.9 amended 9/17/2015)

(Section 1.9 amended 11/14/2002)

Section 1.10 - Financial Ownership and Operating Records: Reporting Requirements

(a) Every person engaged in the business of operating a for-hire vehicle within the City under a permit granted by the Chief Executive Officer shall maintain:

(1) Financial records, including but not limited to the current executed taxicab driver lease agreement that includes all aspects of the business relationship between the permit holder and the lessee, and written receipts of all payments from lessee in accordance with good accounting practices;

(2) Ownership records; and

(3) Operating records in a form, and at intervals, which shall be determined from time to time by the Chief Executive Officer.

(b) Ownership and operating records shall be made available to the Chief Executive Officer upon demand at any reasonable time. The permit holder shall retain operating records for a minimum of six (6) months from the date the records are created.

(c) For purposes of this section, ownership records shall include, but are not limited to, the following:

(1) Copies of the Articles of Incorporation as filed with the Secretary of State of California;

(2) Records identifying all corporate officers and members of the corporation's Board of Directors. A corporation shall report any change in corporate officers or members of its Board of Directors to MTS within ten (10) days of the effective date.

(3) A stock register recording the issuance or transfer of any shares of the corporate stock; and

(4) The registration cards issued by the State of California Department of Motor Vehicles to the vehicle owner for all for-hire vehicles operated under the authority of an MTS for-hire vehicle permit. Valid proof of registration shall be maintained in the vehicle at all times.

(d) For purposes of this section, operating records shall include, but are not limited to, the following:

- (1) Typed or written dispatch records for taxicab ~~or LSV~~ companies which operate their own dispatch service;
- (2) Any logs which a for-hire vehicle driver keeps describing the trips carried by a for-hire vehicle other than a taxicab;
- (3) Copies of the daily trip log required by taxicab or LSV drivers under Section 2.4 (~~oe~~); and
- (4) Any other similar records.

(e) Between January 1 and December 31 of each calendar year, every permit holder shall file with the Chief Executive Officer a signed statement which shall report and attest to the accuracy of the following information:

- (1) The individual name(s), business name, business address, and telephone number of the permit holder(s);
- (2) The name and address of all legal and registered owner(s) of the for-hire vehicle(s);
- (3) The name and address of each person with a financial interest in the business which operates the vehicle(s); and
- (4) The year, manufacturer, model, vehicle identification number, license plate, and medallion number affixed to the permitted vehicle(s).

(f) If the permit holder is an individual, the permit holder must email, mail or appear in person in the offices of MTS to file the statement; if the permit holder is a partnership, one of the partners must email, mail or appear in person in the offices of MTS to file the statement; if the permit holder is a corporation or LLC, an officer of the corporation, or a member of the LLC, authorized to represent the company, must email, mail or appear in person in the offices of MTS to file the statement and provide evidence San Diego City Council Policy 500-02 requirements are being met. If email or mail is used, the email address or mailing address used by the permit holder must be an email address or mailing address that is on file with the Chief Executive Officer.

(Section 1.10 amended 11/8/2018, effective 1/1/2019)

(Section 1.10 amended 5/12/2016)

(Section 1.10 amended 2/12/2015)

(Section 1.10 amended 8/7/2003)

(Section 1.10 amended 11/14/2002)

(Section 1.10 amended 6/24/1993)

Section 1.11 - Destruction, Permanent Replacement or Retirement of For-Hire Vehicles

(a) Whenever a for-hire vehicle is destroyed, rendered permanently inoperative, is sold, or the permit holder is no longer the owner of the for-hire vehicle, the permit holder shall notify the Chief Executive Officer in writing within forty-eight (48) hours.

(b) A replacement vehicle must be placed in service within ninety (90) days of the date the original vehicle is removed from service unless prior written permission has been obtained from the Chief Executive Officer. It is the intent of this section that the Chief Executive Officer, in granting

such permission, gives due consideration to the operating situation of the permit holder on a case-by-case basis.

The following guidelines are to be used in granting permission for a permit holder to take longer than ninety (90) days in placing a replacement vehicle in service.

(1) The permit holder must submit a written request for an extension of time, stating the specific reason(s) additional time is required and identifying a plan and timetable for placing the replacement vehicle in service. Written documents sufficient to substantiate the factual information contained in the request should also be submitted.

(2) The plan and timetable submitted must reflect a reasonable approach for placing the vehicle in service within the shortest possible time frame.

(3) An additional period of time, not to exceed sixty (60) calendar days, may be granted to a permit holder in case of severe personal illness or other similar hardship.

(4) An additional period of time, not to exceed thirty (30) calendar days, may be granted to a permit holder in case of extensive vehicle repairs or other similar reasons.

(5) No extensions will be granted to any permit holder who is unable to meet the basic operational costs, including liability insurance, regulatory fees, and normal maintenance and repairs of operating a for-hire vehicle.

(6) No more than one (1) extension will be granted for each vehicle in a single twelve (12) month period.

(c) The Chief Executive Officer shall, as a matter of owner right, allow the replacement of a vehicle which is destroyed, rendered inoperative, sold or transferred, provided that the permit holder has complied with, and the for-hire vehicle is in conformance with, all applicable provisions of this Ordinance. An owner must remove the markings from the vehicle that indicate it is a taxicab or LSV before the owner disposes of it.

(d) When a permit holder retires any for-hire vehicle or vehicles from service and does not replace them within ninety (90) days, the permit for each such retired for-hire vehicle shall be considered abandoned and will be void. The permit holder shall immediately surrender each related medallion to the Chief Executive Officer. Such abandoned permits may not be restored by any means other than through application for new permits in the manner provided in this Ordinance.

(Section 1.11 amended 10/13/2016)

(Section 1.11 amended 8/7/2003)

(Section 1.11 amended 11/14/2002)

(Section 1.11 amended 2/13/1997)

Section 1.12 - Driver's Identification Cards

(a) No person shall drive or operate any for-hire vehicle under the authority of a permit granted under this Ordinance unless such person has and displays a valid driver's identification card obtained annually through the Sheriff of the County of San Diego.

(b) No permit holder shall employ as a for-hire vehicle driver or operator any person who has not obtained a for-hire vehicle driver's identification card through the Sheriff of the County of San Diego.

(c) No permit holder shall employ as a driver or operator any person whose privilege to operate a for-hire vehicle within the City has expired, or has been revoked, denied or suspended or prohibited.

(d) A driver may drive for more than one permit holder. The driver must, however, have on file with and accepted by the Sheriff of the County of San Diego, a separate application on forms provided by the Sheriff, for each permit holder with whom he has a current driving agreement. A driver may have on file with the Sheriff a maximum of four (4) such applications at any one time. It shall be unlawful for a driver to accept or solicit passengers for hire in the City or County while operating the taxicab or LSV of any permit holder for whom the driver does not have such an application on file with the Sheriff.

(e) No person shall drive or operate any for-hire vehicle, 7 under the authority of a permit granted under this Ordinance unless such person has successfully completed an MTS-approved driver safety training course concerning driver safety, 7 rules, 7 and regulations, map-Map reading, crime prevention, courtesy and professionalism, compliance with ADA, and a corresponding qualification examination.

(f) No person who has received a notice of prohibition pursuant to Section 1.14, or whose privilege to operate a for-hire vehicle within the City has expired, or has been suspended, revoked or denied by the Sheriff or the Chief Executive Officer shall drive or operate a for-hire vehicle within the City.

(g) No for-hire vehicle driver's identification card shall be issued or renewed to any of the following persons:

(1) Any person under the age of twenty-one (21) years.

(2) Any person who has been convicted of a felony involving a crime of force or violence against any person, or the theft of property, unless five (5) years have elapsed since his or her discharge from a penal institution or satisfactory completion of probation for such conviction during which period of time his or her record is good.

(3) Any person who has been convicted of assault, battery, resisting arrest, solicitation of prostitution, any infraction, misdemeanor, or felony involving force and violence, or any crime reasonably and rationally related to the paratransit industry or any similar business operation which bears upon the integrity or ability of the driver to operate a for-hire vehicle business and transport passengers, unless five (5) years shall have elapsed from the date of discharge from a penal institution or the satisfactory completion of probation for such conviction.

(4) Any person who, within the five (5) years immediately preceding the processing of the application, has been convicted of or held by any final administrative determination to have been in violation of any statute, ordinance, or regulation reasonably and rationally related to the for-hire vehicle industry or any similar business operation which would have authorized the suspension or revocation of the driver's identification card in accordance with Section 1.14 of this Ordinance.

(5) Any person who is required to register as a sex offender pursuant to the California Penal Code.

(6) Any person who has provided false information of a material fact in their application within the past five (5) years.

(7) No person shall obtain or renew a driver's identification card unless such person has successfully completed a ~~driver~~~~personal~~ safety training course approved by the Chief Executive Officer.

(8) When a driver permanently no longer drives for an MTS Taxicab Administration permit holder, the permit holder shall report this to the Sheriff's Department within ten (10) calendar days.

(h) The Sheriff is authorized to issue temporary for-hire vehicle driver identification cards pending the approval or denial of an application for a regular for-hire vehicle driver identification card. No temporary for-hire vehicle driver identification card shall be issued without the satisfactory completion of a local law enforcement agency record check of the applicant. Any temporary identification card so issued shall be valid for a period not to exceed ninety (90) days or until the date of approval or denial of the application for a regular for-hire vehicle driver identification card, whichever shall occur first. The issuance of a temporary identification card hereunder shall not authorize the operation of a for-hire vehicle following the denial of the application while pending the resolution of any appeal otherwise provided for in Section 1.16 of this Ordinance. The Sheriff or the Chief Executive Officer shall establish nonrefundable filing fees to defray the costs of processing regular and temporary driver identification cards.

(Section 1.12 amended 11/8/2018, effective 1/1/2019)

(Section 1.12 amended 12/14/2017)

(Section 1.12 amended 5/12/2016)

(Section 1.12 amended 11/15/2012)

(Section 1.12 amended 8/7/2003)

(Section 1.12 amended 11/14/2002)

(Section 1.12 amended 9/24/1998)

(Section 1.12 amended 10/30/1997)

(Section 1.12 amended 11/9/1995)

Section 1.13 - Suspension and Revocation of Permit

(a) Permits may be suspended or revoked by the Chief Executive Officer at any time in case:

(1) The Chief Executive Officer finds the permit holder's past record to be unsatisfactory with respect to satisfying the provisions of this Ordinance.

(2) The permit holder fails to comply with the applicable provisions of this Ordinance.

(3) The drivers of the for-hire vehicle or vehicles fail to act in accordance with those provisions of this Ordinance which govern driver actions. The permit holder shall have strict liability in this regard; however, this provision shall not restrict the Chief Executive Officer's ability to penalize a driver for violations of those provisions of this Ordinance which govern driver actions.

(4) The owner shall cease to operate any for-hire vehicle for a period of ninety (90) consecutive days without having obtained written permission for cessation of such operation from the Chief Executive Officer. It is the intent of this section that the Chief

Executive Officer, in granting such permission, gives due consideration to the operating situation of the permit holder on a case-by-case basis.

The following guidelines are to be used in granting permission for a permit holder to cease operating a for-hire vehicle for a period longer than ninety (90) days.

(a) The permit holder must submit a written request for an extension of time, stating the specific reason(s) additional time is required and identifying a plan and timetable for placing the vehicle back in service. Written documents sufficient to substantiate the factual information contained in the request should also be submitted.

(b) The plan and timetable submitted must reflect a reasonable approach for placing the vehicle back in service within the shortest possible time frame.

(c) An additional period of time, not to exceed sixty (60) calendar days, may be granted to a permit holder in case of severe personal illness or other similar hardship.

(d) An additional period of time, not to exceed thirty (30) calendar days, may be granted to a permit holder in case of extensive vehicle repairs or other similar reasons.

(e) No extension will be granted to any permit holder who is unable to meet the basic operational costs including liability insurance, regulatory fees, and normal maintenance and repairs of operating a for-hire vehicle.

(f) No more than one (1) extension in time will be granted for each vehicle permit in a single twelve (12) month period.

(5) The for-hire vehicle or vehicles, if operated as other than a taxicab, are operated at a rate of fare other than those fares on file with the Chief Executive Officer.

(6) The for-hire vehicle or vehicles, if operated as a ~~taxicab or~~ LSV, are operated at a rate of fare greater than those fares on file with the Chief Executive Officer or posted on the taxicab or LSV pursuant to Section 2.2 (b) of this Ordinance.

(7) The for-hire vehicle or vehicles, if operated as a taxicab ~~or LSV~~, are operated at a rate of fare greater than current maximum rate established by the Board pursuant to Section 2.2(a) of this Ordinance or posted ~~on the LSV~~ pursuant to Section 2.24 (b) of this Ordinance.

(8) The permit holder fails to begin operating the for-hire vehicle for which the permit is first approved within ninety (90) days after the approval date.

(9) The permit holder has been convicted of assault, battery, resisting arrest, solicitation of prostitution, any infraction, misdemeanor, or felony involving force and violence, or any crime reasonably and rationally related to the paratransit industry or any similar business operation which bears upon the integrity or ability of the applicant or permit holder to operate a for-hire vehicle business and transport passengers, unless five (5) years shall have elapsed from the date of discharge from a penal institution or the satisfactory completion of probation for such conviction.

(10) The permit holder has been convicted of a crime that would require a person to register as a sex offender under the California Penal Code. For purposes of this section, a plea or verdict of guilty, a finding of guilt by a court, a plea of nolo contendere or a forfeiture of bail shall be considered a conviction.

(b) A permit holder shall be notified in writing within 10 working days when a credible complaint has been filed with the Chief Executive Officer by a member of the public where such complaint involves the permit holder, the driver of the permitted for-hire vehicle, or the dispatch service to which the permit holder is subscribed. It shall be the responsibility of the permit holder to investigate the complaint and report in writing to the Chief Executive Officer within 30 days the result of the investigation and any corrective action taken or proposed. Where the complainant has agreed to the sharing of their identity, the results of the investigation, findings, and actions shall be communicated to the complainant.

(c) In the event the Chief Executive Officer finds a permit holder has failed to responsibly respond to notification of complaints or to initiate corrective action, the Chief Executive Officer shall issue a notice of proposed adverse action to the permit holder. If the circumstances of the complaint or subsequent investigation so warrant, the Chief Executive Officer may issue a notice of adverse action to a driver independently of or in conjunction with any adverse action proposed to the permit holder. The Chief Executive Officer shall refer to the Administrative Penalty Guidelines in determining a proposed adverse action.

(d) The permit holder or driver in receipt of a notice of proposed adverse action shall be given the opportunity to appear for an informal hearing before the Chief Executive Officer or designated representative. Failure to appear will constitute waiver of the hearing. Following the hearing or waiver thereof, the Chief Executive Officer shall issue the notice of adverse action if justified by the facts. If the Chief Executive Officer determines that the performance of the permit holder or driver involves criminal activity or constitutes a serious degradation of the public safety, convenience, or necessity, a notice of adverse action may be issued and the action effected without hearing.

(e) Upon a finding by the Chief Executive Officer that a permit holder falls within the provisions of this section, the permit holder or driver shall be notified that his or her permit has been subjected to an adverse action and that the matter is such that the action may be appealed. In lieu of an action provided for in the Administrative Penalty Guidelines, the Chief Executive Officer may impose a fine or a fine and a period of suspension for any violation(s) of this Ordinance.

(Section 1.13 amended 11/8/2018, effective 1/1/2019)

(Section 1.13 amended 12/14/2017)

(Section 1.13 amended 10/13/2016)

(Section 1.13 amended 5/12/2016)

(Section 1.13 amended 8/7/2003)

(Section 1.13 amended 11/14/2002)

(Section 1.13 amended 6/24/1999)

Section 1.14 - Suspension and Revocation of Driver's Identification Cards

(a) Driver's identification cards may be suspended or revoked by the Chief Executive Officer at any time in case:

(1) The Chief Executive Officer finds the driver's past record to be unsatisfactory with respect to satisfying the provisions of this Ordinance; or

- (2) The driver fails to comply with the applicable provisions of this Ordinance; or
- (3) Circumstances furnish grounds for the denial, suspension, revocation or refusal to renew the driver's identification card by the Sheriff under the terms of the applicable Ordinance of the County of San Diego; or
- (4) His/her California Driver's License is revoked or suspended; or
- (5) The driver is convicted of reckless driving or driving while under the influence of intoxicating liquors and/or narcotics; or
- (6) The driver has been convicted of assault, battery, resisting arrest, solicitation of prostitution, any crime involving force and violence, or reasonably and rationally is related to the ability or integrity of the driver to operate a for-hire vehicle or transport passengers; or
- (7) The driver has ever been convicted of a crime that requires registration under the California Penal Code as a sex offender.

(b) For purposes of Subsections (a) (1) through (a) (6) of this section, a plea of nolo contendere, or a forfeiture of bail shall be considered a conviction if it occurred within the five (5) years immediately preceding the date of application for a permit or identification card.

(c) Notwithstanding a driver's possession of a valid taxicab or LSV driver identification card, the Chief Executive Officer may deny, suspend, revoke, or refuse to renew the driver's privilege to operate a for-hire vehicle in the City if the driver falls within the provisions of this section. The Chief Executive Officer shall send a notice of prohibition the date postmarked to operate a taxicab or LSV to any holder of a Sheriff's driver identification card who is ineligible under Subsection (a) to operate a for-hire vehicle within the City limits. The notice of prohibition shall be appealable in accordance with Section 1.16.

(Section 1.14 amended 5/12/2016)

(Section 1.14 amended 8/7/2003)

(Section 1.14 amended 11/14/2002)

(Section 1.14 amended 6/24/1999)

Section 1.15 - Surrender of Medallion

(a) When a permit has been suspended or revoked, the operation of any for-hire vehicle authorized by such permit shall cease, and its medallion surrendered immediately to the Chief Executive Officer.

(Section 1.15 amended 11/14/2002)

Section 1.16 - Right of Administrative Appeal from Denial, Suspension or Revocation of Permit or Driver's Identification Card or Related Adverse Action

(a) The permit holder or driver shall be notified that he or she may file with the Chief Executive Officer a written administrative appeal ten (10) days after delivery of the notice of revocation or suspension, or the denial of a license, permit, or driver's identification card, the notice of prohibition to operate or the imposition of a fine. The permit holder or driver shall set forth in the appeal the reasons why such action is not proper.

(b) If no administrative appeal is filed within the proper time, the permit or driver's identification card shall be considered revoked, suspended or denied, and shall be surrendered, the fine be imposed, as applicable, or the notice of prohibition to operate take effect.

(c) Except as provided in Subsection (d), once an administrative appeal is filed, the revocation or suspension of the permit or driver's identification card, the effect of the notice of prohibition to operate, or the imposition of the fine shall be stayed pending the final determination of the administrative appeal.

(d) If, in the Chief Executive Officer's opinion, the continued operation of a for-hire vehicle or possession of a driver's identification card represents an unsafe condition for any passenger or pedestrian, the revocation or suspension of the related permit, driver's identification card, or the effect of any notice of prohibition to operate shall not be stayed. A revocation or suspension of a permit imposed for failure to comply with Section 1.8 (f) or Section 1.9 is rebuttably presumed to represent an unsafe condition pending the determination of the appeal or the correction of the violation, whichever shall occur first. Notwithstanding, no medallion shall be reaffixed to a vehicle until the violation under Sections 1.8 (f) or 1.9 has been corrected.

(Section 1.16 amended 8/7/2003)

(Section 1.16 amended 11/14/2002)

Section 1.17 - Procedure Upon Administrative Appeal

(a) When an appeal is filed, the Chief Executive Officer shall review the appeal, and based on additional information provided therein, may revise the findings and penalty; in accordance with the additional information provided; or cause the appeal to be assigned to a Hearing Officer, who shall expeditiously schedule the hearing before him/her.

(1) The Chief Executive Officer shall use California Department of General Services, Office of Administrative Hearings Administrative Law Judges as Hearing Officers. The assignment of Administrative Law Judges as Hearing Officers shall be determined by the California Department of General Services, Office of Administrative Hearings.

(2) The Hearing Officer shall be a member of the California State Bar and shall not be an MTS employee.

(b) The appellant and the Chief Executive Officer or designate shall each have the right to appear in person and be represented by legal counsel, to receive notice, to present evidence, to call and cross-examine witnesses under oath, and to present argument.

(c) An appellant may select an individual to interpret for them. MTS will not pay any costs or be held responsible for any aspect of the interpreter's ability to accurately interpret the hearing.

(1) The Hearing Officer shall have the power to compel attendance of witnesses and documents by subpoena, in accordance with state law.

(2) The formal rules of evidence need not apply, and any relevant evidence that is the sort of evidence upon which responsible persons are accustomed to rely in the conduct of serious affairs shall be admissible. Hearsay evidence may be considered by the Hearing Officer, but no findings may be based solely on hearsay evidence unless supported or corroborated by other relevant and competent evidence. The formal exceptions to the hearsay rule shall apply.

(d) The Chief Executive Officer shall promulgate supplementary rules and procedures for the conduct of the hearing, the forms of notice and proceedings, and the preparation and submission of the record.

(e) The decision of the Hearing Officer shall be the final administrative remedy and shall be binding upon the parties to the appeal.

(f) If the Hearing Officer decides to suspend or revoke a permit or driver's identification card, the appellant shall immediately surrender the medallion or driver's identification card to the Chief Executive Officer.

(Section 1.17 amended 5/12/2016)

(Section 1.17 amended 11/15/2012)

Section 1.18 - Exceptions to Provisions

(a) The provisions of this Ordinance do not apply to:

(1) a vehicle properly licensed under the jurisdiction of the California Public Utilities Commission (CPUC) unless such vehicle also provides transportation services regulated by MTS under this Ordinance;

(2) or to public transit vehicles owned, operated, or contracted for by MTS; or

(3) to a vehicle properly licensed by the State or County as an ambulance.

(b) For compliance purposes, MTS inspectors may inspect all CPUC licensed vehicles, ensure they are not exceeding the authority granted by their license or operating as unlicensed private- hire transportation provider.

(Section 1.18 amended 12/14/2017)

(Section 1.18 amended 5/12/2016)

(Section 1.18 amended 11/15/2012)

(Section renumbered to 1.18 9/24/1998)

(Section 1.17 amended 1/12/1995)

(Section 1.17 amended 6/24/1993)

Section 1.19 - Chief Executive Officer's Authority to Adopt Rules and Promulgate a Schedule of Fines

(a) Except where Board action is specifically required in this Ordinance, the Chief Executive Officer may adopt any rules and regulations reasonable and necessary to implement the provisions of this Ordinance. The Chief Executive Officer shall promulgate a schedule of administrative fines and penalties for violations of this Ordinance in lieu of the revocation or suspension of a permit or identification card, a copy of which schedule shall be filed with the Clerk of the Board.

(Section renumbered to 1.19 9/24/1998)

Section 1.20 - Americans with Disabilities Act

(a) Permit holders, vehicles, and drivers are required to comply with the requirements of the federal Americans with Disabilities Act (ADA), and ADA regulations are hereby incorporated into MTS Ordinance No. 11 by reference. A violation of ADA requirements is a violation of this Ordinance and subject to a fine or suspension or revocation or a combination.

**(Section renumbered to 1.20 9/24/1998)
(Section 1.19(a) was added 4/10/1997)**

SECTION 2.0 - TAXICABS AND/OR LSVs

Section 2.1 - Types of Service

(a) A taxicab or LSV is authorized to provide exclusive ride and group ride service.

(Section 2.0 and 2.1 amended 8/7/2003)

Section 2.2 - Rates of Fare

(a) After a ~~noticed~~notice and open public hearing of the Taxicab Advisory Committee, MTS shall establish a maximum rate of fare for exclusive ride and group ride hire of taxicabs and/or LSVs except for trips from San Diego International Airport. A permit holder may petition the Board for any desired change in the maximum taxicab or LSV rates for exclusive ride and/or zone rates and group ride hire.

(b) Taxicab trips from San Diego International Airport shall not be charged more than the authorized maximum~~be at a uniform~~ rate of fare. Notwithstanding, rates~~Rates~~ for trips originating at the airport may include an extra charge equal to the Airport Access~~Trip~~ Fee assessed against the individual taxicab operator by the San Diego County Regional Airport Authority. The extra may not be charged on any trip that does not originate at the airport or on any trip where the taxicab operator does not pay the fee to the San Diego County Regional Airport Authority. The extra charge may only be charged to the ~~passenger~~customer by visually identifying~~utilizing~~ the Airport Access Fee~~extra button~~ on the taxicab meter. A driver may not verbally request payment. All taxicabs utilizing the Airport Access~~Trip~~ Fee extra button must have a decal, approved by the Chief Executive Officer and the County of San Diego Office of Weights and Measures. The decal shall identify and accurately describe the extra charge consistent with regulatory requirements.

~~(c) Each permit holder shall file with the Chief Executive Officer the rates of fare that he/she will charge, which shall not exceed the maximum rate set by the Board pursuant to Section 2.2(a).~~

~~(1) Each taxicab permit holder shall have the taximeter set by properly licensed personnel for the rate that he/she will charge and have the taximeter sealed and inspected.~~

~~(2)~~ All taxicabs shall accept major credit cards including, but not limited to, VISA, MasterCard, American Express, and Discover. Credit Card fees~~Fees~~ shall not be passed onto passengers.

~~(d) The taxicab permit holder or taxicab driver shall disclose fares, fees or rates to the passenger. The taxicab permit holder or taxicab driver may disclose by website, mobile telephone application or telephone orders.~~

~~(d) If a taxicab permit holder desires to change his/her rates of fare, he/she shall file with the Chief Executive Officer the new rates, reset the taximeter, have the taximeter sealed and~~

~~inspected, and post the revised rates on each side of the taxicab as provided in Subsection (c) of this section.~~

(e) It shall be unlawful for a permit holder or driver to operate any taxicab in the City or County, unless the vehicle is equipped with a Taximeter~~taximeter~~ that meets the requirements of the State of California.

(1) If Hard Meter, each taxicab permit holder shall have the Taximeter set by properly licensed personnel for the rate that he/she will charge and have the Taximeter sealed and inspected.

(2) If Soft Meter, a certificate of approval must be provided by the California Department of Food and Agriculture Division of Measurement Standards

(1) The taximeter

(3) The Taximeter shall calculate fares upon the basis of a combination of mileage traveled and time elapsed. When operative with respect to fare indication, the fare-indicating mechanism shall be actuated by the mileage mechanism whenever the vehicle is in motion at such a speed that the rate of mileage revenue equals or exceeds the time rate, and may be actuated by the time mechanism whenever the vehicle speed is less than this, and when the vehicle is not in motion.

(42) Waiting time shall include all time when a taxicab occupied or engaged by a passenger is not in motion or is traveling at a speed which is slow enough for the time rate to exceed the mileage rate. Waiting time will also include the time consumed while standing at the direction of the passenger or person who has engaged the taxicab.

(53) It shall be the duty of every permit holder operating a taxicab to keep the Taximeter~~taximeter~~ in proper condition so that the Taximeter~~taximeter~~ will, at all times, correctly and accurately indicate the charge for the distance traveled and waiting time. The Taximeter~~taximeter~~ shall be at all times subject to the charge for the distance traveled and waiting time.

(64) The Taximeter~~taximeter~~ shall be at all times subject to inspection by an MTS inspector or any peace officer. The MTS inspector or peace officer is hereby authorized at his or her instance or upon complaint of any person to investigate or cause to be investigated the Taximeter~~taximeter~~, and upon discovery of any inaccuracy in the Taximeter~~taximeter~~, or if the Taximeter~~taximeter~~ is unsealed, to remove or cause to be removed the vehicle equipped with this taximeter from the streets of the City until the Taximeter~~taximeter~~ has been correctly adjusted and sealed. Before being returned to service, the vehicle and Taximeter~~taximeter~~ must be inspected and approved by the Chief Executive Officer.

(75) Any device repairperson who places into service, repairs, or recalibrates a Taximeter~~taximeter~~ shall record the tire size and pressure of the drive wheels of that vehicle, as tested, on the repair person's sticker.

(86) It shall be the duty of the permit holder to ensure the proper device repair person's sticker is affixed to the Taximeter~~taximeter~~ and to ensure the tires are the proper size.

(f) It shall be unlawful for any driver of a taxicab, while carrying exclusive or group ride passengers, to display the flag or device attached to the Taximeter~~taximeter~~ in such a position as to

denote that the vehicle is for hire, or is not employed, or to have the flag or other attached device in such a position as to prevent the ~~Taximeter~~taximeter from operating. It shall be unlawful for any driver to throw the flag into a position which causes the ~~Taximeter~~taximeter to record when the vehicle is not actually employed, or to fail to throw the flag or other device into non-recording position at the termination of each and every service.

(g) The ~~Taximeter~~taximeter shall be so placed in the taxicab that the reading dial showing the amount of fare to be charged shall be well-lighted and easily readable by the passenger riding in such taxicab.

(h) It shall be unlawful for any permit holder and/or driver of a taxicab or LSV to demand of a passenger a charge for hire which is greater than the current maximum rate approved by the Board pursuant to Section 2.2 (a) or (b) of this Ordinance.

(i) Except as provided in this section, is shall be unlawful for any permit holder and/or driver to demand of a passenger a charge for hire which is greater than the permit holder's meter rate ~~filed with the Chief Executive Officer~~ pursuant to Sections 2.1 (a), ~~2.2 (b)~~, or 2.2 (~~b~~c) of this Ordinance.

(j) Nothing in this Ordinance shall preclude a permit holder or driver from agreeing with prospective passenger(s) to a rate of fare which is less than the permit holder's ~~filed and~~ posted rates of fare if the agreement is entered into in advance of the passenger(s)~~),~~ hiring the taxicab for the trip.

(Section 2.2 amended 11/8/2018, effective 1/1/2019)

(Section 2.2 amended 12/14/2017)

(Section 2.2 amended 5/12/2016)

(Section 2.2(c)(2)amended 11/15/2012)

(Section 2.2(b) amended 4/19/2012)

(Section 2.2 amended 8/7/2003)

(Section 2.2 amended 5/8/2003)

(Section 2.2 amended 11/14/2002)

(Section 2.2 amended 6/24/1999)

(Section 2.2 amended 9/24/1998; Section 2.2c operative May 1, 1999)

(Section 2.2 amended 10/30/1997)

(Section 2.2 amended 4/10/1997)

Section 2.3 - Equipment and Specifications

(a) No taxicab shall be operated until the taximeter thereon has been inspected, tested, approved and sealed, if applicable, by an authorized representative of the State of California, and thereafter so maintained in a manner satisfactory to the Chief Executive Officer.

(b) Each taxicab may be equipped with a device which plainly indicates to a person outside the taxicab whether the taximeter is in operation or is not in operation.

(c) **Mandatory Exterior Markings:** The permit holder must display one of the following exterior markings schemes on each taxicab:

(1) **Exterior Marking Scheme 1:** The following must be displayed if in use of Exterior Marking Scheme 1:

(A) The permit holder's trade name shall be painted or permanently affixed in letters and numerals four (4) inches high all on one line on the upper third part of both rear doors or both rear quarter panels utilizing "Univers" or other Chief Executive Officer pre-approved font in black or white lettering to produce maximum contrast adequately spaced for maximum readability. In the event the trade name does not fit on one line utilizing four (4) inch lettering, the trade name lettering must be as large as possible, up to four (4) inches in height, to enable the trade name to fit on one line.

(B) The medallion number shall be painted or permanently affixed, on both rear doors or both rear quarter panels, one (1) inch below the permit holder's trade name, six (6) inches high, utilizing "Univers" or other Chief Executive Officer pre-approved font in black or white lettering to produce maximum contrast adequately spaced for maximum readability.

(2) Exterior Marking Scheme 2: The following must be displayed if in use of Exterior Marking Scheme 2:

(A) The permit holder's trade name shall be painted or permanently affixed in letters and numerals four (4) inches high all on one line on the upper third part of both front doors utilizing "Univers" or other Chief Executive Officer pre-approved font in black or white lettering to produce maximum contrast adequately spaced for maximum readability. In the event the trade name does not fit on one line utilizing four (4) inch lettering, the trade name lettering must be as large as possible, up to four (4) inches in height, to enable the trade name to fit on one line.

(B) The medallion number shall be painted or permanently affixed, on both front doors, one (1) inch below the permit holder's trade name, six (6) inches high, utilizing "Univers" or other Chief Executive Officer pre-approved font in black or white lettering to produce maximum contrast adequately spaced for maximum readability.

(C) The permit holder's trade name and medallion number shall be painted or permanently affixed on the rear of the taxicab, four (4) inches high, utilizing "Univers" or other Chief Executive Officer pre-approved font in black or white lettering to produce maximum contrast adequately spaced for maximum readability. In the event the rear of the vehicle does not have four inches of vertical space for the trade name and medallion number, the rear lettering may be less than four inches, provided that it is easily readable from a distance of 50 feet.

(d) Optional Exterior Vehicle Markings. The permit holder has the option of choosing to post any combination of the below-listed five options on his or her taxicab which must be posted only at the specific location and in the size noted.

(1) Trade Name Logo. If the permit holder chooses to display his or her trade name logo, the trade name logo shall be posted only on the rear portion of both side rear quarter panels.

(2) Dispatch Service Provider. If the permit holder chooses to display the dispatch service provider name or logo, the dispatch service provider name or logo cannot utilize the words "cab" or taxi." The dispatch service provider name or logo must be displayed only on the rear portion of both side rear quarter panels.

(3) Telephone Number. If permit holder chooses to display a telephone number, the telephone number must be no more than three (3) inches in height and posted only on the top front portion of both front side quarter panels.

(4) "Driver Carries Only \$ _____ Change". If the permit holder chooses to post "Driver Carries only \$ _____ Change", postings must be located only on rear quarter panels near the rear door but clear of the rates of fare.

(5) "Leased to Driver". If permit holder chooses to post "Leased to Driver," it must be posted only on both side rear quarter panels near the rear door but clear of the rate of fares in lettering no larger than 1 inch.

(6) Body Numbers. If the permit holder chooses to post an internally assigned body number, different from the medallion number, the body number shall be posted in one (1) inch numerals on the front and rear bumpers.

(e) All other exterior vehicle markings are prohibited unless they are directly related to the permit holder's business and pre-approved by the Chief Executive Officer.

(f) All taxicabs shall be equipped and operated so that they may be dispatched by two-way radio or two-way electronic communication, monitored by a dispatcher, in response to a telephone or other request for service by a prospective passenger.

(1) Means of dispatch device must be turned on, and audible to driver, at all times the taxicab is in service.

(2) Dispatch equipment, such as a two-way radio, cellular phone or tablet, shall be securely mounted within the vehicle in such a way to be visible to peace officers and MTS inspectors and allow for hands-free operation while the vehicle is in motion.

(g) If radio dispatch capability is utilized, the dispatch service must abide by the following: the radio dispatch capability described in paragraph (d) of this section must be provided so as to conform to the regulations of the Federal Communications Commission (FCC) pertaining to Land Transportation Radio Services. Failure to conform to those regulations will additionally constitute a failure to meet the requirements of this section.

(1) The current valid FCC license shall be on file with MTS.

(2) Taxicab permit holder shall provide current proof the radio or electronic device has passed inspection by an MTS-approved inspector.

(3) Taxicab radios shall have the capability to receive or transmit only on frequencies specified in the FCC license of the radio service subscribed to by the permit holder.

(h) Each permit holder shall equip each permitted taxicab with a device capable of electronically processing credit card transactions. The device must be visible to all passengers and must allow the passenger to operate the payment device independently of the driver, without having to hand the credit card to the driver. The device must be fully operational at all times. The permit holder or dispatch service shall be the merchant of record associated with the device. Any means of electronic credit card acceptance is acceptable so long as it complies with the provisions set forth in Section 1.8 (r).

(Section 2.3 amended 11/8/2018, effective 1/1/2019)

(Section 2.3 amended 12/14/2017)

(Section 2.3 amended 10/13/2016)

(Section 2.3 amended 5/12/2016)

(Section 2.3 amended 2/12/2015)

(Section 2.3 amended 11/15/2012)

(Section 2.3 amended 6/27/2002)

(Section 2.3 amended 9/24/1998; Section 2.3c operative May 1, 1999)

(Section 2.3 amended 6/27/1991; effective 7/27/1991)

(Section 2.3 amended 4/10/1997)

Section 2.4 - Operating Regulations

(a) Operating regulations shall be promulgated and adopted from time to time by resolution of the Board. These resolutions will have the force of law and will be published and processed as though set forth in this Ordinance.

~~(1) — Smoking is not permitted at any time inside a MTS-permitted vehicle.~~

(b) Any driver employed to transport passengers to a definite point shall take the most direct route possible that will carry the passenger to the destination safely and expeditiously.

~~(c) — It shall be unlawful for the driver or operator of any taxicab or LSV to refuse a prospective or actual fare or to take any action to actively discourage a prospective or actual fare on the basis of race, creed, color, age, sex, national origin, disability, or for any other reason, unless it shall be readily apparent that the prospective or actual fare is a hazard to the driver or operator. Rude or abusive language directed to a passenger(s) or any physical action that a reasonable person would construe as threatening or intimidating shall be specifically defined as a violation of this section.~~

~~(1) — A driver, however, is not obligated to transport any person who is verbally or otherwise abusive to the driver. Such incidents shall also be noted on the trip log and notification shall be immediately sent to the dispatch service organization, which shall record the incident and keep the record for the minimum of 6 months.~~

~~(2)(b) — Any driver employed to transport passengers to a definite point shall take the most direct route possible that will carry the passenger to the destination safely and expeditiously.~~

(c) A failure of the driver of any taxicab or LSV to assist a passenger with the loading or unloading of a reasonable size, number, and kind of passenger luggage or other items, when requested to do so, shall be specifically defined as a violation of this section.

(1) A driver is not required to lift any single piece of passenger luggage or other item that exceeds 25 pounds in weight. The requirement for loading or unloading assistance shall be limited to retrieval from or deposit onto the nearest curbside adjacent to the legally parked taxicab or LSV. A sign in the form of a transparent decal may be affixed to the rear-door, side window stating that, "DRIVER IS NOT REQUIRED TO LOAD LUGGAGE IN EXCESS OF 25 POUNDS PER ITEM OR OF A SIZE OR KIND THAT WILL NOT SAFELY FIT IN THE DESIGNATED LUGGAGE AREA OF THIS VEHICLE."

(23) A driver with a lawful disability that prevents him/her from handling items as defined in subsection (2) above is, upon submission of proof of such disability, relieved of

responsibility for the requirements of subsection (2). A driver so situated may affix a small sign either in the passenger section of the vehicle to be clearly visible to a rear seat passenger or on the inside of the trunk cover lid stating that, "DRIVER HAS DISABILITY THAT PREVENTS HANDLING OF LUGGAGE."

(d) It shall be unlawful for taxicab operators to refuse or discourage a prospective or actual fare based upon trip length within City or Countythe cities, or method of payment. Driver shall not refuse payment by credit card.

(1) A vehicle designated as an LSV may refuse a prospective or actual fare if the trip distance is outside allowed areas of operations.

(2) A failure to promptly dispatch (within the standards required by Sections 2.6(a)(1), (2), and (3) of this Ordinance), or any action by a driver of any taxicab or LSV to refuse or discourage a prospective or actual passenger who must transport foodstuffs or who must meet a medical appointment, irrespective of trip length, shall be specifically defined as a violation of this section so long as that prospective passenger has notified the dispatch service of this circumstance at the time a request for taxi service was made.

(e) No driver of any taxicab or LSV shall stop, park, or otherwise leave standing a taxicab or LSV on the same side of the street in any block in which taxicabs or LSVs are already stopped, parked, or otherwise standing except the taxicab or LSV may actively unload in a passenger loading zone or be parked in a marked taxi/LSV stand.

(f) No driver shall stop, park or otherwise leave standing a taxicab or LSV within one-hundred (100) feet of any other taxicab or LSV except in a marked taxi/LSV stand or while actively loading or unloading passengers.

~~(g) No driver shall stop, park, or otherwise leave standing any MTS permitted vehicle within fifteen (15) feet of any fire plug except as modified in Section 2.5 of this Ordinance.~~

~~(h) No driver shall stop, park or otherwise leave standing any MTS permitted vehicle in a disabled parking zone except as authorized per California Vehicle Code section 22507.8.~~

~~(gi)~~ (g) An out-of-service sign must be displayed when the taxicab or LSV is not available for hire and is being operated or is lawfully parked for purposes of maintenance, inspection, or personal use. The sign must be placed in a location in the vehicle that is clearly visible from the exterior of the vehicle. The sign must be of durable material and written in block letters in black ink and easily readable from a distance of not less than ten (10) feet.

~~(hj)~~ (h) A taxicab driver may seek passengers by driving through any public street or place without stops, other than those due to obstruction of traffic, and at such speed as not to interfere with or impede traffic.

~~(ik)~~ (i) It shall be unlawful, however, for the driver to seek passengers by stopping at or driving slowly in the vicinity of an entertainment center or transportation center or any other location of public gathering, in such a manner as to interfere with public access to or departure from that center or location, or so as to interfere with or impede traffic.

~~(jl)~~ (j) It shall also be unlawful for a taxicab or LSV driver, having parked and left his or her taxicab or LSV, to solicit patronage among pedestrians on the sidewalk, or at any entertainment center, transportation center, or other location of public gathering.

(~~km~~) No person shall solicit passengers for a taxicab or LSV other than the driver thereof; however, the Chief Executive Officer may authorize a dispatcher to solicit passengers and assist in loading passengers at such times and places as, in his or her discretion, public service and traffic conditions require.

(~~ln~~) It shall be unlawful for the driver or operator of any taxicab or LSV to remain standing in any established taxicab or LSV stand or passenger loading zone, unless the driver or operator remains within twelve (12) feet of his or her taxicab or LSV, except when the driver or operator is actually engaged in assisting passengers to load or unload.

(~~me~~) Only paying passengers and persons specifically authorized by the Chief Executive Officer may occupy a taxicab or LSV that is already occupied by a paying passenger. No driver, once a paying passenger has occupied the taxicab or LSV, shall permit any other nonpaying passenger to occupy or ride in the taxicab or LSV.

(~~np~~) It shall be unlawful to respond to a call for service dispatched to another operator except when an LSV refers service to another operator because the trip distance is outside of the approved area of jurisdiction.

(~~oe~~) The taxicab or LSV driver shall maintain a daily trip log which shall be available for inspection upon request by any peace officer or MTS inspector. The trip log will accurately show the driver's name, taxicab or LSV number, date, time, beginning odometer reading, starting and ending locations, type of service provided, and fare paid for each trip provided.

(1) The daily trip log shall consist, at a minimum, of a five- by seven-inch paper form retained on a stiff-board writing surface with ruled lines and columns sufficient to contain the required information. All entries will be in black or dark blue ink, block letters, and be clearly legible. Colored paper that is lightly shaded is allowed provided there is sufficient contrast for entries to be easily read. Onboard electronically generated reports that meet the legibility requirements are acceptable.

(2) The driver shall deliver trip logs to the permit holder upon request or at a weekly interval, whichever is less.

(3) If a taxicab, the trip log shall be retained for at least 18 months.

(~~p(r)~~) All operating regulations set forth in Section 1.8 apply.

(~~q) s~~) The permit holder ~~for any taxicab or LSV with a permit issued after July 1, 1991, shall comply with the following:~~

~~(1) The color scheme of the vehicle may conform to that of the dispatch service.~~

~~(2) Establish a business office in a location available to the public, and have staff on duty during regular business hours.~~

~~(3) File with MTS, and charge a rate of fare common to the radio service organization providing service required by this Ordinance.~~

~~(4) Maintain a current executed taxicab driver lease agreement for each current driver that includes all aspects of the business relationship between the permit holder and the lessee, and written receipts of all payments from lessee.~~

~~(t) The taxicab company~~ or the driver of the taxicab shall notify the passenger of the applicable rate prior to the passenger accepting the ride for walkup rides and street hails. The rate may be provided on the exterior of the vehicle, with an application of a mobile phone, device, or other internet-connected device, or be clearly visible in either print or electronic form inside the taxicab if different than the posted maximum rate.

(Section 2.4 amended 11/8/2018, effective 1/1/2019)

(Section 2.4 amended 12/14/2017)

(Section 2.4 amended 10/13/2016)

(Section 2.4 amended 5/12/2016)

(Section 2.4 amended 2/12/2015)

(Section 2.4 amended 11/15/2012)

(Section 2.4 amended 8/7/2003)

(Section 2.4 amended 11/14/2002)

(Section 2.4 amended 6/24/1999)

(Section 2.4 amended 2/13/1997)

(Section 2.4 amended 6/27/1991; effective 7/27/1991)

Section 2.5 - Stands

(a) The Chief Executive Officer may establish, locate and designate shared use taxicab/LSV stands for one or more taxicabs/LSVs, which stands when so established shall be appropriately designated "Taxis/LSVs Only." The operating regulations of this Ordinance shall apply to such stands and to taxicab/LSV stands established by the San Diego Unified Port District in areas under its jurisdiction within the City.

(b) Each taxicab or LSV stand established hereunder may be in operation twenty-four (24) hours of every day, unless otherwise specified by the Chief Executive Officer.

(c) Any individual, partnership, association, or other organization may petition MTS requesting that a new taxicab/LSV stand be established, or that the location of an existing taxicab/LSV stand be changed to another location. A nonrefundable filing fee to be determined by the Chief Executive Officer must be paid at the time the petition is submitted.

(d) It shall be unlawful for a vehicle other than a taxicab or LSV with a proper MTS taxicab or LSV permit to occupy a taxi/LSV stand.

(e) LSVs may only occupy taxicab stands that are specially signed, designated their approved use.

(Section 2.5 amended 11/15/2012)

(Section 2.5 amended 8/7/2003)

Section 2.6 - Dispatch Services

(a) In order to provide taxicab ~~or LSV~~ dispatch service required by Section 2.3(d, e), the dispatch service organization adding or changing subscribers after July 1, 1991 shall establish and conform to written policies and procedures concerning the following:

(1) Standard time elapse for answering the telephone service-request line(s).

(2) Standard time elapse for the taxicab's ~~or LSV's~~ arrival at requested pick-up location.

- (3) Passenger's request for a specific driver ("personals").
- (4) Additional two-way communication devices (mobile or cellular phones) in taxicabs ~~or LSVs~~
- (5) Lost and found for passengers' items.
- (6) Assignment of vehicle body numbers.
- (7) Immediately notify the permit holder of all lost items and inquiries.

Current written policies and procedures shall be available to subscribers from the radio dispatch organization, and on file with MTS.

(b) Taxicab ~~and/or LSV~~ service organizations shall, 24 hours a day, have dispatch staff on duty at the business location, which must be a preapproved physical address, answer telephone-request line(s), properly dispatch those requests to all members, provide radio response to all licensed radio frequencies/channels, and respond to direct requests from drivers, permit holders, and MTS as well as law enforcement and local regulatory agencies.

(c) Taxicab ~~and/or LSV~~ dispatch services shall keep written records of all requests for taxi ~~and/or LSV~~ service, calls dispatched, and the time(s) each taxicab ~~and/or LSV~~ goes in and out of service. These records shall be kept on file for a minimum of six (6) months, and made available to MTS, upon request.

(d) No person, partnership, corporation, association, other organization providing radio or other dispatch service shall dispatch a request for service to a driver, owner, or vehicle unless the driver, owner, and vehicle are properly licensed to provide the service requested.

(e) The Chief Executive Officer may, at any time, revoke or suspend the taxicab ~~or LSV~~ privileges of or fine any person, partnership, corporation, association, other organization providing radio or other dispatch service that violates a provision of this ordinance.

(Section 2.6 amended 11/8/2018, effective 1/1/2019)

(Section 2.6 amended 12/14/2017)

(Section 2.6 amended 10/13/2016)

(Section 2.6 amended 11/15/2012)

(Section 2.6 amended 8/7/2003)

(Section 2.6 amended 9/24/1998)

(Section 2.6 added 6/27/1991; effective 7/27/1991)

Section 2.7 - Driver Safety Requirements

(a) No taxicab vehicle shall be operated unless such vehicle is equipped with an emergency signaling device approved by the Chief Executive Officer.

(b) No taxicab vehicle may be operated with window tinting, shades, or markings that could interfere with a clear view of the cab interior from the outside, unless equipped by the vehicle manufacturer and approved by an MTS inspector.

(c) Taxicab/ dispatch services required by Section 2.3 shall at all times have a dispatch staff person on duty who has successfully completed a driver safety training course approved by the Chief Executive Officer.

(d) The use of a cellular phone or other similar electronic device by drivers is prohibited at all times when the vehicle is in motion. Otherwise, California Vehicle Code rules apply.

(Section 2.7 amended 11/8/2018, effective 1/1/2019)

(Section 2.7 amended 12/14/2017)

(Section 2.7 amended 10/13/2016)

(Section 2.7 amended 5/12/2016)

(Section 2.7 amended 11/15/2012)

(Section 2.7 amended 8/7/2003)

(Section 2.7 added 9/24/1998)

Section 2.8 – Prearranged Trips by Taxicabs

(a) A Prearranged Trip shall mean a trip using an online enabled application, dispatch or Internet Web site.

(b) A MTS taxicab permit holder may provide Prearranged Trips anywhere within San Diego County.

(c) A taxicab not permitted by MTS, but permitted by another authorized agency within San Diego County, may provide Prearranged Trips within City or County. MTS will not require such a taxicab to apply for a permit with MTS if the taxicab is not Substantially Located in City or County. MTS will require such a taxicab to comply with all mechanical safety regulations required of taxicabs permitted by MTS as a public health, safety and welfare measure.

(Section 2.8 added 11/8/2018, effective 1/1/2019)

SECTION 3.0 - CHARTER VEHICLES

Section 3.1 - Rates of Fare

(a) Within thirty (30) calendar days following the issuance of a permit by the Chief Executive Officer, each permit holder shall file a document with the Chief Executive Officer reflecting the rates of fare being charged by said permit holder for charter services.

(b) If a permit holder desires to change the rates of fare being charged for charter services during any calendar year, he shall first file a document with the Chief Executive Officer indicating said changes, and no change shall be effective until fourteen (14) days following the filing of said change.

(c) No permit holder shall charge any rate of fare for charter services unless said rates are on file with the Chief Executive Officer as aforesaid, and duly displayed.

(d) The rates of fare shall be established by a prearranged written contract on a per-mile or per-hour basis.

(Section 3.1 amended 4/10/1997)

Section 3.2 - Operating Regulations

(a) It shall be unlawful for any charter vehicle to remain standing on any public street in the City, except such reasonable time necessary when enabling passengers to load or unload.

(b) It shall be unlawful for any person, either as owner, driver, or agent, to approach and solicit patronage upon the streets, sidewalks, in any theater, hall, hotel, public resort, railway or airport, or light rail transit station.

(c) The charter for-hire vehicle driver shall maintain a daily trip log which shall be available for inspection upon request by any peace officer or MTS inspector. The trip log will accurately show the driver's name and the medallion number on the vehicle. In addition, the trip log shall identify the scheduling parties by name, date, and time of the prearranged hire. If the trip is medical in nature, the passenger's name may be omitted.

(d) All other operating regulations defined in Section 1.8 apply.

(Section 3.2 amended 12/14/2017)

(Section 3.2 amended 11/14/2002)

SECTION 4.0 - SIGHTSEEING VEHICLES

Section 4.1 - Rates of Fare

(a) Within thirty (30) calendar days following the issuance of a permit by the Chief Executive Officer, each permit holder shall file a document with the Chief Executive Officer reflecting the rates of fare being charged by said permit holder of sightseeing vehicle services.

(b) If a permit holder desires to change the rates of fare being charged for sightseeing services during any calendar year, [the permit holder](#) shall first file a document with the Chief Executive Officer indicating said changes, and no change shall be effective until fourteen (14) days following the filing of said changes.

(c) No permit holder shall charge any rate of fare for sightseeing services unless said rates are on file with the Chief Executive Officer as aforesaid, and duly displayed.

(d) The rate of fare shall be established on a per capita or per event basis.

[\(Section 4.1 amended 11/8/2018, effective 1/1/2019\)](#)

(Section 4.1 amended 4/10/1997)

Section 4.2 - Operating Regulations

(a) It shall be unlawful for any sightseeing vehicle to remain standing on any public street in the City, except such reasonable time necessary when enabling passengers to load or unload.

(b) It shall be unlawful for any person, either as owner, driver, or agent, to approach and solicit patronage upon the streets, sidewalks, in any theater, hall, hotel, public resort, railway or airport, or light rail transit station.

(c) All other operating regulations defined in Section 1.8 apply, except Section 1.8 (v).

SECTION 5.0 - NONEMERGENCY MEDICAL VEHICLES

Section 5.1 - Rates of Fare

(a) Within thirty (30) calendar days following the issuance of a permit by the Chief Executive Officer, each permit holder shall file a document with the Chief Executive Officer reflecting the rates of fare being charged by said permit holder for nonemergency medical vehicle services.

(b) If a permit holder desires to change the rates of fare being charged for nonemergency medical vehicle services during any calendar year, he shall first file a document with the Chief Executive Officer indicating said changes, and no change shall be effective until fourteen (14) days following the filing of said change.

(c) No permit holder shall charge any rate of fare for nonemergency medical vehicle services unless said rates are on file with the Chief Executive Officer as aforesaid.

(d) The rate of fare for exclusive ride service shall be established on a per capita plus per mile basis.

(e) The rates of fare for shared ride service shall be established on a per capita plus per mile basis, or on a per capita plus per zone basis.

(Section 5.1 amended 12/14/2017)

(Section 5.1 amended 4/10/1997)

Section 5.2 - Operating and Equipment Regulations

(a) It shall be unlawful for any nonemergency medical vehicle to remain standing on any public street in the City, except when enabling passengers to load or unload.

(b) All other operating regulations defined in Section 1.8 apply.

(c) Special equipment on a nonemergency medical vehicle shall, at all times the vehicle is in operation, be in proper working order. Such vehicles equipped with wheelchair ramps or lifts shall have proper device(s) to secure each wheelchair on board.

(d) The permit holder is responsible for ensuring that the driver of a nonemergency medical vehicle is properly trained:

(1) in the use of any of the vehicle's special equipment;

(2) concerning supervision of or assistance to the disabled passengers whom the driver is to transport.

(Section 5.2 amended 6/22/1995)

(Section 5.2 amended 6/24/1993)

Section 5.3 - Driver Identification Cards

In addition to the requirements set forth in Section 1.12, nonemergency medical vehicle drivers shall acquire and maintain valid proof of proper first-aid and CPR training.

(Section 5.3 added 6/24/1993)

SECTION 6.0 - JITNEY VEHICLES

Section 6.1 - Rates of Fare

(a) Within thirty (30) calendar days following the issuance of a permit by the Chief Executive Officer, each permit holder shall file a document with the Chief Executive Officer reflecting the rates of fare being charged by said permit holder for jitney services.

(b) If a permit holder desires to change the rates of fare being charged for jitney services during any calendar year, he shall first file a document with the Chief Executive Officer indicating said changes, and no change shall be effective until fourteen (14) days following the filing of said change.

(c) No permit holder shall charge any rate of fare for jitney services unless said rates are on file with the Chief Executive Officer~~General Manager as aforesaid~~, and duly displayed.

(d) The rates of fare shall be established on a per capita basis.

(Section 6.1 amended 11/8/2018, effective 1/1/2019)
(Section 6.1 amended 4/10/1997)

Section 6.2 - Jitney Routes

(a) A permit holder who wishes to provide a fixed route service shall apply to the Chief Executive Officer for authorization to serve a defined route with a specific vehicle. No for-hire vehicle may be operated as a jitney until it has met all other requirements of this Ordinance and has been approved for service on a specific fixed route. A jitney may be authorized to serve more than one route; however, a jitney may provide fixed route service on only those routes which the Chief Executive Officer has approved in writing for that vehicle.

(b) The application for a fixed route shall be in writing and shall contain the following information:

(1) A description of the vehicle(s) which will be utilizing the route;

(2) A detailed written description of the route, to include starting location, ending location, and the street name and direction of travel for all streets to be used in the route;

(3) A map in sufficient detail to clearly indicate the proposed route;

(4) The fare to be charged; and

(5) Such other information as the Chief Executive Officer may, in his or her discretion, require.

(c) Upon approval of a fixed route by the Chief Executive Officer, the permit holder shall display a representation of the route, the fare, and the permit holder's trade name on each side of the vehicle in letters large enough to be easily read by potential customers in accordance with the standards established by the Chief Executive Officer under Section 6.5 of this Ordinance. Only one (1) route may be displayed on a vehicle at any time.

(d) If a permit holder wishes to alter his or her approved fixed route(s), he or she must apply in writing to the Chief Executive Officer, submitting the information required in Section 6.2 (b).

(e) The Chief Executive Officer may, in his or her discretion, place conditions on the approval of fixed routes.

(f) The Chief Executive Officer may change a route that has been approved previously when the Chief Executive Officer finds it necessary to do so. A change of route may be necessary when a street has been closed temporarily or permanently because of construction, or the direction of a street has been changed, or a street has been vacated, or for similar reasons as determined by the Chief Executive Officer. The Chief Executive Officer shall notify in writing any permit holder whose route has been changed. The Chief Executive Officer's change of a route is subject to appeal under Section 1.16 of this Ordinance.

(g) Except as provided for within this subsection, an approved fixed route may not be transferred to another vehicle or permit holder. A permit holder may receive approval for a vehicle that is replacing a jitney already in service to use the approved fixed routes of the replaced vehicle.

(Section 6.2 amended 11/14/2002)

Section 6.3 – Operating Regulations

(a) It is unlawful for any jitney to remain standing on any public street in the City, except when enabling passengers to load or unload, or except when standing in a jitney holding zone for the time period established by MTS.

(b) It is unlawful for any person including, but not limited to, a jitney owner, driver, or agent thereof, to approach and solicit patronage upon the streets, sidewalks, in any theater, hall, hotel, public resort, railway, airport, or light rail transit station.

(c) A peace officer or MTS inspector may authorize a dispatcher to solicit passengers and assist with loading passengers at such times and places as, in his/her discretion, public service and traffic conditions require.

(d) Except when a driver or operator is actually engaged in assisting passengers to load or unload, a jitney driver or operator must remain within twelve (12) feet of his/her jitney while the jitney is in service.

(e) It is unlawful for a jitney vehicle to operate a fixed route service on other than that route designated by the Chief Executive Officer.

(f) It shall be unlawful for a jitney driver to load or unload passengers in any place other than an authorized jitney stop, bus stop, or passenger loading zone.

(g) All other operating regulations defined in Section 1.8 apply.

(Section 6.3 amended 11/14/2002)

Section 6.4 - Jitney Holding Zones

(a) The Chief Executive Officer may, by resolution, locate and designate holding zones for one (1) or more jitneys, which holding zones when so established, shall be designated by appropriate signs. The operating regulations of Section 6.3 shall apply to any holding zones so

established, and to holding zones established by the San Diego Unified Port District in areas under its jurisdiction. The Chief Executive Officer may, by his or her discretion, establish the maximum number of jitneys permitted to remain standing at one time in a holding zone.

(b) Each holding zone established hereunder shall be in operation twenty-four (24) hours of every day, unless otherwise specified by the Chief Executive Officer. The Chief Executive Officer shall adopt written standards to determine whether to allow holding zones to be in operation fewer than twenty-four (24) hours every day. If a holding zone is to be in operation fewer than twenty-four (24) hours every day, the Chief Executive Officer shall cause signs to be posted at or near the holding zone indicating the hours and days of operation.

(c) The Chief Executive Officer may, on his or her own motion, establish holding zones.

(d) Any individual, partnership, corporation, association or other organization may petition MTS requesting that a new holding zone be established. The petition must be filed in writing with the Chief Executive Officer or his/her designee. The petition must state the reason for the request and the proposed location(s). The Board may approve, deny, or modify the request.

(e) Whether initiated by the Chief Executive Officer under Subsection (c) of this section or by persons described in Subsection (d) of this section, before any holding zone is established, the proposed location of any holding zone must be reviewed by the Traffic Engineer of the City. The Traffic Engineer shall report his/her recommendations to approve, deny, or modify the proposed location in writing to the Chief Executive Officer. The Traffic Engineer's report shall include a statement of reasons supporting the recommendation to the Chief Executive Officer.

(f) The Chief Executive Officer shall, by resolution, establish a maximum time limit for individual jitneys to remain standing in any holding zone. The time limit shall apply uniformly to all holding zones.

(g) It shall be unlawful for a vehicle other than a jitney with a proper MTS jitney permit to occupy a jitney holding zone.

(Section 6.4 amended 11/15/2012)

Section 6.5 - Equipment and Specifications

(a) Each jitney shall bear on the outside, signs clearly designating the route which it serves. The specifications of the sign are subject to the approval of the Chief Executive Officer. The Chief Executive Officer shall adopt written standards for approval or denial of the size of the signs, the location of the signs on the vehicle, the size of the lettering or graphics on the signs, and other specifications that the Chief Executive Officer finds necessary.

(b) All jitney vehicles must bear a trade name and shall be assigned a body number by the permit holder. The trade name and body number so assigned shall be placed on the vehicle in accordance with written standards adopted by the Chief Executive Officer.

Any violation of this Ordinance shall constitute an infraction unless otherwise specified.

SECTION 7.0 – LOW-SPEED VEHICLES

Section 7.1 – Low-Speed Vehicle (LSV) Definition

Low-Speed Vehicles (LSV) shall mean every vehicle that is designated per the requirements of Ordinance No. 11, Section 1.1(~~se~~). LSVs may operate by zones and/or a prearranged basis as set forth in Section 1.1 (~~bd~~) (1)-(5).

(Section 7.1 amended 11/8/2018, effective 1/1/2019)
(Section 7.0 and 7.1 added 8/7/2003)

Section 7.2 – Establishment of Zones

The Chief Executive Officer shall establish and authorize the use of zones of operation.

(Section 7.2 added 8/7/2003)

Section 7.3 – Zone Rates of Fare

(a) All vehicles permitted as LSV may use two methods of seeking compensation, either by zone rates or on a prearranged basis. Either method may be used when working inside of an approved zone. However, when operating on a prearranged charter basis, within an approved zone, no operator may exceed the maximum number of vehicles that are permitted.

(b) Within thirty (30) calendar days following the issuance of a permit by the Chief Executive Officer, each permit holder shall file a document with the Chief Executive Officer reflecting the rates of fare being charged by said permit holder for LSV services.

(c) When a permit holder desires to change the rates of fare being charged for LSV services during any calendar year, he shall first file a document with the Chief Executive Officer indicating said changes, and no change shall be effective until fourteen (14) days following the filing of said change.

(d) No permit holder shall charge any rate of fare for LSV services unless said rates are on file with the Chief Executive Officer as aforesaid, and duly displayed.

(e) The rates of fare shall be established by a zone and/or prearranged written contract on a per-mile or per-hour basis.

(f) The maximum rates of fare shall be established pursuant to Section 2.2.

(Section 7.3 amended 10/13/2016)
(Section 7.3 added 8/7/2003)

Section 7.4 – Spare Vehicle Policy

(a) The following sets out procedures for LSV permit holders to place a spare vehicle into service as either a temporary replacement for a permitted vehicle that is out of service for recharging or mechanical problems.

(1) Spare LSVs must be marked with the approved company markings.

(2) In place of the medallion number, the spare LSV must be marked "Spare LSV." Where more than one spare LSV is being requested, under the provisions of paragraph 9, the LSVs will be marked "Spare LSV 1," "Spare LSV 2," and so on. The "Spare LSV" marking should be sized to fit in approximately the same space as the medallion number would otherwise be placed with legibility and visibility being the primary criteria.

- (3) Spare LSVs must be inspected upon initial issuance and annually thereafter.
- (4) All spare LSVs must meet all MTS insurance requirements.
- (5) To use a spare LSV that meets the requirements of 1 through 4 above, the permit holder must communicate in writing (facsimile is acceptable), a request to place a spare LSV into service.

The request must state:

- (A) the medallion number of the LSV being taken out of service, the reason for being out of service, and the location of the out-of-service LSV; and
 - (B) the estimated time the spare LSV will be in use.
- (6) When the out-of-service LSV is ready to re-enter service, the permit holder must immediately notify MTS in writing (facsimile is acceptable).
 - (7) The out-of-service LSV may not be required to be reinspected to be placed back into service.
 - (8) The spare LSV must be removed from service at the time the LSV it has been replacing is placed back into service.
 - (9) Under normal circumstances, a permit holder may utilize spare LSVs. Permit holders may utilize spare LSVs in a ratio of 3:1 permits held.
 - (10) Spare LSVs that are placed in service may only operate inside of the MTS-approved zone or zones. A permit holder shall not operate more spare vehicles than he/she has regular permitted vehicles.
 - (11) A permit holder found to have operated a spare LSV in deliberate violation of these procedures will be subject to immediate suspension/revocation of the permit and the loss of the spare LSV utilization privilege.

(Section 7.4 amended 10/13/2016)

(Section 7.4 amended 10/16/2003)

(Section 7.4 added 8/7/2003)

Section 7.5 – LSV Driver Identification Cards

- (a) Refer to Section 1.12 of this Ordinance to reference driver and permit holder ID requirements.

(Section 7.5 added 8/7/2003)

Section 7.6 - Equipment and Specifications

- (a) Each LSV shall display whether out of service in accordance with section 2.4 (g) of this Ordinance, which shall indicate to a person outside the LSV whether the LSV is in operation or is not.

(b) Exterior Markings

(1) Mandatory Exterior Vehicle Markings. The medallion number shall be painted or permanently affixed, on the front of the vehicle, one (1) inch below the permit holder's trade name, two (2) inches high, utilizing "Univers" or other Chief Executive Officer pre-approved font in black or white lettering to produce maximum contrast adequately spaced for maximum readability.

(2) Optional Exterior Vehicle Markings. The permit holder has the option of choosing to post any combination of the below-listed five options on his or her LSV which must be posted only at the specific location and in the size noted and are subject to the Chief Executive Officer's approval.

(A) Trade Name Logo. If the permit holder chooses to display his or her trade name logo, the trade name logo shall be posted only on the rear portion of both side rear quarter panels.

(B) Radio Service Provider. If the permit holder chooses to display the radio service provider name or logo, the radio service provider name or logo cannot utilize the words "cab" or taxi." The radio service provider name or logo must be displayed only on the rear portion of both side rear quarter panels.

(C) Telephone Number. If permit holder chooses to display a telephone number, the telephone number must be no more than two (2) inches in height and posted only on the top front portion of both front side quarter panels.

(D) "Driver Carries Only \$_____ Change". If the permit holder chooses to post "Driver Carries only \$_____ Change", postings must be located only on panels near the rear door but clear of the rates of fare.

(E) "Leased to Driver". If permit holder chooses to post "Leased to Driver," it must be posted only on both rear quarter panels near the rear door area but clear of the rate of fares in lettering no larger than 1 inch.

(3) All other exterior vehicle markings are prohibited unless they are directly related to the permit holder's business and pre-approved by the Chief Executive Officer.

(c) All LSVs shall be equipped and operated so that they have adequate means of electronic communication during business hours. The LSV company business address shall serve as the storefront for the purpose of handling lost and found items. All other operational requirements shall be met as set forth in section 1.8 (cG).

(Section 7.6 amended 11/8/2018, effective 1/1/2019)

(Section 7.6 amended 12/14/2017)

(Section 7.6 amended 10/4/2016)

(Section 7.6 added 8/7/2003)

SECTION 8 - EFFECTIVE DATE OF ORDINANCE

This Ordinance shall be effective 30 days after adoption, and before the expiration of 15 days after its passage, this Ordinance shall be published once with the names of the members voting for and against the same in a newspaper of general circulation published in the County of San Diego.

| Amended: [11/8/2018](#)
Amended: 9/20/2018
Amended: 12/14/2017
Amended: 10/13/2016
Amended: 5/12/2016
Amended: 9/17/2015
Amended: 2/12/2015
Amended: 11/15/2012
Amended: 4/19/2012
Amended: 10/16/2003
Amended: 8/7/2003
Amended: 5/8/2003
Amended: 11/14/2002
Amended: 6/27/2002
Amended: 5/23/2002
Amended: 6/24/1999
Amended: 9/24/1998
Amended: 10/30/1997
Amended: 4/10/1997
Amended: 2/13/1997
Amended: 11/9/1995
Amended: 6/22/1995
Amended: 1/12/1995
Amended: 6/24/1993
Amended: 6/27/1991
Amended: 5/23/1991
Amended: 10/11/1990
Repealed & Readopted: 8/9/1990
Amended: 4/12/1990
Amended: 4/27/1989
| Adopted: 8/11/1988

Assembly Bill No. 1069

CHAPTER 753

An act to amend, repeal, and add Section 53075.5 of, and to add Sections 53075.51, 53075.52, and 53075.53 to, the Government Code, and to amend Section 1808.1 of the Vehicle Code, relating to local government.

[Approved by Governor October 13, 2017. Filed with
Secretary of State October 13, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1069, Low. Local government: taxicab transportation services.

Existing law requires every city or county to adopt an ordinance or resolution in regard to taxicab transportation service and requires each city or county to provide for a policy for entry into the business of providing taxicab transportation service, the establishment or registration of rates for the provision of taxicab transportation service, and a mandatory controlled substance and alcohol testing certification program for drivers, as specified.

Existing law, referred to as the pull-notice system, requires the prospective employer of a driver who drives a specified vehicle to obtain a report showing the driver's current public record as recorded by the Department of Motor Vehicles, as specified. A violation of this provision of the Vehicle Code is a crime.

This bill, commencing January 1, 2019, would limit the applicability of that ordinance or resolution adoption requirement and related provisions to a city or county, including a charter city or charter county, in which a taxicab company is substantially located, and the City and County of San Francisco, regardless of whether a taxicab company is substantially located in the city and county. The bill, with respect to these cities or counties, except for the City and County of San Francisco, would additionally require provisions for the establishment or registration of rates for the provision of taxicab transportation service to meet specified requirements, would require permitted taxicab companies and drivers to comply with various additional specified requirements, including participation in the Department of Motor Vehicles' pull-notice system, would authorize the issuance of inspection stickers or other inspection compliance devices to compliant taxicab companies and the issuance of photo permits to compliant taxi drivers, would prohibit the placement of licensure, permitting, and certification requirements on taxicab companies or drivers that are not substantially located in their jurisdictions, would prohibit taxicab companies and taxicab drivers from operating within a county without a permit from the county or at least one city within the county and authorize a permitted taxicab company to provide prearranged trips anywhere within the county, and would subject unpermitted taxicab operation to a minimum fine of \$5,000, as specified.

By expanding the scope of an existing crime, this bill would impose a state-mandated local program. The bill would provide an airport operator with separate and ultimate authority to regulate taxicab access to the airport and set access fees for taxicabs at the airport.

The bill would define “substantially located” for these purposes and deem a city or county in which a taxicab company or taxicab driver operates as a city or county in which a taxicab company or taxicab driver is substantially located if the city or county enacts a resolution of intention to enter into a joint exercise of powers agreement or join a joint powers authority, or to enter into an agreement with a transit agency, for the purpose of regulating or administering taxicab companies and taxicab drivers. The bill, commencing January 1, 2018, would require taxicab companies and taxicab drivers to collect trip data to determine in what jurisdictions each company and driver are substantially located, and beginning January 1, 2019, would require the trip data collected in the previous 12 months to be provided upon date of renewal to the jurisdictions in which the company and driver are substantially located.

The bill, commencing January 1, 2019, would authorize a city or county, regardless of whether a taxicab company or taxicab driver is substantially located within its jurisdiction, to adopt operating requirements for taxicab companies and taxicab drivers that are not related to permitting or business licensing and to impose civil liability for violation of these ordinances, as specified.

The bill would include findings that the changes proposed by this bill address a matter of statewide concern and is not a municipal affair, and therefore shall apply equally to all cities, including charter cities.

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

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

The people of the State of California do enact as follows:

SECTION 1. It is the intent of the Legislature in enacting this act:

- (a) To modernize the regulation of taxicab transportation services in order for taxicabs to better compete with all for-hire modes of transportation.
- (b) To move taxicab permitting from the patchwork of various local requirements to require a permit in the jurisdiction in which taxicab transportation services have the most substantial connection.
- (c) To authorize a joint powers authority, as an alternative to regulation by an individual city or county, or a transit agency or countywide transportation agency, upon the approval of its board, to prescribe duties and responsibilities for the regulation of taxicab transportation services.

SEC. 2. Section 53075.5 of the Government Code is amended to read:

53075.5. (a) Notwithstanding Chapter 8 (commencing with Section 5351) of Division 2 of the Public Utilities Code, every city or county shall protect the public health, safety, and welfare by adopting an ordinance or resolution in regard to taxicab transportation service rendered in vehicles designed for carrying not more than eight persons, excluding the driver, which is operated within the jurisdiction of the city or county.

(b) Each city or county shall provide for, but is not limited to providing for, the following:

(1) A policy for entry into the business of providing taxicab transportation service. The policy shall include, but need not be limited to, all of the following provisions:

(A) Employment, or an offer of employment, as a taxicab driver in the jurisdiction, including compliance with all of the requirements of the program adopted pursuant to paragraph (3), shall be a condition of issuance of a driver's permit.

(B) The driver's permit shall become void upon termination of employment.

(C) The driver's permit shall state the name of the employer.

(D) The employer shall notify the city or county upon termination of employment.

(E) The driver shall return the permit to the city or county upon termination of employment.

(2) The establishment or registration of rates for the provision of taxicab transportation service.

(3) (A) A mandatory controlled substance and alcohol testing certification program. The program shall include, but need not be limited to, all of the following requirements:

(i) Drivers shall test negative for each of the controlled substances specified in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, before employment. Drivers shall test negative for these controlled substances and for alcohol as a condition of permit renewal or, if no periodic permit renewals are required, at such other times as the city or county shall designate. As used in this section, a negative test for alcohol means an alcohol screening test showing a breath alcohol concentration of less than 0.02 percent.

(ii) Procedures shall be substantially as in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, except that the driver shall show a valid California driver's license at the time and place of testing, and except as provided otherwise in this section. Requirements for rehabilitation and for return-to-duty and followup testing and other requirements, except as provided otherwise in this section, shall be substantially as in Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations.

(iii) A test in one jurisdiction shall be accepted as meeting the same requirement in any other jurisdiction. Any negative test result shall be accepted for one year as meeting a requirement for periodic permit renewal testing or any other periodic testing in that jurisdiction or any other

jurisdiction, if the driver has not tested positive subsequent to a negative result. However, an earlier negative result shall not be accepted as meeting the pre-employment testing requirement for any subsequent employment, or any testing requirements under the program other than periodic testing.

(iv) In the case of a self-employed independent driver, the test results shall be reported directly to the city or county, which shall notify the taxicab leasing company of record, if any, of positive results. In all other cases, the results shall be reported directly to the employing transportation operator, who may be required to notify the city or county of positive results.

(v) All test results are confidential and shall not be released without the consent of the driver, except as authorized or required by law.

(vi) Self-employed independent drivers shall be responsible for compliance with, and shall pay all costs of, this program with regard to themselves. Employing transportation operators shall be responsible for compliance with, and shall pay all costs of, this program with respect to their employees and potential employees, except that an operator may require employees who test positive to pay the costs of rehabilitation and of return-to-duty and followup testing.

(vii) Upon the request of a driver applying for a permit, the city or county shall give the driver a list of the consortia certified pursuant to Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations that the city or county knows offer tests in or near the jurisdiction.

(B) No evidence derived from a positive test result pursuant to the program shall be admissible in a criminal prosecution concerning unlawful possession, sale or distribution of controlled substances.

(c) Each city or county may levy service charges, fees, or assessments in an amount sufficient to pay for the costs of carrying out an ordinance or resolution adopted in regard to taxicab transportation services pursuant to this section.

(d) Nothing in this section prohibits a city or county from adopting additional requirements for a taxicab to operate in its jurisdiction.

(e) For purposes of this section, "employment" includes self-employment as an independent driver.

(f) This section shall remain in effect only until January 1, 2019, and as of that date is repealed.

SEC. 3. Section 53075.5 is added to the Government Code, to read:

53075.5. (a) Notwithstanding Chapter 8 (commencing with Section 5351) of Division 2 of the Public Utilities Code, every city or county in which a taxicab company is substantially located, as defined in subparagraph (B) of paragraph (2) of subdivision (k), shall protect the public health, safety, and welfare by adopting an ordinance or resolution in regard to taxicab transportation service rendered in vehicles designed for carrying not more than eight persons, excluding the driver, which are operated within the jurisdiction of the city or county.

(b) Each city or county that adopts an ordinance pursuant to subdivision (a) shall provide for, but is not limited to providing for, the following:

(1) A policy for entry into the business of providing taxicab transportation service. The policy shall include, but need not be limited to, all of the following provisions:

(A) Employment, or an offer of employment, as a taxicab driver in the jurisdiction, including compliance with all of the requirements of the program adopted pursuant to paragraph (3), shall be a condition of issuance of a driver's permit.

(B) The driver's permit shall become void upon termination of employment.

(C) The driver's permit shall state the name of the employer.

(D) The employer shall notify the city or county upon termination of employment.

(E) The driver shall return the permit to the city or county upon termination of employment.

(2) The establishment or registration of rates for the provision of taxicab transportation service that meets the following requirements:

(A) The taxicab company may set fares or charge a flat rate. However, a city or county may set a maximum rate.

(B) The taxicab company may use any type of device or technology approved by the Division of Measurement Standards to calculate fares, including the use of Global Positioning System metering, provided that the device or technology complies with Section 12500.5 of the Business and Professions Code and with all regulations established pursuant to Section 12107 of the Business and Professions Code.

(C) The taxicab company shall disclose fares, fees, or rates to the customer. A permitted taxicab company may satisfy this requirement by disclosing fares, fees, or rates on its Internet Web site, mobile telephone application, or telephone orders upon request by the customer.

(D) The taxicab company shall notify the passenger of the applicable rate prior to the passenger accepting the ride for walkup rides and street hails. The rate may be provided on the exterior of the vehicle, within an application of a mobile telephone, device, or other Internet-connected device, or be clearly visible in either print or electronic form inside the taxicab.

(3) (A) A mandatory controlled substance and alcohol testing certification program. The program shall include, but need not be limited to, all of the following requirements:

(i) Drivers shall test negative for each of the controlled substances specified in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, before employment. Drivers shall test negative for these controlled substances and for alcohol as a condition of permit renewal or, if no periodic permit renewals are required, at such other times as the city or county shall designate. As used in this section, a negative test for alcohol means an alcohol screening test showing a breath alcohol concentration of less than 0.02 percent.

(ii) Procedures shall be substantially as in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, except that the driver shall show a valid California driver's license at the time and place

of testing, and except as provided otherwise in this section. Requirements for rehabilitation and for return-to-duty and followup testing and other requirements, except as provided otherwise in this section, shall be substantially as in Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations.

(iii) A test in one jurisdiction shall be accepted as meeting the same requirement in any other jurisdiction. Any negative test result shall be accepted for one year as meeting a requirement for periodic permit renewal testing or any other periodic testing in that jurisdiction or any other jurisdiction, if the driver has not tested positive subsequent to a negative result. However, an earlier negative result shall not be accepted as meeting the preemployment testing requirement for any subsequent employment, or any testing requirements under the program other than periodic testing.

(iv) In the case of a self-employed independent driver, the test results shall be reported directly to the city or county, which shall notify the taxicab leasing company of record, if any, of positive results. In all other cases, the results shall be reported directly to the employing transportation operator, who may be required to notify the city or county of positive results.

(v) All test results are confidential and shall not be released without the consent of the driver, except as authorized or required by law.

(vi) Self-employed independent drivers shall be responsible for compliance with, and shall pay all costs of, this program with regard to themselves. Employing transportation operators shall be responsible for compliance with, and shall pay all costs of, this program with respect to their employees and potential employees, except that an operator may require employees who test positive to pay the costs of rehabilitation and of return-to-duty and followup testing.

(vii) Upon the request of a driver applying for a permit, the city or county shall give the driver a list of the consortia certified pursuant to Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations that the city or county knows offer tests in or near the jurisdiction.

(B) No evidence derived from a positive test result pursuant to the program shall be admissible in a criminal prosecution concerning unlawful possession, sale or distribution of controlled substances.

(c) Each city or county may levy service charges, fees, or assessments in an amount sufficient to pay for the costs of carrying out an ordinance or resolution adopted in regard to taxicab transportation services pursuant to this section.

(d) (1) A city or county may issue to a taxicab company that complies with all provisions of this section and Section 53075.52, and with all applicable local ordinances or resolutions of that city or county, an inspection sticker or other inspection compliance device. A city or county shall issue to a taxi driver that complies with all provisions of this section and Section 53075.52, and with all applicable local ordinances or resolutions of that county, a photo permit, and that driver is required to display that photo permit in a place visible to a passenger.

(2) A city or county may accept a taxicab company or driver permit issued by another city or county as valid, and may issue to that taxicab company or driver an inspection sticker or photo permit that authorizes that taxicab company or driver to operate within the county.

(e) A city or county shall not require a taxicab company or driver to obtain a business license, service permit, car inspection certification, or driver permit, or to comply with any requirement under this section or Section 53075.52, unless the company or driver is substantially located within the jurisdiction of that city or county.

(f) A permitted taxicab company may provide prearranged trips anywhere within the county in which it has obtained a permit under subdivision (a).

(g) A permitted taxicab company shall not prejudice, disadvantage, or require different rates or provide different service to a person because of race, national origin, religion, color, ancestry, physical disability, medical condition, occupation, marital status or change in marital status, sex, or any characteristic listed or defined in Section 11135 of the Government Code.

(h) A permitted taxicab company shall do all of the following:

(1) Maintain reasonable financial responsibility to conduct taxicab transportation services in accordance with the requirements of an ordinance adopted pursuant to subdivision (a).

(2) Participate in the pull-notice program pursuant to Section 1808.1 of the Vehicle Code to regularly check the driving records of all taxicab drivers, whether employees or contractors.

(3) Maintain a safety education and training program in effect for all taxicab drivers, whether employees or contractors.

(4) Maintain a disabled access education and training program to instruct its taxicab drivers on compliance with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.) and amendments thereto, and state disability rights laws, including making clear that it is illegal to decline to serve a person with a disability or who has a service animal.

(5) Maintain its motor vehicles used in taxicab transportation services in a safe operating condition, and in compliance with the Vehicle Code and obtain a Bureau of Automotive Repair inspection annually.

(6) Provide the city or county that has issued a permit under this article an address of an office or terminal where documents supporting the factual matters specified in the showing required by this subdivision may be inspected by the permitting city or county.

(7) Provide for a taxicab driver fingerprint-based criminal history check and a drug and alcohol testing program pursuant to paragraph (3) of subdivision (b).

(8) Comply with all provisions of an ordinance adopted pursuant to subdivision (a).

(9) Provide documentation in the format required by an ordinance adopted pursuant to subdivision (a) substantiating that 50 percent or more of the revenues from fares of the taxicab company or driver are generated from within a specific jurisdiction.

(i) (1) It shall be unlawful to operate a taxicab without a valid permit to operate issued by each jurisdiction in which the taxicab company or driver is substantially located.

(2) The minimum fine for violation of paragraph (1) shall be five thousand dollars (\$5,000) and may be imposed administratively by the permitting city or county.

(j) (1) A taxicab company or a taxicab driver shall not operate within a county unless the company and the driver are substantially located in at least one city within that county or the unincorporated area of the county.

(2) (A) Notwithstanding paragraph (2) of subdivision (k), a city or county shall be deemed to have a taxicab company or taxicab driver substantially located within its jurisdiction if the company or driver operates within the jurisdiction of the city or county and the city or county has enacted a resolution of intention to do either of the following:

(i) Enter into a joint exercise of powers agreement or join a joint powers authority for the purpose of regulating or administering taxicab companies and taxicab drivers.

(ii) Enter into an agreement with a transit agency for the purpose of regulating or administering the taxicab companies and taxicab drivers.

(B) A city or county that is deemed to have a taxicab company or taxicab driver substantially located within its jurisdiction pursuant to subparagraph (A) shall not issue permits or require business licenses except through an agreement or joint powers authority.

(k) For purposes of this section:

(1) "Employment" includes self-employment as an independent driver.

(2) (A) A taxicab company or taxicab driver is substantially located within the jurisdiction where the primary business address of the company or driver is located. A taxicab company or taxicab driver is also substantially located in the jurisdiction within a single county in which trips originating in that jurisdiction account for the largest share of that company or driver's total number of trips within that county over the past year and determined every five years thereafter.

(B) A taxicab company or taxicab driver may be substantially located in more than one jurisdiction.

(3) "City or county" includes a charter city or charter county, but does not include the City and County of San Francisco.

(4) "Prearranged trip" means trip using an online enabled application, dispatch, or Internet Web site.

(l) Notwithstanding any other provision of this section, an airport operator shall have separate and ultimate authority to regulate taxicab access to the airport and set access fees for taxicabs at the airport.

(m) Nothing in this section, or Section 53075.51, 53075.52, or 53075.53 shall affect the authority of a jurisdiction to regulate taxi access to an airport it owns or operates and to set access fees or requirements.

(n) This section shall become operative on January 1, 2019.

SEC. 4. Section 53075.51 is added to the Government Code, to read:

53075.51. (a) Any city or county, regardless of whether a taxicab company or driver is substantially located within its jurisdiction as defined in Section 53075.5, may adopt, by ordinance, operating requirements for taxicab companies and taxicab drivers that do not relate to permitting or business licensing, including, but not limited to, all of the following:

(1) Limits on the number of taxicab service providers that may use taxi stand areas or pickup street hails within that city's or county's jurisdiction. If a city or county chooses to limit the number of taxis that use the stand areas or pick up street hails, the city or county shall identify those vehicles with a window sticker and shall not establish additional requirements or costs to the taxis beyond that authorized by Section 53075.5 or this section.

(2) Requirements on a taxicab service provider to provide services in a manner that provides equal accessibility for all populations within a jurisdiction.

(3) Other public health, safety, or welfare ordinances relating to taxicabs.

(b) Compliance with requirements adopted pursuant to subdivision (a) shall not be a condition for issuance of a permit.

(c) A city or county may administratively impose civil liability for violation of ordinances adopted pursuant to this section. The minimum fine for violation of ordinances relative to this section shall be one hundred dollars (\$100) and shall not exceed one thousand dollars (\$1,000). Civil liability imposed pursuant to this section shall be paid to the city or county where the violation occurred and expended solely for the purposes of this chapter.

(d) This section shall become operative on January 1, 2019.

SEC. 5. Section 53075.52 is added to the Government Code, to read:

53075.52. Beginning January 1, 2018, taxicab companies and taxicab drivers shall collect trip data to determine in what jurisdictions each company and driver are substantially located. Beginning January 1, 2019, the trip data collected in the previous 12 months shall be provided upon date of renewal to the jurisdictions in which the taxicab company and taxicab driver are substantially located, as defined in Section 53075.5.

SEC. 6. Section 53075.53 is added to the Government Code, to read:

53075.53. (a) Notwithstanding Chapter 8 (commencing with Section 5351) of Division 2 of the Public Utilities Code, the City and County of San Francisco shall protect the public health, safety, and welfare by adopting an ordinance or resolution in regard to taxicab transportation service rendered in vehicles designed for carrying not more than eight persons, excluding the driver, which is operated within its jurisdiction.

(b) The City and County of San Francisco shall provide for, but is not limited to providing for, the following:

(1) A policy for entry into the business of providing taxicab transportation service. The policy shall include, but need not be limited to, all of the following provisions:

(A) Employment, or an offer of employment, as a taxicab driver in the jurisdiction, including compliance with all of the requirements of the program

adopted pursuant to paragraph (3), shall be a condition of issuance of a driver's permit.

(B) The driver's permit shall become void upon termination of employment.

(C) The driver's permit shall state the name of the employer.

(D) The employer shall notify the City and County of San Francisco upon termination of employment.

(E) The driver shall return the permit to the City and County of San Francisco upon termination of employment.

(2) The establishment or registration of rates for the provision of taxicab transportation service.

(3) (A) A mandatory controlled substance and alcohol testing certification program. The program shall include, but need not be limited to, all of the following requirements:

(i) Drivers shall test negative for each of the controlled substances specified in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, before employment. Drivers shall test negative for these controlled substances and for alcohol as a condition of permit renewal or, if no periodic permit renewals are required, at such other times as the City and County of San Francisco shall designate. As used in this section, a negative test for alcohol means an alcohol screening test showing a breath alcohol concentration of less than 0.02 percent.

(ii) Procedures shall be substantially as in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, except that the driver shall show a valid California driver's license at the time and place of testing, and except as provided otherwise in this section. Requirements for rehabilitation and for return-to-duty and followup testing and other requirements, except as provided otherwise in this section, shall be substantially as in Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations.

(iii) A test in one jurisdiction shall be accepted as meeting the same requirement in any other jurisdiction. Any negative test result shall be accepted for one year as meeting a requirement for periodic permit renewal testing or any other periodic testing in that jurisdiction or any other jurisdiction, if the driver has not tested positive subsequent to a negative result. However, an earlier negative result shall not be accepted as meeting the preemployment testing requirement for any subsequent employment, or any testing requirements under the program other than periodic testing.

(iv) In the case of a self-employed independent driver, the test results shall be reported directly to the city or county, which shall notify the taxicab leasing company of record, if any, of positive results. In all other cases, the results shall be reported directly to the employing transportation operator, who may be required to notify the City and County of San Francisco of positive results.

(v) All test results are confidential and shall not be released without the consent of the driver, except as authorized or required by law.

(vi) Self-employed independent drivers shall be responsible for compliance with, and shall pay all costs of, this program with regard to themselves. Employing transportation operators shall be responsible for compliance with, and shall pay all costs of, this program with respect to their employees and potential employees, except that an operator may require employees who test positive to pay the costs of rehabilitation and of return-to-duty and followup testing.

(vii) Upon the request of a driver applying for a permit, the City and County of San Francisco shall give the driver a list of the consortia certified pursuant to Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations that the city or county knows offer tests in or near the jurisdiction.

(B) No evidence derived from a positive test result pursuant to the program shall be admissible in a criminal prosecution concerning unlawful possession, sale, or distribution of controlled substances.

(c) The City and County of San Francisco may levy service charges, fees, or assessments in an amount sufficient to pay for the costs of carrying out an ordinance or resolution adopted in regard to taxicab transportation services pursuant to this section.

(d) Nothing in this section prohibits the City and County of San Francisco from adopting additional requirements for a taxicab to operate in its jurisdiction.

(e) For purposes of this section, "employment" includes self-employment as an independent driver.

(f) This section shall become operative on January 1, 2019.

SEC. 7. Section 1808.1 of the Vehicle Code is amended to read:

1808.1. (a) The prospective employer of a driver who drives a vehicle specified in subdivision (k) shall obtain a report showing the driver's current public record as recorded by the department. For purposes of this subdivision, a report is current if it was issued less than 30 days prior to the date the employer employs the driver. The report shall be reviewed, signed, and dated by the employer and maintained at the employer's place of business until receipt of the pull-notice system report pursuant to subdivisions (b) and (c). These reports shall be presented upon request to an authorized representative of the Department of the California Highway Patrol during regular business hours.

(b) The employer of a driver who drives a vehicle specified in subdivision (k) shall participate in a pull-notice system, which is a process for the purpose of providing the employer with a report showing the driver's current public record as recorded by the department, and any subsequent convictions, failures to appear, accidents, driver's license suspensions, driver's license revocations, or any other actions taken against the driving privilege or certificate, added to the driver's record while the employer's notification request remains valid and uncanceled. As used in this section, participation in the pull-notice system means obtaining a requester code and enrolling all employed drivers who drive a vehicle specified in subdivision (k) under that requester code.

(c) The employer of a driver of a vehicle specified in subdivision (k) shall, additionally, obtain a periodic report from the department at least every 12 months. The employer shall verify that each employee's driver's license has not been suspended or revoked, the employee's traffic violation point count, and whether the employee has been convicted of a violation of Section 23152 or 23153. The report shall be signed and dated by the employer and maintained at the employer's principal place of business. The report shall be presented upon demand to an authorized representative of the Department of the California Highway Patrol during regular business hours.

(d) Upon the termination of a driver's employment, the employer shall notify the department to discontinue the driver's enrollment in the pull-notice system.

(e) For the purposes of the pull-notice system and periodic report process required by subdivisions (b) and (c), an owner, other than an owner-operator as defined in Section 34624, and an employer who drives a vehicle described in subdivision (k) shall be enrolled as if he or she were an employee. A family member and a volunteer driver who drives a vehicle described in subdivision (k) shall also be enrolled as if he or she were an employee.

(f) An employer who, after receiving a driving record pursuant to this section, employs or continues to employ as a driver a person against whom a disqualifying action has been taken regarding his or her driving privilege or required driver's certificate, is guilty of a public offense, and upon conviction thereof, shall be punished by confinement in a county jail for not more than six months, by a fine of not more than one thousand dollars (\$1,000), or by both that confinement and fine.

(g) As part of its inspection of bus maintenance facilities and terminals required at least once every 13 months pursuant to subdivision (c) of Section 34501, the Department of the California Highway Patrol shall determine whether each transit operator, as defined in Section 99210 of the Public Utilities Code, is then in compliance with this section and Section 12804.6, and shall certify each operator found to be in compliance. Funds shall not be allocated pursuant to Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code to a transit operator that the Department of the California Highway Patrol has not certified pursuant to this section.

(h) (1) A request to participate in the pull-notice system established by this section shall be accompanied by a fee determined by the department to be sufficient to defray the entire actual cost to the department for the notification service. For the receipt of subsequent reports, the employer shall also be charged a fee established by the department pursuant to Section 1811. An employer who qualifies pursuant to Section 1812 shall be exempt from any fee required pursuant to this section. Failure to pay the fee shall result in automatic cancellation of the employer's participation in the notification services.

(2) A regularly organized fire department, having official recognition of the city, county, city and county, or district in which the department is

located, shall participate in the pull-notice program and shall not be subject to the fee established pursuant to this subdivision.

(3) The Board of Pilot Commissioners for Monterey Bay and the Bays of San Francisco, San Pablo, and Suisun, and its port agent shall participate in the pull-notice system established by this section, subject to Section 1178.5 of the Harbors and Navigation Code, and shall not be subject to the fees established pursuant to this subdivision.

(i) The department, as soon as feasible, may establish an automatic procedure to provide the periodic reports to an employer by mail or via an electronic delivery method, as required by subdivision (c), on a regular basis without the need for individual requests.

(j) (1) The employer of a driver who is employed as a casual driver is not required to enter that driver's name in the pull-notice system, as otherwise required by subdivision (a). However, the employer of a casual driver shall be in possession of a report of the driver's current public record as recorded by the department, prior to allowing a casual driver to drive a vehicle specified in subdivision (k). A report is current if it was issued less than six months prior to the date the employer employs the driver.

(2) For the purposes of this subdivision, a driver is employed as a casual driver when the employer has employed the driver less than 30 days during the preceding six months. "Casual driver" does not include a driver who operates a vehicle that requires a passenger transportation endorsement.

(k) This section applies to a vehicle for the operation of which the driver is required to have a class A or class B driver's license, a class C license with any endorsement issued pursuant to Section 15278, a class C license issued pursuant to Section 12814.7, or a certificate issued pursuant to Section 12517, 12519, 12520, 12523, 12523.5, or 12527, a passenger vehicle having a seating capacity of not more than 10 persons, including the driver, operated for compensation by a charter-party carrier of passengers or passenger stage corporation pursuant to a certificate of public convenience and necessity or a permit issued by the Public Utilities Commission, or a permitted taxicab company as described in Section 53075.51 of the Government Code.

(l) This section shall not be construed to change the definition of "employer," "employee," or "independent contractor" for any purpose.

(m) A motor carrier who contracts with a person to drive a vehicle described in subdivision (k) that is owned by, or leased to, that motor carrier, shall be subject to subdivisions (a), (b), (c), (d), (f), (j), (k), and (l) and the employer obligations in those subdivisions.

(n) Reports issued pursuant to this section, but only those for a driver of a taxicab engaged in transportation services as described in subdivision (a) of Section 53075.5 of the Government Code, shall be presented upon request, during regular business hours, to an authorized representative of the administrative agency responsible for issuing permits to taxicab transportation services pursuant to Section 53075.5 of the Government Code.

SEC. 8. The Legislature finds and declares that taxicabs face a substantial competitive disadvantage due to the numerous and differing requirements

from city to city while all other modes of for-hire transportation are regulated by one statewide entity, and, therefore, the regulation of taxicab transportation services and taxi cab service providers is an issue of statewide concern and not a municipal affair, as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this act shall apply to charter cities.

SEC. 9. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or because costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.



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Agenda Item No. 10

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

INVESTMENT REPORT – QUARTER ENDING SEPTEMBER 30, 2018

INFORMATIONAL ONLY

Budget Impact

None.

DISCUSSION:

Attachment A comprises a report of the San Diego Metropolitan Transit System (MTS) investments as of September 30, 2018. The combined total of all investments has increased quarter to quarter from \$102.3 million to \$152.3 million. This \$50.0 million increase is attributable to \$58.6 million in Federal Transit Administration (FTA) revenue, \$8.4 million in State Transit Assistance (STA) revenue, partially offset by \$15.0 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.

MTS remains in compliance with Board Policy 30 and is able to meet expenditure requirements for a minimum of the next six months as required.

/s/ Paul C. Jablonski

Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Investment Report for the Quarter Ending September 30, 2018



**San Diego Metropolitan Transit System
Investment Report
September 30, 2018**

| Institution / Issuer | Function | Investment Type | Restricted | Unrestricted | Total | Avg. Rate of Return | Benchmark |
|---|--------------------------------|------------------------|----------------------|-----------------------|-----------------------|----------------------------|------------------------------------|
| J.P. Morgan Chase | Operating Funds | Depository Bank | - | 71,877,446 | 71,877,446 | 0.28% | * 0.430% WSJ Money Market |
| U.S. Bank - Retention Trust Account | Restricted for Capital Support | Depository Bank | 2,934,964 | - | 2,934,964 | N/A | ** - |
| California Bank & Trust - Retention Trust Account | Restricted for Capital Support | Depository Bank | 321,884 | - | 321,884 | N/A | *** - |
| San Diego County Treasurer's Office | Prop 1B TSGP Grant Funds | Investment Pool | 8,414,826 | 3,580,317 | 11,995,143 | 2.023% | 1.525% S&P US T-Bill 0-3 Mth Index |
| Subtotal: Restricted for Capital Support | | | 11,671,675 | 3,580,317 | 15,251,992 | | |
| Local Agency Investment Fund (LAIF) | Investment of Surplus Funds | Investment Pool | 5,165,754 | 12,896,572 | 18,062,327 | 2.063% | 1.525% S&P US T-Bill 0-3 Mth Index |
| San Diego County Treasurer's Office | Investment of Surplus Funds | Investment Pool | - | 47,058,532 | 47,058,532 | 2.023% | 1.525% S&P US T-Bill 0-3 Mth Index |
| Subtotal: Investment Surplus Funds | | | 5,165,754 | 59,955,104 | 65,120,859 | | |
| Grand Total Cash and Investments | | | \$ 16,837,429 | \$ 135,412,868 | \$ 152,250,297 | | |

*-The .28% is an annual percentage yield on the average daily balance that exceeds \$22 million

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

***- Retention was released and the account was closed in October 2018



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Agenda Item No. 11

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

LIGHT RAIL VEHICLE LIFTING JACKS REPLACEMENT – SOLE SOURCE
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. PWL266.0-19 (in substantially the same format as Attachment A) with Macton Corporation for the purchase and installation of In-Floor Lifting Hoists for the service of the MTS Light Rail Vehicle (LRV) fleet and modernization of control systems within the LRV Maintenance Facility.

Budget Impact

The value of this agreement will not exceed \$687,949.00 and is funded under the MTS Capital Improvement Program (CIP) project account 2008107201.

DISCUSSION:

The MTS LRV maintenance facility has two sets of lifting hoists installed in the floor of the maintenance facility. These jacks have been in service since 1995 and see daily use in the maintenance and repairs of the MTS LRV fleet. The in-floor lifting hoists are beginning to fail and require replacement. The lift system recently had a catastrophic failure in which an LRV was stuck in a raised position for many hours, requiring careful work by MTS maintenance personnel to safely secure and lower the LRV back to track level. Despite numerous repairs and continued maintenance, MTS staff has determined that these assets are now past their useful life and is recommending a replacement of these systems.

This project completely replaces both sets of jacking systems in the maintenance facility with new modern equipment as well as updating the control systems of the hoists to ensure safe operation and enhanced wireless control.



The installation of the new system will utilize some of the original electronic infrastructure that was installed more recently to reduce the cost. In addition to the existing electronic system, two Joyce Dalton in-floor jacks were recently installed. The new system must work with the existing infrastructure in order to avoid unnecessary and costly system-wide upgrades. MTS staff has determined that a sole-source procurement is necessary to avoid these costs and to ensure compatibility with the existing system.

A new Joyce Dayton in-floor jack system is solely owned, distributed and maintained by the Macton Corporation. All drawings and intellectual property of the existing system are owned by Macton Corporation, and no other vendor is able to supply the OEM materials or provide warranty service on the lifts. Macton Corporation would also be the sole source provider for replacement parts and installation of new equipment ensuring minimal loss of work-time and that the equipment operates in a safe manner.

The pricing provided by the Macton Corporation, in comparison with the independent cost estimate (ICE) and an MTS price analysis was determined Macton Corporation to be fair and reasonable.

| COMPANY NAME | BID AMOUNT |
|---------------|---------------------|
| Macton | \$687,949.00 |
| ICE | \$712,416.78 |

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. PWL266.0-19 (in substantially the same format as Attachment A), with Macton Corporation for the purchase and installation of In-Floor Lifting Hoists for the service of the MTS LRV fleet and modernization of control systems within the LRV Maintenance Facility.

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

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

Attachments: A. Draft MTS Doc. No. PWL266.0-19
B. Macton Corporation of Connecticut Price Proposal

| |
|--|
| SECTION 4.0 – SAMPLE OF STANDARD SERVICES AGREEMENT, STANDARD CONDITIONS SERVICES |
|--|

**STANDARD SERVICES AGREEMENT
FOR
PROJECT TITLE**

| |
|--------------------------------|
| PWL266.0-19 CONTRACT NUMBER |
|--------------------------------|

| |
|-------------------|
| FILE/PO NUMBER(S) |
|-------------------|

THIS AGREEMENT is entered into this _____ day of _____, 2018, 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: Macton Corporation Address: _____

Form of Business: Corp. _____

(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: Installation of In-Floor Lifting Hoists as specified in the Scope of Work (attached as Exhibit A), Bid Form (attached as Exhibit B), and in accordance with the Standard Conditions (attached as Exhibit C).

The contract term is for **LIGHT RAIL In-Floor Lifting Hoists System**. Payment terms shall be net 30 days from invoice date. The total cost of this contract shall not exceed \$687,949.00 without the express written consent of MTS.

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

| AMOUNT ENCUMBERED | BUDGET ITEM | FISCAL YEAR |
|-------------------|-------------|-------------|
| \$687,949.00 | 2008107201 | FY19 |

By: _____
Chief Financial Officer Date

(____ total pages, each bearing contract number)

SA-SERVICES (REV 2/22/2017)
DATE



July 20, 2018

Quote MTS9917

Andy Goddard
Superintendent of LRV Maintenance
1341 Commercial Street
San Diego, CA 92113

Subject: Electrical and Jacking Assembly Upgrade with Equipment Installation

Andy,

Macton Corporation is pleased to provide this proposal for the Electrical and Jacking Assembly Upgrade with Installation of the Equipment, per your request.

Scope of Supply:

(8) BH Jacking Assembly's for track # 4
(6) TRH Jacking Assembly's for track # 4
(6) BH Jacking Assembly's for track # 5
(6) TRH Jacking Assembly's for track # 5
(14) Steel Safety Nuts
(16) New Nut Wear Switches
(2) New Operators panels
(2) Radio Remotes
Delivery
Installation
Checkout/Testing/Training

Installation Scope:

- Removing old jacks
- Remove old oil from caissons
- Clean any Debris in Caissons
- Fill caissons with new oil
- The (2) two new Body Hoists on track # 5 will be installed with nut wear switches to monitor the gap between the Bronze and the Steel Safety Nut.
- Drill and Tap New Grease Hole/Fitting Into Guide for Lifting Ram or Tube (BH ONLY)
- Drill and Tap new holes for the Nut wear switches into Jacking Plate (BH ONLY)
- Add hole into existing junction box for nut wear switch (BH ONLY)
- Macton is going to reuse the existing limit switch boxes that attach to one jack in each pit

- Reinstall new Truck Repair Hoist Jacking units
- Remove old Operators panel and install new panel
- Remotes Install and test
- Test and Debug New Electrical Upgrades
- Install will be performed by two (2) Macton Field Engineers for 15 Days of work and 2 Travel Days @ \$1,680.00 per for a total of \$57,120.00 which includes all travel, lodging and other expenses.
- Price per track is the same since Macton will have to disassemble the Two BH Jacks for the added holes for grease and for nut wear switches.
- The install price is on a Per Track Basis

Note: MTS is responsible for disposal of old oil and the supply of new oil for caisson work.

Price:

Track # 4: New Jacks & Electrical Upgrade: \$367,567.00

(Equipment: \$310,447.00; Installation: \$57,120.00.)

Track # 5: New Jacks & Electrical Upgrade: \$320,337.00

(Equipment: \$263,217.00; Installation: \$57,120.00.)

Terms:

See schedule of values and Payments are Net 10 calendar days after Invoicing.

Proposal Qualifications:

This proposal is subject to the following;

- This Scope of work will be performed in two phases and quoted on a per track basis. Whereas Track #5 has already has two (2) new Body Hoist Jacking Units, Track #5 work will be performed first...
- As the equipment manufacturer, Macton is the only Qualified Vendor to perform this work (See Sole Source Letter Attached)
- All New Equipment comes with Mactons Standard 5 year Warrant (See Attached)
- The Warranty is valid as long as Macton provides the annual Maintenance (See Attached Proposal)
- Macton will provide three (3) copies of an updated version of the O&M Manual
- This price includes all travel, food and lodging costs for Macton Service Engineers. Once all equipment is installed the Macton Service Engineer will provide the startup and commissioning of the equipment and provide training for all equipment operators.
- Price is based upon unlimited and non-restrictive use of MTS Forklift for the duration of the installation of the equipment.

- Macton reserves the right to revise our proposal to meet any specific requirements not known at this time.

EXCLUSIONS:

The following items are not included in Macton's Scope of Supply:

- Taxes, Retentions & Permits – Taxes, Retentions and Permits are not included in the price.
- Disposal of old oil
- Supply of new caisson oil
- Concrete, rebar and foundation repair work not included in quoted price.

VALIDITY:

Our pricing will remain in effect for 30 days. Attached is a copy of our Standard Terms and Conditions. Please note that our pricing is based on these terms and conditions and any requests for changes from these stated terms and conditions (or any of the payment or other terms listed above) may require us to modify the pricing we have quoted.

Thank you for this opportunity to quote our products and services. Please do not hesitate to contact us if we can provide any additional information or clarification.

Sincerely,

Timothy Brenes
Customer Service Manager

Macton Schedule of Values**Track # 4**

Total Project Value \$ 367,567.00

| Project Phase* | % of Value | US\$ Amount |
|--|-------------------|--------------------|
| Initial downpayment once order is placed to start engineering work | 30.0% | \$ 110,270 |
| Procurement Process | 30.0% | \$ 110,270 |
| Manufacturing Progress | 28.0% | \$ 102,919 |
| O&M manuals & other documentation provided | 2.0% | \$ 7,351 |
| Installation, Start-up & Testing | 10.0% | \$ 36,757 |
| Total | 100.0% | \$ 367,567 |

Track # 5

Total Project Value \$ 320,337.00

| Project Phase* | % of Value | US\$ Amount |
|--|-------------------|--------------------|
| Initial downpayment once order is placed to start engineering work | 30.0% | \$ 96,101 |
| Procurement Process | 30.0% | \$ 96,101 |
| Manufacturing Progress | 28.0% | \$ 89,694 |
| O&M manuals & other documentation provided | 2.0% | \$ 6,407 |
| Installation, Start-up & Testing | 10.0% | \$ 32,034 |
| Total | 100.0% | \$ 320,337.0 |

***Payment Terms** - Each of these project phases will be billed on a monthly basis as expenses are incurred in those areas, based on the percentage of work to be done in those areas on the applicable piece of equipment. Payments are due no later than 10 calendar days after the date each such invoice is submitted by Macton (whether submitted by email or otherwise). Such amounts shall be owed to Macton, regardless of the status of any payments which your company may or may not have received from the project owner and regardless of any internal payment procedures; provided that the customer may delay payment for as long as there is a material deficiency in the work performed by Macton, so long as customer has provided prior written notice of such deficiency to Macton and has given Macton an adequate period of time to cure it. No retainages will be permitted against any amounts owed.

Background to Payment Terms - In order to commit to the equipment pricing shown above, well in advance of its required delivery date, Macton must make commitments to its suppliers and plan its production far in advance - in addition, it is not able to start and stop work on a project (without causing production disruptions that increase costs and delay shipments to all of Macton's customers). Accordingly, the following payment schedule is a basic requirement for Macton in order for us to meet our equipment pricing commitment to our customers and take this project on.

| | Qty | Labor Hrs | Burdened Rate | Labor | Material | Consum | Total |
|----------------------------|-----|-----------|---------------|--------------|--------------|-------------|--------------|
| Engineering | | 360 | \$ 195.00 | \$ 70,200.00 | | | \$ 70,200.00 |
| PM | | 120 | \$ 215.00 | \$ 25,800.00 | | | \$ 25,800.00 |
| BH Jacking Assy (Track 4) | 8 | | | | \$ 95,800.00 | | \$ 95,800.00 |
| Machining | | 240 | \$ 120.00 | \$ 28,800.00 | | \$ 1,200.00 | \$ 30,000.00 |
| Mfg/Assembly | | 64 | \$ 85.00 | \$ 5,440.00 | | | \$ 5,440.00 |
| Paint | | 16 | \$ 85.00 | \$ 1,360.00 | | | \$ 1,360.00 |
| TRH Jacking Assy (Track 4) | 6 | | | | \$ 60,750.00 | | \$ 60,750.00 |
| Machining | | 180 | \$ 120.00 | \$ 21,600.00 | | \$ 800.00 | \$ 22,400.00 |
| Mfg/Assembly | | 48 | \$ 85.00 | \$ 4,080.00 | | | \$ 4,080.00 |
| Paint | | 12 | \$ 85.00 | \$ 1,020.00 | | | \$ 1,020.00 |
| BH Jacking Assy (Track 5) | 6 | | | | \$ 60,750.00 | | \$ 60,750.00 |
| Machining | | 180 | \$ 120.00 | \$ 21,600.00 | | \$ 800.00 | \$ 22,400.00 |
| Mfg/Assembly | | 48 | \$ 85.00 | \$ 4,080.00 | | | \$ 4,080.00 |
| Paint | | 12 | \$ 85.00 | \$ 1,020.00 | | | \$ 1,020.00 |
| TRH Jacking Assy (Track 5) | 6 | | | | \$ 60,750.00 | | \$ 60,750.00 |
| Machining | | 180 | \$ 120.00 | \$ 21,600.00 | | \$ 800.00 | \$ 22,400.00 |
| Mfg/Assembly | | 48 | \$ 85.00 | \$ 4,080.00 | | | \$ 4,080.00 |
| Paint | | 12 | \$ 85.00 | \$ 1,020.00 | | | \$ 1,020.00 |
| Steel Safety Nuts | 14 | | | | \$ 1,400.00 | | \$ 1,400.00 |
| Machining | | 56 | \$ 120.00 | \$ 6,720.00 | | \$ 600.00 | \$ 7,320.00 |
| Operators Panel | 2 | | | | \$ 9,600.00 | | \$ 9,600.00 |
| Machining | | 2 | \$ 120.00 | \$ 240.00 | | \$ 300.00 | \$ 540.00 |
| Mfg/Assembly | | 16 | \$ 85.00 | \$ 1,360.00 | | | \$ 1,360.00 |
| Radio Remotes | 2 | | | \$ - | \$ 480.00 | | \$ 480.00 |
| Hardware (Lot) | | | | \$ - | \$ 6,500.00 | | \$ 6,500.00 |

| | | | | | | | |
|----------------------------|----|--|-------------|--|--|--|---------------|
| Sub-Total | | | | | | | \$ 520,550.00 |
| Profit (18%) | | | | | | | \$ 93,699.00 |
| Total (Equipment) | | | | | | | \$ 620,749.00 |
| Installation/Startup/Test* | 40 | | \$ 1,680.00 | | | | \$ 67,200.00 |
| Total | | | | | | | \$ 687,949.00 |

*\$1,680.00 per day is a flat rate charged for field work. Per diem, travel lodging included.
While on site, technician will work 10-12 hours/day and weekends at no extra charge to customer.



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Agenda Item No. 12

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

TICKET VENDING MACHINE (TVM) ENHANCED CREDIT AND DEBIT CARDHOLDER
DATA SECURITY - 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. G2191.0-19, (in substantially the same format as the Attachment A), with AT&T Corp. for the enhanced credit and debit cardholder data project.

Budget Impact

The total value of this agreement will not exceed \$150,000.00. The project will be funded through Capital Improvement Project (CIP) WBSE: 1007106301 and the maintenance agreement will be funded through the Information Technology Operations Budget cost center: 661010-571250.

DISCUSSION:

MTS continues to review the fare payment system with the goal of providing additional security for our customers and has identified a project that will enhance cardholder data security. Cardholder data is any Personally Identifiable Information (PII) associated with a person who has a debit or credit card. Cardholder data can include the primary account number (PAN) along with any of the following data types: cardholder name, expiration date or service code.

MTS has determined installing dedicated encryption devices in TVMs will allow for transactions to be encrypted prior to leaving the TVM. This device will encrypt the data while it is still physically inside the TVM and the data will remain encrypted as it is transmitted across the MTS private network to the point where it is handed off to the



credit/debit card processor. Once the processor has processed the transaction, the response information is again encrypted on its return journey to the TVM to complete the transaction. As an added benefit this project will move MTS closer to Payment Card Industry (PCI) compliance by removing the MTS corporate network from PCI scope.

MTS intends to utilize the County of Merced's contract with AT&T for this procurement. The quoted pricing is based on the Fast-Open Contracts Utilization Services (FOCUS) 3 contract number 2015156, which is California's only nationwide, local government-to-government purchasing program created to allow cities, counties, schools, special districts and other public entities to acquire technology products and services at competitive rates.

AT&T will be engaged to implement the new TVM enhanced card security systems and will provide all necessary software, hardware and professional services required to complete the project.

A strategic procurement practice is to obtain better pricing through larger purchases of goods and services; which is obtained through the use of cooperative purchases. This cooperative approach achieves cost-effectiveness, efficiency and takes advantage of volume pricing achieved through competition.

The following table summarizes the not-to-exceed cost estimate for this project:

| PROJECT COST SUMMARY | |
|--|---------------------|
| DESCRIPTION | AMOUNT |
| MATERIALS (HARDWARE) + TAX (7.75%) | \$87,129.45 |
| PROFESSIONAL SERVICES | \$36,000.00 |
| SUPPORT MAINTENANCE (EXCH 7210&AP-303HR) | \$17,013.69 |
| CONTINGENCY FEE (6.57%) | \$9,856.86 |
| TOTAL: | \$150,000.00 |

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc No. G2191.0-19, (in substantially the same format as the Attachment A) with AT&T Corp., to enhance credit and debit card security in all TVM devices at trolley stations.

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

Key Staff Contact: Sharon Coney, 619.557.4515, Sharon.Cooney@sdmts.com

Attachment: A. Draft MTS Doc. No. G2191.0-19

STANDARD SERVICES AGREEMENT

DRAFT

G2191.0-19
CONTRACT NUMBER

FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2018, 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: AT&T Corp Address: 7337 Trade Street Suite 3100

Form of Business: Corporation San Diego CA 92121
(Corporation, partnership, sole proprietor, etc.)

Telephone: (254) 316-4230

Authorized person to sign contracts: Laura Morales Contract Specialist
Name Title

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

Provide Ticket Vending Machine (TVM) Enhanced Credit and Debit Cardholder Data Services, piggybacked through Fast Open Contracts Utilization Services (FOCUS) Contract no. 2015156 in accordance with the Change Order Request Pricing Schedule-Network Schedule Tracking ID: 214095-15.1 (attached as Exhibit A) and Focus 3 Contract Terms and Conditions between Contractor ("AT&T") AT&T Corp (attached as Exhibit B).

The total contract cost shall not exceed \$150,000.00 [\$132,986.31 for the Materials and Installation and \$17,013.69 for the maintenance support].

| 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 |
|-------------------|-------------------|-------------|
| \$132,986.31 | 1007106301-599902 | |
| \$17,013.69 | 661010-571250 | 19 |

By: _____ Date
Chief Financial Officer



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Agenda Item No. 13

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

DRUG AND ALCOHOL COLLECTION, TESTING, AND ADMINISTRATION 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. G2150.0-18 (in substantially the same format as Attachment A) with Drug Testing Network, Inc., for the provision of drug and alcohol collection, testing, and administration services for a two (2) year base period with three (3) one-year optional terms, exercisable at MTS's sole determination, for a total of five years; and exercise each option year at the CEO's discretion.

Budget Impact

The total cost of this agreement would not exceed \$426,960.25 (as follows):

| | |
|---------------|--------------|
| Base Year 1 | \$ 85,392.05 |
| Base Year 2 | \$ 85,392.05 |
| Option Year 1 | \$ 85,392.05 |
| Option Year 2 | \$ 85,392.05 |
| Option Year 3 | \$ 85,392.05 |
| Total | \$426,960.25 |

Funding would be covered under budget account number 711010-571160.

DISCUSSION:

On June 27, 2018, MTS issued a Request for Proposals (RFP) for Drug and Alcohol Collection, Testing, and Administrative Services. Four (4) proposals were received by the due date of July 25, 2018, as follows:



1. AK&A Labs, San Diego, CA 92116
2. DSI Medical Services, Inc., Horsham, PA 19044
3. Drug Testing Network, Inc., Vista, CA 92083
4. Phamtech Inc., San Diego, CA 92101

All proposals were deemed responsive and responsible.

An evaluation committee was convened and scored the proposal on the following:

| | |
|--|-------------|
| Proposer's Qualifications, Related Experience and References | 35% |
| Staffing, Organization, and Management Plan | 15% |
| Work Plan | 25% |
| Cost | 25% |
| Total | 100% |

After the initial evaluation and scoring of the proposals received, the evaluation panel decided to interview the top three proposers that were in competitive range. Following the interviews, revised cost proposals were requested from two proposers. The panel then met to review the revised cost proposals and decided to negotiate pricing with the top two proposers. The following table represents the proposers' final scores and rankings:

| PROPOSER NAME | TOTAL AVG. TECH. SCORE | AVG. COST SCORE | TOTAL SCORE (Tech + Cost) | RANKING |
|-----------------------------|---|--------------------------------|--|----------------|
| Drug Testing Network | 60.17 | 20.55 | 80.72 | 1 |
| Phamatech | 54.67 | 25.00 | 79.67 | 2 |
| DSI Medical Services | 47.33 | 18.48 | 65.81 | 3 |
| AK&A Labs | 35.83 | 19.01 | 54.84 | 4 |

Based on the evaluation committee's analysis of the technical proposal, interviews, and then its negotiations with the top two proposers, it was determined that Drug Testing Network, Inc.'s proposal and offer is most advantageous to MTS.

Therefore, staff recommends that the Board of Directors authorize the CEO to execute MTS Doc. No. G2150.0-18, (in substantially the same format as Attachment A) with Drug Testing Network, Inc., for the provision of drug and alcohol collection, testing, and administration services for a two (2) year base period with three (3) one-year optional terms, exercisable at MTS's sole determination, for a total of five years; and exercise each option year at the CEO's discretion.

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

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

Attachment: A. Draft MTS Doc. No. G2150.0-18

DRAFT
STANDARD SERVICES AGREEMENT

G2150.0-18
CONTRACT NUMBER
FILE/PO NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2018, 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: Drug Testing Network, Inc Address: 958 Postal Way, Suite 6-B

Form of Business: Corporation Vista, CA 92083-6935

(Corporation, partnership, sole proprietor, etc.)

Telephone: (760) 940-2015

Authorized person to sign contracts: Rene De La Cova Chief Executive Officer
Name Title

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

Provide Drug & Alcohol Collection, Testing and Administration Services as set forth in the Scope of Work (attached as Exhibit A), Drug Testing Network, Inc.'s cost proposal (attached as Exhibit B) and in accordance with the Standard Services Agreement, including Standard Conditions Services (attached as Exhibit C) and RFP Submitted Forms (attached as Exhibit D).

This contract term is for up to a five (5) year period two (2) year base and three (3) one-year options exercisable at MTS's sole discretion. Base period shall be effective January 1, 2019 through December 31, 2020 and option years shall be effective January 1, 2021 through December 31, 2023.

Payment terms shall be net 30 days from invoice date. The total cost of this contract shall not exceed \$170,784.10 for the base years and \$256,176.15 for the option years, for a total not to exceed \$426,960.25 without the express written consent MTS.

| 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 |
| Base years (1 and 2) | | \$170,784.10 | |
| <u>Option years (3, 4 and 5)</u> | | <u>\$256,176.15</u> | |
| Total | | \$426,960.25 | |
| | | 711010/571160 | FY 19 – FY 23 |

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

Date
SA-SERVICES (REV 2/22/2017)
DATE



1255 Imperial Avenue, Suite 1000
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 8, 2018

SUBJECT:

DESIGN SERVICES FOR BEECH STREET DOUBLE CROSSOVER – TRACKWORK
AND SIGNALING - WORK ORDER

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute Work Order WOA1953-AE-30 for MTS Doc. No. G1953.0-17 (in substantially the same format as Attachment A), with Pacific Railway Enterprises, Inc. (PRE), for design services for Beech Street Double Crossover – Trackwork and Signaling.

Budget Impact

The value of this Engineering Design Work Order will not exceed \$160,525.10 and is allocated under FY18 TIRCP funded, capital project number 2005107901 (Beech Street Double Crossover Design/Construction).

DISCUSSION:

MTS has requested that PRE provide professional design services to upgrade the manual switches to power operated switches at the existing double crossover between Beech Street and Ash Street, and extend Centralized Train Control (CTC) signaling system from Cedar Street to Santa Fe Depot. Under this Work Order, the consultant shall design the concept to a 100% level of completion, and estimate funding required to complete these improvements. The proposed improvements will provide greater operational flexibility to accommodate special events, maintenance and unforeseen track outages and ensure service reliability.

On January 12, 2016, San Diego Association of Governments (SANDAG) and MTS issued a joint Request for Statement of Qualifications (RFSQ) for On-Call Architectural



and Engineering (A&E) Design Consulting services. The RFSQ resulted in the approval of 8 firms qualified to perform A&E services. Tasks are assigned to the firms through a work order process, and MTS selects the most qualified firm based on the scope of work to be performed.

MTS staff reviewed the approved A&E firms and, utilizing a direct order process, selected PRE to perform the requisite services. PRE is currently providing similar civil engineering services within this corridor for the Middletown Double Crossover Project. Utilizing PRE for this project will ensure design consistency of these tracks segments, create efficiencies and ultimately reduce design costs within this corridor.

PRE's proposed amount was \$65,000 less than MTS's Independent Cost Estimate.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute Work Order WOA1953-AE-30 for MTS Doc. No. G1953.0-17 (in substantially the same format as Attachment A) with PRE. in the amount of \$160,525.10 for design services for Beech St Double Crossover – Trackwork and Signaling.

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

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

Attachment: A. Draft Work Order WOA1953-AE-30 for MTS Doc. No. G1953.0-17

November 8, 2018

MTS Doc. No. G1953.0-17
Work Order No. WOA1953-AE-30

Pacific Railway Enterprises, Inc.
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-30, BEECH ST DOUBLE
CROSSOVER – TRACKWORK AND SIGNALING

This letter shall serve as our agreement for Work Order WOA1953-AE-11 to MTS Doc. No. G1953.0-30, for professional services under the General Engineering Consultant Agreement, as further described below.

SCOPE OF SERVICES

This Work order provides for design services to upgrade the manual switches to power operated switches at the existing double crossover between Beech Street and Ash Street, and extend Centralized Train Control (CTC) signaling system from Cedar Street to Santa Fe Depot. 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 \$160,525.10.

Please sign below, and return the document 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, Fee Proposal



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Agenda Item No. 15

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

MTS JOB ORDER CONTRACT WORK ORDER FOR TURNOUT S34 REPLACEMENT
– CHANGE ORDER

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute Change Order 1 to MTS Doc. No. PWL182.0-16, Work Order No. MTSJOC7501-27.01 (in substantially the same format as Attachment A, Construction Change Order 1) with Herzog Contracting Corporation (Herzog) for the replacement of Turnout S34 on the Blue Line.

Budget Impact

The total value of this change order will not exceed \$217,324.78 inclusive of a direct cost of \$211,036.32 and the contractor's share of administrative fees totaling \$2,131.68. Total administrative fees are \$6,288.46 (contractor's share is \$2,131.68 and MTS's share is \$4,156.78). Including all amendments, the construction cost is as follows:

| Work Order No. | Quoted Work Order Amt. | Direct Costs Paid to Contractor | Contractor Share of Administrative Fee | MTS Share of Administrative Fee | Total Administrative Fee | Total Work Order Cost |
|------------------|------------------------|---------------------------------|--|---------------------------------|--------------------------|-----------------------|
| MTSJOC7501-27 | \$111,539.48 | \$110,424.09 | \$1,115.39 | \$2,175.02 | \$3,290.41 | \$113,714.50 |
| MTSJOC7501-27.01 | \$213,168.00 | \$211,036.32 | \$2,131.68 | \$4,156.78 | \$6,288.46 | \$217,324.78 |
| Totals | \$324,707.48 | \$321,460.41 | \$3,247.07 | \$6,331.80 | \$9,578.87 | \$331,039.28 |

The funding for the Change Order is provided in the FY 2019 Capital Improvement Program (CIP) project number 2005107101 - Special Trackwork Replacement (S34 & S37).



DISCUSSION:

MTS staff has determined that it is necessary to replace turnouts S34 and S37. The existing turnouts and rail are at the end of useful service life. The turnouts are experiencing alignment issues, bent rails, and the crossties are beginning to rot. By installing new turnouts and rail at these segments of the track, maintenance can be reduced and safety will be improved. The project is scheduled to be completed as follows

- S37 – November 2018
- S34 – November 2019

On September 26, 2018, MTS issued an MTS Job Order Contract (JOC) MTSJOC7501-27 (MTS Doc. No. PWL182.0-16) to Herzog for the replacement of Turnout S37 on the Blue Line north of F Street in Chula Vista in the amount of \$110,424.09. Turnout S37 was the priority of the two turnouts and it was essential that this work get underway as soon as possible.

Now that the work for Turnout S37 is underway, staff has determined that it is now time to begin the process for Turnout S34. This Change Order is for replacing Turnout S34 on the Blue Line south of Miles of Cars Way in Chula Vista.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute Change Order 1 to Work Order No. MTSJOC7501-27.01, (in substantially the same format as Attachment A, Construction Change Order 1), under MTS Doc. No. PWL182.0-16 with Herzog, for the replacement of Turnout S34 on the Blue Line.

/s/ Paul C. Jablonski

Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Construction Change Order MTSJOC7501-27 (CCO 1)



CONSTRUCTION CHANGE ORDER

Project Name: Special Trackwork Replacement (S34 & S37)Date: 11/8/18To: MTSContract Number: PWL182.0-16From (Contractor): Herzog Contracting CorpCCO Number: 01**Description of Work**

This project is for replacing turnout S34 on the Blue Line.

A. Contractor Cost Proposal, MTSJOC7501-27.01

CCO #01 - Replace Turnout S34

\$ 211,036.32 L.S.

L.S.

Subtotal A: \$ 211,036.32

B. Subcontractors Costs

Included in above.

\$ -

Subtotal B: \$ -

C. Contractor Credits

\$0.00

Subtotal C: 0.00

Total = (A + B + C)

Total: \$ 211,036.32

Original Contract value:

\$ 110,424.09

Adjustment by Change Order No. X through Change Order X (if applicable)

\$ -

Adjustment by this Change Order

\$ 211,036.32

New Contract Amount

Total:

\$ 321,460.41

The Contract Time due to this Change Order will be: ☒ Increased ☐ Decreased ☐ Unchanged by 180 days

Original Completion Date:

1/26/19

Adjustment by Change Order No. X through Change Order X (if applicable)

0

Adjustment by this Change Order

180

New Completion Date

7/25/19

Milestones Affected:

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. 16

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

CNG FUELING FACILITY STATIONS OPERATION AND MAINTENANCE SERVICES FOR IMPERIAL AVENUE DIVISION (IAD), KEARNY MESA DIVISION (KMD), SOUTH BAY MAINTENANCE FACILITY (SBMF), AND EAST COUNTY BUS MAINTENANCE FACILITY (ECBMF) – SOLE SOURCE CONTRACT EXTENSION / EXERCISE OPTION YEARS

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to:

- 1) Extend the current contract for nineteen (19) months effective from 8/1/20 through 3/1/22 with Trillium USA Company, LLC (Trillium), MTS Doc. No. B0522.4-09 (in substantially the same format as Attachment A) for CNG fueling facility stations operation and maintenance services for IAD, KMD, and SBMF; and
- 2) Exercise all Option Years 1-3 for MTS Doc. No. B0594.5-13 (in substantially the same format as Attachment B) for CNG fueling facility station operation and maintenance services for ECBMF.

Budget Impact

Funding for both contracts would come from the San Diego Transit Corporation (SDTC) Maintenance and Contract Services operations cost centers 315014-542100, 801012-542100, 802012-542100 and 820012-542100, which are locally-funded

1. MTS Doc. No. B0522.0-09 - The new value of this agreement is estimated not to exceed **\$18,396,499.46** (\$16,522,967.00 current contract value plus \$1,873,532.46 for Amendment No. 4).
2. MTS Doc. No. B0594.0-13 - The new value of this agreement shall be reduced by \$137,882.10 (from current contract value of \$5,167,355.05 to a new total not to exceed amount \$5,029,472.95 per Amendment No. 5).



DISCUSSION:

The original contract (B0522.0-09) with Trillium was executed in July 2010 for capital improvement upgrades to MTS-owned CNG fueling facilities and to provide ten (10) years of operation and maintenance services, which will expire July 31, 2020.

In May 2013, another contract (B0594.0-13) was awarded to Trillium for the design and installation of a CNG fueling station at ECBMF, which also includes operation and maintenance services at this location. This contract is for a five (5) year period with three (3) 1-year options. The base period is effective until 3/1/19, and the option period (if exercised) shall be effective from 3/2/19 through 3/1/22.

As part of the discussion with Trillium regarding management of its contracts, MTS staff requested Trillium to assess the following:

- The overall rates in both contracts;
- The possibility to merge the two contracts into one;
- In merging both contracts, could an extension to the maximum option year period (available within the East County contract B0594.0-13) result in a reduction in the rate from the remainder of the base terms through the end of the extension.

Trillium initially submitted a proposal to MTS on September 11, 2018. After further discussions and clarifications, staff requested for a revised proposal which was received on October 5, 2018. As a result, Trillium's final pricing reflects a significant reduction on the overall rate per therm as shown below:

| # | Description | B0522.0-09 | B0594.0-13 |
|---|-----------------------------|------------|------------|
| 1 | Current Rate per Therm | \$0.165 | \$0.202 |
| 2 | New Proposed Rate per Therm | \$0.130 | \$0.130 |
| | Price difference | \$0.035 | \$0.072 |

In addition to Trillium's proposal, they will be funding the upgrade of the controls system at all four stations, which is approximately a \$46,000 investment.

Staff performed a cost analysis and based on the new rate, Trillium's pricing is deemed to be fair and reasonable and based on the current service levels MTS will have an overall operational savings of approximately \$1,266,590. Also, by authorizing both contracts to terminate at the same time, staff will be able to conduct a new competitive procurement for all stations and award under one contract.

Therefore, staff is requesting that the Board of Directors authorize the Chief Executive Officer (CEO) to:

- 1) Extend the current contract for nineteen (19) months effective from 8/1/20 through 3/1/22 with Trillium USA Company, LLC (Trillium), MTS Doc. No. B0522.4-09 (in substantially the same format as Attachment A) for CNG fueling facility stations operation and maintenance services for IAD, KMD, and SBMF; and

- 2) Exercise all Option Years 1-3 for MTS Doc. No. B0594.5-13 (in substantially the same format as Attachment B) for CNG fueling facility station operation and maintenance services for ECBMF.

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

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

Attachments: A. Draft MTS Doc. No. B0522.4-09
B. Draft MTS Doc. No. B0594.5-13

DRAFT

November 8, 2018

MTS Doc. No. B0522.4-09

Trillium USA Company, LLC
 Mr. Bill Cashmareck, Director
 2929 Allen Parkway, Suite 4100
 Houston, TX 77019

Subject: AMENDMENT NO. 4 TO MTS DOC. NO. B0522.0-09; OPERATIONS AND MAINTENANCE SERVICES FOR IAD, KMD, AND SBMF CNG FUELING STATIONS – CONTRACT EXTENSION

This shall serve as Amendment No. 4 to our agreement for the operations and maintenance services for Imperial Avenue Division (IAD), Kearny Mesa Division (KMD), and South Bay Maintenance Facility (SBMF) CNG fueling stations as further described below.

SCOPE OF SERVICES

Contractor shall continue to provide the CNG fueling station operations and maintenance services in accordance with the terms and conditions of the original agreement, MTS Doc. No. B0522.0-09.

SCHEDULE

This contract shall be extended for 19 months effective from 8/1/20 through 3/1/22.

PAYMENT

This contract amendment shall authorize additional costs not to exceed \$1,873,532.46. Payment shall be based on actual cost per the new reduced rate per therm as reflected below.

| Description (CURRENT CONTRACT) | Base Year 9 | Base Year 10 |
|---|----------------------------------|----------------------------------|
| | 8/1/18 – 7/31/19 | 8/1/19 – 7/31/20 |
| Current rate per therm | \$0.165 | \$0.165 |
| Current Projected Volume (Annually) | 6,972,000 (Monthly @ 581,000) | 6,972,000 (Monthly @ 581,000) |
| Current Total Annual Cost | \$1,150,380 | \$1,150,380 |
| GRAND TOTAL | \$2,300,760 | |

Trillium USA Company, LLC
 Bill Cashmareck, Director
 November 8, 2018
 Page Two

| Description (NEW REDUCED RATES) | Base Year 9 (remainder 9 mos) | Base Year 10 | 19-Month Extension |
|------------------------------------|--|--|---|
| | 11/1/18 – 7/31/19 | 8/1/19 – 7/31/20 | 8/1/20 – 3/1/22 |
| New rate per therm | \$0.130 | \$0.130 | \$0.130 |
| New Projected Volume (Annually) | 6,826,637 (Monthly @ 758,515.20) | 9,102,182 (Monthly @ 758,515.20) | 14,411,788 (Monthly @ 758,515.20) |
| Total Annual Cost | \$887,462.75 | \$1,183,283.66 | \$1,873,532.46 |
| GRAND TOTAL | \$3,944,278.87 | | |

As a result of this Amendment, the total value of this contract shall be in the amount of \$18,396,499.46 (original contract amount of \$16,522,967.00 plus \$1,873,532.46 for the 19-month extension). This amount shall not be exceeded without prior written approval from MTS.

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

Sincerely,

Agreed:

 Paul C. Jablonski
 Chief Executive Officer

 Bill Cashmareck, Director
 Trillium USA Company, LLC

Date: _____

Cc: B. Spraul, M. Wygant, S. Elmer, C. Aquino, A. Monreal, Procurement File

DRAFT

November 8, 2018

MTS Doc. No. B0594.5-13

Trillium USA Company, LLC
 Mr. Bill Cashmareck, Director
 2929 Allen Parkway, Suite 4100
 Houston, TX 77019

Subject: AMENDMENT NO. 5 TO MTS DOC. NO. B0594.0-13; CNG FUELING FACILITY CAPITAL IMPROVEMENTS OPERATIONS AND MAINTENANCE SERVICES FOR THE MTS EAST COUNTY DIVISION – OPTION YEARS

This shall serve as Amendment No. 5 to our agreement for the CNG fueling facility capital improvements operations and maintenance services for MTS East County Bus Maintenance Facility (ECBMF) as further described below.

SCOPE OF SERVICES

MTS shall exercise all Option Years 1 through 3 pursuant to the contract. Contractor shall continue to provide the operation and maintenance services in accordance with the terms and conditions of the original agreement, MTS Doc. No. B0594.0-13.

SCHEDULE

The Option Year One coverage period shall be effective March 2, 2019 through March 1, 2020; Option Year Two coverage period shall be effective March 2, 2020 through March 1, 2021; and the Option Year Three coverage period shall be effective March 2, 2021 through March 1, 2022.

PAYMENT

Payment shall be based on actual cost per the new reduced rate per therm as reflected below:

| Description (CURRENT CONTRACT) | Base Years (remaining 4 mos.) | Option Year I | Option Year II | Option Year III |
|---|--|----------------------|-----------------------|------------------------|
| | 11/1/18 – 3/1/19 | 3/2/19 – 3/1/20 | 3/2/20 – 3/1/21 | 3/2/21 – 3/1/22 |
| Current rate per therm | \$0.202 | \$0.202 | \$0.202 | \$0.202 |
| Current Projected Volume (Monthly @62,800) | 251,200 | 753,600 | 753,600 | 753,600 |
| Current Total Annual Cost | \$50,742.40 | \$152,227.20 | \$152,227.20 | \$152,227.20 |
| GRAND TOTAL | \$507,424 | | | |

Trillium USA Company, LLC
 Bill Cashmareck, Director
 November 8, 2018
 Page Two

| Description (NEW REDUCED RATES) | Base Years (remaining 4 mos.) | Option Year I | Option Year II | Option Year III |
|---|----------------------------------|---------------------|---------------------|---------------------|
| | 11/1/18 – 3/1/19 | 3/2/19 – 3/1/20 | 3/2/20 – 3/1/21 | 3/2/21 – 3/1/22 |
| New Rate per therm | \$0.130 | \$0.130 | \$0.130 | \$0.130 |
| New Project Volume (Monthly @70,916) | 284,263 | 852,789 | 852,789 | 852,789 |
| New Total Annual Cost | \$36,954.19 | \$110,862.57 | \$110,862.57 | \$110,862.57 |
| GRAND TOTAL | \$369,541.90 | | | |

The total value of this contract, including this amendment, shall not exceed \$5,029,472.95 (reduced by \$137,882.10 from \$5,167,355.05 to \$5,029,472.95) without prior written approval from MTS.

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

Sincerely,

Agreed:

 Paul C. Jablonski
 Chief Executive Officer

 Bill Cashmareck, Director
 Trillium USA Company, LLC

Date: _____

Cc: B. Spraul, M. Wygant, S. Elmer, C. Aquino, A. Monreal, Procurement File



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Agenda Item No. 17

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

REGIONAL TRANSIT MANAGEMENT SYSTEM (RTMS) RADIO TOWER AT MT.
SOLEDAD SIGNAL STATION, NAVAL BASE POINT LOMA – SITE LEASE
AMENDMENT

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0513.4-09, (in substantially the same format as Attachment A), with the Department of the Navy, to continue the lease of MTS's Mt. Soledad Signal Station site for five years.

Budget Impact

The total cost of this amendment would not exceed \$260,561.19 (as follows):

| | |
|---------------------|--------------|
| Administrative Cost | \$3,700.00 |
| Year 11 | \$48,380.99 |
| Year 12 | \$49,832.41 |
| Year 13 | \$51,327.38 |
| Year 14 | \$52,867.20 |
| Year 15 | \$54,453.21 |
| Total | \$260,561.19 |

MTS and North County Transit District (NCTD) share the costs evenly at this site through a Memorandum of Understanding (MOU), MTS Doc. No. G0699.0-02. Therefore, MTS's portion will be \$130,280.62.

Funding would be covered in the Bus Operations annual budget under account number 202014-596100.



DISCUSSION:

MTS uses RTMS to track and communicate with its buses, maintenance vehicles, relief cars, and supervisor vehicles. As part of the RTMS system, MTS has a radio system which consists of five towers throughout San Diego County. The agency leases space on existing towers in order to house the radio transmitting and receiving equipment that provides effective radio coverage throughout its service area.

One of the towers is at Mt. Soledad Signal Station, which is under the control of the Department of the Navy, Naval Base Point Loma. MTS exercised its first 5 year option to lease space on the Mt. Soledad tower from January 15, 2014 through January 14, 2019. In order to continue operations with full radio coverage, this amendment extends the lease for an additional five years effective January 15, 2019. Based on prior procurement history, the price proposed for this extension is deemed fair and reasonable.

Therefore, staff recommends that the MTS Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0513.4-09, (in substantially the same format as Attachment A), with the Department of the Navy, to continue the lease of MTS's Mt. Soledad Signal Station site for five years.

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

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

Attachment: A. Department of the Navy Contract ID N6247309RP00005 (MTS Doc. No. B0513.4-09)

| | | | | | | | | |
|--|--|------------------|-------------------|--|----------------------------------|---|--------------------------------|------|
| AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT | | | | 1. CONTRACT ID CODE | | PAGE OF PAGES 1 | | |
| 2. AMENDMENT/MODIFICATION NO. | | | 3. EFFECTIVE DATE | | 4. REQUISITION/PURCHASE REQ. NO. | | 5. PROJECT NO. (if applicable) | |
| 6. ISSUED BY SOUTHWEST DIVISION NAVAL FACILITIES ENGINEERING COMMAND CONTRACTS DEPARTMENT 1220 PACIFIC HIGHWAY SAN DIEGO, CA 92132-5187 | | | | 7. ADMINISTERED BY (If other than Item 6) | | | | CODE |
| 8. NAME AND ADDRESS OF CONTRACTOR (No., street, county State and ZIP Code) | | | | | | 9A. AMENDMENT OF SOLICITATION NO. | | |
| | | | | | | 9B. DATED (SEE ITEM 11) | | |
| | | | | | | 10A. MODIFICATION OF CONTRACT/ORDER NO. | | |
| | | | | | | 10B. DATED (SEE ITEM 13) | | |
| CODE | | FACILITY CODE | | | | | | |
| 11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS | | | | | | | | |
| <input type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference of the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified. | | | | | | | | |
| 12. ACCOUNTING AND APPROPRIATION DATA (If required) | | | | | | | | |
| 13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIED THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14. | | | | | | | | |
| A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. | | | | | | | | |
| B. THE ABOVE NUMBERED CONTRACT/ORDERED IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). | | | | | | | | |
| C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: | | | | | | | | |
| D. OTHER (Specify type of modification and authority) | | | | | | | | |
| E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____ copies to the issuing office. | | | | | | | | |
| 14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible) | | | | | | | | |
| 15A. NAME AND TITLE OF SIGNER (Type or print) | | | | 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) | | | | |
| 15B. CONTRACTOR/OFFEROR | | 15C. DATE SIGNED | | 16B. UNITED STATES OF AMERICA | | 16C. DATE SIGNED | | |
| BY _____ (Signature of Person Authorized to Sign) | | | | BY _____ (Signature of Contracting Officer) | | | | |

Except as provided herein, all terms and conditions of the document referenced in Item 19A or 10A, as heretofore changed, remains unchanged and in full force and effect

INSTRUCTIONS

Instructions for items other than those that are self-explanatory, are as follows:

(a) Item 1 (Contract ID Code). Insert the contract type identification code that appears in the title block of the contract being modified.

(b) Item 3 (Effective Date).

(1) For a solicitation amendment, change order, or administrative change, the effective date shall be the issue date of the amendment, change order, or administrative change.

(2) For a supplemental agreement, the effective date shall be in the date agreed to by the contracting parties.

(3) For a modification issued as an initial or confirming notice of termination for the convenience of the Government, the effective date and the modification number of the confirming notice shall be the same as the effective date and modification number of the initial notice.

(4) For a modification converting a termination for default to a termination for the convenience of the Government, the effective date shall be the same as the effective date of the termination for default.

(5) For a modification confirming the contracting officer's determination of the amount due in settlement of a contract termination, the effective date shall be the same as the effective date of the initial decision.

(c) Item 6 (Issued By). Insert the name and address of the issuing office. If applicable, insert the appropriate issuing office code in the code block.

(d) Item 8 (Name and Address of Contractor). For modifications to a contract or order, enter the contractor's name, address, and code as shown in the original contract or order, unless changed by this or a previous modification.

(e) Items 9, (Amendment of Solicitation No. -- Dated, and 10, (Modification of Contract/Order No. -- Dated). Check the appropriate box and in the corresponding blanks insert the number and date of the original solicitation, contract, or order.

(f) Item 12 (Accounting and Appropriation Data). When appropriate, indicate the impact of the modification on each affected accounting classification by inserting one of the following entries:

(1) Accounting classification
Net increase \$.....

(2) Accounting Classification
Net decrease \$.....

NOTE: If there are changes to multiple accounting classifications that cannot be placed in block 12, insert an asterisk and the words "See continuation sheet."

(g) Item 13. Check the appropriate box to indicate the type of modification. Insert in the corresponding blank the authority under which the modification is issued. Check whether or not contractor must sign this document. (See FAR 43.103.)

(h) Item 14 (Description of Amendment/Modification).

(1) Organize amendments or modifications under the appropriate Uniform Contract Format (UCF) section headings from the applicable solicitation or contract. The UCF table of contents, however, shall not be set forth in this document.

(2) Indicate the impact of the modification on the overall total contract price by inserting one of the following entries:

(i) Total contract price increased by \$.....

(ii) Total contract price decreased by \$.....

(iii) Total contract price unchanged.

(3) State reason for modification.

(4) When removing, reinstating, or adding funds, identify the contract items and accounting classifications.

(5) When the SF30 is used to reflect a determination by the contracting officer of the amount due in settlement of a contract terminated for the convenience of the Government, the entry in Item 14 of the modification may be limited to —

(i) A reference to the letter determination; and

(ii) A statement of the net amount determined to be due in settlement of the contract.

(6) Include subject matter or short title of solicitation/contract where feasible.

(i) Item 16B. The contracting officer's signature not required on solicitation amendments. The contracting officer's signature is normally affixed last on supplemental agreements.



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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 8, 2018

SUBJECT:

THIRD PARTY COMPASS CARD AND TRANSIT PASS SALES – AMENDED
AGREEMENT WITH BRICEHOUSE STATION, LLC

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute Amendment No. 2 to MTS Doc. No. G1767.0-15, (in substantially the same format as Attachment A) with BriceHouse Station, LLC for the sale of MTS and North County Transit District (NCTD) Compass Card passes at three locations operated by BriceHouse Station, LLC for three (3) additional years.

Budget Impact

The aggregate expense will increase by \$49,500, from the previous contract total of \$66,000 to a new total of \$115,500. This project will be funded through the Compass Card Regional Budget (530010-571140).

Based on historical data, it is expected that this contract will generate approximately \$495,695.23 in annual revenue at an expense of \$16,500 per year.

DISCUSSION:

MTS and NCTD utilize grocery stores and other businesses as its primary third-party outlets for monthly pass sales. These stores include Albertsons and Vons locations, and additional third-party outlets that provide convenience to public transit riders and/or satisfy Title VI requirements. Three of these locations are overseen by BriceHouse Station, LLC at convenience stores located at the El Cajon, Old Town and San Ysidro transit centers.



Compass Card products are sold at each of these locations to provide customers additional convenience. MTS has contracted with BriceHouse Station, LLC to manage the sales at these locations. This contract expires on November 15, 2018 and MTS recommends issuing an extension for continued service.

This contract extension allows BriceHouse Station, LLC to continue to manage the sale of Compass Card products until the next generation fare collection system is implemented throughout the MTS service territory.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. G1767.2-15, (in substantially the same format as Attachment A) with BriceHouse Station, LLC for the provision of selling MTS and NCTD Compass Card passes at three locations operated by BriceHouse Station, LLC for three (3) additional years.

/s/ Paul C. Jablonski

Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Draft MTS Doc. No. G1767.2-15



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

November 8, 2018

MTS DOC NO. G1767.2-15

Mr. George Saunders
BriceHouse Station, LLC
P.O. Box 6738
San Diego, CA 92166

Subject: AMENDMENT NO. 2 TO MTS DOC. NO. G1767.0-15; COMPASS CARD OUTLET

This shall serve as Amendment No. 2 to our Agreement for Compass Card sales as further described below.

SCOPE OF SERVICES

There shall be no changes to scope of work of this Agreement.

SCHEDULE

Exercise the option to extend the contract for three (3) years from November 15, 2018 through November 14, 2021.

PAYMENT

As a result of this amendment, the contract amount is increased by \$49,500 (\$1,375 monthly commission per month for 36 months). The new contract total is amended from \$66,000 to \$115,500.

All other conditions remain unchanged. If you agree with the above, please sign below, and return the document marked "Original" to the Contract Specialist at MTS. The other copy is for your records.

Sincerely,

Agreed:

Paul C. Jablonski
Chief Executive Officer

George Saunders
President

Date:

Date:

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

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.





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Agenda Item No. 19

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

AS NEEDED TOWING SERVICES FOR BUSES AND NON-REVENUE VEHICLES
(SDTC AND SDTI) – 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. B0691.0-18 (in substantially the same format as Attachment A) with A to Z Enterprises, Inc.; dba: RoadOne (“RoadOne”) for the provision of towing services for buses and non-revenue vehicles for a three (3) year base period with three (3) 1-year options, exercisable at MTS’s sole discretion (total of six years); and
- 2) Exercise each option year at the CEO’s discretion.

Budget Impact

The total cost shall not exceed \$694,700 (base and option periods). The amount for the base years is \$343,850 (from January 1, 2019 to December 31, 2021) and the optional years is \$350,850 (from January 1, 2022 to December 31, 2024), exercisable at MTS’s sole discretion. The detailed breakdown on the pricing is included in Attachment B. The project will be funded as follows:

| Contract Term | SDTC Towing (funding source: 331014-571250) | | SDTI Towing (funding sources: 650010/370016/360016- 571210) | | Total Amount |
|------------------------|---|-----------------|--|----------------|------------------|
| | A | B | C | D | ALL GROUPS |
| Base Year 1 | \$91,500 | \$13,500 | \$4,500 | \$450 | \$109,950 |
| Base Year 2 | \$97,600 | \$14,400 | \$4,500 | \$450 | \$116,950 |
| Base Year 3 | \$97,600 | \$14,400 | \$4,500 | \$450 | \$116,950 |
| Subtotal (Base) | \$286,700 | \$42,300 | \$13,500 | \$1,350 | \$343,850 |



| | | | | | |
|---------------------------------|-----------|----------|----------|---------|-----------|
| Option Year I (Year 4) | \$97,600 | \$14,400 | \$4,500 | \$450 | \$116,950 |
| Option Year II (Year 5) | \$97,600 | \$14,400 | \$4,500 | \$450 | \$116,950 |
| Option Year III (Year 6) | \$97,600 | \$14,400 | \$4,500 | \$450 | \$116,950 |
| Subtotal (Options) | \$292,800 | \$43,200 | \$13,500 | \$1,350 | \$350,850 |
| Total (SDTC/SDTI) | \$665,000 | | \$29,700 | | |
| Grand Total (Base + Options) | \$694,700 | | | | |

DISCUSSION:

MTS operates a large number of vehicles throughout our service area and, on occasion, these vehicles require towing service. In order to perform this function in a cost effective manner, MTS has determined that it is in the best interest of the agency to contract this service.

On June 15, 2018, staff released a Request for Proposals (RFP) MTS Doc. No. B0691.0-18 to solicit offers from qualified firms for Towing Services for buses and non-revenue vehicles, for both Bus and Rail divisions. A Single proposal was received from RoadOne by the due date of August 8, 2018.

The initial review of the technical proposal showed RoadOne's proposal to be responsive and responsible to the requirements of the solicitation. In compliance with the Federal Transit Administration (FTA) requirements for single proposal, staff conducted a post-proposal survey of potential proposers that chose not to submit a proposal. Based on the responses received, it was determined that the reason for other potential proposers choosing not to submit a proposal was caused by conditions beyond MTS's control.

An evaluation panel was comprised of representatives from Bus Maintenance and Finance departments. The proposal was evaluated based on the following (technical and cost) factors based on the following criterion:

1. Qualifications and Experience of Firm or Individual
2. Equipment and Facilities
3. Proposed Methodology and Work Plan
4. Cost/Price

MTS used an evaluation scale system for rating the contractor proposal against the evaluation factors identified above.

Based on the panel's evaluation of the technical proposal, negotiations and assessment of price, MTS staff has determined that RoadOne provided a very competitive proposal that meets MTS's requirements as outlined in the RFP. A cost analysis was performed by comparing RoadOne's proposed pricing with other agencies and MTS's past purchase history, which was the basis for determining that RoadOne's pricing is fair and reasonable. Staff was also able to reduce the cost by \$47,500 from the original price of \$742,500 to a revised price of \$694,700.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. B0691.0-18 (in substantially the same format as Attachment A) with A to Z Enterprises, Inc., dba: RoadOne for the provision of towing services for buses and non-revenue vehicles for a three (3) year base period with three (3) 1-year options, exercisable at MTS's sole discretion; and exercise each option year at the CEO's discretion.

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

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

Attachment: A. Draft MTS Doc. No. B0691.0-18
B. Price Breakdown

DRAFT
STANDARD SERVICES AGREEMENT
FOR
TOWING SERVICES FOR BUSES
& NON-REVENUE VEHICLES

B0691.0-18
 CONTRACT NUMBER

THIS AGREEMENT is entered into this _____ day of _____, 2018, 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: A to Z Enterprises, Inc. dba: RoadOne Address: 9150 Chesapeake Dr. Suite 240

Form of Business: Corporation San Diego, CA 92123

(Corporation, partnership, sole proprietor, etc.)

Telephone: 858-573-1606 Email Address: _____
brad.ramsey@roadonewest.com

Authorized person to sign contracts: Brad Ramsey 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:

Towing Services for Buses & Non-Revenue Vehicles as specified in the Scopes of Work - Groups A and B: SDTC and Groups C and D: SDTI (attached as Exhibit A), in accordance with the Standard Conditions Services (attached as Exhibit B), Federal Requirements (attached as Exhibit C), A to Z Enterprises, Inc. dba: RoadOne's Proposal (attached as Exhibit D), and Signed MTS forms – A to Z Enterprises, Inc., dba: Roadone (attached as Exhibit E).

The contract term is for up to a six (6) year period (3-year base with three 1-year options, exercisable at MTS' sole discretion. The Base period shall be effective January 1, 2019 through December 31, 2021, and the Option period shall be effective January 1, 2022 through December 31, 2024. Payment terms shall be net 30 days from invoice date.

The total cost of the Base period shall be in the amount of \$343,850, and the total cost for the Option period shall be in the amount of \$350,850. The total contract value shall not to exceed \$694,700 without the express written consent of MTS as reflected below:

| Contract Term | SDTC Towing (funding source: 331014-571250) | | SDTI Towing (funding sources: 650010/370016/360016- 571210) | | Total Amount |
|---------------------------------|---|----------|--|---------|--------------|
| GROUPS: | A | B | C | D | ALL GROUPS |
| Base Year 1 | \$91,500 | \$13,500 | \$4,500 | \$450 | \$109,950 |
| Base Year 2 | \$97,600 | \$14,400 | \$4,500 | \$450 | \$116,950 |
| Base Year 3 | \$97,600 | \$14,400 | \$4,500 | \$450 | \$116,950 |
| Subtotal (Base) | \$286,700 | \$42,300 | \$13,500 | \$1,350 | \$343,850 |
| Option Year I (Year 4) | \$97,600 | \$14,400 | \$4,500 | \$450 | \$116,950 |
| Option Year II (Year 5) | \$97,600 | \$14,400 | \$4,500 | \$450 | \$116,950 |
| Option Year III (Year 6) | \$97,600 | \$14,400 | \$4,500 | \$450 | \$116,950 |
| Subtotal (Options) | \$292,800 | \$43,200 | \$13,500 | \$1,350 | \$350,850 |
| Total (SDTC/SDTI) | \$665,000 | | \$29,700 | | |
| Grand Total (Base + Options) | \$694,700 | | | | |

| 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 |
| \$ 343,850 - Base | |
| \$ 350,850 - Options | |
| \$ 694,700 - Total | SDTC: 331014-571250 / SDTI: 650010/370016/360016-571210 |
| | FY19-24 |

By: _____
 Chief Financial Officer

Date _____

(____ total pages, each bearing contract number)

SA-SERVICES (REV 2/22/2017)

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

COST SUMMARY (BASED ON REVISED PROPOSAL 2)

| | | ROADONE | | | | | | | | | | | | | | | | | |
|----------|---|---------------------------------|------------|--------------|---------------------------------|------------|--------------|---------------------------------|------------|--------------|---|------------|--------------|--|------------|--------------|---|------------|--------------|
| GROUP A | | BASE YEAR 1 (1/1/19 - 12/31/19) | | | BASE YEAR 2 (1/1/20 - 12/31/20) | | | BASE YEAR 3 (1/1/21 - 12/31/21) | | | OPTION YR I (YR 4) (1/1/22-12/31/22) | | | OPTION YR II (YR 5) (1/1/23-12/31/23) | | | OPTION YR III (YR 6) (1/1/24-12/31/24) | | |
| # | Description | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price |
| 1 | Flat Rate 35' and 40' Buses or Heavy Truck on Trailer | 150 | \$ 280.00 | \$ 42,000.00 | 160 | \$ 280.00 | \$ 44,800.00 | 160 | \$ 280.00 | \$ 44,800.00 | 160 | \$ 280.00 | \$ 44,800.00 | 160 | \$ 280.00 | \$ 44,800.00 | 160 | \$ 280.00 | \$ 44,800.00 |
| 2 | Flat Rate Level Towing of 60' Articulated Buses | 150 | \$ 330.00 | \$ 49,500.00 | 160 | \$ 330.00 | \$ 52,800.00 | 160 | \$ 330.00 | \$ 52,800.00 | 160 | \$ 330.00 | \$ 52,800.00 | 160 | \$ 330.00 | \$ 52,800.00 | 160 | \$ 330.00 | \$ 52,800.00 |
| Subtotal | | | | \$ 91,500.00 | | | \$ 97,600.00 | | | \$ 97,600.00 | | | \$ 97,600.00 | | | \$ 97,600.00 | | | \$ 97,600.00 |

| GROUP B - SDTC | | BASE YEAR 1 (1/1/19 - 12/31/19) | | | BASE YEAR 2 (1/1/20 - 12/31/20) | | | BASE YEAR 3 (1/1/21 - 12/31/21) | | | OPTION YR I (YR 4) (1/1/22-12/31/22) | | | OPTION YR II (YR 5) (1/1/23-12/31/23) | | | OPTION YR III (YR 6) (1/1/24-12/31/24) | | |
|----------------|---|---------------------------------|------------|--------------|---------------------------------|------------|--------------|---------------------------------|------------|--------------|---|--------------|--------------|--|------------|--------------|---|------------|--------------|
| # | Description | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price |
| 1 | Flat Rate Autos, Medium & Light Duty Trucks | 150 | \$ 90.00 | \$ 13,500.00 | 160 | \$ 90.00 | \$ 14,400.00 | 160 | \$ 90.00 | \$ 14,400.00 | 160 | \$ 90.00 | \$ 14,400.00 | 160 | \$ 90.00 | \$ 14,400.00 | 160 | \$ 90.00 | \$ 14,400.00 |
| Subtotal | | | | \$ 13,500.00 | | | | \$ 14,400.00 | | | | \$ 14,400.00 | | | | \$ 14,400.00 | | | |

| GROUP C - SDTI (Swing Loader, Hi-Rail Trucks/Heavy-Duty Trucks) | | BASE YEAR 1 (1/1/19 - 12/31/19) | | | BASE YEAR 2 (1/1/20 - 12/31/20) | | | BASE YEAR 3 (1/1/21 - 12/31/21) | | | OPTION YR I (YR 4) (1/1/22-12/31/22) | | | OPTION YR II (YR 5) (1/1/23-12/31/23) | | | OPTION YR III (YR 6) (1/1/24-12/31/24) | | |
|--|--------------------------|---------------------------------|------------|-------------|---------------------------------|------------|-------------|---------------------------------|------------|-------------|---|-------------|-------------|--|------------|-------------|---|------------|-------------|
| # | Description | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price |
| 1 | Swing Loader | 3 | \$ 450.00 | \$ 1,350.00 | 3 | \$ 450.00 | \$ 1,350.00 | 3 | \$ 450.00 | \$ 1,350.00 | 3 | \$ 450.00 | \$ 1,350.00 | 3 | \$ 450.00 | \$ 1,350.00 | 3 | \$ 450.00 | \$ 1,350.00 |
| 2 | Hi-Rail Bucket Truck | 5 | \$ 450.00 | \$ 2,250.00 | 5 | \$ 450.00 | \$ 2,250.00 | 5 | \$ 450.00 | \$ 2,250.00 | 5 | \$ 450.00 | \$ 2,250.00 | 5 | \$ 450.00 | \$ 2,250.00 | 5 | \$ 450.00 | \$ 2,250.00 |
| 3 | Re-Rail (Hi-Rail) Trucks | 2 | \$ 450.00 | \$ 900.00 | 2 | \$ 450.00 | \$ 900.00 | 2 | \$ 450.00 | \$ 900.00 | 2 | \$ 450.00 | \$ 900.00 | 2 | \$ 450.00 | \$ 900.00 | 2 | \$ 450.00 | \$ 900.00 |
| Subtotal | | | | \$ 4,500.00 | | | | \$ 4,500.00 | | | | \$ 4,500.00 | | | | \$ 4,500.00 | | | |

| GROUP D - SDTI | | BASE YEAR 1 (1/1/19 - 12/31/19) | | | BASE YEAR 2 (1/1/20 - 12/31/20) | | | BASE YEAR 3 (1/1/21 - 12/31/21) | | | OPTION YR I (YR 4) (1/1/22-12/31/22) | | | OPTION YR II (YR 5) (1/1/23-12/31/23) | | | OPTION YR III (YR 6) (1/1/24-12/31/24) | | |
|----------------|--|---------------------------------|------------|------------|---------------------------------|------------|------------|---------------------------------|------------|------------|---|------------|------------|--|------------|------------|---|------------|------------|
| # | Description | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price | Est. Annual Qty | Unit Price | Ext. Price |
| 1 | Flat Rate Autos, Medium & Light/Medium-Duty Trucks | 5 | \$ 90.00 | \$ 450.00 | 5 | \$ 90.00 | \$ 450.00 | 5 | \$ 90.00 | \$ 450.00 | 5 | \$ 90.00 | \$ 450.00 | 5 | \$ 90.00 | \$ 450.00 | 5 | \$ 90.00 | \$ 450.00 |
| Subtotal | | | | \$ 450.00 | | | | \$ 450.00 | | | | \$ 450.00 | | | | \$ 450.00 | | | |

Note: MTS's estimated average annual quantity is provided as an approximate guideline only. Actual usage may be more or less than estimated. MTS reserves the right to increase or decrease usage and hold or postpone any work related to the above line items based on operational needs and funding availability. All unit price shall firm fixed price and all inclusive, to be considered responsive. Unit price for each item, for each year of the Agreement, shall be fixed as Awarded with no escalation, unless otherwise authorized in writing by MTS.



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Agenda Item No. 30

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

FISCAL YEAR 2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT (ERIN DUNN
AND LARRY MARINESI; KEN PUN AND GARY CAPORICCI 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 2018 CAFR and discuss the FY 2018 Audit.

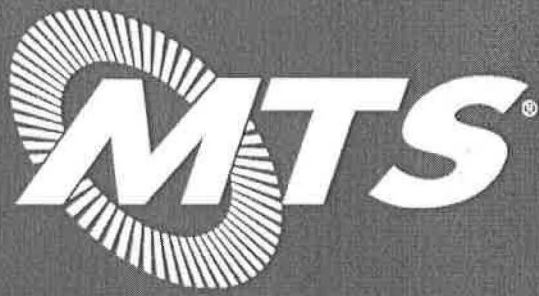
A draft of the FY 2018 CAFR was presented to the Audit Oversight Committee on November 1, 2018 as well as a review of the FY 2018 Independent Audit by Ken Pun and Gary Caporicci from The Pun Group. During the presentation, it was noted that they are issuing an "Unmodified Opinion" and that our financial 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

Attachment: A. FY18 Comprehensive Annual Financial Report (Board Only Due to Volume)

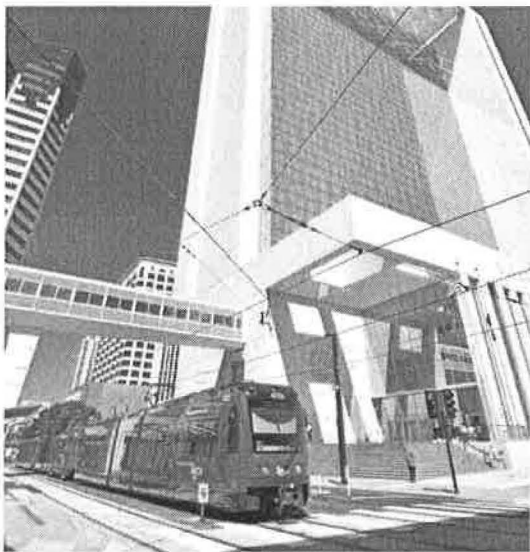




COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the Fiscal Year Ended
June 30, 2018

San Diego, California



San Diego Metropolitan Transit System

San Diego Metropolitan Transit System

San Diego, California

***Comprehensive Annual Financial Report
and Independent Auditors' Report***

For the Year Ended June 30, 2018

PREPARED BY SAN DIEGO METROPOLITAN TRANSIT SYSTEM
FINANCE DEPARTMENT

San Diego Metropolitan Transit System

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San Diego Metropolitan Transit System

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INTRODUCTORY SECTION

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Metropolitan Transit System

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 year ended June 30, 2018 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 year ended June 30, 2018 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 year ended June 30, 2018 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 was also 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.

1255 Imperial Avenue, Suite 1000, San Diego, CA 92101-7490 • www.sdmts.com



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

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 ten 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 Courthouse station through Centre City and then east to El Cajon, and the Sycuan 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 270 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 74 fixed-route bus lines and paratransit services with an active fleet of 527 buses. The contracts require full operation and maintenance of the bus services. Contract services are accounted for in the MTS - 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. In September 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 City of San Diego (the Mayor of San Diego and three San Diego City Council Members), two appointed from the City of Chula Vista (the Mayor of Chula Vista and a Chula Vista City Council Member), one appointed from each City Council of Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee, and one appointed from the San Diego County Board of Supervisors.

ECONOMIC CONDITION AND OUTLOOK

San Diego region's economy is geared toward continued prosperity in 2018. Industries projected to lead the region's growth are PST Services, Manufacturing and Construction. San Diego's gross domestic product (GDP), the total value of the region's economy, soared to \$223.0 billion in 2016 compared to the \$211.8 billion earned in 2015, and is forecasted to grow 2.8 percent in 2018. Unemployment is projected to remain between 3.0 and 3.5 percent during most of the year, 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 eighth consecutive year, MTS is currently in the third year of ridership declines, with overall passenger levels down by almost 12% 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 FY18 amended budget and the FY19 operating budget. MTS still has a contingency reserve balance of 12.5% of the operating budget at its disposal.

Major Initiatives

MTS has been addressing this 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. The changes are intended to attract new riders to the system by optimizing and reallocating services to areas of the greatest need. The changes will include an additional \$2 million of funding to provide more efficient and effective service, and have been implemented throughout calendar year 2018.

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 developed a Concept of Operations (ConOps), completed in summer of 2017, which reviewed the current system components and contract terms, produced detailed system requirements for the new system (E.g. 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. In January 2018, MTS received responses from eight firms about their abilities to build the new fare system based on the ConOps. MTS staff, along with our consultant CH2M, then deemed seven of these firms qualified to build the system MTS envisions. Staff issued a Request for Proposals in March 2018, and upon review of these proposals this summer and negotiations of scope and price shortly after, staff anticipates a contract to be awarded in November 2018 to build our next fare 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. Beginning in May 2018, discounted fares for Senior, Disabled, and Medicare recipients (collectively called S/D/M) and Youth (ages 6-18) were made available on the Compass Cloud mobile ticketing app. Introduced in March 2017, Compass Cloud is the region's anytime, anywhere, mobile ticketing solution for San Diego transit riders. There are now more than 100,000 account holders. MTS also conducted a successful pilot with UC San Diego (UCSD) to put the student U-Pass on the Compass Cloud mobile ticketing app. This "portal" functionality allows MTS to make available this mobile functionality to all UCSD students. Additionally, in April 2018, UCSD students approved a referendum to extend the U-Pass agreement with MTS for an additional six years through 2025. The referendum achieved a 72% approval. The fee was increased to an average of \$45.69 per quarter (from \$37.50) to cover anticipated ridership increases induced by the completion of the Mid-Coast Trolley extension and enrollment increases.

MTS has also expanded the customer facilities in its service area. MTS opened its first new Trolley station since 2005 – the Courthouse Station in downtown San Diego. The Courthouse Station will be the new downtown terminus for the Orange Line, which runs from El Cajon to downtown San Diego and serves approximately nine million passengers annually. The Courthouse Station is located on the south side of C Street, between State and Union streets. It will provide convenient Trolley access for downtown's growing community, and is adjacent to the new State Superior Court Building that will have 1.2 million people passing through its doors each year. To help pay for construction, MTS was awarded a TIRCP competitive grant. MTS's application was one of only 14 projects in the state funded by the State of California's 2015 and 2016 cap-and-trade budget and will also help fund the purchase of eight new light rail vehicles to increase capacity on the Trolley system. MTS's first-ever freeway-level transit stations, the Mid-City Centerline Rapid Transit Stations, were built by SANDAG and Caltrans to serve Rapid 235 along State Route 15 at University Avenue and El Cajon Boulevard. In addition to the stations, a new 2.5-mile segment of transit-only lanes (MTS bus only dedicated lanes) were built within the existing SR-15 median from just north of Interstate 805 to just south of Interstate 8.

To help offset the declining passenger fare revenues, MTS continues to maximize non-fare operating revenues. MTS reached an agreement with Sycuan Casino that will generate up to \$25.5 million in non-fare revenue for MTS operations over a 30-year term. The 24-mile Green Line serves as an attractive area for Sycuan to promote their brand along the high visibility assets of Interstate 8. The MTS Marketing Department will incorporate the Sycuan Green Line name to all MTS materials. This is in addition to the UC San Diego Blue Line naming rights partnership that will generate about \$36 million over its 30-year term. MTS is in the third year of that partnership. MTS continues to seek naming rights for its other assets, including the Orange Line, Rapid services and Trolley Stations. MTS also entered a new agreement with Clear Channel Outdoor to install, at no cost to MTS, digital advertising panels at up to 30 locations in the City of San Diego that will enable electronic advertising to be pushed out remotely. The new contract calls for an increase in the minimum annual guarantee paid to MTS from \$9.5 million to \$11.75 million over the 10-year extension. Clear Channel Outdoor was selected as the vendor for management of vehicle advertising on MTS's fleet of buses and trolleys. Clear Channel Outdoor will generate a minimum of \$9.8 million of non-fare revenue for MTS over the next 10 years, which could grow to as much as \$15 million based on projected sales volumes.

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 \$900 million of funding spent on Capital. MTS and SANDAG completed the rehabilitation of the UC San Diego Blue Line and 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 \$61M has already been saved towards SD100 LRVs as they approach the end of their useful lives. MTS has committed \$82 million for CIP in FY19, funding 40 projects focused on fleet replacement, maintaining a state of good repair, and a number of rehabilitation projects along the Orange Line.

MTS conducted an agency-wide review of its capital needs for the next 20-years. Each department reviewed the assets for their areas and submitted projects to address the anticipated investment required to keep all MTS infrastructure in a state of good repair. The total project needs over the twenty-year term are projected to be just under \$2 billion, with recurring funding expected to total \$1.4 billion, resulting in a \$632 million funding deficit. Efforts to minimize the funding deficit will be a top priority of staff in the coming years.

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. In November 2016, MTS submitted an order to Siemens to build 45 new S70 light rail vehicles, of which the first 4 have been received. These new vehicles have a redesigned middle section to improve passenger flow, greater wheelchair accessibility and bicycle storage. MTS will utilize 36 of the 45 new LRVs on the Mid-Coast Trolley expansion. The additional nine vehicles will be used to increase frequency on the UC San Diego Blue and Orange lines.

AWARDS AND ACKNOWLEDGMENTS

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, 2017. This was the twelfth consecutive year and the twenty second 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 01, 2018

San Diego Metropolitan Transit System

Listing of Board of Directors and Management

BOARD OF DIRECTORS

| Members | Board position (elected position) |
|-----------------|--|
| Georgette Gómez | Chair, since 1/18; Board Member since 1/17 |
| Mona Rios | Vice Chair since 1/18; Board Member since 9/11 (Councilmember, National City) |
| 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) |
| Mike Diaz | Board Member, since 1/18 (Councilmember, City of Chula Vista) |
| Kevin Faulconer | Board Member, since 1/18 (Mayor, 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) |
| John Mullin | Board Member, since 5/18 (Councilmember, City of Poway) |
| Ron Roberts | Board Member since 11/89 (Supervisor, County Board of Supervisors) |
| Mary Salas | Chair Pro Tem, since 1/17, Board Member, since 2/13 (Mayor, City of Chula Vista) |
| Bill Sandke | Board Member, since 1/17 (Councilmember, City of Coronado) |

BOARD COMMITTEE MEMBERSHIP

| Executive Committee | Accessible Services Advisory Committee | Airport Authority Advisory Committee | Public Security Committee |
|--------------------------------------|---|---|---------------------------------------|
| Georgette Gómez, Chair | Lorie Bragg, Chair | Bill Sandke | Myrtle Cole |
| David Arambula | | | Mike Diaz |
| Myrtle Cole | | | Ron Hall |
| Guy McWhirter | | | Guy McWhirter |
| Mona Rios | | | Bill Sandke |
| Ron Roberts | | | |
| Audit Oversight Committee | Budget Development Committee | Los Angeles-San Diego Rail Corridor Agency | Taxicab Advisory Committee |
| Ernie Ewin, Chair | Mary Salas, Chair | Lorie Bragg | Lorie Zapf |
| David Arambula | David Alvarez | | |
| Myrtle Cole | Georgette Gómez | | |
| Georgette Gómez | Bob McClellan | | |
| Guy McWhirter | Ron Roberts | | |
| Mona Rios | | | |
| Ron Roberts | | | |
| SANDAG Board | SANDAG Regional Planning Committee | SANDAG Transportation Committee | |
| Mona Rios | Ronn Hall | David Arambula | |

San Diego Metropolitan Transit System

Listing of Board of Directors and Management

MTS MANAGEMENT

Staff

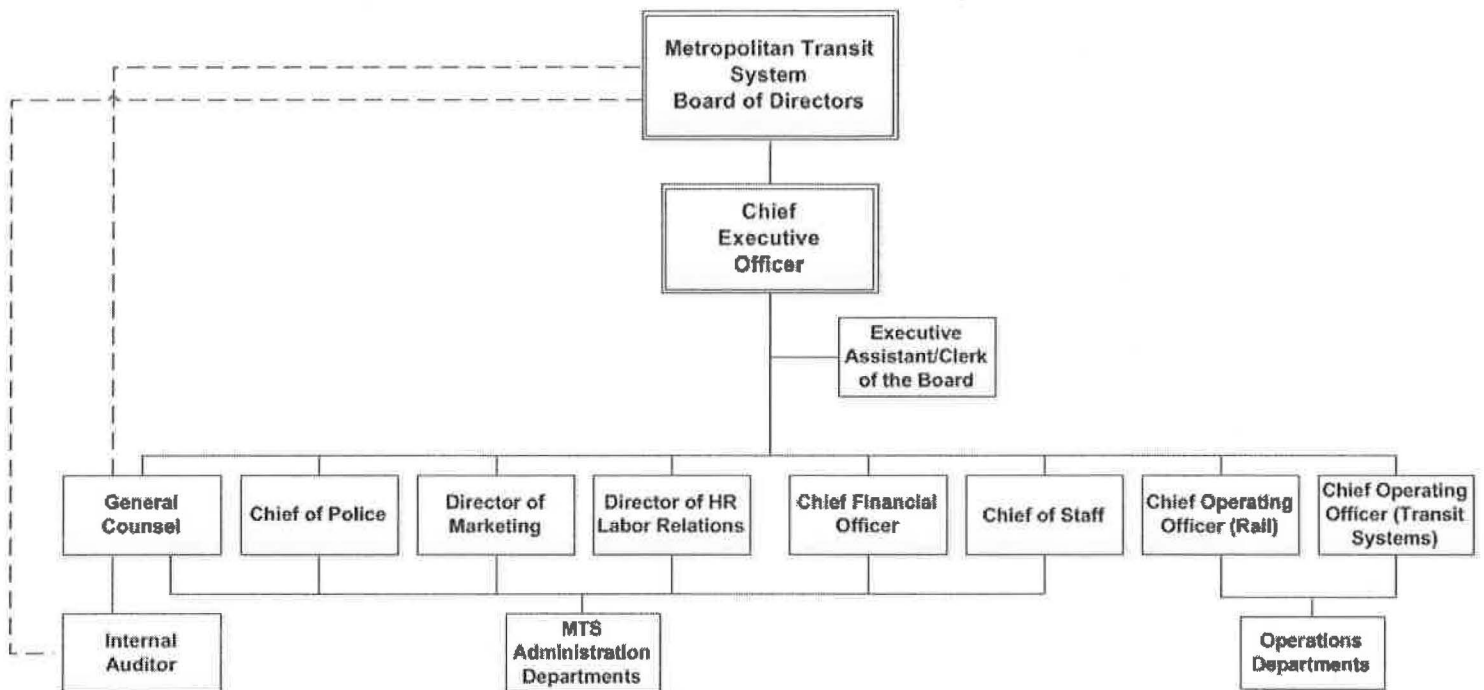
Paul Jablonski
Sharon Cooney
Karen Landers
Larry Marinesi
William Spraul
E. Wayne Terry
Robert Schupp
Jeff Stumbo
Manuel Guaderrama

Position

Chief Executive Officer
Chief of Staff
General Counsel
Chief Financial Officer
Chief Operating Officer, Transit Systems
Chief Operating Officer, Rail
Director, Marketing and Communications
Director, Human Resources and Labor Relations
Chief of Police

San Diego Metropolitan Transit System

Executive Level Organization Chart



San Diego Metropolitan Transit System

Certificate of Achievement for Excellence in Financial Reporting – GFOA



Government Finance Officers Association

**Certificate of
Achievement
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in Financial
Reporting**

Presented to

**San Diego Metropolitan Transit System
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
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 statement of net position as of June 30, 2018 and the related statements of revenues, expenses and changes in net position, and cash flows for the year 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 audit. We conducted our audit 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. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2018, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 12 to the financial statements, in 2018, MTS adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of this statement requires retrospective application of previously reported net position at July 1, 2017 as described in Note 14 to the basic financial statements. In addition, Total OPEB Liability is reported in the Statement of Net Position in the amount of \$45,396,829 as of June 30, 2017, the measurement date. This Total OPEB Liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2018. Our opinion is not modified with respect to this matter.

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 and Related Ratio, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of Contributions – Pension Plans, and Schedules of Changes in Total OPEB Liability and Related Ratios 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 audit was 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.

To the Board of Directors
San Diego Metropolitan Transit System
San Diego, California
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 01, 2018, 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, California
November 01, 2018

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San Diego Metropolitan Transit System

Management's Discussion and Analysis

June 30, 2018

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 year ended June 30, 2018. This information should be used in conjunction with the Letter of Transmittal, which can be found on pages i through vi of this report.

Financial Highlights

- Net position, as reported in the statement of net position, totaled \$1,735 million as of June 30, 2018 and \$1,724 million as of June 30, 2017. Of this amount, \$(65) million was the unrestricted deficit as of June 30, 2018 and \$(20) million was the unrestricted deficit as of June 30, 2017. Total net position increased by \$11 million in the current year. The current year increase is attributable to an increase in federal revenue, State Transit Assistance (STA) funding and contributed capital, partially offset by increased operating expenses and decreases in other state revenue funding.
- For the year ended June 30, 2018, 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 33.33% compared to 36.14% for the year ended June 30, 2017. The current year decrease is primarily due to an increase in personnel costs and a 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).

San Diego Metropolitan Transit System
Management's Discussion and Analysis (Continued)
June 30, 2018

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.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning MTS's net pension liability and net other post-employment benefits liability for 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 \$1,735 million at the close of the most recent fiscal year and \$1,724 million at the end of FY2017.

The largest portion of MTS's net position reflects the investment in capital assets, net of accumulated depreciation and 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 construction-in-progress totaling \$53 million, of which the largest projects are the procurement of 45 new Siemens SD8 Light Rail Vehicles (LRVs) and the Courthouse trolley station, at \$12.8 and \$12.4 million respectively. Prior year construction-in-progress totaled \$36 million, of which the largest projects were 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 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 FY2018, MTS transferred completed projects worth \$51 million to SDTC, SDTI and Other MTS - Contracted Services compared to \$59 million in FY2017.

The balance in the unrestricted component of net position decreased by \$(45.7) million during the current year and increased \$12 million in the prior year. Total assets increased by \$49 million primarily due to capital assets increasing by \$46 million. In FY2017, total assets decreased by \$13 million. In the current fiscal year, total liabilities increased by \$26 million primarily due to the increase in total OPEB liability of \$27 million. In the previous year, total liabilities increased by \$38 million.

| | 2018 | 2017 | \$ Change |
|-----------------------------------|------------------|------------------|---------------|
| Current and other assets | \$ 215,737,517 | \$ 212,694,682 | \$ 3,042,835 |
| Capital assets | 1,787,009,020 | 1,741,107,404 | 45,901,616 |
| Total assets | 2,002,746,537 | 1,953,802,086 | 48,944,451 |
| Deferred outflows of resources | 61,966,235 | 70,889,473 | (8,923,238) |
| Current and other liabilities | 57,240,387 | 58,940,833 | (1,700,446) |
| Long-term liabilities outstanding | 256,544,202 | 228,646,665 | 27,897,537 |
| Total liabilities | 313,784,589 | 287,587,498 | 26,197,091 |
| Deferred inflows of resources | 15,981,871 | 12,919,118 | 3,062,753 |
| Net position: | | | |
| Net investment in capital assets | 1,785,807,650 | 1,739,359,691 | 46,447,959 |
| Restricted | 14,447,013 | 4,440,262 | 10,006,751 |
| Unrestricted (deficit) | (65,308,351) | (19,615,010) | (45,693,341) |
| Total net position | \$ 1,734,946,312 | \$ 1,724,184,943 | \$ 10,761,369 |

San Diego Metropolitan Transit System
Management's Discussion and Analysis (Continued)
June 30, 2018

Decreases in operating revenue are attributable to a decrease in passenger revenue of \$3 million, a decrease in Compressed Natural Gas (CNG) credits totaling \$800 thousand, and a real estate transaction in FY2017 for \$900 thousand. Variances between FY2018 and FY2017 nonoperating revenues are attributable to significant increases in Federal and State Transit Assistance revenue, partially offset by a decrease in other state revenues. The current year increase in operating expenses is attributable to an increase in personnel costs and outside services.

| | 2018 | 2017 | \$ Change |
|---|-------------------------|-------------------------|----------------------|
| Revenues: | | | |
| Operating revenues: | | | |
| Passenger revenue | \$ 90,235,809 | \$ 93,279,455 | \$ (3,043,646) |
| Other operating revenue | 18,535,281 | 20,241,852 | (1,706,571) |
| Nonoperating revenues: | | | |
| Federal revenue | 86,930,893 | 72,404,730 | 14,526,163 |
| Transportation Development Act | 94,111,445 | 94,915,733 | (804,288) |
| State Transit Assistance | 21,680,915 | 12,918,834 | 8,762,081 |
| State revenue - other | 4,886,993 | 14,183,196 | (9,296,203) |
| TransNet funds | 40,195,362 | 37,270,235 | 2,925,127 |
| Other nonoperating revenue | 5,623,649 | 2,114,713 | 3,508,936 |
| Total revenues | <u>362,200,347</u> | <u>347,328,748</u> | <u>14,871,599</u> |
| Expenses: | | | |
| Operating expenses | 423,132,790 | 407,991,373 | 15,141,417 |
| Nonoperating expenses | 809,318 | 962,775 | (153,457) |
| Total expenses | <u>423,942,108</u> | <u>408,954,148</u> | <u>14,987,960</u> |
| Increase (Decrease) in net position before capital contributions | (61,741,761) | (61,625,400) | (116,361) |
| Capital contributions | <u>99,550,659</u> | <u>48,301,025</u> | <u>51,249,634</u> |
| Increase (decrease) in net position | 37,808,898 | (13,324,375) | 51,133,273 |
| Net position: | | | |
| Beginning of year, as previously reported | 1,724,184,943 | 1,737,509,318 | (13,324,375) |
| Restatements due to implementation of GASB 75 | (27,047,529) | - | (27,047,529) |
| Beginning of year, as restated | <u>1,697,137,414</u> | <u>1,737,509,318</u> | <u>(40,371,904)</u> |
| End of year | <u>\$ 1,734,946,312</u> | <u>\$ 1,724,184,943</u> | <u>\$ 10,761,369</u> |

San Diego Metropolitan Transit System
Management's Discussion and Analysis (Continued)
June 30, 2018

Capital Asset and Debt Administration

Capital assets. MTS's investment in capital assets net of accumulated depreciation as of June 30, 2018 and 2017 amounted to \$1,787 million and \$1,741 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 FY2018, 92 buses were placed into service for a total cost of \$52 million.
- MTS completed construction on a new East County Bus Maintenance Facility at a total cost of \$6 million.
- Completed capital projects totaling \$100 million (primarily passenger stations and buses) were transferred from SANDAG to MTS and its component units during FY2018.

CAPITAL ASSETS
(Net of Accumulated Depreciation)

| | <u>2018</u> | <u>2017</u> |
|--------------------------|-------------------------|-------------------------|
| Land | \$ 256,922,883 | \$ 256,922,883 |
| Buildings | 996,361,733 | 968,444,183 |
| Vehicles | 432,560,716 | 426,479,686 |
| Equipment & other | 48,553,881 | 53,087,922 |
| Construction-in-progress | <u>52,609,807</u> | <u>36,172,730</u> |
| Total | <u>\$ 1,787,009,020</u> | <u>\$ 1,741,107,404</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 \$1.1 million. In addition, MTS has one finance obligation outstanding relating to Pension Obligation Bonds issued in fiscal year 2005 for a total obligation of \$15.3 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 2018, the same rating that was received in 2016. 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 or direct inquiries to the Controller, MTS, 1255 Imperial Avenue, Suite 1000, San Diego, CA 92101.

BASIC FINANCIAL STATEMENTS

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San Diego Metropolitan Transit System
Statement of Net Position
June 30, 2018

ASSETS

Current assets:

| | |
|--|--------------------|
| Cash and cash equivalents | \$ 84,588,129 |
| Cash restricted for capital support | 17,246,933 |
| Accounts and other receivables | 9,431,211 |
| Due from other governments | 82,572,920 |
| Inventory | 18,246,303 |
| Prepaid items and other current assets | 3,652,021 |
| Total current assets | <u>215,737,517</u> |

Noncurrent assets:

| | |
|---|----------------------|
| Capital assets, net of accumulated depreciation | 1,787,009,020 |
| Total noncurrent assets | <u>1,787,009,020</u> |
| Total assets | <u>2,002,746,537</u> |

DEFERRED OUTFLOWS OF RESOURCES

Pension related deferred outflows of resources

| | |
|--|-------------------|
| Contributions made after measurement date | 18,722,293 |
| Differences between projected and actual investment earnings | 20,179,460 |
| Differences between expected and actual experience | 1,038,158 |
| Changes in employer's proportion | 1,162,548 |
| Differences between employer contributions and proportionate share | 597,880 |
| Changes in assumption | 18,972,003 |
| Total pension related deferred outflows of resources | <u>60,672,342</u> |

OPEB related deferred outflows of resources

| | |
|---|-------------------|
| Contributions made after measurement date | 1,293,893 |
| Total deferred outflows of resources | <u>61,966,235</u> |

San Diego Metropolitan Transit System
Statement of Net Position (Continued)
June 30, 2018

LIABILITIES

Current liabilities:

| | |
|---|-------------------|
| Accounts payable | 18,584,841 |
| Due to other governments | 8,574,860 |
| Unearned revenue | 9,419,707 |
| Accrued expenses | 2,990,766 |
| Retentions payable | 290,779 |
| Retentions payable from restricted assets | 2,799,920 |
| Due within one year | |
| Compensated absences | 6,179,497 |
| Accrued damage, injury, and employee claims | 5,261,820 |
| Long-term debt, current portion | 3,138,197 |
| Total current liabilities | <u>57,240,387</u> |

Noncurrent liabilities:

| | |
|---|--------------------|
| Due in more than one year: | |
| Compensated absences | 4,574,257 |
| Accrued damage, injury, and employee claims | 12,028,332 |
| Long-term debt | 13,273,072 |
| Aggregate net pension liability | 181,271,712 |
| Aggregate total OPEB liability | 45,396,829 |
| Total noncurrent liabilities | <u>256,544,202</u> |
| Total liabilities | <u>313,784,589</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|--|-------------------|
| Deferred gain on debt refunding related to capital assets | <u>130,101</u> |
| Pension related deferred inflows of resources | |
| Differences between projected and actual investment earnings | 7,678,722 |
| Differences between expected and actual experience | 3,480,013 |
| Changes in employer's proportion | 166,559 |
| Changes in assumptions | 1,167,117 |
| Total pension related deferred inflows of resources | <u>12,492,411</u> |
| OPEB related deferred inflows of resources | |
| Changes in assumptions | <u>3,359,359</u> |
| Total deferred inflows of resources | <u>15,981,871</u> |

NET POSITION

| | |
|----------------------------------|--------------------------------|
| Net investment in capital assets | 1,785,807,650 |
| Restricted for capital assets | 14,447,013 |
| Unrestricted (deficit) | (65,308,351) |
| Total net position | <u><u>\$ 1,734,946,312</u></u> |

See accompanying notes to basic financial statements.

San Diego Metropolitan Transit System
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

| | |
|---|--------------------------------|
| Operating Revenues: | |
| Passenger revenue | \$ 90,235,809 |
| Advertising | 1,130,974 |
| Miscellaneous | 17,404,307 |
| Total operating revenues | <u>108,771,090</u> |
| Operating Expenses: | |
| Personnel costs | 146,282,491 |
| Outside services | 101,573,956 |
| Transit operations funding | 487,825 |
| Materials and supplies | 14,918,022 |
| Energy costs | 26,413,555 |
| Risk management | 6,675,072 |
| Miscellaneous | 5,854,008 |
| Depreciation | 120,927,861 |
| Total operating expenses | <u>423,132,790</u> |
| Operating (Loss) | <u>(314,361,700)</u> |
| Public Support and Nonoperating Revenues (Expenses): | |
| Federal revenue | 86,930,893 |
| Transportation Development Act (TDA) funds | 94,111,445 |
| State Transit Assistance (STA) funds | 21,680,915 |
| State revenue - other | 4,886,993 |
| <i>TransNet</i> funds | 40,195,362 |
| Other local subsidies | 5,492,305 |
| Investment earnings | 940,538 |
| Interest expenses | (809,318) |
| (Loss) on disposal of assets | (809,194) |
| Total public support and nonoperating revenues (expenses): | <u>252,619,939</u> |
| Income (Loss) Before Contributed Capital | <u>(61,741,761)</u> |
| Contributed capital, net | <u>99,550,659</u> |
| Changes in Net Position | <u>37,808,898</u> |
| Net Position: | |
| Beginning of year, as restated (Note 14) | <u>1,697,137,414</u> |
| End of year | <u><u>\$ 1,734,946,312</u></u> |

See accompanying notes to basic financial statements.

San Diego Metropolitan Transit System
Statement of Cash Flows
For the Year Ended June 30, 2018

| | |
|--|------------------------------|
| Cash Flows From Operating Activities: | |
| Receipts from customers and users | \$ 107,429,785 |
| Payments to suppliers | (151,152,671) |
| Payments to employees | (131,934,361) |
| Payments for damage and injury | (1,541,026) |
| Net cash (used in) operating activities | <u>(177,198,273)</u> |
| Cash Flows From Noncapital Financing Activities: | |
| Public support funds received | <u>251,301,566</u> |
| Net cash provided by noncapital financing activities | <u>251,301,566</u> |
| Cash Flows From Capital and Related Financing Activities: | |
| Debt service costs | (3,825,507) |
| Property acquisition | (67,493,671) |
| Proceeds from disposal of assets | 998,974 |
| Net cash (used in) capital and related financing activities | <u>(70,320,204)</u> |
| Cash Flows From Investing Activities: | |
| Interest received on investments | <u>965,283</u> |
| Net cash provided by investing activities | <u>965,283</u> |
| Net increase in cash and cash equivalents | 4,748,372 |
| Cash and Cash Equivalents: | |
| Beginning of year | <u>97,086,690</u> |
| End of year | <u><u>\$ 101,835,062</u></u> |
| Reconciliation of Cash and Cash Equivalents to Statement of Net Position: | |
| Cash and cash equivalents | \$ 84,588,129 |
| Cash restricted for capital support | <u>17,246,933</u> |
| Total cash and cash equivalents | <u><u>\$ 101,835,062</u></u> |

See accompanying notes to basic financial statements.

San Diego Metropolitan Transit System
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2018

Reconciliation of Operating (Loss) to Net Cash (Used In) Operating Activities:

| | |
|---|---------------------------------------|
| Operating (loss) | \$ (314,361,700) |
| Adjustments to reconcile operating (loss) to net cash (used in) operating activities: | |
| Depreciation | 120,927,861 |
| (Increase) decrease in: | |
| Accounts and other receivables | 420,923 |
| Due from other governments | (1,762,228) |
| Inventory | 1,688,973 |
| Prepaid items and other current assets | (864,219) |
| Increase (decrease) in: | |
| Accounts payable | (1,277,354) |
| Due to other governments | 1,042,817 |
| Accrued expenses | (29,847) |
| Unearned revenue | 3,083,287 |
| Aggregate net pension liability | 12,259,210 |
| Aggregate total OPEB liability | 3,292,972 |
| Compensated absences payable | 36,342 |
| Accrued damage, injury and employee claims | (1,655,310) |
| Total adjustments | <u>137,163,427</u> |
| Net cash (used in) operating activities | <u><u>\$ (177,198,273)</u></u> |

Noncash investing, capital, and financing activities:

| | |
|--|----------------------|
| Contributions of capital assets from SANDAG | <u>\$ 99,550,659</u> |
| Increase (decrease) in fair value of investments | <u>\$ (33,508)</u> |

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 Year Ended June 30, 2018

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San Diego Metropolitan Transit System
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For the Year Ended June 30, 2018

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San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

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 City of San Diego (the Mayor and three Council Members), two appointees from the City of Chula Vista (the Mayor and one Council Member), one appointee from the cities of Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, and Santee, and one appointee from the San Diego County Board of Supervisors.

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 Year Ended June 30, 2018

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 is 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 revenue until that time.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

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 32 percent of MTS's \$277.8 million operating budget for FY 2018.

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, naming rights, interest income, energy credits, rental and land management income, income related to Taxicab administration, income from the SD&AE Railway Company, and other miscellaneous income.

Nonoperating 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.

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.

STA State of Good Repair Program (SGR)

The SGR Program is another new revenue source as a result of SB1 and is funded from a portion of a new Transportation Improvement Fee on vehicle registrations due on or after January 1, 2018. The funds are allocated with the same STA Program formula.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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. The *TransNet* Program also reimburses MTS for the net operating cost of the Bus Rapid Transit and Superloop projects that were approved as part of the extension. These costs are billed to SANDAG on a monthly basis. *TransNet* funds are also apportioned by SANDAG.

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 \$40.1 million in 2018 for the Blue Line Rail Corridor Transit Enhancements projects.

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.

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. MTS is not expected to receive Prop 1B revenue after Fiscal Year 2018.

Other State Revenue

MediCal provides further funding support specifically tied to several ADA Paratransit routes to aid patients in their transportation to medical appointments.

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 and has not yet been approved for calendar year 2018.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

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

U.S. GAAP 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.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Cash, Cash Equivalents, and Investments (Continued)

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.

F. Inventory

Inventories are valued at the weighted average unit cost.

G. Prepaid Items and Other Current 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.

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 |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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, SDTI and MTS - Contracted Services to reflect their custodial accountability for the assets. Depreciation commences at the time of contribution. Assets acquired through capital leases are capitalized.

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 less.

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. Other Postemployment Benefits

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, of the MTS, SDTC, and SDTI's OPEB Plan ("OPEB Plan") have been determined on the same basis as they are reported by the Plan (Note 12). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

O. 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.

P. 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.

Q. Implementation of New GASB Pronouncements for the Year Ended June 30, 2018

During fiscal year ended June 30, 2018, MTS has implemented 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.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Implementation of New GASB Pronouncements for the Year Ended June 30, 2018 (Continued)

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.

R. Upcoming Government Accounting Standards for the Year Ended June 30, 2019

For the fiscal year ending June 30, 2019, MTS will implement the following new GASB Pronouncements:

GASB Statement No. 83 - In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. Application of this statement is effective for MTS's fiscal year ending June 30, 2019.

GASB Statement No. 88 - In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Application of this statement is effective for MTS's fiscal year ending June 30, 2019.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash, Cash Equivalents, and Investments

Cash and investments are reported in the accompanying statements of net position as follows on June 30, 2018:

| | |
|--|------------------------------|
| Cash and cash equivalents | \$ 84,588,129 |
| Cash and cash equivalents restricted for capital support | 17,246,933 |
| Total cash and investments | <u>\$ 101,835,062</u> |

Cash and cash equivalents consisted as follows on June 30, 2018:

| Investment Type | Measurement Input | Fair Value |
|--|----------------------|------------------------------|
| Cash and cash equivalents: | | |
| Demand Deposits | N/A | \$ 37,898,684 |
| Retention Trust Account | N/A | 2,799,920 |
| San Diego County Investment Pool | Level 2 | 43,281,259 |
| State of California - Local Agency Investment Fund | Uncategorized | 17,855,199 |
| Total cash and cash equivalents | | <u>\$ 101,835,062</u> |

Demand Deposits

As of June 30, 2018, the carrying amount of demand deposits was \$37,898,684 and the bank balance was \$43,038,639 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 Year Ended June 30, 2018

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, 2018, MTS had \$17,855,199 invested in LAIF, which had invested 2.67% of the pool investment funds in structured notes and asset-backed securities.

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. As of June 30, 2018, voluntary participants, including cities, fire districts, and various special districts accounted for approximately 7.88% of the Investment Pool. At June 30, 2018, the fair value of our position in the pool is 99.48% 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.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash, Cash Equivalents, and Investments (Continued)

San Diego County Investment Pool (Continued)

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, 2018, MTS had \$43,281,259 invested with the San Diego County Investment Pool, which had invested 2.11% of the pool investment funds in asset-backed securities.

Disclosures Relating to Interest Rate Risk

As a means of limiting its exposure to market 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 fair 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.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash, Cash Equivalents, and Investments (Continued)

Summary of Investments to Maturity

Investments held by MTS grouped by maturity date at June 30, 2018, are shown below:

| <u>Maturity</u> | |
|---------------------|-----------------------|
| Current to one year | \$ 101,835,062 |
| Total | <u>\$ 101,835,062</u> |

Note 3 – Accounts Receivable

A. Accounts and Other Receivables

At June 30, 2018, the net realizable accounts and other receivables consisted of the following:

| | |
|--------------------------------------|---------------------|
| Passenger revenue - General Public | \$ 3,239,372 |
| Other trade receivables | 4,582,072 |
| Pension plan receivable | 1,609,767 |
| Total accounts and other receivables | <u>\$ 9,431,211</u> |

B. Due from Other Governments

At June 30, 2018, amounts due from other governments consisted of the following:

| | |
|--|----------------------|
| FTA Grant Funds | \$ 59,537,420 |
| STA Funds | 6,875,454 |
| SANDAG - <i>TransNet</i> | 6,248,861 |
| County of San Diego | 4,692,714 |
| Passenger Revenue - Other Governments | 1,762,228 |
| State of California | 1,638,020 |
| North County Transit District - shared costs | 957,362 |
| SANDAG - Project/Route reimbursement | 753,333 |
| Other Local Governments | 52,444 |
| Department of Homeland Security | 35,869 |
| City of San Diego | 19,215 |
| Total due from other governments | <u>\$ 82,572,920</u> |

Note 4 – Inventory

At June 30, 2018, inventory consisted of the following repair and maintenance parts and administrative supplies:

| | |
|-------------------------|----------------------|
| San Diego Transit Corp. | \$ 3,458,589 |
| San Diego Trolley, Inc. | 14,787,714 |
| Total inventory | <u>\$ 18,246,303</u> |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 – Capital Assets

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|--|-------------------------|-----------------------|------------------------|--------------------------|
| Capital assets, not depreciated | | | | |
| Land and right-of-way | \$ 256,922,883 | \$ - | \$ - | \$ 256,922,883 |
| Construction-in-progress | 36,172,730 | 69,128,731 | (52,691,654) | 52,609,807 |
| Total capital assets, not depreciated | 293,095,613 | 69,128,731 | (52,691,654) | 309,532,690 |
| Capital assets, depreciated: | | | | |
| Buildings and structures | 1,903,169,196 | 92,423,892 | - | 1,995,593,088 |
| Buses and vehicles | 788,558,176 | 52,157,135 | (82,453,201) | 758,262,110 |
| Equipment and other | 141,534,519 | 7,661,286 | (42,895) | 149,152,910 |
| Capital lease property | 12,091,981 | - | - | 12,091,981 |
| Total capital assets, depreciated | 2,845,353,872 | 152,242,313 | (82,496,096) | 2,915,100,089 |
| Less accumulated depreciation for: | | | | |
| Buildings and structures | (934,725,013) | (64,506,342) | - | (999,231,355) |
| Buses and vehicles | (362,078,490) | (44,226,192) | 80,603,288 | (325,701,394) |
| Equipment and other | (89,769,157) | (11,817,453) | 42,895 | (101,543,715) |
| Capital lease property | (10,769,421) | (377,874) | - | (11,147,295) |
| Total accumulated depreciation | (1,397,342,081) | (120,927,861) | 80,646,183 | (1,437,623,759) |
| Total capital assets, depreciated, net | 1,448,011,791 | 31,314,452 | (1,849,913) | 1,477,476,330 |
| Total capital assets, net | <u>\$ 1,741,107,404</u> | <u>\$ 100,443,183</u> | <u>\$ (54,541,567)</u> | <u>\$ 1,787,009,020</u> |

Contributed Capital

MTS converted \$53 million in capital assets from CIP to assets in service in FY2018 as follows:

| | |
|-------------------------------|----------------------|
| MTS - General Operations | \$ 1,448,245 |
| MTS - Contracted Services | 36,947,032 |
| San Diego Transit Corporation | 7,394,755 |
| San Diego Trolley, Inc. | 6,901,622 |
| Total | <u>\$ 52,691,654</u> |

Capital asset additions totaling \$100 million were contributed by SANDAG in FY2018 as follows:

| | |
|-------------------------------|----------------------|
| MTS - Contracted Services | \$ 2,724,742 |
| San Diego Transit Corporation | 89,506,033 |
| San Diego Trolley, Inc. | 7,319,884 |
| Total | <u>\$ 99,550,659</u> |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 – Capital Assets (Continued)

Depreciation Expense

Depreciation expense for capital assets for the year ended June 30, 2018 was comprised of the following:

| | |
|-------------------------------|-----------------------|
| MTS - General Operations | \$ 3,098,695 |
| MTS - Contracted Services | 21,236,046 |
| San Diego Transit Corporation | 25,998,089 |
| San Diego Trolley, Inc. | 70,595,031 |
| Total | <u>\$ 120,927,861</u> |

Note 6 - Due to Other Governments

At June 30, 2018, amounts due to other governments consisted of the following:

| | |
|---|---------------------|
| SANDAG - subsidy revenue for construction projects in process | \$ 5,165,754 |
| North County Transit District-passenger revenue | 1,509,661 |
| SANDAG - project reimbursements | 859,163 |
| State of California - miscellaneous | 561,701 |
| City of Lemon Grove - TDA Funds | 126,065 |
| County of San Diego - miscellaneous | 103,362 |
| City of El Cajon - TDA Funds | 94,555 |
| Other Governments - miscellaneous | 50,956 |
| City of Coronado - TDA Funds | 46,431 |
| City of San Diego - miscellaneous | 39,726 |
| City of La Mesa - TDA Funds | 17,486 |
| Total due to other governments | <u>\$ 8,574,860</u> |

Note 7 - Unearned Revenue

At June 30, 2018, unearned revenue consisted of the following:

| | |
|--|---------------------|
| STA State of Good Repair funds received in advance | \$ 3,046,020 |
| Fare media payments received in advance | 2,806,245 |
| Caltrans LCTOP funds received in advance | 1,689,717 |
| Lease payments received in advance | 1,577,725 |
| Naming Rights payment received in advance | 300,000 |
| Total unearned revenue | <u>\$ 9,419,707</u> |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Long-Term Debt

A. Summary

A summary of changes in long-term obligations for the year ended June 30, 2018 is as follows:

| | Balance July 1, 2017 (As Restated) | Additions | Reductions | Balance June 30, 2018 | Amounts due within one year | Amounts due in more than one year |
|---|--|----------------------|-----------------------|--------------------------|-----------------------------------|---|
| MTS: | | | | | | |
| Capital lease obligations | \$ 1,747,713 | \$ - | \$ (676,444) | \$ 1,071,269 | \$ 708,197 | \$ 363,072 |
| Compensated absences payable | 1,081,927 | 972,967 | (910,589) | 1,144,305 | 910,589 | 233,716 |
| Accrued damage, injury, and employee claims | 531,592 | 828,363 | (407,000) | 952,955 | 359,151 | 593,804 |
| Aggregate net pension liability | 11,480,319 | 7,401,043 | (5,462,609) | 13,418,753 | - | 13,418,753 |
| Aggregate total OPEB liability | 5,562,352 | 109,394 | (96,621) | 5,575,125 | - | 5,575,125 |
| Total MTS | 20,403,903 | 9,311,767 | (7,553,263) | 22,162,407 | 1,977,937 | 20,184,470 |
| San Diego Transit Corporation: | | | | | | |
| Pension Obligation Bonds | 17,655,000 | - | (2,315,000) | 15,340,000 | 2,430,000 | 12,910,000 |
| Compensated absences payable | 7,244,573 | 2,637,867 | (3,050,499) | 6,831,941 | 3,050,499 | 3,781,442 |
| Accrued damage, injury, and employee claims | 12,189,894 | 6,656,672 | (5,500,000) | 13,346,566 | 3,604,736 | 9,741,830 |
| Aggregate net pension liability | 136,322,951 | 24,966,384 | (26,913,630) | 134,375,705 | - | 134,375,705 |
| Aggregate total OPEB liability | 29,858,990 | (206,937) | (929,170) | 28,722,883 | - | 28,722,883 |
| Total San Diego Transit Corporation | 203,271,408 | 34,053,986 | (38,708,299) | 198,617,095 | 9,085,235 | 189,531,860 |
| San Diego Trolley, Inc.: | | | | | | |
| Compensated absences payable | 2,663,379 | 2,332,538 | (2,218,409) | 2,777,508 | 2,218,409 | 559,099 |
| Accrued damage, injury, and employee claims | 2,913,356 | 1,180,275 | (1,103,000) | 2,990,631 | 1,297,933 | 1,692,698 |
| Aggregate net pension liability | 30,302,011 | 20,276,699 | (17,101,456) | 33,477,254 | - | 33,477,254 |
| Aggregate total OPEB liability | 11,414,062 | (126,202) | (189,039) | 11,098,821 | - | 11,098,821 |
| Total San Diego Trolley, Inc. | 47,292,808 | 23,663,310 | (20,611,904) | 50,344,214 | 3,516,342 | 46,827,872 |
| Total | \$270,968,119 | \$ 67,029,063 | \$(66,873,466) | \$271,123,716 | \$ 14,579,514 | \$256,544,202 |

Long-term debt is reported in the accompanying statement of net position as follows:

| | Due Within One Year | Noncurrent Liabilities |
|---|------------------------|---------------------------|
| Long-Term Liabilities: | | |
| Compensated absences payable | \$ 6,179,497 | \$ 4,574,257 |
| Accrued damage, injury, and employee claims | 5,261,820 | 12,028,332 |
| Long-term debt | 3,138,197 | 13,273,072 |
| Aggregate net pension liability | - | 181,271,712 |
| Aggregate total OPEB liability | - | 45,396,829 |
| Total long-term liabilities | \$ 14,579,514 | \$ 256,544,202 |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Long-Term Debt (Continued)

B. Capital Lease

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 the capital lease is as follows:

| | |
|-------------------------------|--------------------------|
| Building – MTS Tower | \$ 12,091,981 |
| Less accumulated depreciation | <u>(11,147,295)</u> |
| Total | <u><u>\$ 944,686</u></u> |

At June 30, 2018 the future minimum payments under the capital lease were \$1,071,269 summarized below:

| Year ending June 30: | Tower Lease Payments |
|---|----------------------------|
| 2019 | \$ 744,055 |
| 2020 | <u>372,148</u> |
| Total minimum lease payments | 1,116,203 |
| Less amount representing interest | <u>(44,934)</u> |
| Present value of minimum lease payments | <u><u>\$ 1,071,269</u></u> |

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.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Long-Term Debt (Continued)

C. Pension Obligation Bonds (Continued)

At June 30, 2018, the outstanding balance of the Pension Obligation Bonds is \$15,340,000. The required payments for the Pension Obligation Bonds, including interest, are:

| Year ending June 30 | Principal | Interest | Total |
|------------------------|----------------------|---------------------|----------------------|
| 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 | 2,985,000 | 171,881 | 3,156,881 |
| 2024 | 1,845,000 | 47,509 | 1,892,509 |
| Total | <u>\$ 15,340,000</u> | <u>\$ 2,327,896</u> | <u>\$ 17,667,896</u> |

Note 9 – Risk Management

MTS (including SDTI, SDTC, and MTS - 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. 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.

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 are 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 |
|------|-----------------------------|---|--------------------|-----------------------|
| 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 |
| 2018 | 15,634,842 | 8,665,310 | (7,010,000) | 17,290,152 |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Risk Management (Continued)

Following is a summary of accrued damage, injury, and employee claims for fiscal year 2018:

| | |
|---------------------|-----------------------------|
| Current portion | \$ 5,261,820 |
| Non-current portion | <u>12,028,332</u> |
| Total | <u><u>\$ 17,290,152</u></u> |

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 \$17,290,152 at June 30, 2018.

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, 2018. 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 FY 2004.

Note 11 – Employee Retirement Systems

A. Summary

Aggregate Net Pension Liability

Aggregate Net Pension Liability at June 30, 2018 is reported in the accompanying statements of net position as follows:

| | |
|----------------------|------------------------------|
| MTS CalPERS Plans | \$ 13,418,753 |
| SDTI CalPERS Plans | 31,326,755 |
| SDTI PARS Plan | 2,150,499 |
| SDTC Retirement Plan | <u>134,375,705</u> |
| Total | <u><u>\$ 181,271,712</u></u> |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

A. Summary (Continued)

Deferred Outflows of Resources

Deferred Outflows of Resources at June 30, 2018 are reported in the accompanying statement of net position as follows:

| | Contributions Made After Measurement Date | Differences Between Expected and Actual Experience | Differences Between Projected and Actual Earnings on Pension Plan Investments | Changes in Assumptions | Changes in Employer's Proportion | Differences Between Employer's Contributions and Proportionate Share of Contributions | Total |
|----------------------|--|--|---|---------------------------|--|---|----------------------|
| MTS CalPERS Plans | \$ 1,896,639 | \$ 16,501 | \$ 463,033 | \$ 2,047,380 | \$ 1,162,548 | \$ 597,880 | \$ 6,183,981 |
| SDTI CalPERS Plans | 3,266,081 | 231,199 | 6,343,671 | 6,839,732 | - | - | 16,680,683 |
| SDTI PARS Plan | 539,350 | - | 336,497 | 184,933 | - | - | 1,060,780 |
| SDTC Retirement Plan | 13,020,223 | 790,458 | 13,036,259 | 9,899,958 | - | - | 36,746,898 |
| Total | <u>\$ 18,722,293</u> | <u>\$ 1,038,158</u> | <u>\$ 20,179,460</u> | <u>\$ 18,972,003</u> | <u>\$ 1,162,548</u> | <u>\$ 597,880</u> | <u>\$ 60,672,342</u> |

Deferred Inflows of Resources

Deferred Inflows of Resources at June 30, 2018 are reported in the accompanying statement of net position as follows:

| | Differences Between Expected and Actual Experience | Changes in Assumption | Changes in Employer's Proportion | Differences Between Projected and Actual Earnings on Pension Plan Investments | Total |
|----------------------|--|--------------------------|--|---|----------------------|
| MTS CalPERS Plans | \$ 236,407 | \$ 156,115 | \$ 166,559 | \$ - | \$ 559,081 |
| SDTI CalPERS Plans | 2,423,342 | 1,011,002 | - | 4,848,230 | 8,282,574 |
| SDTI PARS Plan | 95,439 | - | - | 208,147 | 303,586 |
| SDTC Retirement Plan | 724,825 | - | - | 2,622,345 | 3,347,170 |
| Total | <u>\$ 3,480,013</u> | <u>\$ 1,167,117</u> | <u>\$ 166,559</u> | <u>\$ 7,678,722</u> | <u>\$ 12,492,411</u> |

Pension Expense

Pension expenses are included in the accompanying statements of revenues, expenses, and changes in net position as follows:

| | |
|----------------------|----------------------|
| MTS CalPERS Plans | \$ 3,230,287 |
| SDTI CalPERS Plans | 5,391,273 |
| SDTI PARS Plan | 528,123 |
| SDTC Retirement Plan | 24,640,931 |
| Total | <u>\$ 33,790,614</u> |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – 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 PEPRA, 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, 2018 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 | 22.08% |
| Pre-Retirement Death Benefit | Optional Settlement 2W |
| Post-Retirement Death Benefit | \$500 Lump Sum |
| Non-Industrial Standard Disability | 1.8% of final compensation multiplied by service |
| COLA | 2.00% |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – 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 | 7.65% |
| Pre-Retirement Death Benefit | Optional Settlement 2W |
| Post-Retirement Death Benefit | \$500 Lump Sum |
| Non-Industrial Standard Disability | 1.8% of final compensation multiplied by service |
| COLA | 2.00% |

MTS PEPRA Miscellaneous 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 | 6.53% |
| Pre-Retirement Death Benefit | Optional Settlement 2W |
| Post-Retirement Death Benefit | \$500 Lump Sum |
| Non-Industrial Standard Disability | 1.8% of final compensation multiplied by service |
| COLA | 2.00% |

Employees Covered – At June 30, 2018 (measurement date of June 30, 2017), the following employees were covered by the benefit terms for each Plan:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 126 |
| Inactive employees entitled to but not yet receiving benefits | 47 |
| Active employees | 159 |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

B. MTS (Continued)

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, 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, 2017 (measurement date), the active employee contribution rates and average employer contribution rates were as follows:

| | Employee Contribution Rate | Employer Contribution Rate |
|--|-------------------------------|-------------------------------|
| MTS - Miscellaneous Plan-1223 | 8.00% | 22.08% |
| MTS Miscellaneous Second Tier Plan - 30134 | 7.00% | 7.65% |
| MTS PEPRA Miscellaneous Plan - 26789 | 6.25% | 6.53% |

For the year ended June 30, 2017 (measurement date), the plan's proportionate share of aggregate contributions recognized as part of pension expense were:

| | |
|--------------------------|--------------|
| Contributions - employer | \$ 1,348,728 |
| Contributions - employee | 496,615 |

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018 (measurement date 2017), MTS reported \$13,418,753 net pension liabilities for its proportionate share of the aggregate net pension liability.

MTS Plans' net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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 Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

B. MTS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (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, 2016). 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, 2017). 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, 2017 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (FY2017).
- (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 as of June 30, 2017 and 2016 (measurement dates) were as follows:

| | |
|------------------------------|-----------------|
| Proportion June 30, 2016 | 0.13477% |
| Proportion June 30, 2017 | 0.13531% |
| Change - Increase (Decrease) | <u>0.00054%</u> |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

B. MTS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2018, MTS recognized pension expense of \$3,230,287. At June 30, 2018, MTS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Contributions made after the measurement date | \$ 1,896,639 | \$ - |
| Differences between expected and actual experience | 16,501 | (236,407) |
| Changes in assumptions | 2,047,380 | (156,115) |
| Change in employer's proportion | 1,162,548 | (166,559) |
| Differences between actual and proportionate share of employer contributions | 597,880 | - |
| Differences between projected and actual earnings on pension plan investments | 463,033 | - |
| Total | <u>\$ 6,183,981</u> | <u>\$ (559,081)</u> |

The \$1,896,639 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, 2019.

As of the measurement date June 30, 2017, 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 |
|-----------------------|---------------------|
| 2019 | \$ 1,430,994 |
| 2020 | 1,567,698 |
| 2021 | 1,004,481 |
| 2022 | (274,911) |
| 2023 | - |
| Total | <u>\$ 3,728,262</u> |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

B. MTS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|---|
| Valuation Date | June 30, 2016 |
| Measurement Date | June 30, 2017 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| 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) |

(1) Depending on age, service and type

(2) Net of pension plan investment

(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 discount rate was reduced from 7.65 percent to 7.15 percent. All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

B. MTS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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. 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 | 47.00% | 4.90% | 5.38% |
| Global Fixed Income | 19.00% | 0.80% | 2.27% |
| Inflation Sensitive | 6.00% | 0.60% | 1.39% |
| Private Equity | 12.00% | 6.60% | 6.63% |
| Real Estate | 11.00% | 2.80% | 5.21% |
| Infrastructure and Forestland | 3.00% | 3.90% | 5.36% |
| Liquidity | 2.00% | -0.40% | -0.90% |

(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 Year Ended June 30, 2018

Note 11 – 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 as of June 30, 2018, calculated using the discount rate, 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:

| | |
|-----------------------|---------------|
| 1% Decrease | 6.15% |
| Net Pension Liability | \$ 20,167,504 |
| Current Discount Rate | 7.15% |
| Net Pension Liability | \$ 13,418,753 |
| 1% Increase | 8.15% |
| Net Pension Liability | \$ 7,829,316 |

Pension Plan Fiduciary Net Position – Detailed information about MTS's pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2018, MTS reported a payable of \$154,017 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

C. SDTI

1. CalPERS Plans

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.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

1. CalPERS Plans (Continued)

The Plans' provisions and benefits in effect as of June 30, 2018 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% | 7.26% |
| Required employer contribution rates | 10.53% | 11.26% |
| Pre-Retirement Death Benefit | 1959 Survivor Benefit Level 2 | 1959 Survivor Benefit Level 2 |
| Post-Retirement Death Benefit | \$500 Lump Sum | \$500 Lump Sum |
| COLA | 2.00% | 2.00% |
| Non-Industrial Standard Disability | 1.8% of final compensation multiplied by service | 1.8% of final compensation multiplied by service |

San Diego Trolley PEPRA Miscellaneous 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 | 11.53% |
| Pre-Retirement Death Benefit | 1959 Survivor Benefit Level 2 |
| Post-Retirement Death Benefit | \$500 Lump Sum |
| COLA | 2.00% |
| Non-Industrial Standard Disability | 1.8% of final compensation multiplied by service |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

2. PARS

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

The Plan's provisions and benefits in effect as of June 30, 2018 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% |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

2. PARS (Continued)

Employees Covered

At June 30, 2018 (measurement date 2017), the following employees were covered by the benefit terms for each Plan:

| | SDTI CalPERS Plans | SDTI PARS Plan |
|--|-----------------------|----------------|
| Inactive employees or beneficiaries currently receiving benefits | 241 | 45 |
| Inactive employees entitled to but not yet receiving benefits | 92 | 0 |
| Active employees | 549 | 54 |

*SDTI PEPPRA Plan is included in the SDTI Miscellaneous Plan June 30, 2016 valuation report.

Contributions

1. CalPERS Plans

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, 2017 (measurement date), the active employee contribution rates and average employer contribution rates were as follows:

| | Employee | Employer |
|--|----------|----------|
| SDTI Miscellaneous Plan 1406 - Management EE | 8.00% | 10.53% |
| SDTI Miscellaneous Plan 1406 - Union EE | 7.26% | 11.26% |
| SDTI Miscellaneous PEPPRA Plan 26965 | 5.75% | 11.53% |

For the year June 30, 2017 (measurement date), the contributions recognized as part of pension expense were:

| | |
|--------------------------|--------------|
| Contributions - employer | \$ 2,835,680 |
| Contributions - employee | 1,806,506 |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Contributions (Continued)

2. PARS

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 are determined biannually on an actuarial basis as of June 30 by PARS. For the period ended June 30, 2017 (measurement date), the employer's contribution rate is 9.96%.

For the year June 30, 2017 (measurement date), the contributions recognized as part of pension expense were:

| | |
|--------------------------|------------|
| Contributions - employer | \$ 605,864 |
| Contributions - employee | - |

Net Pension Liability

1. CalPERS Plans

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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures.

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

| | |
|---------------------------|---|
| Valuation Date | June 30, 2016 |
| Measurement Date | June 30, 2017 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| 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) |

(1) Depending on age, service and type

(2) Net of pension plan investment

(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 accounting discount rate was reduced from 7.65 percent to 7.15 percent. All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. 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 Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Net Pension Liability (Continued)

1. CalPERS Plans (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.15 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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. 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) | 11+ (b) |
| Global Equity | 47.00% | 4.90% | 5.38% |
| Global Fixed Income | 19.00% | 0.80% | 2.27% |
| Inflation Sensitive | 6.00% | 0.60% | 1.39% |
| Private Equity | 12.00% | 6.60% | 6.63% |
| Real Estate | 11.00% | 2.80% | 5.21% |
| Infrastructure and Forestland | 3.00% | 3.90% | 5.36% |
| Liquidity | 2.00% | -0.40% | -0.90% |

(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 Year Ended June 30, 2018

Note 11 – 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, 2017, using an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2017 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 liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

| | |
|--------------------------------------|--|
| Valuation Date | June 30, 2015 |
| Measurement Date | June 30, 2017 |
| 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.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – 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.

A formal cash flow projection was not performed 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 | Long-Term Expected Arithmetic Real Rate of Return (a) | Long-Term Expected Geometric Real Rate of Return (b) |
|--------------------------|-------------------|--|---|
| U.S. Cash | 5.35% | 0.36% | 0.35% |
| U.S. Core Fixed Income | 36.76% | 2.17% | 2.04% |
| U.S. Equity Market | 42.57% | 4.83% | 3.57% |
| Foreign Developed Equity | 11.30% | 5.76% | 4.15% |
| Emerging Market Equities | 3.95% | 8.06% | 4.84% |
| U.S. REITs | 0.07% | 5.04% | 3.27% |

(a) Assumed inflation: 2.32% mean and 1.85% standard deviation

(b) Assumed inflation: 2.30% mean and 1.85% standard deviation

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents SDTI's net pension liability at June 30, 2018 (measurement date 2017), 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 Plans | PARS Plan |
|-----------------------|---------------|--------------|
| 1% Decrease | 6.15% | 6.00% |
| Net Pension Liability | \$ 52,557,834 | \$ 3,175,995 |
| Current Discount Rate | 7.15% | 7.00% |
| Net Pension Liability | \$ 31,326,755 | \$ 2,150,499 |
| 1% Increase | 8.15% | 8.00% |
| Net Pension Liability | \$ 13,888,356 | \$ 1,293,730 |

Changes in the Net Pension Liability

1. CalPERS Plans

At June 30, 2018 (measurement date 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, 2017 | \$ 129,098,911 | \$ 101,392,319 | \$ 27,706,592 |
| Changes in the year: | | | |
| Service cost | 3,882,206 | - | 3,882,206 |
| Interest on the total pension liability | 9,611,237 | - | 9,611,237 |
| Changes of assumptions | 8,593,509 | - | 8,593,509 |
| Differences between expected and actual experience | (2,759,754) | - | (2,759,754) |
| Benefit payments, including refunds of member contributions | (4,901,765) | (4,901,765) | - |
| Contributions - employer | - | 2,835,680 | (2,835,680) |
| Contributions - employee | - | 1,806,506 | (1,806,506) |
| Net investment income | - | 11,214,548 | (11,214,548) |
| Administrative expense | - | (149,699) | 149,699 |
| Net Changes | 14,425,433 | 10,805,270 | 3,620,163 |
| Balance at June 30, 2018 | \$ 143,524,344 | \$ 112,197,589 | \$ 31,326,755 |

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 Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Changes in the Net Pension Liability (Continued)

2. PARS Plan

At June 30, 2018 (measurement date 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, 2017 | \$ 7,862,504 | \$ 5,267,085 | \$ 2,595,419 |
| Changes in the year: | | | |
| Service cost | 230,296 | - | 230,296 |
| Interest on the total pension liability | 556,089 | - | 556,089 |
| Changes of assumptions | - | - | - |
| Differences between expected and actual experience | - | - | - |
| Benefit payments, including refunds of member contributions | (302,460) | (302,460) | - |
| Contributions - employer | - | 605,864 | (605,864) |
| Contributions - employee | - | - | - |
| Net investment income | - | 638,858 | (638,858) |
| Administrative expense | - | (13,417) | 13,417 |
| Net Changes | 483,925 | 928,845 | (444,920) |
| Balance at June 30, 2018 | \$ 8,346,429 | \$ 6,195,930 | \$ 2,150,499 |

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 Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

C. SDTI (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, SDTI recognized pension expense of \$5,919,396. At June 30, 2018, SDTI reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | SDTI CalPERS Plans | | SDTI PARS Plan | |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Contributions made after measurement date | \$ 3,266,081 | \$ - | \$ 539,350 | \$ - |
| Differences between expected and actual experience | 231,199 | (2,423,342) | - | (95,439) |
| Changes in assumptions | 6,839,732 | (1,011,002) | 184,933 | - |
| Net differences between projected and actual earnings on pension plan investments | 6,343,671 | (4,848,230) | 336,497 | (208,147) |
| Total | <u>\$ 16,680,683</u> | <u>\$ (8,282,574)</u> | <u>\$ 1,060,780</u> | <u>\$ (303,586)</u> |

The combined \$3,805,431 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, 2019.

As of the measurement date, June 30, 2017, 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 CalPERS Plan | SDTI PARS Plan |
|-----------------------|----------------------|-------------------|
| 2019 | \$ 766,947 | \$ 106,995 |
| 2020 | 2,413,386 | 106,994 |
| 2021 | 1,666,185 | 55,891 |
| 2022 | 285,510 | (52,036) |
| 2023 | - | - |
| Total | <u>\$ 5,132,028</u> | <u>\$ 217,844</u> |

Payable to the Pension Plan

At June 30, 2018, SDTI reported a payable of \$446,881 to CalPERS and \$75,283 to PARS for the outstanding amount of contributions to the pension plans required for the fiscal year.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – 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 as of June 30, 2018 are as follows:

San Diego Transit Pension Plan - Non-Contract Employees

| | Prior to January 1, 2013 | On or after January 1, 2013 |
|---|---|---------------------------------|
| Hire date | | |
| 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 |
| | 1.5% times average monthly final earnings | times credited years of service |
| Non-Industrial Standard Disability COLA | | Lesser of CPI or 2.0% |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

D. SDTC (Continued)

General Information about the Pension Plans (Continued)

| | SDTC Contract Employees | |
|---|---|---------------------------|
| | ATU - Closed Plan | IBEW - Closed Plan |
| 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 | 8.00% | 8.00% |
| Required employer contribution rates | 43.08% | 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, 2018 (measurement date 2017), the following employees were covered by the benefit terms for each Plan:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 952 |
| Inactive employees entitled to but not yet receiving benefits | 214 |
| Active employees | 513 |

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, 2017 (measurement date), the active employee contribution rate is 6.25-8.00% of annual pay and the average employer's contribution rate is 43.52% of annual payroll.

For the year ended June 30, 2017 (measurement date), the contributions recognized as part of pension expense for the Plan were as follows:

| | |
|--------------------------|---------------|
| Contributions - employer | \$ 12,649,101 |
| Contributions - employee | 2,047,593 |

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, 2017, using an annual actuarial valuation as of July 1, 2017.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

D. SDTC (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions – The total pension liabilities in the July 1, 2017 actuarial valuations were determined using the following actuarial assumptions:

| | |
|--------------------------------------|--|
| Valuation Date | July 1, 2017 |
| Measurement Date | July 1, 2017 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Discount Rate | 7.00% |
| Inflation | 2.75% |
| Payroll Growth | 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 |
| 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 assumptions during the current 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 (20 years remaining as of the July 1, 2017 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.

A formal cash flow projection was not performed 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.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

D. SDTC (Continued)

Net Pension Liability (Continued)

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.

| Asset Class | Strategic Allocation | Real Return Years 1-10 (a) | Real Return Years 11+ (a) |
|----------------------------|-------------------------|-------------------------------|------------------------------|
| United States Equity | 25.00% | 4.25% | 4.25% |
| International Equity | 20.00% | 5.50% | 5.50% |
| Fixed Income | 32.50% | 1.00% | 1.00% |
| Alternatives (Multi-Asset) | 22.50% | 3.50% | 3.50% |

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, 2018, 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:

| | |
|-----------------------|----------------|
| 1% Decrease | 6.00% |
| Net Pension Liability | \$ 166,180,628 |
| Current Discount Rate | 7.00% |
| Net Pension Liability | \$ 134,375,705 |
| 1% Increase | 8.00% |
| Net Pension Liability | \$ 107,378,009 |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

D. SDTC (Continued)

Changes in Net Pension Liability

At June 30, 2018 (measurement date 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, 2017 | \$ 289,255,802 | \$ 152,932,851 | \$ 136,322,951 |
| Changes in the year: | | | |
| Service cost | 3,660,961 | - | 3,660,961 |
| Interest on the total pension liability | 19,885,608 | - | 19,885,608 |
| Changes of assumptions | - | - | - |
| Differences between expected and actual experience | 1,185,687 | - | 1,185,687 |
| Benefit payments, including refunds of member contributions | (17,977,346) | (17,977,346) | - |
| Contributions - employer | - | 12,649,101 | (12,649,101) |
| Contributions - employee | - | 2,047,593 | (2,047,593) |
| Net investment income | - | 12,216,936 | (12,216,936) |
| Administrative expense | - | (234,128) | 234,128 |
| Net Changes | 6,754,910 | 8,702,156 | (1,947,246) |
| Balance at June 30, 2018 | \$ 296,010,712 | \$ 161,635,007 | \$ 134,375,705 |

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 year ended June 30, 2018, SDTC recognized pension expense of \$24,640,931. At June 30, 2018, SDTC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Contributions made after the measurement date | \$ 13,020,223 | \$ - |
| Changes in assumptions | 9,899,958 | - |
| Differences between expected and actual experience | 790,458 | (724,825) |
| Differences between projected and actual earnings on pension plan investments | 13,036,259 | (2,622,345) |
| Total | \$ 36,746,898 | \$ (3,347,170) |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Employee Retirement Systems (Continued)

D. SDTC (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The \$13,020,223 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, 2019. 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 |
|-----------------------|----------------------|
| 2019 | \$ 13,221,231 |
| 2020 | 5,362,383 |
| 2021 | 2,122,404 |
| 2022 | (326,513) |
| 2023 | - |
| Total | <u>\$ 20,379,505</u> |

Payable to the Pension Plan

At June 30, 2018, SDTC reported a payable of \$1,099,401 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

Note 12 – Other Postemployment Benefits

Generally accepted accounting policies require that the reported results for total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense must pertain to certain defined timeframes. For this report, the following timeframes are used:

| | |
|--------------------|------------------------------|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2017 |
| Measurement Period | July 1, 2016 - June 30, 2017 |

Plan Description: MTS contracts with a third party to provide MTS retirees, SDTI retirees, and SDTC Management 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. The amount of the HRA contribution is based on the retiree's years of service/former position and ranges between \$100 and \$1,000 per month. SDTC union employees receive retirement benefits through health and welfare trust funds established for the benefit of active and retired members of the unions that represent SDTC employees. SDTC contributes \$1,019 per active employee each month to the fund for ATU, Local 1309 represented employees and \$1,042 per active employee each month to the fund for IBEW, Local 465 represented employees. The Trust boards have full discretion on how these funds are spent to provide benefits for active and retired employees. Currently, the Trusts offer retirees the opportunity to participate in a Kaiser HMO plan and retirees who do not live in an area where Kaiser HMO coverage is available receive a capped reimbursement for their health insurance expenditures.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Other Postemployment Benefits (Continued)

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.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms:

| | MTS | SDTI | SDTC |
|--|-----|------|-------|
| Active employees | 165 | 578 | 825 |
| Inactive employees or beneficiaries currently receiving benefits | 19 | 40 | 216 |
| Inactive employees entitled to but not yet receiving benefits | - | - | - |
| Total | 184 | 618 | 1,041 |

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2017, was determined using the following actuarial assumptions:

| | MTS | SDTI | SDTC |
|--------------------------------|---|---|------------------------------|
| Actuarial Cost Method | | Entry Age Normal | |
| Valuation Date | | June 30, 2017 | |
| Measurement Date | | June 30, 2017 | |
| Actuarial Assumptions: | | | |
| Discount Rate | | 3.4% per annum | |
| Inflation | | 2.75% per annum | |
| Salary Increases | | 3.0% per annum in aggregate | |
| Investment Rate of Return | | N/A | |
| Medical and Dental Trend Rates | | 6.5% initial, then decreasing 0.5% per year | |
| Mortality Rate | Derived using CalPERS Membership data for all funds | | RPH-2014 using scale MP 2017 |
| Pre-Retirement Turnover | Derived using CalPERS Membership data for all funds | | Management-3-10% Union 2-25% |

Discount Rate

The discount rate used to measure the total OPEB liability was 3.4% percent. This discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, Fidelity GO AA 20 year Bond Index.

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of MTS, SDTC and SDTI, as well as what the total OPEB 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, for the measurement period ended June 30, 2017:

| | MTS | SDTI | SDTC | Aggregate |
|-----------------------|--------------|---------------|---------------|---------------|
| 1% Decrease | 2.40% | 2.40% | 2.40% | 2.40% |
| Total OPEB Liability | \$ 6,662,990 | \$ 12,922,889 | \$ 33,311,275 | \$ 52,897,154 |
| Current Discount Rate | 3.40% | 3.40% | 3.40% | 3.40% |
| Total OPEB Liability | \$ 5,575,125 | \$ 11,098,821 | \$ 28,722,883 | \$ 45,396,829 |
| 1% Increase | 4.40% | 4.40% | 4.40% | 4.40% |
| Total OPEB Liability | \$ 4,712,679 | \$ 9,611,184 | \$ 25,015,711 | \$ 39,339,574 |

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability of MTS, SDTC and SDTI, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement period ended June 30, 2017:

| | MTS | SDTI | SDTC | Aggregate |
|---|--------------|---------------------------------------|---------------|---------------|
| 1% Decrease in Healthcare Cost Trend Rate | | <u>2.0% HRA Contribution Increase</u> | | |
| Total OPEB Liability | \$ 4,560,975 | \$ 9,628,895 | \$ 24,713,928 | \$ 38,903,798 |
| Current Healthcare Cost Trend Rate | | <u>3.0% HRA Contribution Increase</u> | | |
| Total OPEB Liability | \$ 5,575,125 | \$ 11,098,821 | \$ 28,722,883 | \$ 45,396,829 |
| 1% Increase in Healthcare Cost Trend Rate | | <u>4.0% HRA Contribution Increase</u> | | |
| Total OPEB Liability | \$ 6,915,415 | \$ 12,945,048 | \$ 33,804,404 | \$ 53,664,867 |

Change in Total OPEB Liability

| | MTS | SDTI | SDTC | Aggregate |
|--|--------------|---------------|---------------|---------------|
| Balance at June 30, 2017 (as restated) | \$ 5,562,352 | \$ 11,414,062 | \$ 29,858,990 | \$ 46,835,404 |
| Changes Recognized for the Measurement Period: | | | | |
| Service Cost | 504,282 | 493,375 | 1,317,293 | 2,314,950 |
| Interest on the total OPEB liability | 171,522 | 336,668 | 875,283 | 1,383,473 |
| Changes in assumptions | (566,410) | (956,245) | (2,399,513) | (3,922,168) |
| Benefit payments | (96,621) | (189,039) | (929,170) | (1,214,830) |
| Net Changes | 12,773 | (315,241) | (1,136,107) | (1,438,575) |
| Balance at June 30, 2018 | \$ 5,575,125 | \$ 11,098,821 | \$ 28,722,883 | \$ 45,396,829 |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Other Postemployment Benefits (Continued)

Contributions

The contribution requirements of plan members and MTS, SDTC and SDTI are established and may be amended by MTS Management or the Board of Directors. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2018, the following contributions were made:

| | MTS | SDTI | SDTC | Aggregate |
|---------------|-----------|------------|--------------|--------------|
| Contributions | \$ 92,802 | \$ 168,599 | \$ 1,032,492 | \$ 1,293,893 |

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, OPEB expense is included in the accompanying statement of revenues, expenses, and changes in net position as follows:

| | MTS | SDTI | SDTC | Aggregate |
|--------------|------------|------------|--------------|--------------|
| OPEB Expense | \$ 619,163 | \$ 723,794 | \$ 1,792,657 | \$ 3,135,614 |

At June 30, 2018 MTS, SDTC and SDTI reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | MTS | | SDTI | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Contributions made after measurement date | \$ 92,802 | \$ - | \$ 168,599 | \$ - |
| Changes in assumptions | - | (509,769) | - | (849,996) |
| Total | \$ 92,802 | \$ (509,769) | \$ 168,599 | \$ (849,996) |

| | SDTC | | Aggregate | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Contributions made after measurement date | \$ 1,032,492 | \$ - | \$ 1,293,893 | \$ - |
| Changes in assumptions | - | (1,999,594) | - | (3,359,359) |
| Total | \$ 1,032,492 | \$ (1,999,594) | \$ 1,293,893 | \$ (3,359,359) |

San Diego Metropolitan Transit System
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

The combined \$1,293,893 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Year Ended June 30, | MTS | SDTI | SDTC | Aggregate |
|------------------------|---------------------|---------------------|-----------------------|-----------------------|
| 2019 | \$ (56,641) | \$ (106,249) | \$ (399,919) | \$ (562,809) |
| 2020 | (56,641) | (106,249) | (399,919) | (562,809) |
| 2021 | (56,641) | (106,249) | (399,919) | (562,809) |
| 2022 | (56,641) | (106,249) | (399,919) | (562,809) |
| 2023 | (56,641) | (106,249) | (399,918) | (562,808) |
| Thereafter | (226,564) | (318,751) | - | (545,315) |
| Total | <u>\$ (509,769)</u> | <u>\$ (849,996)</u> | <u>\$ (1,999,594)</u> | <u>\$ (3,359,359)</u> |

Note 13 – Other Required Individual Disclosures

SDTC and SDTI had unrestricted (deficits) of \$(143,276,697) and \$(13,179,197) as of June 30, 2018. These deficits are primarily a result of the implementation of GASB 68 & 75 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.

Note 14 – Restatement of Net Position

As a result of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, net position as of July 1, 2017 was restated as follows:

| | |
|--|-------------------------|
| Net position at July 1, 2017, as previously reported | \$ 1,724,184,943 |
| Restatement to remove net OPEB liability from the statement of net position | 18,573,045 |
| Restatement to recognize total OPEB liability | (46,835,404) |
| Restatement to recognize OPEB contributions made subsequent to the measurement date as deferred outflow of resources | <u>1,214,830</u> |
| Total restatements | <u>(27,047,529)</u> |
| Net position at July 1, 2017, as restated | <u>\$ 1,697,137,414</u> |

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

San Diego Metropolitan Transit System
Required Supplementary Information
For the Year Ended June 30, 2018

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MTS CALPERS PLANS

(LAST TEN YEARS*)

| | 2018 | 2017 | 2016 | 2015 |
|---|---------------|---------------|--------------|--------------|
| Proportion of the net pension liability | 0.13531% | 0.13477% | 0.14142% | 0.13277% |
| Proportionate share of the net pension liability | \$ 13,418,753 | \$ 11,661,984 | \$ 9,707,169 | \$ 8,261,550 |
| Covered Payroll | \$ 11,809,510 | \$ 11,078,469 | \$ 9,954,718 | \$ 9,277,782 |
| Proportionate Share of the Net Pension Liability as percentage of covered payroll | 113.63% | 105.27% | 97.51% | 89.05% |
| Plan's fiduciary net position as percentage of the total pension liability | 72.65% | 72.53% | 75.07% | 77.50% |
| Proportionate share of aggregate employer contributions | \$ 1,348,728 | \$ 1,896,142 | \$ 1,998,897 | \$ 755,170 |

*GASB 68 was implemented in fiscal year 2015, therefore only four years of data is presented.

San Diego Metropolitan Transit System
Required Supplementary Information (Continued)
For the Year Ended June 30, 2018

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SDTI CALPERS PLANS

(LAST TEN YEARS*)

| | 2018 | 2017 | 2016 | 2015 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Pension Liability | | | | |
| Service Cost | \$ 3,882,206 | \$ 3,580,302 | \$ 3,615,793 | \$ 3,721,950 |
| Interest on total pension liability | 9,611,237 | 9,201,415 | 8,554,525 | 7,982,614 |
| Differences between expected and actual experience | (2,759,754) | 375,697 | (510,309) | - |
| Changes in assumptions | 8,593,509 | - | (2,274,755) | - |
| Changes in benefit terms | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (4,901,765) | (4,345,171) | (3,799,240) | (3,155,596) |
| Net change in total pension liability | 14,425,433 | 8,812,243 | 5,586,014 | 8,548,968 |
| Total pension liability - beginning | 129,098,911 | 120,286,668 | 114,700,654 | 106,151,686 |
| Total pension liability - ending (a) | \$ 143,524,344 | \$ 129,098,911 | \$ 120,286,668 | \$ 114,700,654 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 2,835,680 | \$ 2,659,911 | \$ 2,553,900 | \$ 2,498,345 |
| Contributions - employee | 1,806,506 | 1,778,990 | 1,839,206 | 2,179,194 |
| Net investment income | 11,214,548 | 628,353 | 2,204,904 | 14,416,106 |
| Benefit payments, including refunds of employee contributions | (4,901,765) | (4,345,171) | (3,799,240) | (3,155,596) |
| Administrative expense | (149,699) | (61,391) | (113,387) | - |
| Net change in plan fiduciary net position | 10,805,270 | 660,692 | 2,685,383 | 15,938,049 |
| Plan fiduciary net position - beginning | 101,392,319 | 100,731,627 | 98,046,244 | 82,108,195 |
| Plan fiduciary net position - ending (b) | \$ 112,197,589 | \$ 101,392,319 | \$ 100,731,627 | \$ 98,046,244 |
| Net pension liability - ending (a) - (b) | \$ 31,326,755 | \$ 27,706,592 | \$ 19,555,041 | \$ 16,654,410 |
| Plan fiduciary net position as a percentage of the total pension liability | 78.17% | 78.54% | 83.74% | 85.48% |
| Covered payroll | \$ 26,643,371 | \$ 27,247,357 | \$ 26,965,416 | \$ 26,268,261 |
| Plan net pension liability/(asset) as a percentage of covered payroll | 117.58% | 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, 2016 valuation date.

Changes of assumption. : In FY 2018, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In FY 2016, the discount rate was increased from 7.5 percent (net of administrative expenses) to 7.65 percent to correct for an adjustment to exclude administrative expense.

*GASB 68 was implemented in fiscal year 2015, therefore only four years of data is presented.

San Diego Metropolitan Transit System
Required Supplementary Information (Continued)
For the Year Ended June 30, 2018

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SDTI PARS PLAN

(LAST TEN YEARS*)

| | 2018 | 2017 | 2016 |
|---|---------------------|---------------------|---------------------|
| Total Pension Liability | | | |
| Service Cost | \$ 230,296 | \$ 223,588 | \$ 267,889 |
| Interest on total pension liability | 556,089 | 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 | (302,460) | (273,201) | (229,364) |
| Net change in total pension liability | 483,925 | 629,632 | 519,333 |
| Total pension liability - beginning | 7,862,504 | 7,232,872 | 6,713,539 |
| Total pension liability - ending (a) | <u>\$ 8,346,429</u> | <u>\$ 7,862,504</u> | <u>\$ 7,232,872</u> |
| Plan fiduciary net position | | | |
| Contributions - employer | \$ 605,864 | \$ 547,473 | \$ 590,203 |
| Contributions - employee | - | - | - |
| Net investment income | 638,858 | (59,981) | 127,592 |
| Benefit payments, including refunds of employee contributions | (302,460) | (273,201) | (229,364) |
| Administrative expense | (13,417) | (14,665) | (12,186) |
| Net change in plan fiduciary net position | 928,845 | 199,626 | 476,245 |
| Plan fiduciary net position - beginning | 5,267,085 | 5,067,459 | 4,591,214 |
| Plan fiduciary net position - ending (b) | <u>\$ 6,195,930</u> | <u>\$ 5,267,085</u> | <u>\$ 5,067,459</u> |
| Net pension liability - ending (a) - (b) | \$ 2,150,499 | \$ 2,595,419 | \$ 2,165,413 |
| Plan fiduciary net position as a percentage of the total pension | 74.23% | 66.99% | 70.06% |
| Covered payroll | \$ 5,170,611 | \$ 5,020,011 | \$ 4,943,557 |
| Plan net pension liability/(asset) as a percentage of covered payroll | 41.59% | 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 FY 2017, the salary scale, retirement and pre-retirement mortality assumptions were updated. The inflation rate was lowered from 3.0 percent to 2.75 percent.

*GASB 68 for PARS was implemented in fiscal year 2016, therefore only three year of data is presented.

San Diego Metropolitan Transit System
Required Supplementary Information (Continued)
For the Year Ended June 30, 2018

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SDTC PLAN

(LAST TEN YEARS*)

| | 2018 | 2017 | 2016 | 2015 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Pension Liability | | | | |
| Service Cost | \$ 3,660,961 | \$ 3,469,595 | \$ 3,590,766 | \$ 3,908,376 |
| Interest on total pension liability | 19,885,608 | 18,865,499 | 18,434,275 | 17,812,979 |
| Differences between expected and actual experience | 1,185,687 | (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 | (17,977,346) | (17,350,158) | (16,584,043) | (15,466,924) |
| Net change in total pension liability | 6,754,910 | 32,510,333 | 6,253,876 | 9,160,123 |
| Total pension liability - beginning | 289,255,802 | 256,745,469 | 250,491,593 | 241,331,470 |
| Total pension liability - ending (a) | \$ 296,010,712 | \$ 289,255,802 | \$ 256,745,469 | \$ 250,491,593 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 12,649,101 | \$ 10,711,282 | \$ 11,352,628 | \$ 12,628,190 |
| Contributions - employee | 2,047,593 | 1,754,869 | 1,363,092 | 899,791 |
| Net investment income | 12,216,936 | (540,093) | (2,018,866) | 18,417,439 |
| Benefit payments, including refunds of employee contributions | (17,977,346) | (17,350,158) | (16,584,043) | (15,466,924) |
| Administrative expense | (234,128) | (290,381) | (262,808) | (258,142) |
| Net change in plan fiduciary net position | 8,702,156 | (5,714,481) | (6,149,997) | 16,220,354 |
| Plan fiduciary net position - beginning | 152,932,851 | 158,647,332 | 164,797,329 | 148,576,975 |
| Plan fiduciary net position - ending (b) | \$ 161,635,007 | \$ 152,932,851 | \$ 158,647,332 | \$ 164,797,329 |
| Net pension liability - ending (a) - (b) | \$ 134,375,705 | \$ 136,322,951 | \$ 98,098,137 | \$ 85,694,264 |
| Plan fiduciary net position as a percentage of the total pension liability | 54.60% | 52.87% | 61.79% | 65.79% |
| Covered payroll | \$ 31,660,643 | \$ 31,048,663 | \$ 32,658,827 | \$ 32,313,553 |
| Plan net pension liability/(asset) as a percentage of covered payroll | 424.43% | 439.06% | 300.37% | 265.20% |

Notes to Schedule:

Changes of assumption. In FY 2017, the investment rate of return decreased from 7.5 percent to 7.0 percent. Inflation decreased from 3.0 percent to 2.75 percent and revisions were made to merit pay increases, mortality, disability, service retirements and termination.

*GASB 68 was implemented in fiscal year 2015, therefore only four years of data is presented.

San Diego Metropolitan Transit System
Required Supplementary Information (Continued)
For the Year Ended June 30, 2018

SCHEDULE OF CONTRIBUTIONS
MTS CALPERS PLANS

(LAST TEN YEARS*)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|---------------|--------------|--------------|
| Actuarially determined contribution | \$ 1,896,639 | \$ 1,731,711 | \$ 1,582,497 | \$ 1,559,846 | \$ 1,537,079 |
| Contributions in relation to the actuarially determined contribution | (1,896,639) | (1,731,711) | (1,582,497) | (1,559,846) | (1,537,079) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 12,873,186 | \$ 11,809,510 | \$ 11,078,469 | \$ 9,954,718 | \$ 9,277,782 |
| Contributions as a percentage of covered payroll | 14.73% | 14.66% | 14.28% | 15.67% | 16.57% |

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact they may have resulted from plan changes which occurred after June 30, 2016 as they have minimal cost impact.

Changes of assumption: In FY 2018, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In FY 2016, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without reduction for pension plan administrative expense).

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2016-2017 was derived from the June 30, 2014 funding valuation report.

| | |
|----------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Amortization method/period | For details, see June 30, 2014 Funding Valuation |
| Asset valuation method | Actuarial value of assets. |
| 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 Actuaries. |

* GASB 68 was implemented in fiscal year 2015, therefore only five years data are presented.

**San Diego Metropolitan Transit System
Required Supplementary Information (Continued)
For the Year Ended June 30, 2018**

**SCHEDULE OF CONTRIBUTIONS
SDTI CALPERS PLAN**

(LAST TEN YEARS*)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution | \$ 3,266,081 | \$ 2,835,680 | \$ 2,659,911 | \$ 2,553,900 | \$ 2,498,345 |
| Contributions in relation to the actuarially determined contribution | (3,266,081) | (2,835,680) | (2,659,911) | (2,553,900) | (2,498,345) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 29,777,442 | \$ 26,643,371 | \$ 27,247,357 | \$ 26,965,416 | \$ 26,268,261 |
| Contributions as a percentage of covered payroll | 10.97% | 10.64% | 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, 2014 as they have minimal cost impact.

Changes of assumption: In FY 2018, the discount rate was reduced from 7.65 percent to 7.15 percent. In FY 2016, the discount rate was increased from 7.5 percent (net of administrative expenses) to 7.65 percent to correct for an adjustment to exclude administrative expense.

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2016-2017 was derived from the June 30, 2014 funding valuation report.

| | |
|----------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Amortization method/period | For details, see June 30, 2014 Funding Valuation |
| Asset valuation method | Actuarial value of assets. For details, see June 30, 2014 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 2014 CalPERS Experience Study for the period from 1997 and 2007. |
| Mortality | The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries. |

* GASB 68 was implemented in fiscal year 2015, therefore only five years data are presented.

San Diego Metropolitan Transit System
Required Supplementary Information (Continued)
For the Year Ended June 30, 2018

SCHEDULE OF CONTRIBUTIONS
SDTI PARS PLAN

(LAST TEN YEARS*)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------------|---------------------|---------------------|--------------------|------------------|
| Actuarially determined contribution | \$ 460,930 | \$ 499,993 | \$ 445,465 | \$ 546,873 | \$ 463,079 |
| Contributions in relation to the actuarially determined contribution | <u>(549,296)</u> | <u>(605,864)</u> | <u>(547,473)</u> | <u>(590,203)</u> | <u>(453,934)</u> |
| Contribution deficiency (excess) | <u>\$ (88,366)</u> | <u>\$ (105,871)</u> | <u>\$ (102,008)</u> | <u>\$ (43,330)</u> | <u>\$ 9,145</u> |
| Covered payroll | \$ 4,766,641 | \$ 5,170,611 | \$ 5,020,011 | \$ 4,943,557 | \$ 5,984,089 |
| Contributions as a percentage of covered payroll | 11.52% | 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, 2015 as they have minimal cost impact.

Changes in Assumption: In FY 2017, the salary scale, retirement and pre-retirement mortality assumptions were updated. The inflation rate was lowered from 3.0 percent to 2.75 percent.

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 five years data are presented.

San Diego Metropolitan Transit System
Required Supplementary Information (Continued)
For the Year Ended June 30, 2018

SCHEDULE OF CONTRIBUTIONS
SDTC PLAN

(LAST TEN YEARS*)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution | \$ 13,020,223 | \$ 12,649,101 | \$ 10,711,282 | \$ 11,352,628 | \$ 12,628,190 |
| Contributions in relation to the actuarially determined contribution | (13,020,223) | (12,649,101) | (10,711,282) | (11,352,628) | (12,628,190) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 29,672,305 | \$ 31,660,643 | \$ 31,048,663 | \$ 32,658,827 | \$ 32,313,553 |
| Contributions as a percentage of covered payroll | 43.88% | 39.95% | 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, 2017 as they have minimal cost impact.

Changes in Assumptions: In FY 2017, the investment rate of return was decreased from 7.5 percent to 7.0 percent. Inflation decreased from 3.0 percent to 2.75 percent and revisions were made to merit pay increases, mortality, disability, service retirements and termination.

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|--|
| Valuation date | July 1, 2017 |
| 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 five years data are presented.

San Diego Metropolitan Transit System
Required Supplementary Information (Continued)
For the Year Ended June 30, 2018

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
MTS

(LAST TEN YEARS*)

| | |
|--|----------------------------|
| Measurement period, year ended June 30: | <u>2017</u> |
| Total OPEB Liability | |
| Service Cost | \$ 504,282 |
| Interest | 171,522 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes in assumptions | (566,410) |
| Benefit payments, including refunds of member contributions | <u>(96,621)</u> |
| Net change in total OPEB liability | 12,773 |
| Total OPEB liability - beginning | <u>5,562,352</u> |
| Total OPEB liability - ending (a) | <u><u>\$ 5,575,125</u></u> |
| OPEB fiduciary net position | |
| Contributions - employer | \$ 96,621 |
| Net investment income | - |
| Benefit payments, including refunds of member contributions | (96,621) |
| Administrative expense | <u>-</u> |
| Net change in plan fiduciary net position | - |
| Plan fiduciary net position - beginning | <u>-</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$ -</u></u> |
| Plan net OPEB liability - ending (a) - (b) | <u><u>\$ 5,575,125</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% |
| Covered payroll | \$ 12,392,000 |
| Plan net OPEB liability as a percentage of covered payroll | 44.99% |

*Ten year historical information is not yet available

San Diego Metropolitan Transit System
Required Supplementary Information (Continued)
For the Year Ended June 30, 2018

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
SDTI

(LAST TEN YEARS*)

| | |
|--|-----------------------------|
| Measurement period, year ended June 30: | <u>2017</u> |
| Total OPEB Liability | |
| Service Cost | \$ 493,375 |
| Interest | 336,668 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes in assumptions | (956,245) |
| Benefit payments, including refunds of member contributions | <u>(189,039)</u> |
| Net change in total OPEB liability | (315,241) |
| Total OPEB liability - beginning | <u>11,414,062</u> |
| Total OPEB liability - ending (a) | <u><u>\$ 11,098,821</u></u> |
| OPEB fiduciary net position | |
| Contributions - employer | \$ 189,039 |
| Net investment income | - |
| Benefit payments, including refunds of member contributions | (189,039) |
| Administrative expense | <u>-</u> |
| Net change in plan fiduciary net position | - |
| Plan fiduciary net position - beginning | <u>-</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$ -</u></u> |
| Plan net OPEB liability - ending (a) - (b) | <u><u>\$ 11,098,821</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% |
| Covered payroll | \$ 30,369,000 |
| Plan net OPEB liability as a percentage of covered payroll | 36.55% |

*Ten year historical information is not yet available

San Diego Metropolitan Transit System
Required Supplementary Information (Continued)
For the Year Ended June 30, 2018

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
SDTC

(LAST TEN YEARS*)

| | |
|--|-----------------------------|
| Measurement period, year ended June 30: | <u>2017</u> |
| Total OPEB Liability | |
| Service Cost | \$ 1,317,293 |
| Interest | 875,283 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes in assumptions | (2,399,513) |
| Benefit payments, including refunds of member contributions | <u>(929,170)</u> |
| Net change in total OPEB liability | <u>(1,136,107)</u> |
| Total OPEB liability - beginning | <u>29,858,990</u> |
| Total OPEB liability - ending (a) | <u><u>\$ 28,722,883</u></u> |
| OPEB fiduciary net position | |
| Contributions - employer | \$ 929,170 |
| Net investment income | - |
| Benefit payments, including refunds of member contributions | (929,170) |
| Administrative expense | <u>-</u> |
| Net change in plan fiduciary net position | <u>-</u> |
| Plan fiduciary net position - beginning | <u>-</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$ -</u></u> |
| Plan net OPEB liability - ending (a) - (b) | <u><u>\$ 28,722,883</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% |
| Covered payroll | \$ 39,380,000 |
| Plan net OPEB liability as a percentage of covered payroll | 72.94% |

*Ten year historical information is not yet available

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 Fund

Taxicab Administration

San Diego & Arizona Eastern Railway

MTS - Contracted Services

San Diego Transit Corporation

San Diego Trolley, Inc.

San Diego Metropolitan Transit System
Combining Schedule of Net Position
June 30, 2018

| | General Operations | Contracted Services | SDTC | SDTI | Total |
|---|-----------------------|------------------------|--------------------|----------------------|----------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 86,712,477 | \$ (1,457,564) | \$ (337,209) | \$ (329,575) | \$ 84,588,129 |
| Cash and cash equivalents restricted for capital support | 17,246,933 | - | - | - | 17,246,933 |
| Accounts and other receivables | 7,733,293 | 81 | 1,610,641 | 87,196 | 9,431,211 |
| Due from other governments | 82,253,858 | 59,797 | 11,261 | 248,004 | 82,572,920 |
| Internal balances | (48,121,968) | 9,670,337 | 21,885,007 | 16,566,624 | - |
| Inventory | - | - | 3,458,589 | 14,787,714 | 18,246,303 |
| Prepaid items and other current assets | 1,269,487 | 178,037 | 908,845 | 1,295,652 | 3,652,021 |
| Total current assets | 147,094,080 | 8,450,688 | 27,537,134 | 32,655,615 | 215,737,517 |
| Noncurrent assets: | | | | | |
| Capital assets (net of accumulated depreciation) | 110,216,519 | 220,613,589 | 311,488,601 | 1,144,690,311 | 1,787,009,020 |
| Total noncurrent assets | 110,216,519 | 220,613,589 | 311,488,601 | 1,144,690,311 | 1,787,009,020 |
| Total assets | 257,310,599 | 229,064,277 | 339,025,735 | 1,177,345,926 | 2,002,746,537 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension related deferred outflows of resources: | | | | | |
| Contributions made after the measurement date | 1,896,639 | - | 13,020,223 | 3,805,431 | 18,722,293 |
| Differences between projected and actual earnings on pension plan investments | 463,033 | - | 13,036,259 | 6,680,168 | 20,179,460 |
| Differences between expected and actual experience | 16,501 | - | 790,458 | 231,199 | 1,038,158 |
| Changes in employer's proportion | 1,162,548 | - | - | - | 1,162,548 |
| Differences between employer contributions and proportionate share | 597,880 | - | - | - | 597,880 |
| Changes in assumption | 2,047,380 | - | 9,899,958 | 7,024,665 | 18,972,003 |
| Total pension related deferred outflows of resources | 6,183,981 | - | 36,746,898 | 17,741,463 | 60,672,342 |
| OPEB related deferred outflows of resources: | | | | | |
| Contributions made after the measurement date | 92,802 | - | 1,032,492 | 168,599 | 1,293,893 |
| Total deferred outflows of resources | 6,276,783 | - | 37,779,390 | 17,910,062 | 61,966,235 |

San Diego Metropolitan Transit System
Combining Schedule of Net Position (Continued)
June 30, 2018

| | General Operations | Contracted Services | SDTC | SDTI | Total |
|---|-----------------------|------------------------|--------------------|-------------------|--------------------|
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 5,760,468 | 6,947,760 | 3,325,367 | 2,551,246 | 18,584,841 |
| Due to other governments | 8,238,777 | 11,708 | 113,300 | 211,075 | 8,574,860 |
| Unearned revenue | 9,356,144 | - | - | 63,563 | 9,419,707 |
| Accrued expenses | 648,622 | 16,936 | 1,190,651 | 1,134,557 | 2,990,766 |
| Retentions payable | 286,672 | - | 44 | 4,063 | 290,779 |
| Retentions payable from restricted assets | 2,799,920 | - | - | - | 2,799,920 |
| Due within one year: | | | | | |
| Compensated absences payable | 910,589 | - | 3,050,499 | 2,218,409 | 6,179,497 |
| Accrued damage, injury, and employee claims | 359,151 | - | 3,604,736 | 1,297,933 | 5,261,820 |
| Long-term debt | 708,197 | - | 2,430,000 | - | 3,138,197 |
| Total current liabilities | 29,068,540 | 6,976,404 | 13,714,597 | 7,480,846 | 57,240,387 |
| Noncurrent liabilities: | | | | | |
| Due in more than one year: | | | | | |
| Compensated absences payable | 233,716 | - | 3,781,442 | 559,099 | 4,574,257 |
| Accrued damage, injury, and employee claims | 593,804 | - | 9,741,830 | 1,692,698 | 12,028,332 |
| Aggregate net pension liability | 13,418,753 | - | 134,375,705 | 33,477,254 | 181,271,712 |
| Aggregate total OPEB liability | 5,575,125 | - | 28,722,883 | 11,098,821 | 45,396,829 |
| Long-term debt | 363,072 | - | 12,910,000 | - | 13,273,072 |
| Total noncurrent liabilities | 20,184,470 | - | 189,531,860 | 46,827,872 | 256,544,202 |
| Total liabilities | 49,253,010 | 6,976,404 | 203,246,457 | 54,308,718 | 313,784,589 |

San Diego Metropolitan Transit System
Combining Schedule of Net Position (Continued)
June 30, 2018

| | General Operations | Contracted Services | SDTC | SDTI | Total |
|---|-----------------------|------------------------|-----------------------|-------------------------|-------------------------|
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred gain on refunding related to capital assets | 130,101 | - | - | - | 130,101 |
| Pension related deferred inflows of resources | | | | | |
| Differences between projected and actual earnings on pension plan investments | - | - | 2,622,345 | 5,056,377 | 7,678,722 |
| Differences between expected and actual experience | 236,407 | - | 724,825 | 2,518,781 | 3,480,013 |
| Changes in employer's proportion | 166,559 | - | - | - | 166,559 |
| Changes in assumptions | 156,115 | - | - | 1,011,002 | 1,167,117 |
| Total pension related deferred inflows of resources | 559,081 | - | 3,347,170 | 8,586,160 | 12,492,411 |
| OPEB related deferred inflows of resources | | | | | |
| Changes in assumptions | 509,769 | - | 1,999,594 | 849,996 | 3,359,359 |
| Total deferred inflows of resources | 1,198,951 | - | 5,346,764 | 9,436,156 | 15,981,871 |
| NET POSITION | | | | | |
| Net investment in capital assets | 109,015,149 | 220,613,589 | 311,488,601 | 1,144,690,311 | 1,785,807,650 |
| Restricted for: | | | | | |
| Capital projects | 14,447,013 | - | - | - | 14,447,013 |
| Unrestricted (deficit) | 89,673,259 | 1,474,284 | (143,276,697) | (13,179,197) | (65,308,351) |
| Total net position | \$ 213,135,421 | \$ 222,087,873 | \$ 168,211,904 | \$ 1,131,511,114 | \$ 1,734,946,312 |

San Diego Metropolitan Transit System
Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

| | General Operations | Contracted Services | SDTC | SDTI | Eliminations | Total |
|----------------------------------|-----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|
| Operating revenues: | | | | | | |
| Passenger revenue | \$ - | \$ 27,847,927 | \$ 23,034,059 | \$ 39,353,823 | \$ - | \$ 90,235,809 |
| Advertising | 1,130,974 | - | - | - | - | 1,130,974 |
| Miscellaneous operating revenues | 16,438,879 | 1,997 | 186,873 | 776,558 | - | 17,404,307 |
| Total operating revenues | 17,569,853 | 27,849,924 | 23,220,932 | 40,130,381 | - | 108,771,090 |
| Operating expenses: | | | | | | |
| Personnel costs | 20,988,506 | 604,065 | 84,914,215 | 39,775,705 | - | 146,282,491 |
| Outside services | 15,752,161 | 72,181,432 | 2,404,776 | 11,235,587 | - | 101,573,956 |
| Transit operations funding | 127,019,076 | - | - | - | (126,531,251) | 487,825 |
| Materials and supplies | 44,606 | 94,400 | 5,700,994 | 9,078,022 | - | 14,918,022 |
| Energy costs | 211,697 | 7,979,908 | 5,146,022 | 13,075,928 | - | 26,413,555 |
| Risk management | 863,836 | 15,300 | 4,351,956 | 1,443,980 | - | 6,675,072 |
| Miscellaneous operating expenses | (21,093,092) | 2,592,711 | 8,647,900 | 15,706,489 | - | 5,854,008 |
| Depreciation | 3,098,695 | 21,236,046 | 25,998,089 | 70,595,031 | - | 120,927,861 |
| Total operating expenses | 146,885,485 | 104,703,862 | 137,163,952 | 160,910,742 | (126,531,251) | 423,132,790 |
| Operating income (loss) | (129,315,632) | (76,853,938) | (113,943,020) | (120,780,361) | 126,531,251 | (314,361,700) |

San Diego Metropolitan Transit System
Combining Schedule of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended June 30, 2018

| | General Operations | Contracted Services | SDTC | SDTI | Eliminations | Total |
|---|-----------------------|------------------------|-----------------------|-------------------------|----------------------|-------------------------|
| Public support and nonoperating revenues (expenses): | | | | | | |
| Federal revenue | 86,930,893 | 14,599,182 | 20,224,930 | 24,247,063 | (59,071,175) | 86,930,893 |
| Transportation Development Act (TDA) funds | 94,111,445 | 33,619,598 | 14,417,010 | 20,020,744 | (68,057,352) | 94,111,445 |
| State Transit Assistance (STA) funds | 21,680,915 | 3,304,470 | 1,588,376 | 1,965,467 | (6,858,313) | 21,680,915 |
| State revenue - other | 4,886,993 | 1,395,606 | 461,713 | 943,318 | (2,800,637) | 4,886,993 |
| <i>TransNet</i> funds | 45,695,361 | 1,910,548 | 38,284,814 | - | (45,695,361) | 40,195,362 |
| Other local subsidies | 5,492,305 | 788,488 | 603,817 | - | (1,392,305) | 5,492,305 |
| Investment earnings | 940,538 | - | - | - | - | 940,538 |
| Interest expense | 24,745 | - | (834,063) | - | - | (809,318) |
| Gain (loss) on disposal of assets | 762,747 | - | (1,739,761) | 167,820 | - | (809,194) |
| Total public support and nonoperating revenues (expenses): | 260,525,942 | 55,617,892 | 73,006,836 | 47,344,412 | (183,875,143) | 252,619,939 |
| Income (loss) before transfers and contributed capital | 131,210,310 | (21,236,046) | (40,936,184) | (73,435,949) | (57,343,892) | (61,741,761) |
| Transfers | (57,343,892) | - | - | - | 57,343,892 | - |
| Contributed capital, net | (51,302,238) | 39,671,774 | 96,900,788 | 14,280,335 | - | 99,550,659 |
| Changes in net position | 22,564,180 | 18,435,728 | 55,964,604 | (59,155,614) | - | 37,808,898 |
| Net Position: | | | | | | |
| Beginning of year, as previously reported | 190,944,664 | 203,652,145 | 135,663,464 | 1,193,924,670 | - | 1,724,184,943 |
| Restatements due to implementation of GASB 75 | (373,423) | - | (23,416,164) | (3,257,942) | - | (27,047,529) |
| Beginning of year, as restated | 190,571,241 | 203,652,145 | 112,247,300 | 1,190,666,728 | - | 1,697,137,414 |
| End of year | <u>\$ 213,135,421</u> | <u>\$ 222,087,873</u> | <u>\$ 168,211,904</u> | <u>\$ 1,131,511,114</u> | <u>\$ -</u> | <u>\$ 1,734,946,312</u> |

San Diego Metropolitan Transit System
Combining Schedule of Cash Flows
For the Year Ended June 30, 2018

| | General Operations | Contracted Services | SDTC | SDTI | Total |
|--|-----------------------|------------------------|---------------------|---------------------|-----------------------|
| Cash flows from operating activities: | | | | | |
| Receipts from customers and users | \$ 16,272,081 | \$ 27,850,330 | \$ 23,152,350 | \$ 40,155,024 | \$ 107,429,785 |
| Payments to suppliers | 5,752,741 | (83,667,807) | (29,583,456) | (43,654,149) | (151,152,671) |
| Payments to employees | (21,765,119) | (604,065) | (71,665,993) | (37,899,184) | (131,934,361) |
| Payments for damage and injury | 351,249 | - | (565,146) | (1,327,129) | (1,541,026) |
| Net cash (used in) operating activities | 610,952 | (56,421,542) | (78,662,245) | (42,725,438) | (177,198,273) |
| Cash flows from noncapital financing activities: | | | | | |
| Public support funds received | 72,358,961 | 54,909,396 | 81,483,648 | 42,549,561 | 251,301,566 |
| Net cash provided by noncapital financing activities | 72,358,961 | 54,909,396 | 81,483,648 | 42,549,561 | 251,301,566 |
| Cash flows from capital and related financing activities: | | | | | |
| Debt service costs | (676,444) | - | (3,149,063) | - | (3,825,507) |
| Property acquisition | (67,493,671) | - | - | - | (67,493,671) |
| Proceeds from disposal of assets | 740,111 | - | 91,043 | 167,820 | 998,974 |
| Net cash (used in) capital and related financing activities | (67,430,004) | - | (3,058,020) | 167,820 | (70,320,204) |
| Cash flows from investing activities: | | | | | |
| Interest received on investments | 965,283 | - | - | - | 965,283 |
| Net cash provided by investing activities | 965,283 | - | - | - | 965,283 |
| Net increase (decrease) in cash and cash equivalents | 6,505,192 | (1,512,146) | (236,617) | (8,057) | 4,748,372 |
| Cash and cash equivalents: | | | | | |
| Beginning of year | 97,454,218 | 54,582 | (100,592) | (321,518) | 97,086,690 |
| End of year | \$ 103,959,410 | \$ (1,457,564) | \$ (337,209) | \$ (329,575) | \$ 101,835,062 |
| Cash and cash equivalents: | | | | | |
| Cash and cash equivalents | \$ 86,712,477 | \$ (1,457,564) | \$ (337,209) | \$ (329,575) | \$ 84,588,129 |
| Cash and cash equivalents restricted for capital support | 17,246,933 | - | - | - | 17,246,933 |
| Total cash and cash equivalents | \$ 103,959,410 | \$ (1,457,564) | \$ (337,209) | \$ (329,575) | \$ 101,835,062 |

San Diego Metropolitan Transit System
Combining Schedule of Cash Flows (Continued)
For the Year Ended June 30, 2018

| | General Operations | Contracted Services | SDTC | SDTI | Total |
|---|-----------------------|------------------------|------------------------|------------------------|-------------------------|
| Reconciliation of Operating Income (Loss) to Net Cash (Used In) Operating Activities | | | | | |
| Operating (loss): | \$ (2,784,381) | \$ (76,853,938) | \$ (113,943,020) | \$ (120,780,361) | \$ (314,361,700) |
| Adjustments to reconcile operating income (loss) to net cash (used in) operating activities | | | | | |
| Depreciation and amortization | 3,098,695 | 21,236,046 | 25,998,089 | 70,595,031 | 120,927,861 |
| (Increase) decrease in: | | | | | |
| Accounts and other receivables | 464,456 | 406 | (68,582) | 24,643 | 420,923 |
| Due from other governments | (1,762,228) | - | - | - | (1,762,228) |
| Inventory | - | - | (459,967) | 2,148,940 | 1,688,973 |
| Prepaid expenses and other current assets | (320,440) | 131,293 | (241,401) | (433,671) | (864,219) |
| Increase (decrease) in: | | | | | |
| Accounts payable | (1,687,293) | (936,478) | 546,076 | 800,341 | (1,277,354) |
| Due to other governments | 1,323,670 | (3,591) | 8,971 | (286,233) | 1,042,817 |
| Accrued expenses | (153,439) | 4,720 | 89,634 | 29,238 | (29,847) |
| Unearned revenue | 3,058,500 | - | - | 24,787 | 3,083,287 |
| Aggregate net pension liability | (701,162) | - | 11,249,586 | 1,710,786 | 12,259,210 |
| Aggregate total OPEB liability | 433,559 | - | (272,327) | 3,131,740 | 3,292,972 |
| Compensated absences payable | 62,378 | - | (412,632) | 386,596 | 36,342 |
| Accrued damage, injury and employee claims | (421,363) | - | (1,156,672) | (77,275) | (1,655,310) |
| Total adjustments | 3,395,333 | 20,432,396 | 35,280,775 | 78,054,923 | 137,163,427 |
| Net cash (used in) operating activities | \$ 610,952 | \$ (56,421,542) | \$ (78,662,245) | \$ (42,725,438) | \$ (177,198,273) |

Supplemental noncash disclosures:

During the year SANDAG contributed \$99,550,659 in capital assets

During the year the fair value of investments decreased by \$33,508

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, 2018

| | 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 | |
| Operating revenues: | | | | | | |
| Passenger revenue | \$ 95,867,107 | \$ 90,631,033 | \$ 90,235,809 | \$ - | \$ 90,235,809 | \$ (395,224) |
| Advertising | 1,150,000 | 1,225,000 | 1,130,974 | - | 1,130,974 | (94,026) |
| Miscellaneous operating revenues | 12,714,000 | 14,273,028 | 17,404,307 | (1,337,466) | 16,066,841 | 1,793,813 |
| Total operating revenues | 109,731,107 | 106,129,061 | 108,771,090 | (1,337,466) | 107,433,624 | 1,304,563 |
| Operating expenses: | | | | | | |
| Personnel costs | 130,643,373 | 131,351,795 | 146,282,491 | (16,962,016) | 129,320,475 | 2,031,320 |
| Outside services | 95,288,605 | 94,961,552 | 101,573,956 | (6,416,732) | 95,157,224 | (195,672) |
| Transit operations funding | 570,084 | 570,084 | 487,825 | - | 487,825 | 82,259 |
| Materials and supplies | 11,338,615 | 11,900,290 | 14,918,022 | (10,903) | 14,907,119 | (3,006,829) |
| Energy costs | 27,020,429 | 26,564,277 | 26,413,555 | - | 26,413,555 | 150,722 |
| Risk management | 5,862,530 | 6,613,400 | 6,675,072 | 517,816 | 7,192,888 | (579,488) |
| Miscellaneous operating expenses | 5,902,499 | 5,816,703 | 5,854,008 | (109,647) | 5,744,361 | 72,342 |
| Depreciation | - | - | 120,927,861 | (120,927,861) | - | - |
| Total operating expenses | 276,626,135 | 277,778,101 | 423,132,790 | (143,909,343) | 279,223,447 | (1,445,346) |
| Operating income (loss) | (166,895,028) | (171,649,040) | (314,361,700) | 142,571,877 | (171,789,823) | (140,783) |

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, 2018

| | 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 | |
| Public support and nonoperating revenues (expenses): | | | | | | |
| Federal revenue | 58,992,100 | 58,992,100 | 86,930,893 | (27,794,567) | 59,136,326 | 144,226 |
| Transportation Development Act (TDA) funds | 64,096,043 | 64,096,043 | 94,111,445 | (30,015,402) | 64,096,043 | - |
| State Transit Assistance (STA) funds | 3,600,000 | 4,600,000 | 21,680,915 | (15,217,085) | 6,463,830 | 1,863,830 |
| State revenue - other | 1,400,000 | 3,400,000 | 4,886,993 | (3,496,493) | 1,390,500 | (2,009,500) |
| TransNet funds | 38,463,424 | 39,185,581 | 40,195,362 | - | 40,195,362 | 1,009,781 |
| Other local subsidies | 1,034,102 | 1,055,817 | 5,492,305 | (4,100,000) | 1,392,305 | 336,488 |
| Investment earnings | 350,000 | 920,000 | 940,538 | (12,592) | 927,946 | 7,946 |
| Interest expense | (1,595,248) | (1,595,248) | (809,318) | (785,904) | (1,595,222) | 26 |
| Gain (loss) on disposal of assets | 200,000 | 615,000 | (809,194) | 1,808,168 | 998,974 | 383,974 |
| Total public support and nonoperating revenues (expenses): | 166,540,421 | 171,269,293 | 252,619,939 | (79,613,875) | 173,006,064 | 1,736,771 |
| Income (loss) before contributed capital | (354,607) | (379,747) | (61,741,761) | 62,958,002 | 1,216,241 | 1,595,988 |
| Reserve revenue | 354,607 | 379,747 | - | 431,327 | 431,327 | 51,580 |
| Contributed capital, net | - | - | 99,550,659 | (99,550,659) | - | - |
| Changes in net position | \$ - | \$ - | 37,808,898 | \$ (36,161,330) | \$ 1,647,568 | \$ 1,647,568 |
| Net Position: | | | | | | |
| Beginning of year | | | 1,697,137,414 | | | |
| End of year | | | <u>\$ 1,734,946,312</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, 2018

| | 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 | |
| Operating revenues: | | | | | | |
| Advertising | \$ 1,150,000 | \$ 1,225,000 | \$ 1,130,974 | \$ - | \$ 1,130,974 | \$ (94,026) |
| Miscellaneous operating revenues | 10,719,000 | 12,344,428 | 14,338,551 | (337,466) | 14,001,085 | 1,656,657 |
| Total operating revenues | 11,869,000 | 13,569,428 | 15,469,525 | (337,466) | 15,132,059 | 1,562,631 |
| Operating expenses: | | | | | | |
| Personnel costs | 20,545,363 | 19,742,834 | 20,046,625 | (57,005) | 19,989,620 | (246,786) |
| Outside services | 14,711,184 | 15,133,714 | 15,514,315 | (185,647) | 15,328,668 | (194,954) |
| Transit operations funding | 570,084 | 570,084 | 127,019,076 | (126,531,251) | 487,825 | 82,259 |
| Materials and supplies | 43,300 | 120,434 | 43,565 | - | 43,565 | 76,869 |
| Energy costs | 214,050 | 199,750 | 196,188 | - | 196,188 | 3,562 |
| Risk management | 441,613 | 392,800 | 789,371 | (421,364) | 368,007 | 24,793 |
| Miscellaneous operating expenses | (24,140,047) | (21,253,641) | (21,354,005) | (50,818) | (21,404,823) | 151,182 |
| Depreciation | - | - | 3,075,009 | (3,075,009) | - | - |
| Total operating expenses | 12,385,547 | 14,905,975 | 145,330,144 | (130,321,094) | 15,009,050 | (103,075) |
| Operating income (loss) | (516,547) | (1,336,547) | (129,860,619) | 129,983,628 | 123,009 | 1,459,556 |

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, 2018

| | 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 | |
| Public support and nonoperating revenues (expenses): | | | | | | |
| Federal revenue | 140,000 | 140,000 | 86,930,893 | (86,818,679) | 112,214 | (27,786) |
| Transportation Development Act (TDA) funds | 570,084 | 570,084 | 94,111,445 | (93,623,620) | 487,825 | (82,259) |
| State Transit Assistance (STA) funds | - | - | 21,680,915 | (21,680,915) | - | - |
| State revenue - other | - | - | 4,886,993 | (4,886,993) | - | - |
| <i>TransNet</i> funds | - | - | 45,695,361 | (45,695,361) | - | - |
| Other local subsidies | - | - | 5,492,305 | (5,492,305) | - | - |
| Investment earnings | 350,000 | 920,000 | 940,538 | (12,592) | 927,946 | 7,946 |
| Interest expense | (743,537) | (743,537) | 24,745 | (768,282) | (743,537) | - |
| Gain (loss) on disposal of assets | 200,000 | 450,000 | 762,747 | (22,636) | 740,111 | 290,111 |
| Total public support and nonoperating revenues (expenses): | 516,547 | 1,336,547 | 260,525,942 | (259,001,383) | 1,524,559 | 188,012 |
| Income (loss) before transfers and contributed capital | - | - | 130,665,323 | (129,017,755) | 1,647,568 | 1,647,568 |
| Transfers | - | - | (57,343,892) | 57,343,892 | - | - |
| Contributed capital, net | - | - | (50,302,238) | 50,302,238 | - | - |
| Changes in net position | \$ - | \$ - | 23,019,193 | \$ (21,371,625) | \$ 1,647,568 | \$ 1,647,568 |
| Net Position: | | | | | | |
| Beginning of year, as restated | | | 171,161,375 | | | |
| End of year | | | <u>\$ 194,180,568</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, 2018

| | 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 | |
| Operating revenues: | | | | | | |
| Miscellaneous operating revenues | \$ 1,140,000 | \$ 1,048,600 | \$ 953,536 | \$ - | \$ 953,536 | \$ (95,064) |
| Total operating revenues | <u>1,140,000</u> | <u>1,048,600</u> | <u>953,536</u> | <u>-</u> | <u>953,536</u> | <u>(95,064)</u> |
| Operating expenses: | | | | | | |
| Personnel costs | 959,685 | 885,334 | 886,327 | - | 886,327 | (993) |
| Outside services | 83,110 | 86,110 | 56,326 | - | 56,326 | 29,784 |
| Materials and supplies | 7,000 | 8,000 | 1,041 | - | 1,041 | 6,959 |
| Energy costs | 11,500 | 14,000 | 15,509 | - | 15,509 | (1,509) |
| Risk management | 9,000 | 8,000 | 7,692 | - | 7,692 | 308 |
| Miscellaneous operating expenses | 284,312 | 227,403 | 236,286 | - | 236,286 | (8,883) |
| Depreciation | - | - | 6,598 | (6,598) | - | - |
| Total operating expenses | <u>1,354,607</u> | <u>1,228,847</u> | <u>1,209,779</u> | <u>(6,598)</u> | <u>1,203,181</u> | <u>25,666</u> |
| Operating income (loss) | (214,607) | (180,247) | (256,243) | 6,598 | (249,645) | (69,398) |
| Reserve revenue | 214,607 | 180,247 | - | 249,645 | 249,645 | 69,398 |
| Changes in net position | <u>\$ -</u> | <u>\$ -</u> | <u>(256,243)</u> | <u>\$ 256,243</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net Position: | | | | | | |
| Beginning of year | | | 499,860 | | | |
| End of year | | | <u>\$ 243,617</u> | | | |

San Diego Metropolitan Transit System
San Diego Arizona and Eastern Railway
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
For the Year Ended June 30, 2018

| | 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 | |
| Operating revenues: | | | | | | |
| Miscellaneous operating revenues | \$ 130,000 | \$ 145,000 | \$ 1,146,792 | \$ (1,000,000) | \$ 146,792 | \$ 1,792 |
| Total operating revenues | <u>130,000</u> | <u>145,000</u> | <u>1,146,792</u> | <u>(1,000,000)</u> | <u>146,792</u> | <u>1,792</u> |
| Operating expenses: | | | | | | |
| Personnel costs | 50,500 | 37,200 | 55,554 | - | 55,554 | (18,354) |
| Outside services | 200,000 | 220,000 | 181,520 | - | 181,520 | 38,480 |
| Risk management | 15,500 | 67,300 | 66,773 | - | 66,773 | 527 |
| Miscellaneous operating expenses | 4,000 | 20,000 | 24,627 | - | 24,627 | (4,627) |
| Depreciation | - | - | 17,088 | (17,088) | - | - |
| Total operating expenses | <u>270,000</u> | <u>344,500</u> | <u>345,562</u> | <u>(17,088)</u> | <u>328,474</u> | <u>16,026</u> |
| Operating income (loss) | (140,000) | (199,500) | 801,230 | (982,912) | (181,682) | 17,818 |
| Reserve revenue | 140,000 | 199,500 | - | 181,682 | 181,682 | (17,818) |
| Contributed capital, net | - | - | (1,000,000) | 1,000,000 | - | - |
| Changes in net position | <u>\$ -</u> | <u>\$ -</u> | <u>(198,770)</u> | <u>\$ 198,770</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net Position: | | | | | | |
| Beginning of year | | | 18,910,006 | | | |
| End of year | | | <u>\$ 18,711,236</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, 2018

| | 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 | |
| Operating revenues: | | | | | | |
| Passenger revenue | \$ 30,450,000 | \$ 28,872,700 | \$ 27,847,927 | \$ - | \$ 27,847,927 | \$ (1,024,773) |
| Miscellaneous operating revenues | - | - | 1,997 | - | 1,997 | 1,997 |
| Total operating revenues | 30,450,000 | 28,872,700 | 27,849,924 | - | 27,849,924 | (1,022,776) |
| Operating expenses: | | | | | | |
| Personnel costs | 499,612 | 438,532 | 604,065 | - | 604,065 | (165,533) |
| Outside services | 72,974,065 | 71,992,394 | 72,181,432 | (78,834) | 72,102,598 | (110,204) |
| Materials and supplies | 49,700 | 30,500 | 94,400 | (10,903) | 83,497 | (52,997) |
| Energy costs | 8,421,707 | 8,185,027 | 7,979,908 | - | 7,979,908 | 205,119 |
| Risk management | 15,300 | 15,300 | 15,300 | - | 15,300 | - |
| Miscellaneous operating expenses | 2,485,087 | 2,568,906 | 2,592,711 | - | 2,592,711 | (23,805) |
| Depreciation | - | - | 21,236,046 | (21,236,046) | - | - |
| Total operating expenses | 84,445,471 | 83,230,659 | 104,703,862 | (21,325,783) | 83,378,079 | (147,420) |
| Operating income (loss) | (53,995,471) | (54,357,959) | (76,853,938) | 21,325,783 | (55,528,155) | (1,170,196) |

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, 2018

| | 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 | |
| Public support and nonoperating revenues (expenses): | | | | | | |
| Federal revenue | 14,952,100 | 14,952,100 | 14,599,182 | - | 14,599,182 | (352,918) |
| Transportation Development Act (TDA) funds | 35,015,209 | 33,558,360 | 33,619,598 | (61,238) | 33,558,360 | - |
| State Transit Assistance (STA) funds | - | - | 3,304,470 | (23,393) | 3,281,077 | 3,281,077 |
| State revenue - other | 1,400,000 | 3,400,000 | 1,395,606 | (5,106) | 1,390,500 | (2,009,500) |
| <i>TransNet</i> funds | 1,872,060 | 1,669,682 | 1,910,548 | - | 1,910,548 | 240,866 |
| Other local subsidies | 756,102 | 777,817 | 788,488 | - | 788,488 | 10,671 |
| Total public support and nonoperating revenues (expenses): | 53,995,471 | 54,357,959 | 55,617,892 | (89,737) | 55,528,155 | 1,170,196 |
| Income (loss) before contributed capital | - | - | (21,236,046) | 21,236,046 | - | - |
| Contributed capital, net | - | - | 39,671,774 | (39,671,774) | - | - |
| Changes in net position | \$ - | \$ - | 18,435,728 | \$ (18,435,728) | \$ - | \$ - |
| Net Position: | | | | | | |
| Beginning of year | | | 203,652,145 | | | |
| End of year | | | <u>\$ 222,087,873</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, 2018

| | 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 | |
| Operating revenues: | | | | | | |
| Passenger revenue | \$ 24,292,400 | \$ 21,735,500 | \$ 23,034,059 | \$ - | \$ 23,034,059 | \$ 1,298,559 |
| Miscellaneous operating revenues | 5,000 | 15,000 | 186,873 | - | 186,873 | 171,873 |
| Total operating revenues | <u>24,297,400</u> | <u>21,750,500</u> | <u>23,220,932</u> | <u>-</u> | <u>23,220,932</u> | <u>1,470,432</u> |
| Operating expenses: | | | | | | |
| Personnel costs | 72,373,084 | 73,236,857 | 84,914,215 | (13,734,546) | 71,179,669 | 2,057,188 |
| Outside services | 1,989,107 | 1,995,656 | 2,404,776 | (462,634) | 1,942,142 | 53,514 |
| Materials and supplies | 4,521,828 | 5,429,556 | 5,700,994 | - | 5,700,994 | (271,438) |
| Energy costs | 5,856,672 | 5,364,000 | 5,146,022 | - | 5,146,022 | 217,978 |
| Risk management | 3,535,406 | 3,985,500 | 4,351,956 | 609,633 | 4,961,589 | (976,089) |
| Miscellaneous operating expenses | 10,543,435 | 8,693,785 | 8,647,900 | - | 8,647,900 | 45,885 |
| Depreciation | - | - | 25,998,089 | (25,998,089) | - | - |
| Total operating expenses | <u>98,819,532</u> | <u>98,705,354</u> | <u>137,163,952</u> | <u>(39,585,636)</u> | <u>97,578,316</u> | <u>1,127,038</u> |
| Operating income (loss) | <u>(74,522,132)</u> | <u>(76,954,854)</u> | <u>(113,943,020)</u> | <u>39,585,636</u> | <u>(74,357,384)</u> | <u>2,597,470</u> |

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, 2018

| | 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 | |
| Public support and nonoperating revenues (expenses): | | | | | | |
| Federal revenue | 19,700,000 | 19,700,000 | 20,224,930 | - | 20,224,930 | 524,930 |
| Transportation Development Act (TDA) funds | 20,204,479 | 15,712,666 | 14,417,010 | (921) | 14,416,089 | (1,296,577) |
| State Transit Assistance (STA) funds | 3,600,000 | 4,600,000 | 1,588,376 | - | 1,588,376 | (3,011,624) |
| State revenue - other | - | - | 461,713 | (461,713) | - | - |
| <i>TransNet</i> funds | 31,591,364 | 37,515,899 | 38,284,814 | - | 38,284,814 | 768,915 |
| Other local subsidies | 278,000 | 278,000 | 603,817 | - | 603,817 | 325,817 |
| Interest expense | (851,711) | (851,711) | (834,063) | (17,622) | (851,685) | 26 |
| Gain (loss) on disposal of assets | - | - | (1,739,761) | 1,830,804 | 91,043 | 91,043 |
| Total public support and nonoperating revenues (expenses): | 74,522,132 | 76,954,854 | 73,006,836 | 1,350,548 | 74,357,384 | (2,597,470) |
| Income (loss) before contributed capital | - | - | (40,936,184) | 40,936,184 | - | - |
| Contributed capital, net | - | - | 96,900,788 | (96,900,788) | - | - |
| Changes in net position | \$ - | \$ - | 55,964,604 | \$ (55,964,604) | \$ - | \$ - |
| Net Position: | | | | | | |
| Beginning of year, as restated | | | 112,247,300 | | | |
| End of year | | | <u>\$ 168,211,904</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, 2018

| | 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 | |
| Operating revenues: | | | | | | |
| Passenger revenue | \$ 41,124,707 | \$ 40,022,833 | \$ 39,353,823 | \$ - | \$ 39,353,823 | \$ (669,010) |
| Miscellaneous operating revenues | 720,000 | 720,000 | 776,558 | - | 776,558 | 56,558 |
| Total operating revenues | <u>41,844,707</u> | <u>40,742,833</u> | <u>40,130,381</u> | <u>-</u> | <u>40,130,381</u> | <u>(612,452)</u> |
| Operating expenses: | | | | | | |
| Personnel costs | 36,215,129 | 37,011,038 | 39,775,705 | (3,170,465) | 36,605,240 | 405,798 |
| Outside services | 5,331,139 | 5,533,678 | 11,235,587 | (5,689,617) | 5,545,970 | (12,292) |
| Materials and supplies | 6,716,787 | 6,311,800 | 9,078,022 | - | 9,078,022 | (2,766,222) |
| Energy costs | 12,516,500 | 12,801,500 | 13,075,928 | - | 13,075,928 | (274,428) |
| Risk management | 1,845,711 | 2,144,500 | 1,443,980 | 329,547 | 1,773,527 | 370,973 |
| Miscellaneous operating expenses | 16,725,712 | 15,560,250 | 15,706,489 | (58,829) | 15,647,660 | (87,410) |
| Depreciation | - | - | 70,595,031 | (70,595,031) | - | - |
| Total operating expenses | <u>79,350,978</u> | <u>79,362,766</u> | <u>160,910,742</u> | <u>(79,184,395)</u> | <u>81,726,347</u> | <u>(2,363,581)</u> |
| Operating income (loss) | <u>(37,506,271)</u> | <u>(38,619,933)</u> | <u>(120,780,361)</u> | <u>79,184,395</u> | <u>(41,595,966)</u> | <u>(2,976,033)</u> |

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, 2018

| | 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 | |
| Public support and nonoperating revenues (expenses): | | | | | | |
| Federal revenue | 24,200,000 | 24,200,000 | 24,247,063 | (47,063) | 24,200,000 | - |
| Transportation Development Act (TDA) funds | 8,306,271 | 14,254,933 | 20,020,744 | (4,386,975) | 15,633,769 | 1,378,836 |
| State Transit Assistance (STA) funds | - | - | 1,965,467 | (371,090) | 1,594,377 | 1,594,377 |
| State revenue - other | - | - | 943,318 | (943,318) | - | - |
| <i>TransNet</i> funds | 5,000,000 | - | - | - | - | - |
| Gain (loss) on disposal of assets | - | 165,000 | 167,820 | - | 167,820 | 2,820 |
| Total public support and nonoperating revenues (expenses): | 37,506,271 | 38,619,933 | 47,344,412 | (5,748,446) | 41,595,966 | 2,976,033 |
| Income (loss) before contributed capital | - | - | (73,435,949) | 73,435,949 | - | - |
| Contributed capital, net | - | - | 14,280,335 | (14,280,335) | - | - |
| Changes in net position | \$ - | \$ - | (59,155,614) | \$ 59,155,614 | \$ - | \$ - |
| Net Position: | | | | | | |
| Beginning of year | | | 1,190,666,728 | | | |
| End of year | | | <u>\$ 1,131,511,114</u> | | | |

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.

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FINANCIAL TRENDS

San Diego Metropolitan Transit System
Net Position by Component (in 000's)
Last Ten Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 1,785,808 | \$ 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 |
| Restricted | 14,447 | 4,440 | 8,750 | 5,309 | 6,742 | 7,255 | 78,378 | 7,007 | 2,548 | 2,700 |
| Unrestricted | (65,308) | (19,615) | (31,668) | (31,900) | 181,114 | 189,837 | 157,609 | 173,128 | 177,158 | 172,344 |
| Total business-type activities net position | <u>\$ 1,734,947</u> | <u>\$ 1,724,185</u> | <u>\$ 1,737,509</u> | <u>\$ 1,672,631</u> | <u>\$ 1,583,062</u> | <u>\$ 1,493,309</u> | <u>\$ 1,408,803</u> | <u>\$ 1,253,697</u> | <u>\$ 1,257,884</u> | <u>\$ 1,250,149</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 1,785,808 | \$ 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 |
| Restricted | 14,447 | 4,440 | 8,750 | 5,309 | 6,742 | 7,255 | 78,378 | 7,007 | 2,548 | 2,700 |
| Unrestricted | (65,308) | (19,615) | (31,668) | (31,900) | 181,114 | 189,837 | 157,609 | 173,128 | 177,158 | 172,344 |
| Total primary government net position | <u>\$ 1,734,947</u> | <u>\$ 1,724,185</u> | <u>\$ 1,737,509</u> | <u>\$ 1,672,631</u> | <u>\$ 1,583,062</u> | <u>\$ 1,493,309</u> | <u>\$ 1,408,803</u> | <u>\$ 1,253,697</u> | <u>\$ 1,257,884</u> | <u>\$ 1,250,149</u> |

Source: Audited financial statements

San Diego Metropolitan Transit System
Changes in Net Position (in 000's)
Last Ten Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Operating revenues: | | | | | | | | | | |
| Passenger revenue | \$ 90,236 | \$ 93,279 | \$ 97,914 | \$ 97,615 | \$ 93,995 | \$ 90,652 | \$ 88,094 | \$ 84,764 | \$ 84,167 | \$ 85,192 |
| Advertising | 1,131 | 1,379 | 968 | 816 | 870 | 972 | 784 | 621 | 783 | 925 |
| Charter | - | - | - | 6 | 30 | 1 | 186 | 129 | 128 | 69 |
| Miscellaneous | 17,404 | 18,863 | 15,781 | 9,349 | 9,531 | 4,934 | 4,445 | 4,688 | 4,264 | 4,874 |
| Total operating revenues | 108,771 | 113,521 | 114,663 | 107,786 | 104,426 | 96,559 | 93,509 | 90,202 | 89,342 | 91,060 |
| Operating expenses: | | | | | | | | | | |
| Personnel costs | 146,282 | 137,021 | 121,921 | 114,575 | 117,092 | 123,720 | 112,537 | 104,329 | 109,512 | 101,913 |
| Outside services | 101,574 | 97,800 | 94,802 | 84,302 | 73,859 | 67,414 | 66,050 | 64,037 | 63,574 | 65,140 |
| Transit operations funding | 488 | 463 | 491 | 2,692 | 4,243 | 3,571 | 3,721 | 4,053 | 3,758 | 3,004 |
| Materials and supplies | 14,918 | 13,065 | 9,715 | 10,307 | 9,276 | 8,469 | 7,977 | 7,678 | 6,680 | 7,190 |
| Energy costs | 26,414 | 25,552 | 24,531 | 28,003 | 26,044 | 22,572 | 22,689 | 21,932 | 22,892 | 25,283 |
| Risk management | 6,675 | 4,276 | 4,864 | 5,849 | 3,610 | 2,902 | 4,030 | 3,924 | 4,859 | 4,074 |
| Miscellaneous | 5,854 | 5,934 | 4,978 | 4,975 | 6,244 | 6,493 | 5,116 | 4,899 | 3,571 | 2,052 |
| Depreciation | 120,928 | 123,880 | 119,520 | 108,199 | 103,198 | 92,788 | 84,811 | 81,041 | 98,238 | 75,499 |
| Total operating expenses | 423,133 | 407,991 | 380,822 | 358,902 | 343,566 | 327,929 | 306,931 | 291,893 | 313,084 | 284,155 |
| Operating income (loss) | (314,362) | (294,470) | (266,159) | (251,116) | (239,140) | (231,370) | (213,422) | (201,691) | (223,742) | (193,095) |

San Diego Metropolitan Transit System
Changes in Net Position (in 000's) (Continued)
Last Ten Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|------------------|--------------------|------------------|-------------------|------------------|------------------|-------------------|-------------------|-----------------|--------------------|
| Public support and nonoperating revenues (expenses): | | | | | | | | | | |
| Grants and contributions | 253,298 | 232,775 | 235,763 | 235,755 | 211,517 | 183,945 | 325,658 | 170,850 | 224,506 | 176,979 |
| Investment earnings | 941 | 636 | 292 | 3,065 | 6,087 | 6,267 | 7,622 | 7,695 | 9,708 | 10,584 |
| Interest expense | (809) | (963) | (1,071) | (6,883) | (6,982) | (7,520) | (8,014) | (8,420) | (12,702) | (11,153) |
| Gain (loss) on disposal of assets | (809) | 396 | 2,433 | 67 | (273) | 804 | (620) | 712 | (69) | 294 |
| Other expenses | - | - | - | - | (13) | (13) | (5) | (139) | (1,075) | (705) |
| Total public support and nonoperating revenues (expenses) | 252,621 | 232,844 | 237,417 | 232,004 | 210,336 | 183,483 | 324,641 | 170,698 | 220,368 | 175,999 |
| Income (loss) before contributed capital | (61,741) | (61,626) | (28,742) | (19,112) | (28,804) | (47,887) | 111,219 | (30,993) | (3,374) | (17,096) |
| Contributed capital, net | 99,551 | 48,301 | 93,619 | 245,717 | 118,768 | 132,182 | 44,118 | 26,806 | 11,110 | 1,668 |
| Changes in net position | \$ 37,810 | \$ (13,325) | \$ 64,877 | \$ 226,605 | \$ 89,964 | \$ 84,295 | \$ 155,337 | \$ (4,187) | \$ 7,736 | \$ (15,428) |

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 |
|-------------------------------|--------------------|-------------------------------|-----------------------------|-----------------------------|----------|
| San Diego Transit Corporation | | | | | |
| 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 |
| 2018 | 23,034 | 20,225 | 16,467 | 38,889 | 187 |
| San Diego Trolley | | | | | |
| 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 |
| 2018 | 39,354 | 24,247 | 22,930 | - | 777 |
| MTS - Contracted Services | | | | | |
| 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 |
| 2018 | 27,848 | 14,599 | 38,320 | 2,699 | 2 |

Source: Audited Financial Statements.

San Diego Metropolitan Transit System
Fare Structure
Last Ten Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Bus Cash Fares | | | | | | | | | | |
| One-way fare, local routes | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 |
| Senior/disabled, local routes | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 |
| Urban | - | - | - | - | - | - | - | - | - | - |
| 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 | 1.25 |
| 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 | 2.50 |
| 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 | 2.5-5.00 | 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 | 2.50-5.00 |
| Sorrento Valley Coaster Connection | - | - | - | - | - | - | - | - | - | 1.00 |
| Senior/disabled Coaster Connection | - | - | - | - | - | - | - | - | - | 0.50 |
| Trolley Cash Fares | | | | | | | | | | |
| One-way fare, all stations | 2.50 | 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 | 1.25 |
| Downtown | - | - | - | - | - | - | - | - | - | 1.25 |
| Senior/disabled Downtown | - | - | - | - | - | - | - | - | - | 0.60 |
| Bus and Trolley Day Passes | | | | | | | | | | |
| Regional day pass | 5.00 | 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 | 12.00 | 14.00 | 14.00 | - |
| Bus and Trolley Monthly Passes | | | | | | | | | | |
| Regional monthly pass | 72.00 | 72.00 | 72.00 | 72.00 | 72.00 | 72.00 | 72.00 | 72.00 | 72.00 | 68.00 |
| Senior/disabled Regional | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 17.00 |
| Youth Regional | 36.00 | 36.00 | 36.00 | 36.00 | 36.00 | 36.00 | 36.00 | 36.00 | 36.00 | 34.00 |
| 14-Day/Half-month | 43.00 | 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 | 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 | 25.00 | 22.50 |
| Youth Rapid Express/Premium | 50.00 | 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 | 60.00 | 54.00 |

SOURCE: SANDAG Comprehensive Fare Ordinance, amendments effective July 2014.

**San Diego Metropolitan Transit System
Farebox Recovery Percentage
Last Ten Fiscal Years**

| <u>Fiscal Year Ended</u> | <u>San Diego Transit</u> | <u>San Diego Trolley</u> | <u>MTS-Contracted Services</u> |
|------------------------------|------------------------------|------------------------------|------------------------------------|
| 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 |
| 2018 | 23.12 | 44.89 | 33.36 |

Source: Audited financial statements; calculated as passenger revenue divided by operating expenses (less depreciation, GASB 68 related pension expense and GASB 75 related OPEB expenses), and interest expense.

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 |
|-----------------------|--------------------------|-----------------------------|---------------------------------|--------------------------------|---------------|-------------------------------------|--------------------|
| 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 |
| 2018 | 1,071,269 | - | - | 15,340,000 | 16,411,269 | 0.01% | 5 |

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 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**

| | 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) |
|------|---------------------------------------|---|-----------------------------------|---|
| 2009 | 3,077,633 | 137,300,000 | 48,464 | 10.20% |
| 2010 | 3,102,852 | 136,600,000 | 48,566 | 10.50% |
| 2011 | 3,135,806 | 145,700,000 | 49,938 | 10.40% |
| 2012 | 3,174,446 | 152,700,000 | 50,670 | 9.30% |
| 2013 | 3,208,946 | 157,800,000 | 51,223 | 7.40% |
| 2014 | 3,248,547 | 167,100,000 | 52,889 | 6.10% |
| 2015 | 3,275,546 | 175,900,000 | 54,708 | 5.00% |
| 2016 | 3,300,891 | 184,200,000 | 55,797 | 5.10% |
| 2017 | 3,327,564 | 192,500,000 | 56,437 | 4.30% |
| 2018 | 3,352,564 | 202,800,000 | 57,473 | 3.70% |

Source:

- (1) California Department of Transportation - Actuals 2009-2016, Forecast 2017-2018
- (2) California Employment Development Department, June 2018

**San Diego Metropolitan Transit System
Full-Time and Part-Time Employees by Function
Last Ten Fiscal Years**

| | <u>MTS</u> | <u>San Diego Transit</u> | <u>San Diego Trolley</u> | <u>Total</u> |
|------|------------|--------------------------|--------------------------|--------------|
| 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 |
| 2018 | 166 | 802 | 593 | 1,561 |

Source: MTS payroll records

**San Diego Metropolitan Transit System
Ten Largest Employers in San Diego County**

| Company Name | Number of Employees (1) | Percent of 1,525,500 County Total (2) |
|-------------------------------------|----------------------------|--|
| Federal Government* | 35,488 | 2.33% |
| University of California, San Diego | 34,448 | 2.26% |
| Naval Base San Diego | 34,185 | 2.24% |
| Sharp HealthCare | 18,364 | 1.20% |
| County of San Diego | 17,413 | 1.14% |
| Scripps Health | 14,941 | 0.98% |
| San Diego Unified School District | 13,815 | 0.91% |
| Qualcomm Inc. | 11,800 | 0.77% |
| City of San Diego | 11,462 | 0.75% |
| Kaiser Permanente | 9,606 | 0.63% |

Source:

- (1) San Diego Business Journal - 2018 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 Indicator by Function
Last Ten Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Operating Cost (in 000's) | | | | | | | | | | |
| San Diego Transit | \$ 99,619 | \$ 94,878 | \$ 95,526 | \$ 92,059 | \$ 91,568 | \$ 98,666 | \$ 90,153 | \$ 83,457 | \$ 93,831 | \$ 81,271 |
| San Diego Trolley | 87,666 | 81,501 | 75,086 | 72,637 | 71,098 | 65,859 | 63,309 | 60,395 | 60,913 | 58,537 |
| MTS-Contract Services | 83,468 | 81,744 | 80,511 | 76,190 | 65,959 | 62,573 | 61,154 | 59,536 | 58,037 | 59,639 |
| Farebox Revenue (in 000's) | | | | | | | | | | |
| San Diego Transit | \$ 23,034 | \$ 24,864 | \$ 26,169 | \$ 27,156 | \$ 27,781 | \$ 28,621 | \$ 27,498 | \$ 26,056 | \$ 26,708 | \$ 27,882 |
| San Diego Trolley | 39,354 | 38,968 | 41,113 | 41,140 | 40,188 | 35,554 | 35,216 | 34,673 | 33,050 | 33,454 |
| MTS-Contract Services | 27,848 | 29,447 | 30,631 | 29,318 | 26,025 | 26,476 | 25,380 | 24,036 | 24,410 | 23,857 |
| Total Passengers (in 000's) | | | | | | | | | | |
| San Diego Transit | \$ 22,867 | \$ 24,315 | \$ 25,628 | \$ 27,264 | \$ 28,541 | \$ 28,927 | \$ 28,802 | \$ 27,252 | \$ 26,921 | \$ 29,762 |
| San Diego Trolley | 36,995 | 37,639 | 39,614 | 40,082 | 39,695 | 29,699 | 32,655 | 31,613 | 30,469 | 36,928 |
| MTS-Contract Services | 25,567 | 26,241 | 27,194 | 27,574 | 23,761 | 23,479 | 23,780 | 22,664 | 21,988 | 21,645 |
| Revenue Miles (in 000's) | | | | | | | | | | |
| San Diego Transit | \$ 9,684 | \$ 9,626 | \$ 9,702 | \$ 9,561 | \$ 8,695 | \$ 8,557 | \$ 8,221 | \$ 8,178 | \$ 8,624 | \$ 9,221 |
| San Diego Trolley | 8,656 | 8,728 | 8,424 | 8,596 | 8,516 | 7,758 | 7,544 | 7,519 | 7,743 | 7,895 |
| MTS-Contract Services | 14,983 | 15,144 | 14,969 | 13,328 | 12,139 | 11,607 | 11,214 | 11,196 | 11,450 | 12,179 |
| Subsidy / Total Passenger | | | | | | | | | | |
| San Diego Transit | \$ 3.35 | \$ 2.88 | \$ 2.71 | \$ 2.38 | \$ 2.24 | \$ 2.42 | \$ 2.18 | \$ 2.11 | \$ 2.50 | \$ 1.79 |
| San Diego Trolley | 1.31 | 1.13 | 0.86 | 0.79 | 0.78 | 1.02 | 0.86 | 0.81 | 0.92 | 0.68 |
| MTS-Contract Services | 2.18 | 1.99 | 1.83 | 1.70 | 1.68 | 1.54 | 1.50 | 1.57 | 1.53 | 1.66 |

Source: NTD Report, and audited financial statements.

San Diego Metropolitan Transit System
Service Performance Data
Last Ten Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Service Provided | | | | | | | | | | |
| San Diego Transit | | | | | | | | | | |
| Vehicle Revenue Miles (in 000's) | 9,684 | 9,626 | 9,702 | 9,561 | 8,695 | 8,557 | 8,221 | 8,178 | 8,624 | 9,221 |
| Vehicle Revenue Hours (in 000's) | 821 | 822 | 825 | 806 | 795 | 787 | 757 | 754 | 789 | 843 |
| Passengers (in 000's) | 22,867 | 24,315 | 25,628 | 27,264 | 28,541 | 28,927 | 28,802 | 27,252 | 26,921 | 29,762 |
| Passenger Miles (in 000's) | 104,545 | 109,727 | 111,639 | 117,585 | 110,009 | 108,222 | 106,804 | 100,500 | 98,163 | 107,408 |
| Number of Vehicles | 270 | 278 | 279 | 272 | 310 | 260 | 236 | 236 | 238 | 247 |
| San Diego Trolley | | | | | | | | | | |
| Vehicle Revenue Miles (in 000's) | 8,656 | 8,728 | 8,424 | 8,596 | 8,516 | 7,758 | 7,544 | 7,519 | 7,743 | 7,895 |
| Vehicle Revenue Hours (in 000's) | 478 | 490 | 493 | 496 | 504 | 472 | 428 | 423 | 442 | 410 |
| Passenger Car Hours (in 000's) | 486 | 504 | 507 | 509 | 512 | 476 | 433 | 429 | 448 | 416 |
| Passengers (in 000's) | 36,995 | 37,639 | 39,614 | 40,082 | 39,695 | 29,699 | 32,655 | 31,613 | 30,469 | 36,928 |
| Passenger Miles (in 000's) | 214,376 | 210,971 | 223,185 | 224,422 | 228,531 | 173,151 | 194,822 | 193,063 | 186,509 | 220,639 |
| Number of Vehicles | 177 | 177 | 177 | 177 | 179 | 178 | 151 | 128 | 134 | 133 |
| MTS-Contracted Services | | | | | | | | | | |
| Vehicle Revenue Miles (in 000's) | 14,983 | 15,144 | 14,969 | 13,328 | 12,139 | 11,607 | 11,214 | 11,196 | 11,450 | 12,179 |
| Vehicle Revenue Hours (in 000's) | 1,256 | 1,269 | 1,252 | 1,112 | 998 | 961 | 933 | 927 | 946 | 986 |
| Passengers (in 000's) | 25,567 | 26,241 | 27,194 | 27,573 | 23,761 | 23,479 | 23,780 | 22,664 | 21,988 | 21,645 |
| Passenger Miles (in 000's) | 94,665 | 95,940 | 97,479 | 94,504 | 85,269 | 84,021 | 79,789 | 82,125 | 79,237 | 80,104 |
| Number of Vehicles | 544 | 526 | 520 | 520 | 449 | 427 | 404 | 407 | 369 | 388 |
| Total | | | | | | | | | | |
| Passengers (in 000's) | 85,429 | 88,195 | 92,436 | 94,919 | 91,997 | 82,105 | 85,237 | 81,529 | 79,378 | 88,335 |
| Passenger Miles (in 000's) | 413,586 | 416,638 | 432,303 | 436,511 | 423,809 | 365,394 | 381,415 | 375,688 | 363,909 | 408,151 |

Source: NTD Report and MTS internal capital asset system

San Diego Metropolitan Transit System
Capital Assets Statistics by Function
Last Ten Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---------------------------------------|------|------|------|------|------|------|------|------|------|------|
| General Operations | | | | | | | | | | |
| Buildings and structures | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Nonrevenue vehicles | - | - | 1 | 3 | 3 | 3 | 5 | 5 | 5 | 7 |
| San Diego Transit | | | | | | | | | | |
| 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 | 270 | 278 | 279 | 272 | 310 | 260 | 236 | 236 | 238 | 247 |
| Nonrevenue vehicles | 14 | 12 | 12 | 12 | 12 | 14 | 19 | 22 | 32 | 39 |
| San Diego Trolley | | | | | | | | | | |
| 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 | 177 | 179 | 178 | 151 | 128 | 134 | 133 |
| Nonrevenue vehicles | 12 | 12 | 12 | 16 | 16 | 15 | 31 | 43 | 51 | 68 |
| MTS - Contracted Services | | | | | | | | | | |
| Land (parcel) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Buildings and structures | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 |
| Buses | 544 | 526 | 520 | 520 | 449 | 427 | 404 | 407 | 369 | 388 |
| Nonrevenue vehicles | 8 | 9 | 9 | 10 | 8 | 8 | 8 | 10 | 7 | 7 |
| Taxicab Administration | | | | | | | | | | |
| Buildings and structures | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Nonrevenue vehicles | 1 | 1 | 1 | 2 | 2 | 2 | 4 | 3 | 3 | 3 |

Source: MTS ERP System

San Diego Metropolitan Transit System
Ridership
Last Ten Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|
| Ridership (in 000's) | | | | | | | | | | |
| San Diego Transit | 22,867 | 24,315 | 25,628 | 27,264 | 28,541 | 28,927 | 28,802 | 27,252 | 26,921 | 29,762 |
| % Change | -5.96% | -5.12% | -6.00% | -4.48% | -1.33% | 0.43% | 5.69% | 1.23% | -9.55% | 5.94% |
| San Diego Trolley | 36,995 | 37,639 | 39,614 | 40,082 | 39,695 | 29,699 | 32,655 | 31,613 | 30,469 | 36,928 |
| % Change | -1.71% | -4.99% | -1.17% | 0.98% | 33.65% | -9.05% | 3.30% | 3.75% | -17.49% | -1.84% |
| MTS - Contracted Services | 25,567 | 26,241 | 27,194 | 27,574 | 23,761 | 23,479 | 23,780 | 22,664 | 21,988 | 21,645 |
| % Change | -2.57% | -3.51% | -1.38% | 16.05% | 1.20% | -1.27% | 4.92% | 3.07% | 1.58% | 0.86% |

Source: NTD Report

San Diego Metropolitan Transit System
Operating Subsidy
Last Ten Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|-----------------------------|------|------|------|------|------|------|------|------|------|------|
| Average Fare per Rider | | | | | | | | | | |
| San Diego Transit | 1.01 | 1.02 | 1.02 | 1.00 | 0.97 | 0.99 | 0.95 | 0.96 | 0.99 | 0.94 |
| San Diego Trolley | 1.06 | 1.04 | 1.04 | 1.03 | 1.01 | 1.20 | 1.08 | 1.10 | 1.08 | 0.91 |
| MTS - Contract Services | 1.09 | 1.12 | 1.13 | 1.06 | 1.10 | 1.13 | 1.07 | 1.06 | 1.11 | 1.10 |
| Operating Expense per Rider | | | | | | | | | | |
| San Diego Transit | 4.36 | 3.90 | 3.73 | 3.38 | 3.21 | 3.41 | 3.13 | 3.06 | 3.49 | 2.73 |
| San Diego Trolley | 2.37 | 2.17 | 1.90 | 1.81 | 1.79 | 2.22 | 1.94 | 1.91 | 2.00 | 1.59 |
| MTS - Contract Services | 3.27 | 3.12 | 2.96 | 2.76 | 2.78 | 2.67 | 2.57 | 2.63 | 2.64 | 2.76 |
| Subsidy per Rider | | | | | | | | | | |
| San Diego Transit | 3.35 | 2.88 | 2.71 | 2.38 | 2.24 | 2.42 | 2.18 | 2.11 | 2.50 | 1.79 |
| San Diego Trolley | 1.31 | 1.13 | 0.86 | 0.79 | 0.78 | 1.02 | 0.86 | 0.81 | 0.92 | 0.68 |
| MTS - Contract Services | 2.18 | 1.99 | 1.83 | 1.70 | 1.68 | 1.54 | 1.50 | 1.57 | 1.53 | 1.66 |

Source: NTD report and Audited financial statements

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**INDEPENDENT AUDITOR'S 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**

To the Board of Directors
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 financial statements of San Diego Metropolitan Transit System (MTS), which comprise of the statement of net position as of June 30, 2018 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 01, 2018.

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*.

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To the Board of Directors
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 01, 2018



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San Diego, CA 92101-7490
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Agenda Item No. 31

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

FISCAL YEAR 2018 FINAL BUDGET COMPARISON (MIKE THOMPSON)

RECOMMENDATION:

That the MTS Board of Directors receive the MTS operations budget status report for Fiscal Year 2018 and approve staff recommendations to program the excess revenues less expenses.

Budget Impact

Final FY18 results show revenues exceeding expenses by \$2.1 million. Staff recommends using these excess revenues in the following:

- \$500,000 of one time funding should be carried over to the FY19 Operating Budget as was planned during the FY19 Budget development cycle last spring.
- The remainder to be added to the contingency reserve balance for future use.

DISCUSSION:

With the completion of the fiscal year 2018 Comprehensive Annual Financial Report (CAFR), the fiscal year 2018 budget can be reviewed with audited numbers. Attachment A-1 combines the operations, administration and other activities results for FY18. Attachment A-2 details the FY18 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 FY18 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 FY18 net-operating income totaled a favorable variance of \$655,000 (0.4%). These factors include favorable variances in other revenue, energy, and administrative (G&A) costs,; partially offset by unfavorable variances in passenger revenue, personnel costs, outside services, materials and supplies, and risk management.

Non-operating activities for FY18 were favorable to budget by \$1,396,000 (0.8%), primarily due to favorable variances with State Transit Assistance (STA) and TransNet revenues, partially offset by an unfavorable variance within Medi-Cal reimbursement.

In total, revenues exceeded expenses by \$2.1 million for FY18.

MTS COMBINED RESULTS

Operating Revenues. Total combined operating revenues for FY18 were \$109,361,000, compared to the budget of \$107,664,000, representing a \$1,696,000 (1.6%) favorable variance. This is primarily due to favorable variances within Other Revenue, partially offset by an unfavorable variance in Passenger Fare revenues.

Operating Expenses. Total combined expenses for FY18 were \$278,820,000 compared to the budget of \$277,778,000, resulting in a \$1,042,000 (-0.4%) unfavorable variance.

Personnel Costs. Personnel-related costs totaled \$131,428,000 for the fiscal year, compared to a budgetary figure of \$131,249,000, producing an unfavorable variance of \$179,000 (-0.1%).

Outside Services and Purchased Transportation. Total outside services for the fiscal year totaled \$95,309,000, compared to a budget of \$94,961,000, resulting in an unfavorable variance of \$348,000 (-0.4%).

Materials and Supplies. Total materials and supplies expenses were \$12,102,000, compared to a budgetary figure of \$11,837,000, resulting in an unfavorable variance of \$265,000 (-2.2%). This is primarily due to unfavorable experience in revenue vehicle parts.

Energy. Total energy costs were \$27,417,000, compared to the budget of \$27,506,000 resulting in a favorable variance of \$90,000 (0.3%).

Risk Management. Total expenses for risk management were \$7,193,000, compared to the budget of \$6,613,000, resulting in an unfavorable variance totaling \$579,000 (-8.8%). This is primarily due to larger than expected settlement costs.

General and Administrative. General and administrative costs, including vehicle and facilities leases, were \$5,371,000 for the fiscal year, compared to a budget of \$5,611,000, resulting in a favorable variance of \$240,000 (4.3%).

Subsidy Revenue and Other Non-operating Revenue and Expenses

Subsidy and non-operating revenues for FY18 were \$171,510,000 compared to the fiscal year budget of \$170,114,000, representing favorable variance of \$1,396,000 (0.8%). The drivers of this favorable variance are detailed as follows:

- STA revenues were favorable to budget by \$1,864,000 due to increased sales tax revenues from diesel fuel sales generated at the state level.
- TransNet revenues were favorable by \$1,010,000, primarily due to Bus Rapid Transit operating expense reimbursements, as well as TransNet sales tax revenues, exceeding original projections.
- Medi-Cal revenues were unfavorable by \$2,010,000. Medi-Cal changed their reimbursement procedures effective October 1, 2017, and as a result, MTS will no longer be able to invoice the state directly for reimbursement for Medi-Cal related trips. The reimbursement going forward will be through Medi-Cal managed care providers, but no revenue will be recognized for the last three quarters of FY18.

Net Revenues Less Expenses

For fiscal year 2018, MTS had an excess of revenues over expenses of \$2,051,000. Staff recommends using these excess revenues in the following:

- \$500,000 of one time funding should be carried over to the FY19 Operating Budget as was planned during the FY19 Budget development cycle last spring.
- The remainder to be added to the contingency reserve balance for future use.

Reserves

Attachment A-11 details MTS's contingency reserve. The ending reserve balance on June 30, 2017, was \$36,320,000. After adjusting for interest, a one-time non-operating adjustment due to an inventory write off, and the income or loss from SD&AE and Taxicab Administration results (which are self-funded), the change for the year totals a decrease of \$1,248,000. The new contingency reserve balance on June 30, 2018 thus becomes \$35,072,000, which equals 12.3% of the FY19 operating budget.

MTS has a number of other designated reserves, and the balances for each 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

Attachment: A. Comparison to Budget

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MTS
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2018
JUNE 30, 2018
(in \$000's)

| | YEAR TO DATE | | | |
|---|---------------------|---------------------|-------------------|--------------|
| | ACTUAL | BUDGET | VARIANCE | VAR. % |
| Passenger Revenue | \$ 90,236 | \$ 90,631 | \$ (395) | -0.4% |
| Other Revenue | 19,125 | 17,033 | 2,092 | 12.3% |
| Total Operating Revenue | \$ 109,361 | \$ 107,664 | \$ 1,696 | 1.6% |
| Personnel costs | \$ 131,428 | \$ 131,249 | \$ (179) | -0.1% |
| Outside services | 95,309 | 94,961 | (348) | -0.4% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 12,102 | 11,837 | (265) | -2.2% |
| Energy | 27,417 | 27,506 | 90 | 0.3% |
| Risk management | 7,193 | 6,613 | (579) | -8.8% |
| General & administrative | 4,344 | 4,551 | 208 | 4.6% |
| Vehicle/facility leases | 1,028 | 1,060 | 32 | 3.0% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | (0) | 0 | 0 | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 278,820 | \$ 277,778 | \$ (1,042) | -0.4% |
| Operating income (loss) | \$ (169,459) | \$ (170,114) | \$ 655 | 0.4% |
| Total public support and nonoperating revenues | 171,510 | 170,114 | 1,396 | 0.8% |
| Income (loss) before capital contributions | \$ 2,051 | \$ 0 | \$ 2,051 | - |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2018
JUNE 30, 2018
(in \$000's)

| | YEAR TO DATE | | | |
|---|---------------------|---------------------|-----------------|--------------|
| | ACTUAL | BUDGET | VARIANCE | VAR. % |
| Passenger Revenue | \$ 90,236 | \$ 90,631 | \$ (395) | -0.4% |
| Other Revenue | 1,224 | 900 | 324 | 36.0% |
| Total Operating Revenue | \$ 91,460 | \$ 91,531 | \$ (71) | -0.1% |
| Personnel costs | \$ 110,715 | \$ 110,617 | \$ (98) | -0.1% |
| Outside services | 79,964 | 79,896 | (69) | -0.1% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 12,060 | 11,711 | (349) | -3.0% |
| Energy | 26,652 | 26,758 | 106 | 0.4% |
| Risk management | 6,750 | 6,145 | (605) | -9.8% |
| General & administrative | 890 | 981 | 91 | 9.3% |
| Vehicle/facility leases | 864 | 890 | 26 | 2.9% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 24,872 | 24,872 | 0 | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 262,767 | \$ 261,869 | \$ (898) | -0.3% |
| Operating income (loss) | \$ (171,307) | \$ (170,338) | \$ (969) | -0.6% |
| Total public support and nonoperating revenues | 171,307 | 170,338 | 969 | 0.6% |
| Income (loss) before capital contributions | \$ (0) | \$ 0 | \$ (0) | - |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
TRANSIT SERVICES (SAN DIEGO TRANSIT CORPORATION)
COMPARISON TO BUDGET - FISCAL YEAR 2018
JUNE 30, 2018
(in \$000's)

| | YEAR TO DATE | | | |
|---|--------------------|--------------------|-----------------|--------------|
| | ACTUAL | BUDGET | VARIANCE | VAR. % |
| Passenger Revenue | \$ 23,034 | \$ 21,736 | \$ 1,299 | 6.0% |
| Other Revenue | 278 | 15 | 263 | 1752.7% |
| Total Operating Revenue | \$ 23,312 | \$ 21,751 | \$ 1,561 | 7.2% |
| Personnel costs | \$ 73,495 | \$ 73,237 | \$ (258) | -0.4% |
| Outside services | 1,940 | 1,996 | 56 | 2.8% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 5,416 | 5,419 | 3 | 0.1% |
| Energy | 5,243 | 5,444 | 201 | 3.7% |
| Risk management | 4,962 | 3,985 | (976) | -24.5% |
| General & administrative | 477 | 556 | 79 | 14.1% |
| Vehicle/facility leases | 353 | 337 | (16) | -4.8% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 7,732 | 7,732 | - | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 99,617 | \$ 98,705 | \$ (912) | -0.9% |
| Operating income (loss) | \$ (76,305) | \$ (76,955) | \$ 650 | 0.8% |
| Total public support and nonoperating revenues | 76,305 | 76,955 | (650) | -0.8% |
| Income (loss) before capital contributions | \$ (0) | \$ (0) | \$ 0 | - |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
RAIL OPERATIONS (SAN DIEGO TROLLEY, INCORPORATED)
COMPARISON TO BUDGET - FISCAL YEAR 2018
JUNE 30, 2018
(in \$000's)

| | YEAR TO DATE | | | |
|---|--------------------|--------------------|-----------------|--------------|
| | ACTUAL | BUDGET | VARIANCE | VAR. % |
| Passenger Revenue | \$ 39,354 | \$ 40,023 | \$ (669) | -1.7% |
| Other Revenue | 944 | 885 | 59 | 6.7% |
| Total Operating Revenue | \$ 40,298 | \$ 40,908 | \$ (610) | -1.5% |
| Personnel costs | \$ 36,502 | \$ 36,745 | \$ 243 | 0.7% |
| Outside services | 5,548 | 5,534 | (15) | -0.3% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 6,561 | 6,262 | (299) | -4.8% |
| Energy | 13,331 | 13,033 | (299) | -2.3% |
| Risk management | 1,774 | 2,145 | 371 | 17.3% |
| General & administrative | 354 | 389 | 35 | 9.0% |
| Vehicle/facility leases | 211 | 253 | 42 | 16.5% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 15,003 | 15,003 | - | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 79,284 | \$ 79,363 | \$ 79 | 0.1% |
| Operating income (loss) | \$ (38,986) | \$ (38,455) | \$ (531) | -1.4% |
| Total public support and nonoperating revenues | 38,986 | 38,455 | 531 | 1.4% |
| Income (loss) before capital contributions | \$ (0) | \$ 0 | \$ (0) | - |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
MULTIMODAL OPERATIONS (FIXED ROUTE)
COMPARISON TO BUDGET - FISCAL YEAR 2018
JUNE 30, 2018
(in \$000's)

| | YEAR TO DATE | | | |
|---|--------------------|--------------------|-------------------|--------------|
| | ACTUAL | BUDGET | VARIANCE | VAR. % |
| Passenger Revenue | \$ 25,161 | \$ 26,224 | \$ (1,063) | -4.1% |
| Other Revenue | 2 | - | 2 | - |
| Total Operating Revenue | \$ 25,163 | \$ 26,224 | \$ (1,061) | -4.0% |
| Personnel costs | \$ 456 | \$ 322 | \$ (133) | -41.4% |
| Outside services | 54,974 | 54,933 | (41) | -0.1% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 83 | 31 | (53) | -172.7% |
| Energy | 5,768 | 6,164 | 396 | 6.4% |
| Risk management | - | - | - | - |
| General & administrative | 12 | 9 | (3) | -32.9% |
| Vehicle/facility leases | 20 | 20 | 0 | 2.1% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 1,635 | 1,635 | 0 | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 62,948 | \$ 63,115 | \$ 166 | 0.3% |
| Operating income (loss) | \$ (37,785) | \$ (36,890) | \$ (895) | -2.4% |
| Total public support and nonoperating revenues | 37,785 | 36,890 | 895 | 2.4% |
| Income (loss) before capital contributions | \$ (0) | \$ (0) | \$ (0) | - |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
MULTIMODAL OPERATIONS (PARATRANSIT)
COMPARISON TO BUDGET - FISCAL YEAR 2018
JUNE 30, 2018
(in \$000's)

| | YEAR TO DATE | | | |
|---|--------------------|--------------------|-----------------|--------------|
| | ACTUAL | BUDGET | VARIANCE | VAR. % |
| Passenger Revenue | \$ 2,687 | \$ 2,648 | \$ 39 | 1.5% |
| Other Revenue | - | - | - | - |
| Total Operating Revenue | \$ 2,687 | \$ 2,648 | \$ 39 | 1.5% |
| Personnel costs | \$ 149 | \$ 116 | \$ (32) | -27.5% |
| Outside services | 17,128 | 17,059 | (69) | -0.4% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 0 | - | (0) | - |
| Energy | 2,309 | 2,116 | (192) | -9.1% |
| Risk management | 15 | 15 | - | 0.0% |
| General & administrative | 46 | 27 | (20) | -73.1% |
| Vehicle/facility leases | 280 | 280 | - | 0.0% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 502 | 502 | 0 | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 20,430 | \$ 20,116 | \$ (313) | -1.6% |
| Operating income (loss) | \$ (17,743) | \$ (17,468) | \$ (275) | -1.6% |
| Total public support and nonoperating revenues | 17,743 | 17,468 | 275 | 1.6% |
| Income (loss) before capital contributions | \$ (0) | \$ 0 | \$ (0) | - |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CORONADO FERRY
COMPARISON TO BUDGET - FISCAL YEAR 2018
JUNE 30, 2018
(in \$000's)

| | YEAR TO DATE | | | |
|---|-----------------|-----------------|---------------|-------------|
| | ACTUAL | BUDGET | VARIANCE | VAR. % |
| Passenger Revenue | \$ - | \$ - | \$ - | - |
| Other Revenue | - | - | - | - |
| Total Operating Revenue | \$ - | \$ - | \$ - | - |
| Personnel costs | \$ - | \$ - | \$ - | - |
| Outside services | 212 | 212 | (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 | - | - | - | - |
| Total Operating Expenses | \$ 212 | \$ 212 | \$ (0) | 0.0% |
| Operating income (loss) | \$ (212) | \$ (212) | \$ (0) | 0.0% |
| Total public support and nonoperating revenues | 212 | 212 | - | 0.0% |
| Income (loss) before capital contributions | \$ (0) | \$ (0) | \$ (0) | - |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATION
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2018
JUNE 30, 2018
(in \$000's)

| | YEAR TO DATE | | | |
|---|------------------|------------------|-----------------|----------------|
| | ACTUAL | BUDGET | VARIANCE | VAR. % |
| Passenger Revenue | \$ - | \$ - | \$ - | - |
| Other Revenue | 16,800 | 14,939 | 1,861 | 12.5% |
| Total Operating Revenue | \$ 16,800 | \$ 14,939 | \$ 1,861 | 12.5% |
| Personnel costs | \$ 19,771 | \$ 19,710 | \$ (61) | -0.3% |
| Outside services | 15,107 | 14,759 | (348) | -2.4% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 41 | 118 | 77 | 65.2% |
| Energy | 748 | 733 | (15) | -2.1% |
| Risk management | 368 | 393 | 25 | 6.3% |
| General & administrative | 3,303 | 3,435 | 132 | 3.9% |
| Vehicle/facility leases | 141 | 145 | 4 | 3.1% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | (24,957) | (24,957) | 0 | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 14,521 | \$ 14,336 | \$ (185) | -1.3% |
| Operating income (loss) | \$ 2,279 | \$ 604 | \$ 1,675 | -277.6% |
| Total public support and nonoperating revenues | (228) | (604) | 376 | -62.3% |
| Income (loss) before capital contributions | \$ 2,051 | \$ 0 | \$ 2,051 | - |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OTHER ACTIVITIES
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2018
JUNE 30, 2018
(in \$000's)

| | YEAR TO DATE | | | |
|---|-----------------|-----------------|----------------|---------------|
| | ACTUAL | BUDGET | VARIANCE | VAR. % |
| Passenger Revenue | \$ - | \$ - | \$ - | - |
| Other Revenue | 1,100 | 1,194 | (93) | -7.8% |
| Total Operating Revenue | \$ 1,100 | \$ 1,194 | \$ (93) | -7.8% |
| Personnel costs | \$ 942 | \$ 923 | \$ (19) | -2.1% |
| Outside services | 238 | 306 | 68 | 22.3% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 1 | 8 | 7 | 87.0% |
| Energy | 17 | 16 | (1) | -6.6% |
| Risk management | 74 | 75 | 1 | 1.1% |
| General & administrative | 151 | 135 | (16) | -11.7% |
| Vehicle/facility leases | 23 | 25 | 2 | 7.5% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 85 | 85 | (0) | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 1,532 | \$ 1,573 | \$ 42 | 2.6% |
| Operating income (loss) | \$ (431) | \$ (380) | \$ (52) | -13.6% |
| Total public support and nonoperating revenues | 431 | 380 | 52 | 13.6% |
| Income (loss) before capital contributions | \$ (0) | \$ (0) | \$ (0) | - |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MTS
COMBINED SUBSIDY AND OTHER NON-OPERATING REVENUE AND EXPENSES
COMPARISON TO BUDGET - FISCAL YEAR 2018
JUNE 30, 2018
(in \$000's)

| | YEAR TO DATE | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | ACTUAL | BUDGET | VARIANCE | VAR. % |
| <u>Subsidy Revenue</u> | | | | |
| Federal Revenue | \$ 59,136 | \$ 58,992 | \$ 144 | 0.2% |
| Transportation Development Act | 64,096 | 64,096 | 0 | 0.0% |
| State Transit Assistance | 6,464 | 4,600 | 1,864 | 40.5% |
| State Revenue - Other | 1,391 | 3,400 | (2,010) | -59.1% |
| TransNet funds | 40,195 | 39,186 | 1,010 | 2.6% |
| Other Local subsidies | 1,392 | 1,056 | 336 | 31.9% |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Subsidy Revenue | \$ 172,674 | \$ 171,330 | \$ 1,345 | 0.8% |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <u>Other Non-Operating Revenue and Expense</u> | | | | |
| Other Non-Operating Income | \$ 431 | \$ 380 | \$ 52 | 13.6% |
| Other Non-Operating Expenses | (1,595) | (1,595) | 0 | 0.0% |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Other Non-Operating Revenue | | | | |
| Revenue and Expense | \$ (1,164) | \$ (1,216) | \$ 52 | -4.2% |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Subsidy and Non-Operating | | | | |
| Revenue and Expense | \$ 171,510 | \$ 170,114 | \$ 1,396 | 0.8% |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MTS
CONTINGENCY RESERVE BALANCE
JUNE 30, 2018
(in \$000's)

| | | |
|--|---------|--------------------------------|
| Balance, June 30, 2017 | | \$ 36,320 |
| Current Year Adjustments: | | |
| FY 2018 Income (Loss) Before Reserves | 1,620 | |
| Remove Other Activities contributions to income: | | |
| SDAE | 182 | |
| Taxi | 250 | |
| FY19 Operating Budget | (500) | |
| Other | (2,799) | |
| Net Adjustments: | | <u>(1,248)</u> |
| Balance, June 30, 2018 | | <u><u>\$ 35,072</u></u> |
| % of MTS Operating Expense Budget | | 12.3% |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MTS
RESERVE BALANCES
JUNE 30, 2018

| Title | Amount | Explanation |
|----------------------------|------------------------------------|--|
| Contingency | \$ 35,072,354 | 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 |
| Operating Budget Carryover | 500,000 | To hold excess revenue for the FY 2019 operating budget |
| Taxicab Contingency | 307,250 | 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 | 268,196 | Per agreement with city, used for improvements to right of way |
| Billboard Chula Vista | 1,699,724 | Per agreement with city, used for improvements to right of way |
| SD&AE | 1,375,981 | 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 |
| Total | <u><u>\$ 42,738,085</u></u> | |



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Agenda Item No. 45

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

OPERATIONS BUDGET STATUS REPORT FOR SEPTEMBER 2018 (MIKE THOMPSON)

INFORMATIONAL ONLY

Budget Impact

None at this time.

DISCUSSION:

This report summarizes the year-to-date operating results for September 2018 compared to the fiscal year (FY) 2019 adopted budget for San Diego Metropolitan Transit System (MTS). Attachment A-1 combines the operations', administrations' and other activities' results for September 2018. Attachment A-2 details the September 2018 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 2018 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 2018, MTS's net-operating income unfavorable variance totaled \$329,000 (-0.7%). Operations produced an \$875,000 (-2.0%) unfavorable variance and the administrative/other activities areas were favorable by \$547,000.

MTS COMBINED RESULTS

Operating Revenues. Year-to-date combined revenues through September 2018 were \$27,654,000 compared to the year-to-date budget of \$27,516,000, representing an \$138,000 (0.5%) favorable variance. Year-to-date passenger revenue has an



unfavorable variance of \$233,000 (-1.0%). This was offset by a \$371,000 (9.2%) favorable experience in other operating revenue, primarily due to high prices of the state energy credits.

Operating Expenses. Year-to-date combined expenses through September 2018 were \$71,993,000 compared to the budget of \$71,526,000, resulting in a \$467,000 (-0.7%) unfavorable variance.

Personnel Costs. Year-to-date personnel-related costs totaled \$33,660,000, compared to a budgetary figure of \$33,843,000, producing a favorable variance of \$183,000 (0.5%).

Outside Services and Purchased Transportation. Total outside services through three months of the fiscal year totaled \$24,339,000, compared to a budget of \$24,488,000, resulting in a favorable variance of \$149,000 (0.6%).

Materials and Supplies. Total year-to-date materials and supplies expenses were \$3,148,000, compared to a budgetary figure of \$3,022,000, resulting in an unfavorable variance of \$126,000 (-4.2%).

Energy. Total year-to-date energy costs were \$8,586,000, compared to the budget of \$7,876,000 resulting in an unfavorable variance of \$710,000 (-9.0%). This is primarily due to higher than expected electricity rates.

Risk Management. Total year-to-date expenses for risk management were \$996,000, compared to the budget of \$952,000, resulting in an unfavorable variance totaling \$43,000 (-4.6%).

General and Administrative. The year-to-date general and administrative costs, including vehicle and facilities leases, were \$1,264,000 through September 2018, compared to a budget of \$1,344,000, resulting in a favorable variance of \$80,000 (6.0%).

YEAR-TO-DATE SUMMARY

The September 2018, year-to-date net-operating income totaled an unfavorable variance of \$329,000 (-0.7%). These factors include unfavorable variances in passenger revenue, materials and supplies, risk management, and energy costs; partially offset by favorable variances in other operating revenue, personnel, outside services, and general and administrative costs.

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

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

Attachment: A. Comparison to Budget

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Att. A, AI 45, 11/8/18

MTS
CONSOLIDATEDCOMPARISON TO BUDGET - FISCAL YEAR 2019
SEPTEMBER 30, 2018
(in \$000's)

| | MONTH | | | |
|---|--------------------|--------------------|-----------------|---------------|
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ 7,398 | \$ 7,322 | \$ 76 | 1.0% |
| Other Revenue | 1,279 | 1,157 | 122 | 10.5% |
| Total Operating Revenue | \$ 8,678 | \$ 8,479 | \$ 198 | 2.3% |
| Personnel costs | \$ 10,801 | \$ 11,153 | \$ 352 | 3.2% |
| Outside services | 8,357 | 8,431 | 74 | 0.9% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 947 | 966 | 19 | 2.0% |
| Energy | 3,059 | 2,433 | (626) | -25.7% |
| Risk management | 394 | 304 | (90) | -29.6% |
| General & administrative | 311 | 369 | 59 | 15.9% |
| Vehicle/facility leases | 21 | 28 | 7 | 25.9% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | - | 0 | 0 | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 23,889 | \$ 23,684 | \$ (205) | -0.9% |
| Operating income (loss) | \$ (15,211) | \$ (15,205) | \$ (6) | 0.0% |
| Total public support and nonoperating revenues | (29) | (34) | 5 | -15.3% |
| Income (loss) before capital contributions | \$ (15,240) | \$ (15,239) | \$ (1) | 0.0% |
| | YEAR TO DATE | | | |
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ 23,265 | \$ 23,498 | \$ (233) | -1.0% |
| Other Revenue | 4,390 | 4,018 | 371 | 9.2% |
| Total Operating Revenue | \$ 27,654 | \$ 27,516 | \$ 138 | 0.5% |
| Personnel costs | \$ 33,660 | \$ 33,843 | \$ 183 | 0.5% |
| Outside services | 24,339 | 24,488 | 149 | 0.6% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 3,148 | 3,022 | (126) | -4.2% |
| Energy | 8,586 | 7,876 | (710) | -9.0% |
| Risk management | 996 | 952 | (43) | -4.6% |
| General & administrative | 1,050 | 1,134 | 84 | 7.4% |
| Vehicle/facility leases | 214 | 210 | (4) | -2.1% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | - | 1 | 1 | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 71,993 | \$ 71,526 | \$ (467) | -0.7% |
| Operating income (loss) | \$ (44,339) | \$ (44,010) | \$ (329) | -0.7% |
| Total public support and nonoperating revenues | (106) | (220) | 114 | -51.9% |
| Income (loss) before capital contributions | \$ (44,444) | \$ (44,230) | \$ (214) | |

OPERATIONS
CONSOLIDATED OPERATIONS
COMPARISON TO BUDGET - FISCAL YEAR 2019
SEPTEMBER 30, 2018
(in \$000's)

| | MONTH | | | |
|---|--------------------|--------------------|-----------------|---------------|
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ 7,398 | \$ 7,322 | \$ 76 | 1.0% |
| Other Revenue | 40 | 41 | (2) | -4.1% |
| Total Operating Revenue | \$ 7,438 | \$ 7,363 | \$ 74 | 1.0% |
| Personnel costs | \$ 9,101 | \$ 9,369 | \$ 267 | 2.9% |
| Outside services | 7,115 | 7,179 | 64 | 0.9% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 939 | 965 | 26 | 2.7% |
| Energy | 2,988 | 2,370 | (618) | -26.1% |
| Risk management | 360 | 269 | (90) | -33.6% |
| General & administrative | 37 | 63 | 26 | 41.3% |
| Vehicle/facility leases | 6 | 24 | 19 | 77.1% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 2,086 | 2,086 | - | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 22,632 | \$ 22,325 | \$ (307) | -1.4% |
| Operating income (loss) | \$ (15,195) | \$ (14,962) | \$ (233) | -1.6% |
| Total public support and nonoperating revenues | (41) | (42) | 1 | -2.6% |
| Income (loss) before capital contributions | \$ (15,236) | \$ (15,004) | \$ (232) | 1.5% |
| | YEAR TO DATE | | | |
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ 23,265 | \$ 23,498 | \$ (233) | -1.0% |
| Other Revenue | 121 | 124 | (3) | -2.1% |
| Total Operating Revenue | \$ 23,386 | \$ 23,622 | \$ (236) | -1.0% |
| Personnel costs | \$ 28,398 | \$ 28,483 | \$ 85 | 0.3% |
| Outside services | 20,878 | 20,985 | 107 | 0.5% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 3,145 | 3,018 | (127) | -4.2% |
| Energy | 8,379 | 7,682 | (697) | -9.1% |
| Risk management | 863 | 799 | (64) | -8.0% |
| General & administrative | 142 | 189 | 47 | 24.8% |
| Vehicle/facility leases | 165 | 175 | 10 | 5.8% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 6,259 | 6,259 | - | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 68,228 | \$ 67,589 | \$ (639) | -0.9% |
| Operating income (loss) | \$ (44,842) | \$ (43,967) | \$ (875) | -2.0% |
| Total public support and nonoperating revenues | (125) | (128) | 3 | -2.6% |
| Income (loss) before capital contributions | \$ (44,967) | \$ (44,095) | \$ (872) | 2.0% |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
TRANSIT SERVICES (SAN DIEGO TRANSIT CORPORATION)
COMPARISON TO BUDGET - FISCAL YEAR 2019
SEPTEMBER 30, 2018
(in \$000's)

Att. A, AI 45, 11/8/18

| | MONTH | | | |
|---|-------------------|-------------------|---------------|---------------|
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ 1,576 | \$ 1,495 | \$ 81 | 5.4% |
| Other Revenue | 4 | 1 | 3 | 213.4% |
| Total Operating Revenue | \$ 1,580 | \$ 1,497 | \$ 83 | 5.6% |
| Personnel costs | \$ 5,948 | \$ 6,270 | \$ 321 | 5.1% |
| Outside services | 104 | 165 | 61 | 36.9% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 424 | 452 | 27 | 6.0% |
| Energy | 529 | 445 | (84) | -19.0% |
| Risk management | 254 | 140 | (114) | -81.4% |
| General & administrative | 17 | 30 | 13 | 44.2% |
| Vehicle/facility leases | 17 | 30 | 12 | 41.6% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 630 | 630 | - | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 7,924 | \$ 8,161 | \$ 237 | 2.9% |
| Operating income (loss) | \$ (6,344) | \$ (6,664) | \$ 320 | 4.8% |
| Total public support and nonoperating revenues | (60) | (61) | 1 | -1.8% |
| Income (loss) before capital contributions | \$ (6,405) | \$ (6,726) | \$ 321 | -4.8% |

| | YEAR TO DATE | | | |
|---|--------------------|--------------------|---------------|---------------|
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ 4,940 | \$ 4,878 | \$ 62 | 1.3% |
| Other Revenue | 7 | 4 | 3 | 77.2% |
| Total Operating Revenue | \$ 4,947 | \$ 4,882 | \$ 65 | 1.3% |
| Personnel costs | \$ 18,707 | \$ 19,175 | \$ 468 | 2.4% |
| Outside services | 340 | 484 | 143 | 29.6% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 1,466 | 1,400 | (66) | -4.7% |
| Energy | 1,440 | 1,410 | (30) | -2.1% |
| Risk management | 479 | 378 | (101) | -26.6% |
| General & administrative | 62 | 90 | 29 | 31.9% |
| Vehicle/facility leases | 60 | 74 | 13 | 18.1% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 1,891 | 1,891 | - | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 24,445 | \$ 24,902 | \$ 457 | 1.8% |
| Operating income (loss) | \$ (19,498) | \$ (20,020) | \$ 522 | 2.6% |
| Total public support and nonoperating revenues | (181) | (184) | 3 | -1.8% |
| Income (loss) before capital contributions | \$ (19,679) | \$ (20,204) | \$ 525 | 0.0% |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Att. A, AI 45, 11/8/18

**OPERATIONS
RAIL OPERATIONS (SAN DIEGO TROLLEY, INCORPORATED)
COMPARISON TO BUDGET - FISCAL YEAR 2019
SEPTEMBER 30, 2018
(in \$000's)**

| | MONTH | | | |
|---|-------------------|-------------------|-----------------|---------------|
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ 3,505 | \$ 3,426 | \$ 79 | 2.3% |
| Other Revenue | 35 | 40 | (5) | -11.6% |
| Total Operating Revenue | \$ 3,541 | \$ 3,466 | \$ 74 | 2.1% |
| Personnel costs | \$ 3,103 | \$ 3,065 | \$ (38) | -1.3% |
| Outside services | 375 | 399 | 23 | 5.9% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 513 | 510 | (3) | -0.5% |
| Energy | 1,776 | 1,257 | (520) | -41.3% |
| Risk management | 105 | 128 | 23 | 18.3% |
| General & administrative | 20 | 31 | 12 | 37.5% |
| Vehicle/facility leases | (34) | (30) | 3 | -10.3% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 1,278 | 1,278 | - | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 7,136 | \$ 6,638 | \$ (499) | -7.5% |
| Operating income (loss) | \$ (3,596) | \$ (3,171) | \$ (424) | -13.4% |
| Total public support and nonoperating revenues | - | - | - | - |
| Income (loss) before capital contributions | \$ (3,596) | \$ (3,171) | \$ (424) | 13.4% |

| | YEAR TO DATE | | | |
|---|--------------------|-------------------|-----------------|---------------|
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ 11,181 | \$ 11,039 | \$ 142 | 1.3% |
| Other Revenue | 114 | 120 | (6) | -5.1% |
| Total Operating Revenue | \$ 11,295 | \$ 11,159 | \$ 136 | 1.2% |
| Personnel costs | \$ 9,556 | \$ 9,202 | \$ (354) | -3.8% |
| Outside services | 1,055 | 1,145 | 89 | 7.8% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 1,663 | 1,608 | (55) | -3.4% |
| Energy | 4,833 | 4,137 | (696) | -16.8% |
| Risk management | 380 | 417 | 37 | 8.8% |
| General & administrative | 79 | 94 | 15 | 15.8% |
| Vehicle/facility leases | 31 | 26 | (5) | -20.0% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 3,835 | 3,835 | - | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 21,434 | \$ 20,465 | \$ (969) | -4.7% |
| Operating income (loss) | \$ (10,139) | \$ (9,305) | \$ (833) | -9.0% |
| Total public support and nonoperating revenues | - | - | - | - |
| Income (loss) before capital contributions | \$ (10,139) | \$ (9,305) | \$ (833) | 9.0% |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Att. A, AI 45, 11/8/18

OPERATIONS
MULTIMODAL OPERATIONS (FIXED ROUTE)
COMPARISON TO BUDGET - FISCAL YEAR 2019
SEPTEMBER 30, 2018
(in \$000's)

| | MONTH | | | |
|---|--------------------|--------------------|-----------------|---------------|
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ 2,105 | \$ 2,191 | \$ (86) | -3.9% |
| Other Revenue | 0 | - | 0 | - |
| Total Operating Revenue | \$ 2,105 | \$ 2,191 | \$ (86) | -3.9% |
| Personnel costs | \$ 38 | \$ 24 | \$ (14) | -58.2% |
| Outside services | 5,184 | 5,142 | (42) | -0.8% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 2 | 3 | 1 | 35.3% |
| Energy | 564 | 513 | (51) | -9.9% |
| Risk management | - | - | - | - |
| General & administrative | - | 1 | 1 | - |
| Vehicle/facility leases | (2) | 2 | 3 | 190.9% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 137 | 137 | - | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 5,925 | \$ 5,823 | \$ (102) | -1.8% |
| Operating income (loss) | \$ (3,820) | \$ (3,632) | \$ (188) | -5.2% |
| Total public support and nonoperating revenues | - | - | - | - |
| Income (loss) before capital contributions | \$ (3,820) | \$ (3,632) | \$ (188) | 5.2% |
| | YEAR TO DATE | | | |
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ 6,484 | \$ 6,919 | \$ (435) | -6.3% |
| Other Revenue | 1 | - | 1 | - |
| Total Operating Revenue | \$ 6,485 | \$ 6,919 | \$ (434) | -6.3% |
| Personnel costs | \$ 99 | \$ 74 | \$ (25) | -33.2% |
| Outside services | 15,094 | 14,932 | (163) | -1.1% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 16 | 10 | (6) | -61.4% |
| Energy | 1,605 | 1,607 | 2 | 0.1% |
| Risk management | - | - | - | - |
| General & administrative | 0 | 2 | 1 | 90.4% |
| Vehicle/facility leases | 3 | 5 | 2 | 40.8% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 412 | 412 | - | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 17,230 | \$ 17,041 | \$ (189) | -1.1% |
| Operating income (loss) | \$ (10,745) | \$ (10,123) | \$ (623) | -6.2% |
| Total public support and nonoperating revenues | - | - | - | - |
| Income (loss) before capital contributions | \$ (10,745) | \$ (10,123) | \$ (623) | 6.2% |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Att. A, AI 45, 11/8/18

OPERATIONS
MULTIMODAL OPERATIONS (PARATRANSIT)
COMPARISON TO BUDGET - FISCAL YEAR 2019
SEPTEMBER 30, 2018
(in \$000's)

| | MONTH | | | |
|---|-------------------|-------------------|---------------|---------------|
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ 212 | \$ 210 | \$ 2 | 1.2% |
| Other Revenue | - | - | - | - |
| Total Operating Revenue | \$ 212 | \$ 210 | \$ 2 | 1.2% |
| Personnel costs | \$ 12 | \$ 10 | \$ (1) | -13.5% |
| Outside services | 1,433 | 1,455 | 21 | 1.5% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | - | - | - | - |
| Energy | 119 | 155 | 36 | 23.4% |
| Risk management | 1 | 1 | - | 0.0% |
| General & administrative | 1 | 1 | 0 | 43.4% |
| Vehicle/facility leases | 23 | 23 | (0) | 0.0% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 40 | 40 | - | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 1,629 | \$ 1,686 | \$ 57 | 3.4% |
| Operating income (loss) | \$ (1,417) | \$ (1,476) | \$ 59 | 4.0% |
| Total public support and nonoperating revenues | - | - | - | - |
| Income (loss) before capital contributions | \$ (1,417) | \$ (1,476) | \$ 59 | -4.0% |
| | YEAR TO DATE | | | |
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ 659 | \$ 662 | \$ (3) | -0.5% |
| Other Revenue | - | - | - | - |
| Total Operating Revenue | \$ 659 | \$ 662 | \$ (3) | -0.5% |
| Personnel costs | \$ 36 | \$ 32 | \$ (4) | -14.2% |
| Outside services | 4,333 | 4,371 | 37 | 0.8% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | - | - | - | - |
| Energy | 500 | 527 | 27 | 5.2% |
| Risk management | 4 | 4 | - | 0.0% |
| General & administrative | 1 | 3 | 2 | 61.5% |
| Vehicle/facility leases | 70 | 70 | (0) | 0.0% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 121 | 121 | - | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 5,065 | \$ 5,127 | \$ 62 | 1.2% |
| Operating income (loss) | \$ (4,406) | \$ (4,465) | \$ 59 | 1.3% |
| Total public support and nonoperating revenues | - | - | - | - |
| Income (loss) before capital contributions | \$ (4,406) | \$ (4,465) | \$ 59 | -1.3% |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Att. A, AI 45, 11/8/18

OPERATIONS
CORONADO FERRYCOMPARISON TO BUDGET - FISCAL YEAR 2019
SEPTEMBER 30, 2018
(in \$000's)

| | MONTH | | | |
|---|----------------|----------------|-------------|---------------|
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ - | \$ - | \$ - | - |
| Other Revenue | - | - | - | - |
| Total Operating Revenue | \$ - | \$ - | \$ - | - |
| Personnel costs | \$ - | \$ - | \$ - | - |
| Outside services | 18 | 18 | - | 0.0% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | - | - | - | - |
| Energy | - | - | - | - |
| Risk management | - | - | - | - |
| General & administrative | - | - | - | - |
| Vehicle/facility leases | - | - | - | - |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | - | - | - | - |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 18 | \$ 18 | \$ - | 0.0% |
| Operating income (loss) | \$ (18) | \$ (18) | \$ - | 0.0% |
| Total public support and nonoperating revenues | 19 | 19 | - | 0.0% |
| Income (loss) before capital contributions | \$ 1 | \$ 1 | \$ - | 0.0% |
| | YEAR TO DATE | | | |
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ - | \$ - | \$ - | - |
| Other Revenue | - | - | - | - |
| Total Operating Revenue | \$ - | \$ - | \$ - | - |
| Personnel costs | \$ - | \$ - | \$ - | - |
| Outside services | 54 | 54 | - | 0.0% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | - | - | - | - |
| Energy | - | - | - | - |
| Risk management | - | - | - | - |
| General & administrative | - | - | - | - |
| Vehicle/facility leases | - | - | - | - |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | - | - | - | - |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 54 | \$ 54 | \$ - | 0.0% |
| Operating income (loss) | \$ (54) | \$ (54) | \$ - | 0.0% |
| Total public support and nonoperating revenues | 56 | 56 | - | 0.0% |
| Income (loss) before capital contributions | \$ 2 | \$ 2 | \$ - | 0.0% |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Att. A, AI 45, 11/8/18

ADMINISTRATION
CONSOLIDATED

COMPARISON TO BUDGET - FISCAL YEAR 2019

SEPTEMBER 30, 2018

(in \$000's)

| | MONTH | | | |
|---|-----------------|-----------------|---------------|----------------|
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ - | \$ - | \$ - | - |
| Other Revenue | 1,240 | 1,076 | 164 | 15.2% |
| Total Operating Revenue | \$ 1,240 | \$ 1,076 | \$ 164 | 15.2% |
| Personnel costs | \$ 1,647 | \$ 1,714 | \$ 67 | 3.9% |
| Outside services | 1,234 | 1,240 | 6 | 0.5% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 8 | 0 | (7) | -1629.7% |
| Energy | 69 | 62 | (7) | -11.8% |
| Risk management | 25 | 32 | 7 | 23.2% |
| General & administrative | 263 | 295 | 32 | 10.9% |
| Vehicle/facility leases | 13 | 2 | (12) | -646.2% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | (2,093) | (2,093) | (0) | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 1,165 | \$ 1,252 | \$ 87 | 6.9% |
| Operating income (loss) | \$ 75 | \$ (176) | \$ 251 | 142.6% |
| Total public support and nonoperating revenues | 13 | 9 | 4 | 46.8% |
| Income (loss) before capital contributions | \$ 88 | \$ (167) | \$ 255 | -152.4% |
| | YEAR TO DATE | | | |
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ (0) | \$ - | \$ (0) | - |
| Other Revenue | 4,182 | 3,774 | 408 | 10.8% |
| Total Operating Revenue | \$ 4,182 | \$ 3,774 | \$ 408 | 10.8% |
| Personnel costs | \$ 5,061 | \$ 5,145 | \$ 83 | 1.6% |
| Outside services | 3,445 | 3,471 | 25 | 0.7% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 3 | 1 | (1) | -95.0% |
| Energy | 201 | 190 | (11) | -6.0% |
| Risk management | 121 | 146 | 25 | 17.1% |
| General & administrative | 880 | 911 | 31 | 3.4% |
| Vehicle/facility leases | 43 | 28 | (15) | -52.4% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | (6,279) | (6,279) | (0) | 0.0% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 3,476 | \$ 3,613 | \$ 137 | 3.8% |
| Operating income (loss) | \$ 706 | \$ 161 | \$ 545 | -337.5% |
| Total public support and nonoperating revenues | 19 | (92) | 111 | -120.7% |
| Income (loss) before capital contributions | \$ 725 | \$ 69 | \$ 656 | 944.6% |

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Att. A, AI 45, 11/8/18

OTHER ACTIVITIES
CONSOLIDATEDCOMPARISON TO BUDGET - FISCAL YEAR 2019
SEPTEMBER 30, 2018
(in \$000's)

| | MONTH | | | |
|---|-----------------|-----------------|----------------|----------------|
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ - | \$ - | \$ - | - |
| Other Revenue | (0) | 40 | (40) | -100.6% |
| Total Operating Revenue | \$ (0) | \$ 40 | \$ (40) | -100.6% |
| Personnel costs | \$ 53 | \$ 71 | \$ 18 | 25.3% |
| Outside services | 7 | 11 | 4 | 35.0% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | - | 1 | 1 | - |
| Energy | 2 | 1 | (0) | -35.1% |
| Risk management | 9 | 2 | (7) | -285.2% |
| General & administrative | 11 | 12 | 1 | 5.1% |
| Vehicle/facility leases | 2 | 2 | 0 | 7.4% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 7 | 7 | 0 | 3.5% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 91 | \$ 107 | \$ 16 | 15.2% |
| Operating income (loss) | \$ (91) | \$ (67) | \$ (24) | -35.5% |
| Total public support and nonoperating revenues | - | - | - | - |
| Income (loss) before capital contributions | \$ (91) | \$ (67) | \$ (24) | 35.5% |
| | YEAR TO DATE | | | |
| | ACTUAL | BUDGET | VARIANCE | % VARIANCE |
| Passenger Revenue | \$ - | \$ - | \$ - | - |
| Other Revenue | 86 | 120 | (34) | -28.3% |
| Total Operating Revenue | \$ 86 | \$ 120 | \$ (34) | -28.3% |
| Personnel costs | \$ 201 | \$ 216 | \$ 15 | 7.1% |
| Outside services | 16 | 33 | 17 | 51.7% |
| Transit operations funding | - | - | - | - |
| Materials and supplies | 0 | 2 | 2 | 98.6% |
| Energy | 6 | 4 | (2) | -36.7% |
| Risk management | 11 | 7 | (4) | -61.7% |
| General & administrative | 28 | 35 | 6 | 18.4% |
| Vehicle/facility leases | 6 | 6 | 0 | 7.4% |
| Amortization of net pension asset | - | - | - | - |
| Administrative Allocation | 21 | 21 | 1 | 3.5% |
| Depreciation | - | - | - | - |
| Total Operating Expenses | \$ 288 | \$ 324 | \$ 36 | 11.1% |
| Operating income (loss) | \$ (202) | \$ (204) | \$ 2 | 0.9% |
| Total public support and nonoperating revenues | - | - | - | - |
| Income (loss) before capital contributions | \$ (202) | \$ (204) | \$ 2 | -0.9% |



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Agenda Item No. 46

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

YEAR END OPERATIONS REPORT (DENIS DESMOND, BILL SPRAUL AND WAYNE TERRY)

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 2018 service performance.

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

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

Attachment: A. Service Performance Monitoring Report (a copy will be provided at the meeting)





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Agenda Item No. 47

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM BOARD OF DIRECTORS

November 8, 2018

SUBJECT:

SEMI-ANNUAL SECURITY REPORT (JANUARY 1, 2018 THROUGH JUNE 30, 2018)
(MANNY GUADERRAMA)

INFORMATIONAL ONLY

Budget Impact

None with this action.

DISCUSSION:

This annual security report covers the period from January 1, 2018 through June 30, 2018. Topics to be discussed will be the crime statistics for the first six months of 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





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Agenda Item No. 61

Chief Executive Officer's Report

November 8, 2018

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 3, 2018 through October 29, 2018.

*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)

October 18 – 19: TOPS Committee Meeting in Washington, DC

Board Member Travel Report (since last Board meeting)

N/A



| EXPENSE CONTRACTS | | | | |
|-------------------|-------------------------------|---|-------------|------------|
| Doc # | Organization | Subject | Amount | Day |
| PWL234.0-17-07.02 | ABC CONSTRUCTION | BUILDING C SECURITY OFFICE RENOVATION | \$90,457.51 | 10/3/2018 |
| PWL258.0-18 | INDUSTRIAL POWER & AUTOMATION | SUMP PUMP | \$43,600.00 | 10/4/2018 |
| PWG238.0-17-02 | SELECT ELECTRIC | MISSION SAN DIEGO LIGHTING REPAIR | \$16,445.17 | 10/9/2018 |
| G1493.0-13.16.02 | KIMLEY HORN & ASSOCIATES | GREEN LINE SHELTER REPLACEMENT | \$22,400.00 | 10/9/2018 |
| PWL182.0-16-01.01 | HERZOG CONSTRUCTION | EUCLID DRAINAGE CLEANUP | \$8,460.16 | 10/10/2018 |
| G1946.2-17-28 | GLOBAL SIGNALS GROUP | LRV FALL PROTECTION TRACK C-1 DESIGN SVC | \$91,473.00 | 10/10/2018 |
| PWB261.0-18 | BIRD SOLUTIONS INTERNATIONAL | SB NETTING | \$61,797.00 | 10/12/2018 |
| B0563.12-11 | TRAPEZE SOFTWARE | 12 MAP UPGRADE FOR DRIVEMATE MOBILE DATA | \$13,050.00 | 10/12/2018 |
| PWL234.0-18-45 | ABC CONSTRUCTION | EAST COUNTY DIVISION FIRE DEPT RELOCATION | \$15,597.35 | 10/16/2018 |
| PWL234.0-16-14 | ABC CONSTRUCTION | LEASED TO 5801 FAIRMOUNT AVE | \$24,976.48 | 10/16/2018 |
| PWL203.0-16-13 | HMS CONSTRUCTION | FENTON PARKWAY MONUMENT SIGN REPLACEMENT | \$36,392.67 | 10/16/2018 |
| PWL204.0-16-47 | ABC CONSTRUCTION | LA MESA BOLLARD REPAIR | \$42,765.71 | 10/16/2018 |
| PWL234.0-17-11 | ABC CONSTRUCTION | RELOCATION OF THE KMD ABOVEGROUND STORAGE TANK | \$6,880.77 | 10/18/2018 |
| PWL234.0-17-10 | ABC CONSTRUCTION | CONST SVC FOR REPAIR A CRACKED STRUCTURAL BEEN AT SBMF | \$32,195.84 | 10/18/2018 |
| G1948.1-17-33 | HNTB CORPORATION | DESIGN SUPPORT TRACTION POWER SUBSTATIONS ALONG BLUE LINE | \$71,617.26 | 10/25/2018 |
| G1765.3-15 | AMERICAN INTERNET SYSTEM | INCREASE BANDWITH | \$0.00 | 10/25/2018 |
| G2019.0-17-01.02 | SIMON WONG ENGINEERING, INC | LAST EXTENSION TO CLOSE OUT CLAIMS | \$7,397.38 | 10/26/2018 |
| G2021.0-17-001.2 | DHS CONSULTING | ZERO COST PERSONNEL CHANGE | \$0.00 | 10/29/2018 |
| G2162.0-18 | GREEN CLEAN WATER & WASTE SVC | PRESSURE WASHING | \$61,935.70 | 10/29/2018 |

| REVENUE CONTRACTS & MOUs | | | | |
|--------------------------|---|--|-------------|------------|
| Doc # | Organization | Subject | Amount | Day |
| G1531.1-13 | CITY OF SAN DIEGO PARKS & REC | SPECIAL USE PERMIT-GASLAMP SQUARE PARK | \$0.00 | 10/3/2018 |
| G1683.5-14 | US DISTRICT COURT SOUTHERN DISTRICT OF CA | COMPASS CARD EMPLOYER PROGRAM (PPB) | \$0.00 | 10/4/2018 |
| M6714.1-16 | HENKELS & MCCOY | ROE - TIME EXTENSION | \$750.00 | 10/9/2018 |
| L1474.0-19 | BLAZING SUNS ENTERTAINMENT, LLC | ROE - 12TH & IMPERIAL THIRD TRACK PLATFORM & TROLLEY CAR | \$0.00 | 10/9/2018 |
| G2189.0-19 | KIPP ADELANTE PREPARATORY ACADEMY | COMPASS CARD EMPLOYER PROGRAM | \$0.00 | 10/10/2018 |
| G2190.0-19 | DISCOVER CORONADO | MOA FOR 2018 SHOP LOCAL SHUTTLE | \$37,764.87 | 10/11/2018 |
| G2117.0-18 | SANDAG | JOINT DEFENSE & COMMON INTEREST (MTS, SANDAG & NCTD) | \$50,000.00 | 10/12/2018 |
| L1385.1-17 | GREYSTAR | ROE - TIME EXTENSION | \$750.00 | 10/12/2018 |
| G2175.0-19 | CALIFORNIA STATE UNIVERSITY SAN MARCOS | COMPASS CARD EMPLOYER PROGRAM (PPB) | \$0.00 | 10/15/2018 |
| G2176.0-19 | SD COUNTY REGIONAL AIRPORT AUTHORITY | COMPASS CARD EMPLOYER PROGRAM (PPB) | \$0.00 | 10/16/2018 |
| S200-19-688 | SDGE | LEMON GROVE NORTH AVE PROJECT | \$0.00 | 10/16/2018 |
| L1255.1-15 | TURNER CONSTRUCTION COMPANY | ROE - TIME EXTENSION | \$5,750.00 | 10/16/2018 |
| S200-13-561.1 | DAVEY TREE SURGERY | ROE - ACCESS TO PERFORM LANDSCAPE WORK | \$2,250.00 | 10/18/2018 |
| G2174.0-19 | TRAVELERS AID SOCIETY OF SD | COMPASS CARD EMPLOYER PROGRAM (PPB) | \$0.00 | 10/18/2018 |
| L1472.0-19 | PINNACLE INTERNATIONAL DEVELOPMENT | ROE - CONSTRUCT TWO 32 STORY HIGHT RISE | \$4,950.00 | 10/18/2018 |
| S200-19-687 | SEgni CONSTRUCTION, INC | ROE MILEPOST EL 13.3 TO POTHOLE | \$750.00 | 10/18/2018 |
| B0660.3-17 | GILLIG, LLC | PRICE ADJUSTMENT FOR THE 7 CONTRACT SVC BUSES | \$4,221.00 | 10/18/2018 |
| S200-19-689 | HMS CONSTRUCTION | ROE - PALOMAR ST RAILROAD CROSSING CHULA VISTA | \$750.00 | 10/18/2018 |
| M6729.0-19 | MID-COAST TRANSIT CONSTRUCTORS | ROE - PERMIT FRIARS RD TRANSIT PARKING LOT | \$0.00 | 10/23/2018 |
| L1479.0-19 | SAN DIEGO RUN FOR THE HUNGRY | ROE - CROSS THE TRACKS AT PARK & MARKET & K ST & PARK | \$750.00 | 10/24/2018 |

| REVENUE CONTRACTS & MOUs | | | | |
|--------------------------|----------------------------------|--|-------------|------------|
| Doc # | Organization | Subject | Amount | Day |
| L1477.0-19 | BRIGHTVIEW LANDSCAPE DEVELOPMENT | ROE LANDSCAPE WORK 550 WEST C ST | \$1,125.00 | 10/25/2018 |
| G2165.0-18 | SANDAG | TRY TRANSIT - PARTNERSHIP BETWEEN SANDAG, MTS & NCTD | \$12,000.00 | 10/29/2018 |
| M6733.0-19 | EASY DAY SPORTS | ROE - KAISE PERMANENTE THRIVE HALF MARATHON | \$750.00 | 10/29/2018 |
| G2168.0-19 | MCREF EAST VILLAGE | LICENSE - TO INSTALL 38 TIE BACK ANCHORS | \$6,800.00 | 10/29/2018 |

| Purchase Orders | | | | |
|-----------------|------------|-----------------------------------|---------------------------|-----------|
| PO Number | PO Date | Name | Material Group | PO Value |
| 4400000332 | 10/3/2018 | Office Depot | G200-OFFICE SUPPLIES | 10.78 |
| 4400000333 | 10/3/2018 | Office Depot | G200-OFFICE SUPPLIES | 58.71 |
| 4400000334 | 10/3/2018 | Office Depot | G200-OFFICE SUPPLIES | 191.80 |
| 4400000335 | 10/5/2018 | W.W. Grainger Inc | B120-BUS MECHANICAL PARTS | 114.92 |
| 4400000336 | 10/9/2018 | W.W. Grainger Inc | F180-BUILDING MATERIALS | 1,764.52 |
| 4400000337 | 10/9/2018 | Office Depot | G200-OFFICE SUPPLIES | 982.68 |
| 4400000338 | 10/9/2018 | Office Depot | G200-OFFICE SUPPLIES | 217.54 |
| 4400000339 | 10/15/2018 | Office Depot | G200-OFFICE SUPPLIES | 43.18 |
| 4400000340 | 10/16/2018 | W.W. Grainger Inc | F170-MATL HANDLING EQUIP | 300.61 |
| 4400000341 | 10/16/2018 | W.W. Grainger Inc | B250-BUS REPAIR PARTS | 145.55 |
| 4400000342 | 10/17/2018 | Kaman Industrial Technologies | G130-SHOP TOOLS | 84.03 |
| 4400000343 | 10/22/2018 | Office Depot | G200-OFFICE SUPPLIES | 54.82 |
| 4400000344 | 10/23/2018 | Office Depot | G200-OFFICE SUPPLIES | 211.22 |
| 4400000345 | 10/23/2018 | W.W. Grainger Inc | B120-BUS MECHANICAL PARTS | 121.54 |
| 4400000346 | 10/23/2018 | Office Depot | G200-OFFICE SUPPLIES | 8.68 |
| 4400000347 | 10/23/2018 | Office Depot | G200-OFFICE SUPPLIES | 228.87 |
| 4400000348 | 10/24/2018 | Office Depot | G200-OFFICE SUPPLIES | 22.57 |
| 4400000349 | 10/29/2018 | Office Depot | G200-OFFICE SUPPLIES | 13.47 |
| 4400000350 | 10/29/2018 | Office Depot | G200-OFFICE SUPPLIES | 72.12 |
| 4500021005 | 10/3/2018 | M Power Truck & Diesel Repair | P130-EQUIP MAINT REPR SVC | 1,152.59 |
| 4500021006 | 10/3/2018 | Legend Fence Corp | M200-YARD FACILITIES | 987.24 |
| 4500021007 | 10/3/2018 | Mohawk Mfg & Supply Co | B140-BUS CHASSIS | 2,545.32 |
| 4500021008 | 10/3/2018 | Mohawk Mfg & Supply Co | B120-BUS MECHANICAL PARTS | 1,403.64 |
| 4500021009 | 10/3/2018 | MCI Service Parts Inc | B140-BUS CHASSIS | 86.91 |
| 4500021010 | 10/3/2018 | Staples Contract & Commercial Inc | G200-OFFICE SUPPLIES | 183.60 |
| 4500021011 | 10/3/2018 | Transit Holdings Inc | B130-BUS BODY | 2,835.81 |
| 4500021012 | 10/3/2018 | Golden State Supply LLC | B200-BUS PWR TRAIN EQUIP | 34.84 |
| 4500021013 | 10/3/2018 | Knorr Brake Company | R220-RAIL/LRV TRUCKS | 47,115.50 |
| 4500021014 | 10/3/2018 | Home Depot USA Inc | F180-BUILDING MATERIALS | 52.02 |
| 4500021015 | 10/3/2018 | Soco Group Inc | B180-BUS DIESEL | 9,157.95 |
| 4500021016 | 10/3/2018 | Airgas Inc | G190-SAFETY/MED SUPPLIES | 2,915.49 |
| 4500021018 | 10/3/2018 | Jankovich Company | G170-LUBRICANTS | 3,120.18 |
| 4500021019 | 10/3/2018 | Reid and Clark Screen Arts Co | R120-RAIL/LRV CAR BODY | 2,292.39 |
| 4500021020 | 10/3/2018 | 711 Print Enterprises Inc | G120-SECURITY | 3,123.68 |
| 4500021021 | 10/3/2018 | West-Lite Supply Co Inc | M180-STATION ELECTRICAL | 143.46 |
| 4500021022 | 10/3/2018 | HI-TEC Enterprises | R220-RAIL/LRV TRUCKS | 7,973.50 |
| 4500021023 | 10/3/2018 | Cummins Pacific LLC | B250-BUS REPAIR PARTS | 2,804.82 |
| 4500021024 | 10/3/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 102.14 |
| 4500021025 | 10/3/2018 | W.W. Grainger Inc | G140-SHOP SUPPLIES | 47.02 |
| 4500021026 | 10/3/2018 | Gillig LLC | B140-BUS CHASSIS | 638.25 |
| 4500021027 | 10/3/2018 | JKL Cleaning Systems | P130-EQUIP MAINT REPR SVC | 278.02 |
| 4500021028 | 10/3/2018 | West End Holdings Inc | P260-TESTING & ANALYSIS | 75.00 |
| 4500021029 | 10/3/2018 | JKL Cleaning Systems | F110-SHOP/BLDG MACHINERY | 7,755.86 |
| 4500021030 | 10/3/2018 | Airgas Inc | G190-SAFETY/MED SUPPLIES | 86.04 |
| 4500021031 | 10/3/2018 | Cummins Pacific LLC | B200-BUS PWR TRAIN EQUIP | 930.61 |
| 4500021032 | 10/3/2018 | Waxie's Enterprises Inc. | G180-JANITORIAL SUPPLIES | 1,133.75 |
| 4500021033 | 10/3/2018 | Sherri Cameron | R120-RAIL/LRV CAR BODY | 3,089.20 |
| 4500021034 | 10/3/2018 | Citywide Auto Glass Inc | R120-RAIL/LRV CAR BODY | 537.76 |
| 4500021035 | 10/3/2018 | Marco's Canopies Inc | G140-SHOP SUPPLIES | 1,163.63 |
| 4500021036 | 10/3/2018 | Waxie's Enterprises Inc. | G180-JANITORIAL SUPPLIES | 451.91 |
| 4500021037 | 10/4/2018 | Office Depot | G200-OFFICE SUPPLIES | 287.72 |
| 4500021041 | 10/4/2018 | Sherwin Williams Company | B250-BUS REPAIR PARTS | 3,890.47 |
| 4500021042 | 10/4/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 406.17 |
| 4500021043 | 10/4/2018 | Robcar Corporation | M200-YARD FACILITIES | 714.46 |
| 4500021044 | 10/4/2018 | Gillig LLC | B250-BUS REPAIR PARTS | 129.30 |
| 4500021045 | 10/4/2018 | JKL Cleaning Systems | P130-EQUIP MAINT REPR SVC | 447.07 |
| 4500021046 | 10/4/2018 | W.W. Grainger Inc | G130-SHOP TOOLS | 57.00 |
| 4500021047 | 10/4/2018 | Kaman Industrial Technologies | B120-BUS MECHANICAL PARTS | 2,959.90 |
| 4500021048 | 10/4/2018 | Industrial Maintenance Supply LLC | G150-FASTENERS | 326.71 |

| Purchase Orders | | | | |
|-----------------|------------|------------------------------------|---------------------------|-----------|
| PO Number | PO Date | Name | Material Group | PO Value |
| 4500021049 | 10/4/2018 | W.W. Grainger Inc | G200-OFFICE SUPPLIES | 43.23 |
| 4500021050 | 10/4/2018 | Gillig LLC | B250-BUS REPAIR PARTS | 326.37 |
| 4500021051 | 10/4/2018 | BriceHouse Station LLC | P280-GENERAL SVC AGRMNTS | 12,000.00 |
| 4500021052 | 10/4/2018 | Meeting Services Inc | P160-EQUIPMENT RENTALS | 395.51 |
| 4500021053 | 10/5/2018 | Cummins Pacific LLC | G130-SHOP TOOLS | 3,150.00 |
| 4500021054 | 10/5/2018 | Jeyco Products Inc | G130-SHOP TOOLS | 97.11 |
| 4500021055 | 10/5/2018 | Cummins Pacific LLC | P190-REV VEHICLE REPAIRS | 220.00 |
| 4500021056 | 10/5/2018 | Protrak Service Ltd | P540-MAINTENANCE TRAINING | 6,290.00 |
| 4500021057 | 10/5/2018 | 3rd Generation Embroidery, Inc. | G240-UNIFORM PROCUREMENT | 1,328.62 |
| 4500021058 | 10/5/2018 | Southern California Shredding Inc | G280-FARE MATERIALS | 95.00 |
| 4500021060 | 10/5/2018 | Transit Holdings Inc | B120-BUS MECHANICAL PARTS | 11,262.36 |
| 4500021062 | 10/5/2018 | Gillig LLC | B140-BUS CHASSIS | 26,673.17 |
| 4500021063 | 10/5/2018 | OSI Hardware Inc | I110-INFORMATION TECH | 690.42 |
| 4500021064 | 10/8/2018 | Mouser Electronics Inc | B250-BUS REPAIR PARTS | 60.34 |
| 4500021065 | 10/8/2018 | Gillig LLC | B250-BUS REPAIR PARTS | 1,104.15 |
| 4500021066 | 10/8/2018 | Aztec Shops, Ltd. | P160-EQUIPMENT RENTALS | 405.00 |
| 4500021067 | 10/8/2018 | Harbor Diesel & Equipment | B250-BUS REPAIR PARTS | 725.31 |
| 4500021068 | 10/8/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 826.16 |
| 4500021069 | 10/8/2018 | W.W. Grainger Inc | G140-SHOP SUPPLIES | 376.08 |
| 4500021070 | 10/8/2018 | CED, Inc. | F110-SHOP/BLDG MACHINERY | 695.38 |
| 4500021071 | 10/8/2018 | Cummins Pacific LLC | B250-BUS REPAIR PARTS | 2,459.51 |
| 4500021072 | 10/8/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 213.58 |
| 4500021073 | 10/8/2018 | Mcmaster-Carr Supply Co | F110-SHOP/BLDG MACHINERY | 142.76 |
| 4500021074 | 10/8/2018 | EDCO Disposal | C120-SPECIALTY CONTRACTOR | 19,367.52 |
| 4500021075 | 10/8/2018 | Harbor Diesel & Equipment | B250-BUS REPAIR PARTS | 218.61 |
| 4500021076 | 10/8/2018 | United Fastener Inc | B250-BUS REPAIR PARTS | 25.86 |
| 4500021077 | 10/8/2018 | Ace Uniforms & Accessories | G240-UNIFORM PROCUREMENT | 395.38 |
| 4500021078 | 10/8/2018 | Whitson Contracting & | P280-GENERAL SVC AGRMNTS | 3,896.35 |
| 4500021079 | 10/8/2018 | Soco Group Inc | A120-AUTO/TRUCK GASOLINE | 2,145.42 |
| 4500021081 | 10/8/2018 | JKL Cleaning Systems | F190-LANDSCAPING MAT'LS | 37,332.65 |
| 4500021082 | 10/8/2018 | JKL Cleaning Systems | P130-EQUIP MAINT REPR SVC | 813.51 |
| 4500021083 | 10/8/2018 | Carlos Guzman Inc | R110-RAIL/LRV PROCRMNT | 1,950.00 |
| 4500021084 | 10/8/2018 | Verdugo Testing Co Inc | F200-TANK EQUIPMENT | 172.69 |
| 4500021085 | 10/8/2018 | Grah Safe & Lock Inc | P130-EQUIP MAINT REPR SVC | 284.00 |
| 4500021086 | 10/8/2018 | Praxair Distribution Inc. | G140-SHOP SUPPLIES | 639.77 |
| 4500021087 | 10/8/2018 | Knorr Brake Company | R220-RAIL/LRV TRUCKS | 962.21 |
| 4500021088 | 10/8/2018 | Siemens Mobility, Inc. | R160-RAIL/LRV ELECTRICAL | 5,068.56 |
| 4500021089 | 10/8/2018 | Carlos Guzman Inc | R120-RAIL/LRV CAR BODY | 4,040.63 |
| 4500021090 | 10/9/2018 | TK Services Inc | B250-BUS REPAIR PARTS | 138.36 |
| 4500021091 | 10/9/2018 | Criteria Corp | P470-NEW EE TESTING | 5,000.00 |
| 4500021092 | 10/9/2018 | Allied Refrigeration Inc | G130-SHOP TOOLS | 54.23 |
| 4500021093 | 10/9/2018 | Cummins Pacific LLC | B250-BUS REPAIR PARTS | 1,736.76 |
| 4500021094 | 10/9/2018 | Knorr Brake Company | R220-RAIL/LRV TRUCKS | 28,169.58 |
| 4500021095 | 10/9/2018 | Transit Holdings Inc | B120-BUS MECHANICAL PARTS | 3,211.29 |
| 4500021096 | 10/9/2018 | Willy's Electronic Supply Co | M110-SUB STATION | 12.76 |
| 4500021097 | 10/9/2018 | Home Depot USA Inc | G140-SHOP SUPPLIES | 1,909.77 |
| 4500021098 | 10/9/2018 | Cubic Transportation Systems | B190-BUS FARE EQUIP | 4,848.75 |
| 4500021099 | 10/10/2018 | M Power Truck & Diesel Repair | P210-NON-REV VEH REPAIRS | 2,373.29 |
| 4500021100 | 10/10/2018 | Pressnet Express Inc | G200-OFFICE SUPPLIES | 441.78 |
| 4500021101 | 10/10/2018 | Cummins Pacific LLC | P190-REV VEHICLE REPAIRS | 300.82 |
| 4500021102 | 10/10/2018 | Soco Group Inc | A120-AUTO/TRUCK GASOLINE | 10,874.45 |
| 4500021103 | 10/10/2018 | Professional Contractors Supplies | G180-JANITORIAL SUPPLIES | 1,053.00 |
| 4500021104 | 10/10/2018 | Soco Group Inc | B180-BUS DIESEL | 9,083.65 |
| 4500021105 | 10/10/2018 | California Sheet Metal Works | R160-RAIL/LRV ELECTRICAL | 2,693.76 |
| 4500021106 | 10/10/2018 | Transit Holdings Inc | B200-BUS PWR TRAIN EQUIP | 2,116.51 |
| 4500021107 | 10/10/2018 | Airgas Inc | R160-RAIL/LRV ELECTRICAL | 965.71 |
| 4500021108 | 10/10/2018 | GCCCD | P540-MAINTENANCE TRAINING | 2,700.00 |
| 4500021109 | 10/10/2018 | W.W. Grainger Inc | G200-OFFICE SUPPLIES | 959.90 |
| 4500021110 | 10/10/2018 | Virginia Electronic & Lighting LLC | M140-WAYSIDE SIGNALS | 2,024.54 |

| Purchase Orders | | | | |
|-----------------|------------|-----------------------------------|---------------------------|-----------|
| PO Number | PO Date | Name | Material Group | PO Value |
| 4500021111 | 10/10/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 704.63 |
| 4500021112 | 10/10/2018 | San Diego Seal Inc | G130-SHOP TOOLS | 334.85 |
| 4500021113 | 10/10/2018 | Siemens Mobility, Inc. | M140-WAYSIDE SIGNALS | 1,180.94 |
| 4500021114 | 10/10/2018 | Mohawk Mfg & Supply Co | B140-BUS CHASSIS | 2,676.89 |
| 4500021115 | 10/10/2018 | Office Solutions | G280-FARE MATERIALS | 142.85 |
| 4500021116 | 10/10/2018 | P & R Paper Supply Company Inc | G140-SHOP SUPPLIES | 254.14 |
| 4500021117 | 10/10/2018 | OneSource Distributors, LLC | R120-RAIL/LRV CAR BODY | 1,341.85 |
| 4500021118 | 10/10/2018 | Cummins Pacific LLC | B160-BUS ELECTRICAL | 9,359.93 |
| 4500021119 | 10/10/2018 | Gillig LLC | B120-BUS MECHANICAL PARTS | 1,156.21 |
| 4500021120 | 10/10/2018 | The Carpenter Group Inc | M120-OVRHEAD CATENARY SYS | 604.48 |
| 4500021121 | 10/10/2018 | AxleTech International LLC | B140-BUS CHASSIS | 2,650.80 |
| 4500021122 | 10/10/2018 | Team One Repair Inc | G290-FARE REVENUE EQUIP | 268.95 |
| 4500021123 | 10/10/2018 | Industrial Maintenance Supply LLC | G150-FASTENERS | 86.69 |
| 4500021124 | 10/10/2018 | Teknoware Inc | R160-RAIL/LRV ELECTRICAL | 13,407.77 |
| 4500021125 | 10/10/2018 | Grah Safe & Lock Inc | M110-SUB STATION | 603.40 |
| 4500021126 | 10/10/2018 | Knorr Brake Company | R220-RAIL/LRV TRUCKS | 19,776.69 |
| 4500021127 | 10/10/2018 | Reid and Clark Screen Arts Co | R120-RAIL/LRV CAR BODY | 356.56 |
| 4500021128 | 10/10/2018 | W.W. Grainger Inc | G140-SHOP SUPPLIES | 159.96 |
| 4500021129 | 10/10/2018 | Cummins Pacific LLC | B250-BUS REPAIR PARTS | 1,603.90 |
| 4500021130 | 10/10/2018 | America Fujikura LTD | M120-OVRHEAD CATENARY SYS | 1,575.33 |
| 4500021131 | 10/10/2018 | Mohawk Mfg & Supply Co | B200-BUS PWR TRAIN EQUIP | 1,110.58 |
| 4500021132 | 10/10/2018 | General Signals Inc | M130-CROSSING MECHANISM | 2,801.50 |
| 4500021133 | 10/10/2018 | Cubic Transportation Systems | G290-FARE REVENUE EQUIP | 2,693.75 |
| 4500021134 | 10/10/2018 | Staples Contract & Commercial Inc | G200-OFFICE SUPPLIES | 97.55 |
| 4500021135 | 10/10/2018 | HI-TEC Enterprises | R120-RAIL/LRV CAR BODY | 7,327.00 |
| 4500021136 | 10/10/2018 | Ansaldo Sts Usa Inc | M130-CROSSING MECHANISM | 402.73 |
| 4500021137 | 10/10/2018 | Supreme Oil Company | A120-AUTO/TRUCK GASOLINE | 26,817.75 |
| 4500021138 | 10/10/2018 | G & A Auto Air Conditioning | P210-NON-REV VEH REPAIRS | 855.57 |
| 4500021139 | 10/10/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 204.84 |
| 4500021140 | 10/10/2018 | NS Corporation | F110-SHOP/BLDG MACHINERY | 1,681.70 |
| 4500021141 | 10/11/2018 | Cummins Pacific LLC | B250-BUS REPAIR PARTS | 236.21 |
| 4500021142 | 10/11/2018 | Louis Sardo Upholstery Inc | B130-BUS BODY | 1,435.23 |
| 4500021143 | 10/11/2018 | Gillig LLC | B140-BUS CHASSIS | 1,827.69 |
| 4500021144 | 10/11/2018 | Sportworks Northwest Inc | B130-BUS BODY | 491.34 |
| 4500021145 | 10/11/2018 | Chromate Industrial Corporation | R160-RAIL/LRV ELECTRICAL | 1,209.33 |
| 4500021146 | 10/11/2018 | Kiel NA LLC | B130-BUS BODY | 1,616.25 |
| 4500021147 | 10/11/2018 | Transit Holdings Inc | B130-BUS BODY | 8,482.49 |
| 4500021148 | 10/11/2018 | Rush Truck Centers of California | B250-BUS REPAIR PARTS | 3,542.82 |
| 4500021149 | 10/11/2018 | Gillig LLC | B140-BUS CHASSIS | 5,297.83 |
| 4500021150 | 10/11/2018 | San Diego Dance Theater | P280-GENERAL SVC AGRMNTS | 800.00 |
| 4500021151 | 10/11/2018 | Fox Sports Net Inc | G260-MEDIA | 11,000.00 |
| 4500021152 | 10/11/2018 | Iron Mountain Intellectual | I120-INFO TECH, SVCS | 2,100.00 |
| 4500021153 | 10/11/2018 | DLT Solutions LLC | I120-INFO TECH, SVCS | 2,620.69 |
| 4500021154 | 10/12/2018 | Knorr Brake Company | R220-RAIL/LRV TRUCKS | 9,847.84 |
| 4500021155 | 10/12/2018 | Western-Cullen-Hayes Inc | M130-CROSSING MECHANISM | 1,124.92 |
| 4500021156 | 10/12/2018 | Myers & Sons Hi-Way Safety Inc | T150-TRACK, BRIDGES | 188.00 |
| 4500021157 | 10/12/2018 | Supreme Oil Company | A120-AUTO/TRUCK GASOLINE | 27,622.28 |
| 4500021158 | 10/12/2018 | Cummins Pacific LLC | P190-REV VEHICLE REPAIRS | 295.00 |
| 4500021159 | 10/12/2018 | Cummins Pacific LLC | B250-BUS REPAIR PARTS | 467.35 |
| 4500021160 | 10/12/2018 | West-Lite Supply Co Inc | M180-STATION ELECTRICAL | 404.84 |
| 4500021161 | 10/12/2018 | Muncie Transit Supply | B130-BUS BODY | 1,642.72 |
| 4500021162 | 10/12/2018 | Reid and Clark Screen Arts Co | R120-RAIL/LRV CAR BODY | 165.07 |
| 4500021163 | 10/12/2018 | Gillig LLC | B130-BUS BODY | 6,010.09 |
| 4500021164 | 10/12/2018 | Transit Holdings Inc | B120-BUS MECHANICAL PARTS | 2,867.23 |
| 4500021165 | 10/12/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 102.59 |
| 4500021166 | 10/12/2018 | Annex Automotive and | F120-BUS/LRV PAINT BOOTHS | 1,069.48 |
| 4500021167 | 10/12/2018 | TK Services Inc | B250-BUS REPAIR PARTS | 1,329.71 |
| 4500021168 | 10/12/2018 | Gillig LLC | B250-BUS REPAIR PARTS | 169.82 |
| 4500021169 | 10/12/2018 | Siemens Mobility, Inc. | R160-RAIL/LRV ELECTRICAL | 18,425.25 |

| Purchase Orders | | | | |
|-----------------|------------|------------------------------------|---------------------------|-----------|
| PO Number | PO Date | Name | Material Group | PO Value |
| 4500021170 | 10/12/2018 | Exide Technologies | M140-WAYSIDE SIGNALS | 16,270.94 |
| 4500021171 | 10/12/2018 | Transit Holdings Inc | B160-BUS ELECTRICAL | 2,438.78 |
| 4500021172 | 10/12/2018 | Schunk Carbon Technology LLC | R170-RAIL/LRV HVAC | 1,113.32 |
| 4500021173 | 10/12/2018 | Cembre Inc | M170-IMPEDANCE BOND | 1,493.00 |
| 4500021174 | 10/12/2018 | BCP Systems Inc | G290-FARE REVENUE EQUIP | 979.70 |
| 4500021175 | 10/12/2018 | Chromate Industrial Corporation | R220-RAIL/LRV TRUCKS | 107.05 |
| 4500021176 | 10/12/2018 | OneSource Distributors, LLC | P130-EQUIP MAINT REPR SVC | 950.00 |
| 4500021177 | 10/12/2018 | Sherwin Williams Company | F120-BUS/LRV PAINT BOOTHS | 2,518.94 |
| 4500021178 | 10/12/2018 | Virginia Electronic & Lighting LLC | M140-WAYSIDE SIGNALS | 2,089.50 |
| 4500021179 | 10/12/2018 | Ace Uniforms & Accessories | G130-SHOP TOOLS | 59.15 |
| 4500021180 | 10/12/2018 | Home Depot USA Inc | G160-PAINTS & CHEMICALS | 421.71 |
| 4500021181 | 10/12/2018 | Myers & Sons Hi-Way Safety Inc | M130-CROSSING MECHANISM | 66.70 |
| 4500021182 | 10/12/2018 | Legend Fence Corp | M200-YARD FACILITIES | 587.24 |
| 4500021184 | 10/15/2018 | Battery Power Inc. | B160-BUS ELECTRICAL | 16,696.45 |
| 4500021185 | 10/15/2018 | Southland Publishing Inc | P310-ADVERTISING SERVICES | 1,000.00 |
| 4500021186 | 10/15/2018 | Rush Truck Centers of California | B140-BUS CHASSIS | 916.12 |
| 4500021187 | 10/15/2018 | Golden State Supply LLC | B120-BUS MECHANICAL PARTS | 142.07 |
| 4500021188 | 10/15/2018 | Industrial Maintenance Supply LLC | G150-FASTENERS | 67.46 |
| 4500021189 | 10/15/2018 | Cyber Professional Solutions Corp | C130-CONSTRUCTION SVCS | 60,000.00 |
| 4500021190 | 10/15/2018 | Vern Rose Inc | G140-SHOP SUPPLIES | 1,154.19 |
| 4500021191 | 10/15/2018 | Airgas Inc | G140-SHOP SUPPLIES | 219.08 |
| 4500021192 | 10/15/2018 | W.W. Grainger Inc | F110-SHOP/BLDG MACHINERY | 164.73 |
| 4500021194 | 10/16/2018 | Pressnet Express Inc | G230-PRINTED MATERIALS | 280.15 |
| 4500021195 | 10/16/2018 | CDW LLC | I110-INFORMATION TECH | 5,583.50 |
| 4500021196 | 10/16/2018 | Charlie Shoaf | P310-ADVERTISING SERVICES | 1,235.00 |
| 4500021197 | 10/16/2018 | Southern Counties Lubricants LLC | G170-LUBRICANTS | 3,771.25 |
| 4500021198 | 10/16/2018 | Citywide Auto Glass Inc | R120-RAIL/LRV CAR BODY | 3,910.03 |
| 4500021199 | 10/16/2018 | GOEUROPA | I120-INFO TECH, SVCS | 25,000.00 |
| 4500021200 | 10/16/2018 | San Diego Convention Center Corp | P310-ADVERTISING SERVICES | 13,095.00 |
| 4500021201 | 10/16/2018 | West-Lite Supply Co Inc | M180-STATION ELECTRICAL | 244.70 |
| 4500021202 | 10/16/2018 | Kurt Morgan | G200-OFFICE SUPPLIES | 1,380.04 |
| 4500021203 | 10/16/2018 | MCAS Miramar Vet | G120-SECURITY | 35.00 |
| 4500021204 | 10/16/2018 | Steven Timme | G110-BUS/TROLLEY SIGNAGE | 398.21 |
| 4500021205 | 10/16/2018 | Soco Group Inc | A120-AUTO/TRUCK GASOLINE | 12,679.44 |
| 4500021206 | 10/16/2018 | TK Services Inc | B250-BUS REPAIR PARTS | 4,820.10 |
| 4500021207 | 10/16/2018 | Cummins Pacific LLC | B200-BUS PWR TRAIN EQUIP | 14,603.66 |
| 4500021208 | 10/16/2018 | Cummins Pacific LLC | P190-REV VEHICLE REPAIRS | 220.00 |
| 4500021209 | 10/16/2018 | Schunk Carbon Technology LLC | R190-RAIL/LRV PANTOGRAPH | 29,674.35 |
| 4500021210 | 10/16/2018 | Cummins Pacific LLC | B250-BUS REPAIR PARTS | 276.44 |
| 4500021211 | 10/16/2018 | Prochem Specialty Products Inc | G180-JANITORIAL SUPPLIES | 1,582.31 |
| 4500021212 | 10/16/2018 | Waxie's Enterprises Inc. | G180-JANITORIAL SUPPLIES | 1,446.81 |
| 4500021213 | 10/16/2018 | S & S Bakery Inc | P440-CATERING SERVICES | 51.53 |
| 4500021214 | 10/16/2018 | Merrimac Petroleum Inc | A120-AUTO/TRUCK GASOLINE | 26,370.79 |
| 4500021215 | 10/16/2018 | PrideStaff Inc | P450-PERSONNEL SVCS | 12,230.40 |
| 4500021216 | 10/16/2018 | Western-Cullen-Hayes Inc | M130-CROSSING MECHANISM | 1,734.78 |
| 4500021217 | 10/16/2018 | Chromate Industrial Corporation | R240-RAIL/LRV REPR PARTS | 33.99 |
| 4500021218 | 10/16/2018 | W.W. Grainger Inc | G140-SHOP SUPPLIES | 210.79 |
| 4500021219 | 10/16/2018 | HI-TEC Enterprises | R220-RAIL/LRV TRUCKS | 4,460.47 |
| 4500021220 | 10/16/2018 | Top Gear Inc | G250-NOVELTIES & AWARDS | 953.46 |
| 4500021221 | 10/16/2018 | Westinghouse Air Brake | B250-BUS REPAIR PARTS | 5,267.59 |
| 4500021222 | 10/16/2018 | Vallen Distribution Inc. | G120-SECURITY | 636.21 |
| 4500021223 | 10/16/2018 | Daniels Tire Service | P210-NON-REV VEH REPAIRS | 116.09 |
| 4500021224 | 10/17/2018 | Bonsall Petroleum Construction Inc | F110-SHOP/BLDG MACHINERY | 1,559.89 |
| 4500021225 | 10/17/2018 | San Diego Community | P490-MANAGEMENT TRAINING | 23.00 |
| 4500021226 | 10/17/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 310.84 |
| 4500021227 | 10/17/2018 | Stoncor Group Inc | C130-CONSTRUCTION SVCS | 889.00 |
| 4500021228 | 10/17/2018 | Knorr Brake Company | R160-RAIL/LRV ELECTRICAL | 1,331.10 |
| 4500021229 | 10/17/2018 | Transit Holdings Inc | B200-BUS PWR TRAIN EQUIP | 2,464.07 |
| 4500021230 | 10/17/2018 | Verdugo Testing Co Inc | F200-TANK EQUIPMENT | 257.69 |

| Purchase Orders | | | | |
|-----------------|------------|-----------------------------------|---------------------------|-----------|
| PO Number | PO Date | Name | Material Group | PO Value |
| 4500021231 | 10/17/2018 | Chromate Industrial Corporation | R220-RAIL/LRV TRUCKS | 838.62 |
| 4500021232 | 10/17/2018 | Grah Safe & Lock Inc | R120-RAIL/LRV CAR BODY | 135.77 |
| 4500021233 | 10/17/2018 | Allied Refrigeration Inc | R170-RAIL/LRV HVAC | 1,461.95 |
| 4500021234 | 10/17/2018 | Citywide Auto Glass Inc | B250-BUS REPAIR PARTS | 112.72 |
| 4500021235 | 10/17/2018 | Professional Contractors Supplies | G140-SHOP SUPPLIES | 1,206.22 |
| 4500021236 | 10/17/2018 | HI-TEC Enterprises | R160-RAIL/LRV ELECTRICAL | 1,244.52 |
| 4500021237 | 10/17/2018 | Home Depot USA Inc | F180-BUILDING MATERIALS | 516.68 |
| 4500021239 | 10/17/2018 | Controlled Motion Solutions Inc | B250-BUS REPAIR PARTS | 288.77 |
| 4500021240 | 10/17/2018 | Airgas Inc | G140-SHOP SUPPLIES | 155.62 |
| 4500021241 | 10/17/2018 | Kaman Industrial Technologies | G140-SHOP SUPPLIES | 1,545.43 |
| 4500021242 | 10/17/2018 | TK Services Inc | B250-BUS REPAIR PARTS | 1,753.93 |
| 4500021243 | 10/17/2018 | American Battery Corporation | G140-SHOP SUPPLIES | 48.88 |
| 4500021244 | 10/17/2018 | OneSource Distributors, LLC | M140-WAYSIDE SIGNALS | 101.67 |
| 4500021245 | 10/17/2018 | Gillig LLC | B130-BUS BODY | 4,587.54 |
| 4500021246 | 10/17/2018 | Cummins Pacific LLC | B200-BUS PWR TRAIN EQUIP | 16,460.63 |
| 4500021247 | 10/17/2018 | Konecranes Inc | F110-SHOP/BLDG MACHINERY | 3,475.00 |
| 4500021248 | 10/17/2018 | Mohawk Mfg & Supply Co | B140-BUS CHASSIS | 1,867.76 |
| 4500021250 | 10/18/2018 | Qualitrol Company LLC | M110-SUB STATION | 2,540.15 |
| 4500021251 | 10/18/2018 | Nth Generation Computing Inc | I110-INFORMATION TECH | 30,815.56 |
| 4500021252 | 10/18/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 364.53 |
| 4500021253 | 10/18/2018 | Siemens Mobility, Inc. | R160-RAIL/LRV ELECTRICAL | 57,087.25 |
| 4500021254 | 10/18/2018 | Knorr Brake Company | R220-RAIL/LRV TRUCKS | 7,005.92 |
| 4500021255 | 10/18/2018 | W.W. Grainger Inc | F110-SHOP/BLDG MACHINERY | 227.73 |
| 4500021256 | 10/18/2018 | Gillig LLC | B140-BUS CHASSIS | 1,369.06 |
| 4500021257 | 10/18/2018 | Home Depot USA Inc | F180-BUILDING MATERIALS | 503.04 |
| 4500021258 | 10/18/2018 | Transit Holdings Inc | B110-BUS HVAC SYSTEMS | 1,396.81 |
| 4500021259 | 10/18/2018 | Kenneth Place | P130-EQUIP MAINT REPR SVC | 400.00 |
| 4500021260 | 10/18/2018 | Staples Contract & Commercial Inc | G220-OFFICE EQUIPMENT | 430.98 |
| 4500021261 | 10/18/2018 | Cummins Pacific LLC | B200-BUS PWR TRAIN EQUIP | 2,330.64 |
| 4500021262 | 10/18/2018 | Reid and Clark Screen Arts Co | R120-RAIL/LRV CAR BODY | 762.51 |
| 4500021263 | 10/18/2018 | Matthias Moos | M120-OVRHEAD CATENARY SYS | 106.68 |
| 4500021264 | 10/18/2018 | Shilpark Paint Corp. | G160-PAINTS & CHEMICALS | 1,038.28 |
| 4500021265 | 10/18/2018 | Harbor Diesel & Equipment | B250-BUS REPAIR PARTS | 468.12 |
| 4500021266 | 10/18/2018 | Soco Group Inc | B180-BUS DIESEL | 8,963.10 |
| 4500021267 | 10/18/2018 | W.W. Grainger Inc | B200-BUS PWR TRAIN EQUIP | 445.67 |
| 4500021268 | 10/18/2018 | Mcmaster-Carr Supply Co | F110-SHOP/BLDG MACHINERY | 85.39 |
| 4500021269 | 10/18/2018 | San Diego Friction Products, Inc. | B140-BUS CHASSIS | 4,396.20 |
| 4500021270 | 10/18/2018 | Ansaldo Sts Usa Inc | M150-PWR SWITCHES/LOCKS | 320.57 |
| 4500021271 | 10/18/2018 | Cummins Pacific LLC | B200-BUS PWR TRAIN EQUIP | 1,500.48 |
| 4500021272 | 10/18/2018 | Industrial Maintenance Supply LLC | G150-FASTENERS | 97.91 |
| 4500021273 | 10/18/2018 | Mohawk Mfg & Supply Co | B160-BUS ELECTRICAL | 181.81 |
| 4500021274 | 10/18/2018 | Jeyco Products Inc | G150-FASTENERS | 529.84 |
| 4500021275 | 10/18/2018 | TK Services Inc | INSURANCE-Insurance Stock | 7,637.96 |
| 4500021276 | 10/18/2018 | HMS Construction Inc | G110-BUS/TROLLEY SIGNAGE | 36,392.67 |
| 4500021277 | 10/18/2018 | The Gordian Group, Inc. | G110-BUS/TROLLEY SIGNAGE | 1,084.43 |
| 4500021278 | 10/19/2018 | Cummins Pacific LLC | B250-BUS REPAIR PARTS | 593.38 |
| 4500021279 | 10/19/2018 | Wayne Harmeier Inc | B140-BUS CHASSIS | 1,282.24 |
| 4500021280 | 10/19/2018 | Airgas Inc | G190-SAFETY/MED SUPPLIES | 411.41 |
| 4500021281 | 10/19/2018 | Ansaldo Sts Usa Inc | M150-PWR SWITCHES/LOCKS | 257.74 |
| 4500021282 | 10/19/2018 | Siemens Mobility, Inc. | R120-RAIL/LRV CAR BODY | 1,111.98 |
| 4500021283 | 10/19/2018 | TK Services Inc | B110-BUS HVAC SYSTEMS | 831.44 |
| 4500021284 | 10/19/2018 | Knorr Brake Company | R220-RAIL/LRV TRUCKS | 757.53 |
| 4500021285 | 10/19/2018 | ASPEN Refrigerants Inc | R170-RAIL/LRV HVAC | 182.10 |
| 4500021286 | 10/19/2018 | Transit Holdings Inc | B130-BUS BODY | 818.21 |
| 4500021287 | 10/19/2018 | W.W. Grainger Inc | B250-BUS REPAIR PARTS | 44.13 |
| 4500021288 | 10/19/2018 | Naumann Hobbs Material Handling | F110-SHOP/BLDG MACHINERY | 525.58 |
| 4500021289 | 10/19/2018 | R.S. Hughes Co Inc | G190-SAFETY/MED SUPPLIES | 938.72 |
| 4500021290 | 10/22/2018 | CDW LLC | I110-INFORMATION TECH | 39.74 |
| 4500021291 | 10/22/2018 | Dell Marketing L.P. | I110-INFORMATION TECH | 2,693.85 |

| Purchase Orders | | | | |
|-----------------|------------|------------------------------------|--------------------------|-----------|
| PO Number | PO Date | Name | Material Group | PO Value |
| 4500021292 | 10/22/2018 | West End Holdings Inc | P260-TESTING & ANALYSIS | 75.00 |
| 4500021293 | 10/22/2018 | Steven Timme | G110-BUS/TROLLEY SIGNAGE | 2,510.20 |
| 4500021294 | 10/22/2018 | Sutrak Corporation | R170-RAIL/LRV HVAC | 1,262.51 |
| 4500021295 | 10/22/2018 | San Diego Friction Products, Inc. | B140-BUS CHASSIS | 3,119.76 |
| 4500021296 | 10/22/2018 | Curbell Plastics Inc | B130-BUS BODY | 794.66 |
| 4500021297 | 10/22/2018 | Transit Holdings Inc | B110-BUS HVAC SYSTEMS | 151.08 |
| 4500021298 | 10/22/2018 | TK Services Inc | B110-BUS HVAC SYSTEMS | 60.77 |
| 4500021299 | 10/22/2018 | Buswest LLC | B110-BUS HVAC SYSTEMS | 1,368.90 |
| 4500021300 | 10/22/2018 | CASEI | F110-SHOP/BLDG MACHINERY | 376.06 |
| 4500021301 | 10/22/2018 | United Fastener Inc | B250-BUS REPAIR PARTS | 183.18 |
| 4500021302 | 10/22/2018 | Transit Holdings Inc | B160-BUS ELECTRICAL | 2,024.72 |
| 4500021303 | 10/22/2018 | Western Pump Inc | F110-SHOP/BLDG MACHINERY | 454.00 |
| 4500021304 | 10/22/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 144.21 |
| 4500021305 | 10/22/2018 | Tribologik Corporation | G140-SHOP SUPPLIES | 2,317.16 |
| 4500021306 | 10/22/2018 | Soco Group Inc | A120-AUTO/TRUCK GASOLINE | 10,720.30 |
| 4500021307 | 10/22/2018 | Supreme Oil Company | A120-AUTO/TRUCK GASOLINE | 2,318.04 |
| 4500021308 | 10/22/2018 | Cummins Pacific LLC | B200-BUS PWR TRAIN EQUIP | 27,997.08 |
| 4500021309 | 10/23/2018 | Sherwin Williams Company | B250-BUS REPAIR PARTS | 430.57 |
| 4500021310 | 10/23/2018 | Merrimac Petroleum Inc | B180-BUS DIESEL | 8,898.15 |
| 4500021311 | 10/23/2018 | Supreme Oil Company | A120-AUTO/TRUCK GASOLINE | 1,757.03 |
| 4500021312 | 10/23/2018 | Ace Uniforms & Accessories | G240-UNIFORM PROCUREMENT | 2,024.24 |
| 4500021313 | 10/23/2018 | Siemens Mobility, Inc. | R160-RAIL/LRV ELECTRICAL | 28,211.11 |
| 4500021314 | 10/23/2018 | Culligan of San Diego | G140-SHOP SUPPLIES | 1,999.20 |
| 4500021315 | 10/23/2018 | HI-TEC Enterprises | R140-RAIL/LRV DOORS/RAMP | 37,820.25 |
| 4500021316 | 10/23/2018 | American Seating Company | R200-RAIL/LRV SEATING | 117.53 |
| 4500021317 | 10/23/2018 | Home Depot USA Inc | G140-SHOP SUPPLIES | 407.72 |
| 4500021318 | 10/23/2018 | Siemens Mobility, Inc. | R120-RAIL/LRV CAR BODY | 651.67 |
| 4500021319 | 10/23/2018 | Southern Counties Oil Co, LP | G170-LUBRICANTS | 1,239.13 |
| 4500021320 | 10/23/2018 | Professional Contractors Supplies | G160-PAINTS & CHEMICALS | 409.85 |
| 4500021321 | 10/23/2018 | Chromate Industrial Corporation | G150-FASTENERS | 181.87 |
| 4500021322 | 10/23/2018 | Cummins Pacific LLC | P190-REV VEHICLE REPAIRS | 1,165.32 |
| 4500021323 | 10/23/2018 | Western-Cullen-Hayes Inc | M130-CROSSING MECHANISM | 382.69 |
| 4500021324 | 10/23/2018 | Cummins Pacific LLC | P190-REV VEHICLE REPAIRS | 3,297.80 |
| 4500021325 | 10/23/2018 | Jankovich Company | G170-LUBRICANTS | 3,120.18 |
| 4500021326 | 10/23/2018 | W.W. Grainger Inc | F110-SHOP/BLDG MACHINERY | 10.43 |
| 4500021327 | 10/23/2018 | Cummins Pacific LLC | B250-BUS REPAIR PARTS | 1,593.79 |
| 4500021328 | 10/23/2018 | Cable, Pipe & Leak Detection, Inc. | P280-GENERAL SVC AGRMNTS | 825.00 |
| 4500021329 | 10/23/2018 | CASEI | F180-BUILDING MATERIALS | 1,191.72 |
| 4500021330 | 10/23/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 612.65 |
| 4500021331 | 10/23/2018 | Harbor Diesel & Equipment | G170-LUBRICANTS | 2,477.18 |
| 4500021332 | 10/23/2018 | Mission Janitorial Supplies | G180-JANITORIAL SUPPLIES | 801.66 |
| 4500021333 | 10/23/2018 | American Battery Corporation | G290-FARE REVENUE EQUIP | 1,022.33 |
| 4500021334 | 10/23/2018 | Reid and Clark Screen Arts Co | R120-RAIL/LRV CAR BODY | 1,681.16 |
| 4500021335 | 10/23/2018 | R.S. Hughes Co Inc | G160-PAINTS & CHEMICALS | 539.38 |
| 4500021336 | 10/23/2018 | Transit Holdings Inc | B140-BUS CHASSIS | 16,329.80 |
| 4500021337 | 10/23/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 1,603.54 |
| 4500021338 | 10/24/2018 | W.W. Grainger Inc | B250-BUS REPAIR PARTS | 385.49 |
| 4500021339 | 10/24/2018 | Cubic Transportation Systems | B190-BUS FARE EQUIP | 4,040.63 |
| 4500021340 | 10/24/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 404.60 |
| 4500021341 | 10/24/2018 | Gillig LLC | B140-BUS CHASSIS | 6,730.81 |
| 4500021342 | 10/24/2018 | Rush Truck Centers of California | B200-BUS PWR TRAIN EQUIP | 5,829.71 |
| 4500021343 | 10/24/2018 | Kronos Inc | I120-INFO TECH, SVCS | 10,842.14 |
| 4500021344 | 10/24/2018 | Merrimac Petroleum Inc | A120-AUTO/TRUCK GASOLINE | 25,476.86 |
| 4500021345 | 10/24/2018 | Merrimac Petroleum Inc | A120-AUTO/TRUCK GASOLINE | 25,566.26 |
| 4500021346 | 10/24/2018 | ESRI | I110-INFORMATION TECH | 27,400.00 |
| 4500021347 | 10/24/2018 | Dropbox Inc | I110-INFORMATION TECH | 17,460.00 |
| 4500021348 | 10/24/2018 | Steven Timme | G230-PRINTED MATERIALS | 278.60 |
| 4500021349 | 10/24/2018 | Bocks Awards Inc | G230-PRINTED MATERIALS | 154.04 |
| 4500021350 | 10/25/2018 | Siemens Mobility, Inc. | R220-RAIL/LRV TRUCKS | 279.72 |

| Purchase Orders | | | | |
|-----------------|------------|-------------------------------------|---------------------------|-----------|
| PO Number | PO Date | Name | Material Group | PO Value |
| 4500021351 | 10/25/2018 | Golden Star Technology Inc | I110-INFORMATION TECH | 1,688.30 |
| 4500021352 | 10/25/2018 | F-1 Marketing Group | G230-PRINTED MATERIALS | 489.51 |
| 4500021353 | 10/25/2018 | Home Depot USA Inc | F190-LANDSCAPING MAT'LS | 1,068.90 |
| 4500021354 | 10/25/2018 | JKL Cleaning Systems | P130-EQUIP MAINT REPR SVC | 1,117.44 |
| 4500021355 | 10/25/2018 | Transit Holdings Inc | B200-BUS PWR TRAIN EQUIP | 2,594.99 |
| 4500021356 | 10/25/2018 | Green Pearle International Inc | G230-PRINTED MATERIALS | 2,763.79 |
| 4500021357 | 10/25/2018 | Vallen Distribution Inc. | G120-SECURITY | 732.36 |
| 4500021358 | 10/25/2018 | Battery Systems Inc | B160-BUS ELECTRICAL | 5,159.07 |
| 4500021359 | 10/25/2018 | Gillig LLC | B250-BUS REPAIR PARTS | 625.28 |
| 4500021360 | 10/25/2018 | TAKKT America Holding Inc | G210-OFFICE FURNITURE | 1,178.33 |
| 4500021361 | 10/25/2018 | Soco Group Inc | B180-BUS DIESEL | 8,963.10 |
| 4500021362 | 10/25/2018 | Mohawk Mfg & Supply Co | B160-BUS ELECTRICAL | 2,319.93 |
| 4500021363 | 10/25/2018 | Gillig LLC | B120-BUS MECHANICAL PARTS | 8,123.49 |
| 4500021364 | 10/25/2018 | W.W. Grainger Inc | G130-SHOP TOOLS | 2,989.15 |
| 4500021365 | 10/25/2018 | Verdugo Testing Co Inc | F200-TANK EQUIPMENT | 257.69 |
| 4500021366 | 10/25/2018 | Beverly Christensen | T110-TRACK, RAIL | 753.18 |
| 4500021367 | 10/25/2018 | HD Supply Construction Supply, LTD. | G130-SHOP TOOLS | 665.98 |
| 4500021368 | 10/25/2018 | Maxwell Industries R&D, Inc. | R140-RAIL/LRV DOORS/RAMP | 13,973.13 |
| 4500021369 | 10/25/2018 | Team One Repair Inc | G290-FARE REVENUE EQUIP | 353.39 |
| 4500021370 | 10/26/2018 | Knorr Brake Company | R220-RAIL/LRV TRUCKS | 7,738.61 |
| 4500021371 | 10/26/2018 | Airgas Inc | G190-SAFETY/MED SUPPLIES | 2,417.32 |
| 4500021372 | 10/26/2018 | Knorr Brake Company | R220-RAIL/LRV TRUCKS | 24,055.30 |
| 4500021373 | 10/26/2018 | Cummins Pacific LLC | P190-REV VEHICLE REPAIRS | 220.00 |
| 4500021374 | 10/26/2018 | Harbor Diesel & Equipment | G170-LUBRICANTS | 2,477.18 |
| 4500021375 | 10/26/2018 | W.W. Grainger Inc | R230-RAIL/LRV MECHANICAL | 1,683.48 |
| 4500021376 | 10/26/2018 | Shilpark Paint Corp. | G160-PAINTS & CHEMICALS | 2,448.40 |
| 4500021377 | 10/26/2018 | California Sheet Metal Works | R160-RAIL/LRV ELECTRICAL | 1,335.46 |
| 4500021378 | 10/26/2018 | JKL Cleaning Systems | F180-BUILDING MATERIALS | 590.40 |
| 4500021379 | 10/26/2018 | W.W. Grainger Inc | F110-SHOP/BLDG MACHINERY | 745.61 |
| 4500021380 | 10/26/2018 | Southern Counties Oil Co, LP | G170-LUBRICANTS | 3,717.38 |
| 4500021381 | 10/26/2018 | MJP Enterprises | P210-NON-REV VEH REPAIRS | 1,625.97 |
| 4500021382 | 10/26/2018 | Uline | G210-OFFICE FURNITURE | 449.55 |
| 4500021383 | 10/26/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 299.16 |
| 4500021384 | 10/26/2018 | Cummins Pacific LLC | B200-BUS PWR TRAIN EQUIP | 2,280.98 |
| 4500021385 | 10/26/2018 | RDO Equipment | F110-SHOP/BLDG MACHINERY | 331.83 |
| 4500021386 | 10/26/2018 | Cummins Pacific LLC | P190-REV VEHICLE REPAIRS | 1,325.76 |
| 4500021387 | 10/26/2018 | Vern Rose Inc | G140-SHOP SUPPLIES | 345.34 |
| 4500021388 | 10/26/2018 | IDSC Holdings LLC | G130-SHOP TOOLS | 732.69 |
| 4500021389 | 10/29/2018 | M Power Truck & Diesel Repair | P210-NON-REV VEH REPAIRS | 190.00 |
| 4500021390 | 10/29/2018 | Mohawk Mfg & Supply Co | B140-BUS CHASSIS | 350.99 |
| 4500021391 | 10/29/2018 | General Information Systems Ltd | G120-SECURITY | 858.00 |
| 4500021392 | 10/29/2018 | ASPEN Refrigerants Inc | R170-RAIL/LRV HVAC | 182.10 |
| 4500021393 | 10/29/2018 | Gillig LLC | B250-BUS REPAIR PARTS | 326.49 |
| 4500021394 | 10/29/2018 | Home Depot USA Inc | G180-JANITORIAL SUPPLIES | 466.87 |
| 4500021395 | 10/29/2018 | Mcmaster-Carr Supply Co | B250-BUS REPAIR PARTS | 59.17 |
| 4500021396 | 10/29/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 390.88 |
| 4500021397 | 10/29/2018 | San Diego Seal Inc | R230-RAIL/LRV MECHANICAL | 898.61 |
| 4500021398 | 10/29/2018 | Battery Systems Inc | B160-BUS ELECTRICAL | 2,578.45 |
| 4500021399 | 10/29/2018 | Smart Car Care Products Inc | R240-RAIL/LRV REPR PARTS | 527.82 |
| 4500021400 | 10/29/2018 | West End Holdings Inc | P260-TESTING & ANALYSIS | 75.00 |
| 4500021401 | 10/29/2018 | SANDAG | C120-SPECIALTY CONTRACTOR | 11,703.00 |
| 4500021402 | 10/29/2018 | Transit Holdings Inc | B250-BUS REPAIR PARTS | 19,353.66 |
| 4500021403 | 10/29/2018 | JKL Cleaning Systems | P130-EQUIP MAINT REPR SVC | 1,507.43 |
| 4500021404 | 10/29/2018 | Gillig LLC | B250-BUS REPAIR PARTS | 2,167.68 |
| 4500021405 | 10/29/2018 | Muncie Transit Supply | B110-BUS HVAC SYSTEMS | 776.92 |
| 4500021406 | 10/29/2018 | Mohawk Mfg & Supply Co | B140-BUS CHASSIS | 1,840.72 |
| 4500021407 | 10/29/2018 | Louis Sardo Upholstery Inc | R200-RAIL/LRV SEATING | 1,478.54 |
| 4500021408 | 10/29/2018 | Citywide Auto Glass Inc | R120-RAIL/LRV CAR BODY | 2,084.97 |
| 4500021409 | 10/29/2018 | Hydraulics Unlimited Inc | F110-SHOP/BLDG MACHINERY | 760.46 |