



Executive Committee Agenda

October 1, 2026

Click link to access the meeting:

<https://www.zoomgov.com/j/1619530340>

Zoom Meeting ID

Ways to Join



Computer: Click the link above. You will be prompted to run the Zoom browser or Zoom application. Once signed on to the meeting, you will have the option to join using your computer audio system or phone.

Webinar Features:

 Raise Hand	▶	Use the raise hand feature every time you wish to make a public comment.
	▶	Participants can enable closed captioning by clicking the CC icon. You may also view the full transcript and change the font size by clicking 'subtitle settings'. These features are not available via phone.
	▶	This symbol shows you are muted , click this icon to unmute your microphone.
	▶	This symbol shows you are currently unmuted , click this button to mute your microphone.
	▶	The chat feature should be used by panelists and attendees solely for "housekeeping" matters as comments made through this feature will not be retained as part of the meeting record. See the Live Verbal Public Comment for instructions on how to make a public comment.



Smartphone or Tablet: Download the Zoom app and join the meeting by clicking the link or using the webinar ID (found in the link).



Phone:

1. If you are joining the meeting audio by phone and viewing the meeting on a device, dial the number provided in the 'join audio' phone call tab of the initial pop-up, and enter the Meeting ID (found in the link).
2. If you are joining by phone only, dial: **+1-669-900-9128** or **+1-253-215-8782** and type the meeting ID found in the link, press #. You will have access to the meeting audio, **but will NOT be able to view the PowerPoint presentations.**



Live Verbal Public Comments: Use the 'Raise Hand' icon every time you wish to make a public comment on an item. Raise your hand once the agenda item you wish to comment on has been called. In person public comments will be taken first, virtual attendees will be taken in the order in which they raise their hand. Requests to speak will not be taken after the public comment period ends, unless under the Chair's discretion. General Public Comment, at the beginning of the Board of Directors meeting only, will be limited to five speakers. Additional speakers with general public comments will be heard at the end of the meeting. Two-minutes of time is allotted per speaker, unless otherwise directed by the Chair.

Public Comments Made Via Zoom

1. Click the link found at the top of this instruction page
2. Click the raise hand icon located in the bottom center of the platform
3. The Clerk will announce your name when it is your turn to speak
4. Unmute yourself to speak

Public Comments Made by Phone Only

1. Dial **+1-669-900-9128**
2. Type in the zoom meeting ID found in the link and press #
3. Dial *9 to raise your hand via phone
4. The Clerk will call out the last 4 digits of your phone number to announce you are next to speak
5. Dial *6 to unmute yourself



Written Public Comments (before the meeting): Written public comments will be recorded in the public record and will be provided to MTS Board Members in advance of the meeting. Comments must be emailed or mailed to the Clerk of the Board* by 4:00pm the day prior to the meeting.



Translation Services: Requests for translation services can be made by contacting the Clerk of the Board* at least four working days in advance of the meeting.



In-Person Participation: In-person public comments will be heard first. Following in-person public comments, virtual attendees will be heard in the order in which they raise their hand via the Zoom platform. Speaking time will be limited to two minutes per person, unless specified by the Chairperson. Requests to speak will not be taken after the public comment period ends, unless under the Chair's discretion.

Instructions for providing in-person public comments:

1. Fill out a speaker slip located at the entrance of the Board Room;
2. Submit speaker slip to MTS staff seated at the entrance of the Board Room;
3. When your name is announced, please approach the podium located on the right side of the dais to make your public comments.

Members of the public are permitted to make general public comment at the beginning of the agenda or specific comments referencing items on the agenda during the public comment period. General Public Comment, at the beginning of the Board of Directors meeting only, will be limited to five speakers. Additional speakers with general public comments will be heard at the end of the meeting.



Assistive Listening Devices (ALDs): ALDs are available from the Clerk of the Board* prior to the meeting and are to be returned at the end of the meeting.



Reasonable Accommodations: As required by the Americans with Disabilities Act (ADA), requests for agenda information in an alternative format or to request reasonable accommodations to facilitate meeting participation, please contact the Clerk of the Board* at least two working days prior to the meeting.



***Contact Information:** Contact the Clerk of the Board via email at ClerkoftheBoard@sdmts.com, phone at (619) 398-9561 or by mail at 1255 Imperial Ave. Suite 1000, San Diego CA 92101.



Agenda del Comité Ejecutivo

October 1, 2026

Haga clic en el enlace para acceder a la reunión:

<https://www.zoomgov.com/j/1619530340>

ID de la reunión
en Zoom

Formas de Participar



Computadora: Haga clic en el enlace más arriba. Recibirá instrucciones para operar el navegador de Zoom o la aplicación de Zoom. Una vez que haya iniciado sesión en la reunión, tendrá la opción de participar usando el sistema de audio de su computadora o teléfono.

Funciones del Seminario En Línea:

 Levantar la mano	►	Use la herramienta de levantar la mano cada vez que desee hacer un comentario público.
	►	Los participantes pueden habilitar el subtitulado haciendo clic en el ícono CC. También puede ver la transcripción completa y cambiar el tamaño de letra haciendo clic en “configuración de subtítulos”. Estas herramientas no están disponibles por teléfono.
	►	Este símbolo indica que usted se encuentra en silencio , haga clic en este ícono para quitar el silenciador de su micrófono.
	►	Este símbolo indica que su micrófono se encuentra encendido . Haga clic en este símbolo para silenciar su micrófono.
	►	La herramienta de chat deben usarla los panelistas y asistentes únicamente para asuntos “pertinentes a la reunión”, ya que comentarios realizados a través de esta herramienta no se conservarán como parte del registro de la reunión. Consulte el Comentario público verbal en vivo para obtener instrucciones sobre cómo hacer un comentario público.



Teléfono Inteligente o Tableta: Descargue la aplicación de Zoom y participe en la reunión haciendo clic en el enlace o usando el ID del seminario web (que se encuentra en el enlace).



Teléfono:

1. Si está participando en la reunión mediante audio de su teléfono y viendo la reunión en un dispositivo, marque el número indicado en la pestaña de llamada telefónica “unirse por audio” en la ventana emergente inicial e ingrese el ID de la reunión (que se encuentra en el enlace).
2. Si está participando solo por teléfono, marque: **+1-669-900-9128** o **+1-253-215-8782** e ingrese el ID de la reunión que se encuentra en el enlace, pulse #. Tendrá acceso al audio de la reunión, **pero NO podrá ver las presentaciones en PowerPoint.**



Comentarios Públicos Verbales en Vivo: Use la herramienta “levantar la mano” cada vez que desee hacer un comentario público sobre alguno de los artículos. Levante la mano una vez que el artículo de la agenda sobre el que desea comentar haya sido convocado. Los comentarios públicos en persona se escucharán primero, se escuchará a los asistentes virtuales en el orden en el que levanten la mano. No se aceptarán solicitudes para hablar después de que termine el periodo para hacer comentarios públicos, a menos de que el presidente determine de otra forma a su discreción. Comentarios públicos generales, únicamente al inicio de la reunión de la Junta de Directores, se limitarán a cinco personas que deseen hablar. Las personas adicionales que deseen aportar comentarios públicos generales podrán hacerlo al final de la reunión. Se otorga dos minutos de tiempo por persona que desee hablar, a menos de que el presidente instruya de otra forma. *(Consulte la página 2 para obtener instrucciones sobre cómo hacer un comentario público.)*

Comentarios Públicos a Través de Zoom

1. Haga clic en el enlace que se encuentra en la parte superior de esta página de instrucciones
2. Haga clic en el ícono de levantar la mano en el centro inferior de la plataforma
3. El secretario anunciará su nombre cuando sea su turno de hablar
4. Desactive el silenciador para que pueda hablar

Comentarios Públicos Realizados Únicamente por Teléfono

1. Marque el **+1-669-900-9128**
2. Ingrese el ID de la reunión en Zoom que se encuentra en el enlace y pulse #
3. Marque *9 para levantar la mano por teléfono
4. El secretario indicará los últimos 4 dígitos de su número de teléfono para anunciar que usted será el siguiente en hablar
5. Marque *6 para desactivar el silenciador



Comentarios Públicos por Escrito (Antes de la Reunión): Los comentarios públicos por escrito se registrarán en el registro público y se entregarán a los miembros de la Junta de MTS antes de la reunión. Los comentarios deben enviarse por correo electrónico o postal al secretario de la Junta* antes de las 4:00 p.m. el día anterior a la reunión.



Servicios de Traducción: Pueden solicitarse servicios de traducción comunicándose con el secretario de la Junta* por lo menos cuatro días hábiles antes de la reunión.



Participación en Persona: Los comentarios públicos en persona se escucharán primero. Después de los comentarios públicos en persona, se escuchará a los asistentes virtuales en el orden en el que levanten la mano a través de la plataforma de Zoom. El tiempo para hablar se limitará a dos minutos por persona, a menos de que el presidente especifique de otra forma. No se recibirán solicitudes para hablar después de que termine el periodo para hacer comentarios públicos, a menos de que el presidente determine de otra forma a su discreción.

Instrucciones para brindar comentarios públicos en persona:

1. Llene la boleta para personas que desean hablar que se encuentran en la entrada de la Sala de la Junta.
2. Entregue la boleta para personas que desean hablar al personal de MTS que se encuentra sentado en la entrada de la Sala de la Junta.
3. Cuando anuncien su nombre, por favor, acérquese al podio ubicado en el lado derecho de la tarima para hacer sus comentarios públicos.

Los miembros del público pueden hacer comentarios públicos generales al inicio de la agenda o comentarios específicos que hagan referencia a los puntos de la agenda durante el periodo de comentarios públicos. Los comentarios públicos generales únicamente al inicio de la reunión de la Junta de Directores, se limitarán a cinco personas que deseen hablar. Las personas adicionales que deseen aportar comentarios públicos generales podrán hacerlo al final de la reunión.



Dispositivos de Asistencia Auditiva (ALD, por sus siglas en inglés): Los ALD están disponibles con el secretario de la Junta* antes de la reunión y estos deberán ser devueltos al final de la reunión.



Facilidades Razonables: Según lo requerido por la Ley de Estadounidenses con Discapacidades (ADA, por sus siglas en inglés), para presentar solicitudes de información de la agenda en un formato alternativo o solicitar facilidades razonables para facilitar su participación en la reunión, por favor, comuníquese con el secretario de la Junta* por lo menos dos días hábiles antes de la reunión.



***Información de Contacto:** Comuníquese con el secretario de la Junta por correo electrónico en ClerkoftheBoard@sdmts.com, por teléfono al (619) 398-9561 o por correo postal en **1255 Imperial Ave. Suite 1000, San Diego CA 92101.**



Executive Committee Agenda

October 1, 2026 at 9:00 a.m.

In-Person Participation: James R. Mills Building, 1255 Imperial Avenue, 10th Floor Board Room, San Diego CA 92101

The Executive Committee also serves as the Audit Oversight Committee and Budget Development Committee

Teleconference Participation: (669) 254-5252; Webinar ID: 161 953 0340, <https://www.zoomgov.com/j/1619530340>

NO.	ITEM SUBJECT AND DESCRIPTION	ACTION
1.	Roll Call	
2.	Public Comments This item has a two minute per speaker time limit. If you have a report to present, please give your copies to the Clerk of the Board.	
3.	Approval of Minutes Action would approve the September 10, 2026 Executive Committee meeting Minutes.	Approve
DISCUSSION ITEMS		
4.	Orange Line Improvement Project Update (Heather Furey and Consultant T.Y. Lin)	Informational
5.	Land Value Capture (Sharon Cooney)	Informational
OTHER ITEMS		
6.	Review of Draft October 15, 2026 MTS Board Agenda	
7.	Staff Communications and Committee Member Communications	
8.	Next Meeting Date: November 5, 2026	
9.	Adjournment	



MINUTES
MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
EXECUTIVE COMMITTEE

September 3, 2026

[Clerk's note: Except where noted, public, staff and board member comments are paraphrased. The full comment can be heard by reviewing the recording at the [MTS website](#).]

1. Roll Call

Chair Whitburn called the Executive Committee meeting to order at 9:07 a.m. A roll call sheet listing Executive Committee member attendance is attached as Attachment A.

2. Public Comment

[Clerk's note: Closed Session Public Comments were taken at the start of the meeting].

AJ Estrada, Political Director for the San Diego Building Construction Trades Council – Provided a verbal statement to the Committee during the meeting. AJ stated that MTS is an essential public service and expressed concern that this is often forgotten. AJ added that a trip that would normally take 10 to 15 minutes could take up to an hour by car due to freeway traffic and emphasized the importance of transit in a region that includes the largest land border crossing. AJ stated that more could have been done in recent years to support the Youth Opportunity Pass (YOP) and ensuring that employees had access to clean restrooms.

Brigette Browning, President of the San Diego Imperial County Labor Council – Provided a verbal statement to the Committee during the meeting. Brigette expressed concern regarding working conditions for MTS employees, particularly the lack of access to clean and adequately stocked restroom facilities for operators. Brigette stated that this emphasized the importance of treating employees with dignity and respect and also raised concerns about the impact of potential fare increases on transit dependent riders. Brigette urged MTS to improve support for both its workforce and the community it serves.

Miguel Ramirez, Bus Operator and shop steward with Teamsters Local 542 – Provided a verbal statement to the Committee during the meeting. Miguel stated that frontline employees continued to face unresolved safety and operational issues, including malfunctioning radios, communication systems, paratransit tablets and driver assaults. Miguel urged MTS leadership to improve accountability, address recurring concerns and implement lasting solutions to enhance employee safety and service reliability.

Peter Kennedy, Director of the Railroad Mechanical Department for SMART International – Provided a verbal statement to the Committee during the meeting. Peter expressed concern that the Chief Executive Officer (CEO) evaluation process did not formally include feedback from employees or their representatives and requested that the perspectives shared by workers be given consideration. Peter emphasized that while leadership helps set the agency's direction, MTS's success depends on the employees who operate and maintain the system.

Salvador Abrica, Teamsters Local 542 – Provided a verbal statement to the Committee during the meeting. Salvador reiterated concerns regarding ongoing safety and operational issues, driver assaults, equipment malfunction, and restroom accessibility. Salvador stated that temporary fixes had not resolved the recurring problems and urged MTS leadership to implement long-term solutions to improve employee safety and working conditions.

3. Approval of Minutes

Vice Chair Goble moved to approve the minutes of the July 16, 2026, MTS Executive Committee meeting. Chair Whitburn seconded the motion, and the vote was 7 to 0 in favor.

DISCUSSION ITEMS

4. Fiscal Year (FY) 2027 Operating Budget Amendment (Mike Thompson and Mark Olson)

Mike Thompson, MTS Deputy Chief Financial Officer (Deputy CFO), and Mark Olson, MTS Director of Marketing and Communications, presented on Fiscal Year (FY) 2027 Operating Budget Amendment. They presented on: FY 2027 Operating Budget Amendment, revenue assumptions – passenger fare revenue, consolidated revenues less expenses, preliminary 5-year forecast, non-fare revenue strategy update, Board direction – June 11, 2026, non-fare revenue growth, transit revenue & asset development strategy, non-fare revenue pillars, ten-year revenue growth potential, internal development and action, measuring outcomes, and staff's recommendation.

Public Comment

There were no Public Comments.

Committee Comment

Board Member Elo-Rivera thanked staff for the presentation and expressed appreciation for the revised framing of the information presented. He requested reassurance that the PRONTO LIFE program would be implemented concurrently with the proposed fare increases. Mr. Thompson confirmed that the PRONTO LIFE program was already active and available for eligible riders to apply. He stated that participants were scheduled to begin receiving passes on October 1st. Sharon Cooney, MTS CEO, added that applications for the PRONTO LIFE program had already been submitted and noted that participation was expected to increase as awareness of the program continued to grow. Board Member Elo-Rivera acknowledged the additional public outreach efforts and asked staff to provide more information on how riders were being informed about the PRONTO LIFE program, what was driving application submissions, and whether any feedback had been received regarding the application process. Mr. Olson stated that staff was developing an online user experience tool to gather feedback on the application process. He also noted that a communications toolkit had been distributed to MTS partners and community based organizations to help promote awareness of the PRONTO LIFE program. Mr. Olson added that staff would report back to the Committee once additional data had been collected from riders and participating organizations.

Board Member Elo-Rivera expressed appreciation for the transit and asset development strategy and noted that non-fare revenue would play an important role in stabilizing the agency's budget in future years. He also commended the use of distinct strategy pillars, stating that the approach provided greater clarity and focus for each area of work. Board Member Elo-Rivera inquired about Pillar 5, Retail & Concessions, asking about the inactive kiosks located at the City Heights Plaza and El Cajon Blvd. He acknowledged that the site is located on California Department of Transportation (Caltrans) property, but he stated that they have strong potential due to their high pedestrian activity and transit dependent populations. Board Member Elo-Rivera commented on Pillar 6, Event & Tourism, encouraging staff to pursue more proactive and strategic partnerships related to music festivals, concerts and major sports events. He stated that MTS should take a more aggressive approach to moving tourists throughout the city and emphasized that expanding non-fare revenue opportunities could help reduce financial

impacts on riders. Board Member Elo-Rivera also talked about Pillar 8, Energy & Sustainability Revenue, and asked whether additional discussions had occurred with San Diego Community Power. Mr. Thompson responded that no additional conversations had taken place but noted that San Diego Community Power's annual grant program would begin around December or January, at which time formal discussions would occur. Board Member Elo-Rivera encouraged staff to explore opportunities beyond grant funding, including potential cost savings and revenue generation on MTS properties through solar and other energy initiatives. He concluded by expressing support for the agency's increased focus on non-fare revenue, asset development, and the inclusion of PRONTO LIFE within the strategy, and he moved staff's recommendation.

Board Member Montgomery Steppe thanked staff for the timely preparation of the presentation, following the San Diego Association of Governments (SANDAG) approval of the fare increase and thanked Board Member Elo-Rivera for his leadership on PRONTO LIFE. She noted that there may be additional outreach opportunities, including food distributions events and other community based efforts, and stated that the County was willing to assist MTS in increasing public awareness of the program. Board Member Montgomery Steppe expressed enthusiasm for the transit revenue and asset development strategy, stating that it provided a structured approach to advancing the Board's goals related to non-fare revenue generation. She highlighted her interest in Pillar 9: Land Value Capture & Right-of-Way Value Creation, and expressed appreciation for staff's continued efforts to diversify revenue sources and seconded staff's recommendation.

Action Taken

Board Member Elo-Rivera moved for the Executive Committee to forward a recommendation to the MTS Board of Directors to enact Resolution No. 26-18 (Attachment A) amending the FY 2027 operating budget for MTS, San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, and the Coronado Ferry. Board Member Montgomery Steppe seconded the motion, and the vote was 7 to 0 in favor.

OTHER ITEMS

5. Review of Draft September 17, 2026 Board Agenda

Recommended Consent Items

Karen Landers, General Counsel, informed the Committee that three Board policies were scheduled on the consent calendar at the upcoming Board meeting. She explained that the proposed revisions to Board Policy No. 44, MTS Travel Expense Policy, would clarify reimbursement eligibility for airline seating expenses, address reimbursements when airline tickets are purchased using rewards point or miles, and update the IRS High Cost Localities attachment. Ms. Landers stated that the proposed revisions to Board Policy No. 30, Investment Policy, were part of the policy's regular two-year review conducted in coordination with the County to ensure compliance with current statutory requirements and would not affect MTS's existing investment practices. Ms. Landers also noted the update to Board Policy No. 26, Disadvantaged Business Enterprise (DBE) Program, reflected revised federal guidance and updated language without changing the program's purpose or operations. She asked whether the Board was comfortable keeping all three items on the consent calendar, noting that if any items were moved to the discussion calendar there would not be sufficient room to add it to the September 17, 2026 Board meeting agenda.

Ms. Landers also reviewed the four discussion items scheduled for the September 17, 2026 Board meeting, which included a budget agenda item, an update on the PRONTO LIFE program agenda item, a comprehensive operations analysis update agenda item, and the Administrative Penalty Program. Ms. Landers noted that the comprehensive operations analysis item had been deferred from the July 30, 2026 Board meeting due to quorum challenges. She added that the discussion agenda was already full and requested feedback from Board Members on whether all four discussion items should remain on the agenda or whether any should be postponed. Ms. Landers also briefly touched on draft agenda item 29, License Agreement for a Copley Park Division Digital Information Board Project, noting that this item aligned with MTS's efforts to expand non-fare revenue opportunities.

Board Member Montgomery Steppe asked staff about the capacity of the October Board agenda and whether some discussion items scheduled for September could be moved to October. Ms. Landers responded that the October agenda currently contained informational items, which could be deferred to accommodate some of September's discussion items.

Vice Chair Goble requested that staff review Board Policy No. 44, MTS Travel Expense Policy, noting that he did not recall seeing language related to luggage fees, including carry-on or checked baggage. Ms. Landers acknowledged the request and stated that MTS would generally reimburse for one checked bag.

Chair Whitburn confirmed that, with no objection from Committee Members, the three policy updates would remain on the consent calendar.

Chair Whitburn requested feedback from Committee Members regarding the discussion items scheduled for the September Board meeting and asked whether there were any items that should remain on the agenda or could be postponed until October.

Board Member Montgomery Steppe stated that she would be comfortable postponing the Administrative Penalty Program item, provided it was not delayed for an extended period of time. Chair Whitburn asked staff whether the item could be guaranteed placement on the October agenda. Ms. Landers sought clarification on whether the Committee preferred to keep the Administrative Penalty Program item on the September agenda in the event sufficient time was available for discussion or remove it entirely and defer it to October. Board Member Montgomery Steppe requested that the item remain on the September Board agenda, stating that it could be discussed if time permitted and, if not, be moved to the October Board meeting. Chair Whitburn stated that the item would remain on the September Board agenda with the understanding that, if time constraints required an item to be deferred, it would be moved to the October Board meeting and would be heard at that time.

6. Staff and Committee Member Communications and Business

There was no Staff or Committee Member Communications.

7. Next Meeting Date

The next Executive Committee meeting is scheduled for October 1, 2026, at 9:00 a.m.

CLOSED SESSION (ITEMS TAKEN OUT OF ORDER):

8. Public Comment for Closed Session

[Clerk's note: Closed Session Public Comments were taken at the start of the meeting].

The Committee convened to Closed Session at 9:50 a.m.

9. Closed Session - Public Employee Performance Evaluation/ Conference With Labor Negotiators – Chief Executive Officer Pursuant to California Government Code Sections 54957 and 54957.6;

Agency-Designated Representative: Stephen Whitburn, Chair

Employee: Sharon Cooney, CEO

Closed Session Reconvening

The Committee reconvened to Open Session at 12:50 p.m.

Karen Landers, General Counsel, reported the following oral report of final actions taken in Closed Session:

The Executive Committee conducted a public employee performance evaluation and conference with labor negotiators regarding the CEO and gave instructions to the Chair.

10. Adjournment

The meeting was adjourned at 12:51 p.m.

/s/ Stephen Whitburn

Chairperson

San Diego Metropolitan Transit System

/s/ Lucia Mansour

Clerk of the Board

San Diego Metropolitan Transit System

Attachment: A. Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
EXECUTIVE COMMITTEE

ROLL CALL

MEETING OF (DATE): 09/03/2026 CALL TO ORDER (TIME): 9:07 a.m.
 RECESS: _____ RECONVENE: _____
 CLOSED SESSION: 9:50 a.m. RECONVENE: 12:50 p.m.
 PUBLIC HEARING: _____ RECONVENE: _____
 ORDINANCES ADOPTED: _____ ADJOURN: 12:51 p.m.

REPRESENTING	BOARD MEMBER		ALTERNATE		PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
Chair	Whitburn	☒	No Alternate	☐	9:07 a.m.	12:51 p.m.
City of San Diego	Elo-Rivera	☒	Whitburn	☐	9:07 a.m.	12:51 p.m.
County of San Diego	Montgomery Steppe	☒	Aguirre	☐	9:07 a.m.	12:51 p.m.
East County	Dillard	☒	Hall	☐	9:07 a.m.	12:51 p.m.
SANDAG Transportation Committee	Moreno	☒	Dillard	☐	9:10 a.m.	12:51 p.m.
South Bay	Fernandez	☒	Downey	☐	9:16 a.m.	12:51 p.m.
Vice Chair	Goble	☒	No Alternate	☐	9:10 a.m.	12:51 p.m.

SIGNED BY THE CLERK OF THE BOARD: /s/ Lucia Mansour



**Metropolitan
Transit
System**

Agenda Item No. 04

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
EXECUTIVE COMMITTEE

October 1, 2026

SUBJECT:

Orange Line Improvement Project Update (Heather Furey and Consultant T.Y. Lin)

INFORMATIONAL ONLY

Budget Impact

None.

DISCUSSION:

The Orange Line Improvement Project will make Trolley system improvements at various locations along the 17.6-mile Orange Line, benefitting the riding public and the cities of San Diego, Lemon Grove, La Mesa, and El Cajon. To do so, the project will make track, signal, and grade crossing improvements along the Orange Line. For practical and grant funding reasons, the project has been divided into two phases. Phase 1 is the work between 32nd/Commercial Station and Massachusetts Avenue Station. Phase 2 is the work between Massachusetts Avenue Station and El Cajon Transit Center. Once completed, the project will allow Trolleys to safely operate at higher speeds and allow reverse-run on certain sections of the line, improving transit times and operational flexibility.

Staff and external consultants, T.Y. Lin, will present an update on the Orange Line Improvement Project. The same team provided a presentation at the Executive Committee Meeting on May 14, 2026 (Agenda Item 5), and today's presentation will share progress updates from the last three months.

/s/ Sharon Cooney
Sharon Cooney
Chief Executive Officer

Key Staff Contact: Julia Tuer 619.557.4515, Julia.Tuer@sdmts.com

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

San Diego 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 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. MTS is also the For-Hire Vehicle administrator for multiple cities in San Diego County.





RAIL  READY

Orange Line Improvements
Mejoras en la Orange Line

Item No. 4, 10/01/2026¹

Orange Line Improvements Project Update Executive Briefing



October 1, 2026

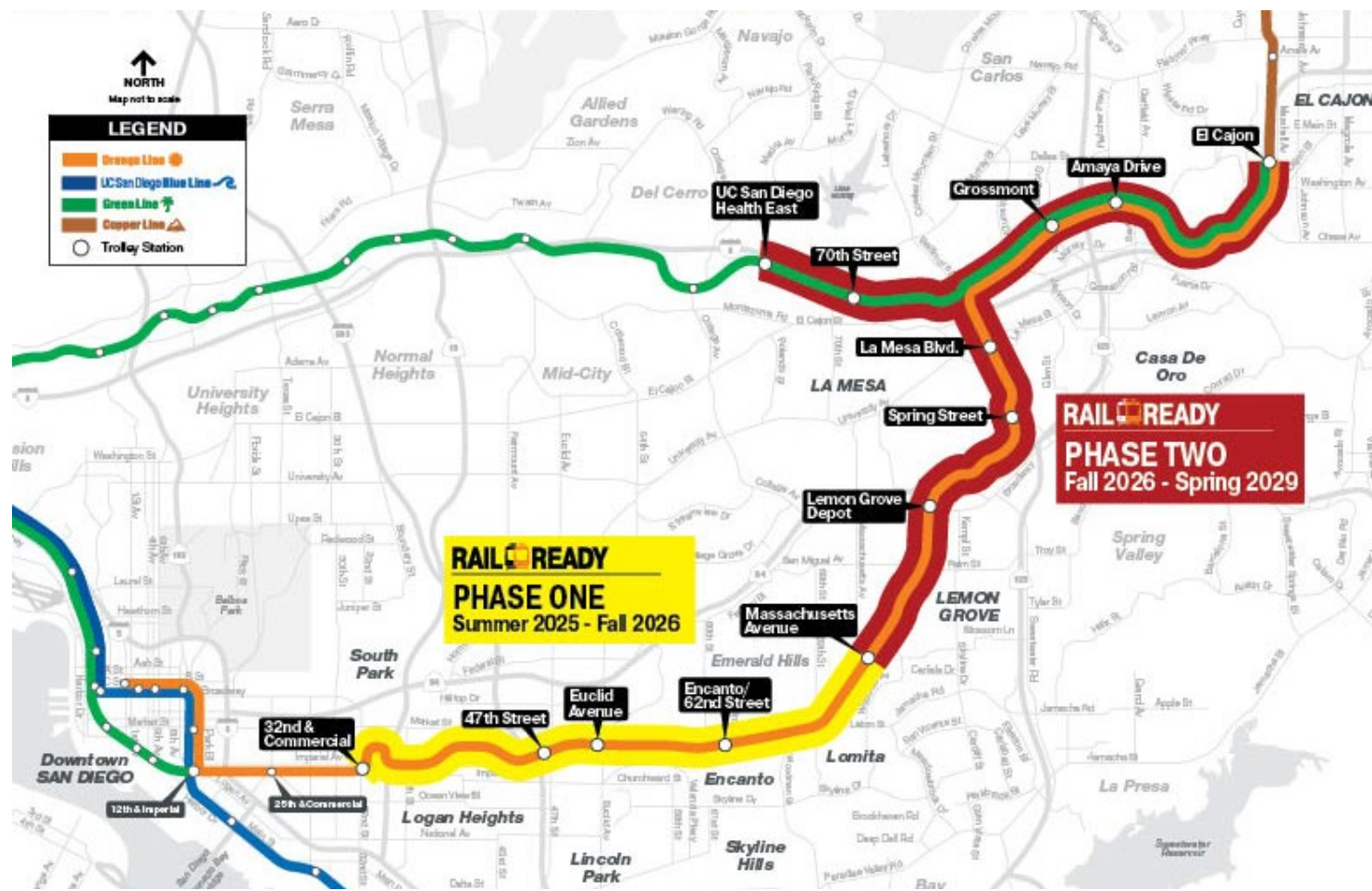


Agenda

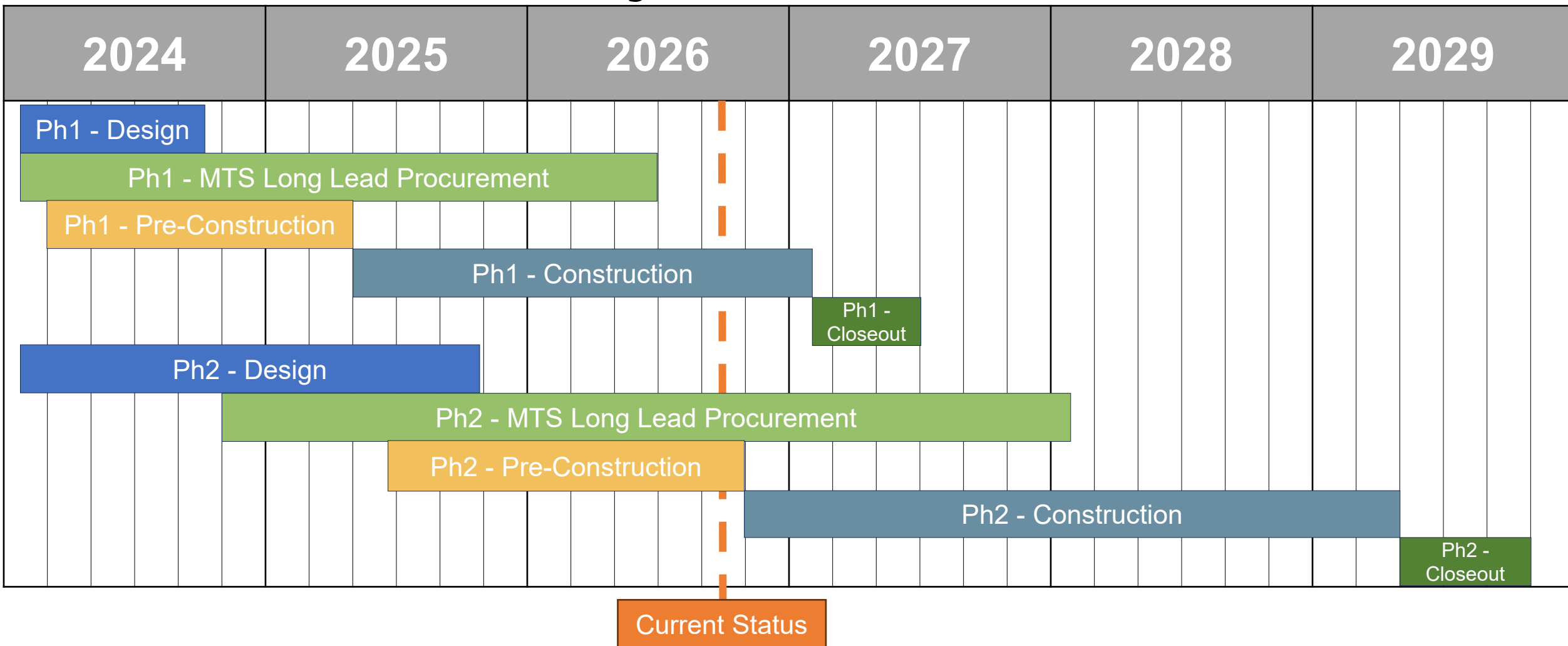
- Project Overview & Schedule
- Phases 1 & 2 Updates
- Funding
- Coordination with Agencies
- Risk Management
- Next Steps

Project Overview

The San Diego Metropolitan Transit System (MTS) is currently working to improve the system's Orange Line, which will increase reliability and dependability between downtown San Diego and the City of El Cajon. Improvements are planned to take place in two phases: the first spanning from 32nd Street and Commercial Street to Massachusetts Avenue, and the second from Massachusetts Avenue to Euclid Avenue.



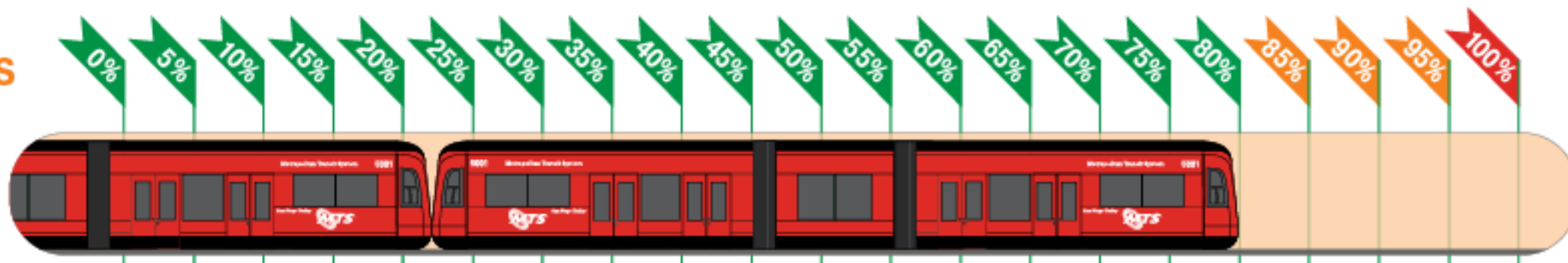
Project Schedule



Phase 1 Updates

RAILREADY
PROGRESS

PHASE ONE
Summer 2025 - Fall 2026



Phase 1 – Construction Update

First Working Day	May 02, 2025
Original Contract Duration	758
Calendar Days to Date	498
Time Extension via CCO	21
Weather Days to Date	19
Remaining Calendar Days	281
Current CCD	July 9, 2027

Baseline CCD is May 30, 2027

Change Order Summary

- Amendment 1 – Complete
 - Includes Change Orders 01, 02, 03, 04 & 05
 - AM01 Total: \$292,996.03
- Amendment 2 – In Progress
 - Includes Change Orders 08, 09, 10 & 11
 - AM02 Total: \$159,831.43

Progress Summary

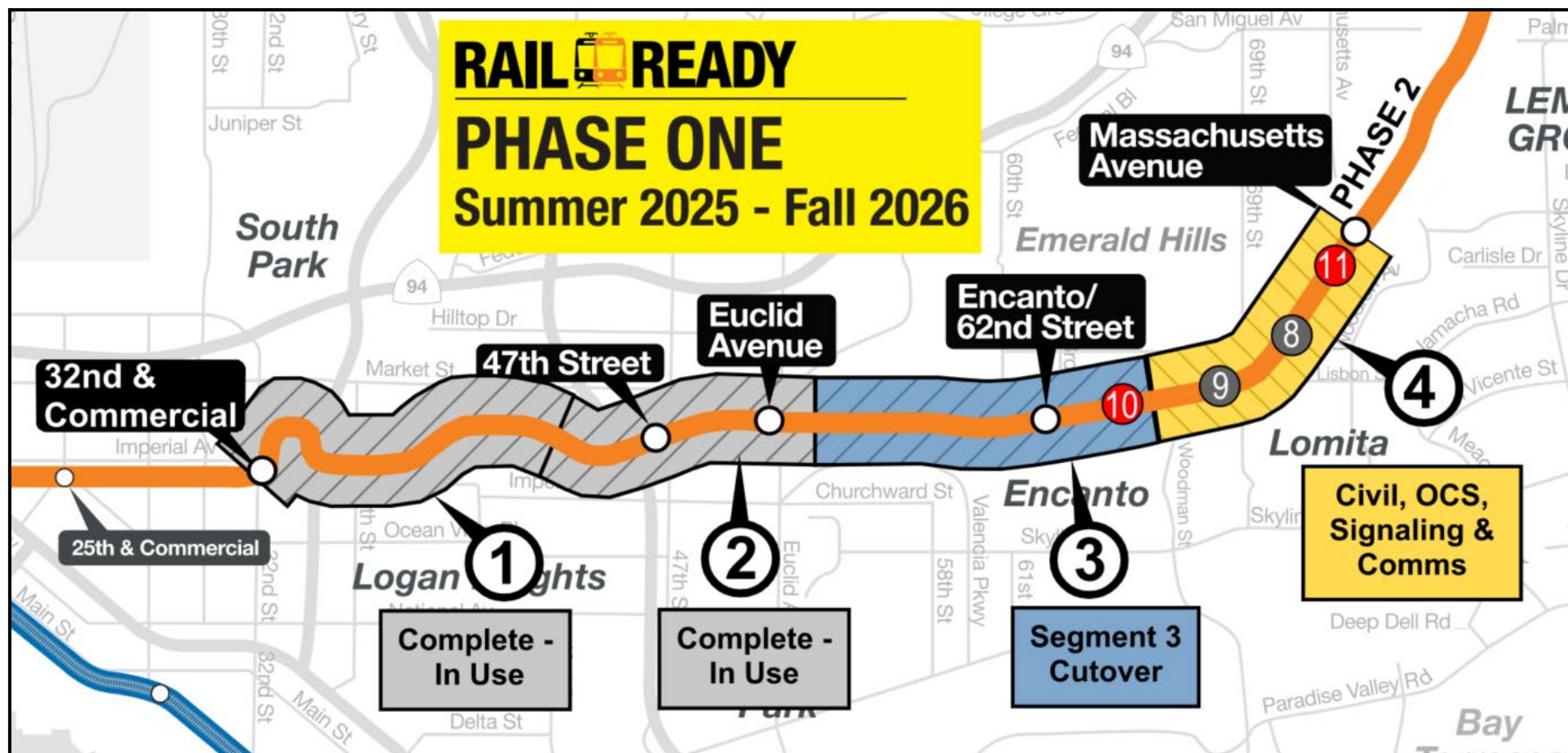
- Construction is approximately 80% complete
- Contractor has been paid 75% of budget or \$20.3M of \$27.2M budget

Reporting period through August 2026

- Contractor Submittals (258) - Approx. 86% complete
- Owner Furnished Materials - **100% received**

Phase 1 - Construction Progress

- Phase 1 Construction Segments



Recent AWWs

- AWW #8: June 13 & 14
 - R18 Track Construction
- AWW #9: Aug 15 & 16
 - R18 OCS; 68th Ped Xing

Upcoming AWWs

- AWW #10: Oct 17 & 18
 - Segment 3 Cutover
- AWW #11: Jan 24 & 25
 - Segment 4 Cutover

AWW#8: R18 Track

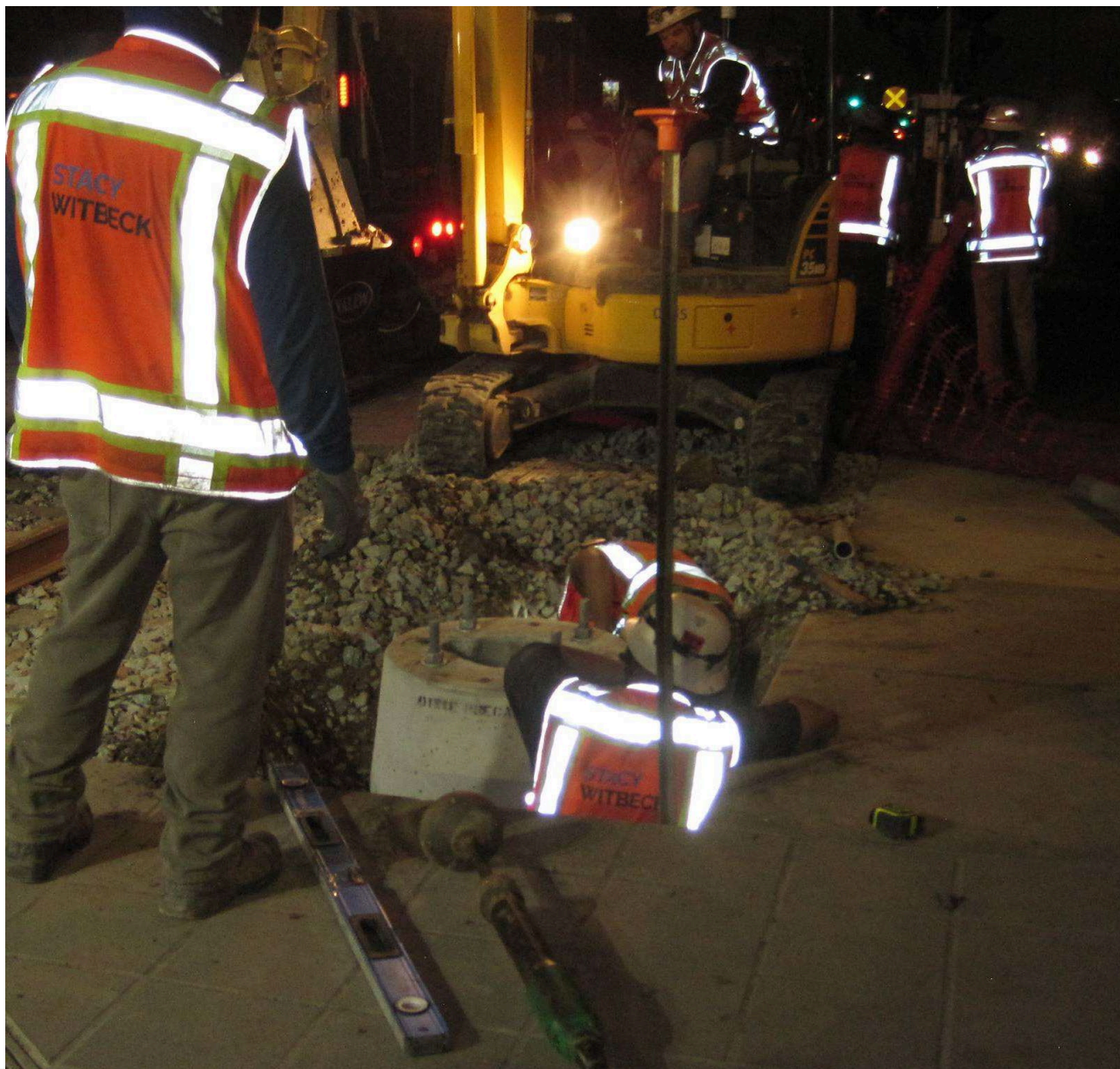
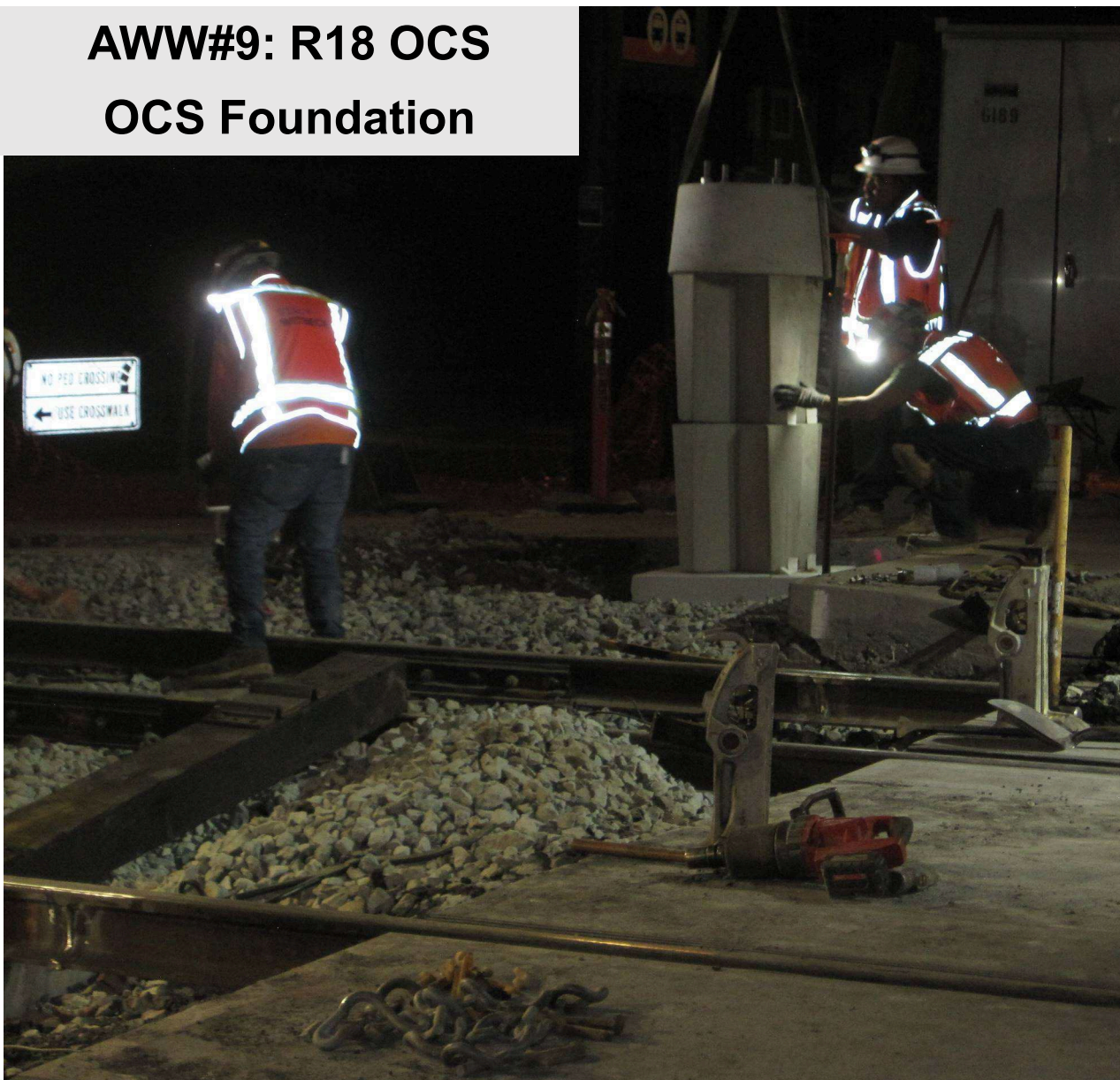
Track Destress Welding



AWW#8: R18 Track Crossover Installation



AWW#9: R18 OCS OCS Foundation



AWW#9: R18 OCS 68th Ped Crossing



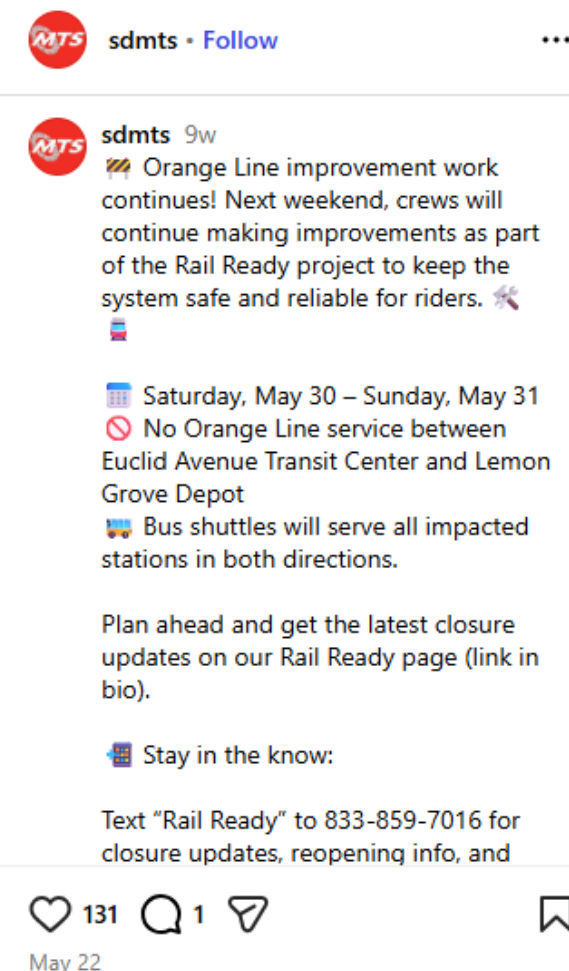
Summary of Ph1 Weekend Closures

AWW #	Line	Bus Bridge Limits		Closure Type	AWW Date	Status
		Eastbound Station	Westbound Station			
1	Orange Line	12th & Imperial	Euclid	A	October 18-19, 2025	Complete
2	Orange Line	12th & Imperial	Euclid	A	November 8-9, 2025	Complete
3	Orange Line	12th & Imperial	Massachusetts	B	January 17-18, 2026	Complete
4	Orange Line	12th & Imperial	Massachusetts	B	March 7-8, 2026	Complete
5	Orange Line	Euclid	Lemon Grove Depot	D	March 21-22, 2026	Complete
6	Orange Line	12th & Imperial	Massachusetts	B	May 16-17, 2026	Complete
7	Orange Line	Euclid	Lemon Grove Depot	D	May 30-31, 2026	Complete
8	Orange Line	Euclid	Lemon Grove Depot	D	June 13-14, 2026	Complete
9	Orange Line	Euclid	Lemon Grove Depot	D	August 15-16, 2026	Complete
10	Orange Line	12th & Imperial	Lemon Grove Depot	D	October 17-18, 2026	On Schedule
11	Orange Line	12th & Imperial	Lemon Grove Depot	D	January 23-24, 2027	Planned

Dates subject to change

Communications Outreach

- Social Media and Rider Newsletter
 - 30 posts on Instagram, Facebook and X
 - 241,005 views
 - 6,359 engagement
 - 14 e-blasts sent
 - 1652 e-blasts received
- Rail Ready Webpage
 - 12,636 views to date
 - 58.8% engagement
 - Updated with closure information
- A-frame and Variable Message Sign (VMS) announcements at impacted stations



Ph1 Highlight Reel



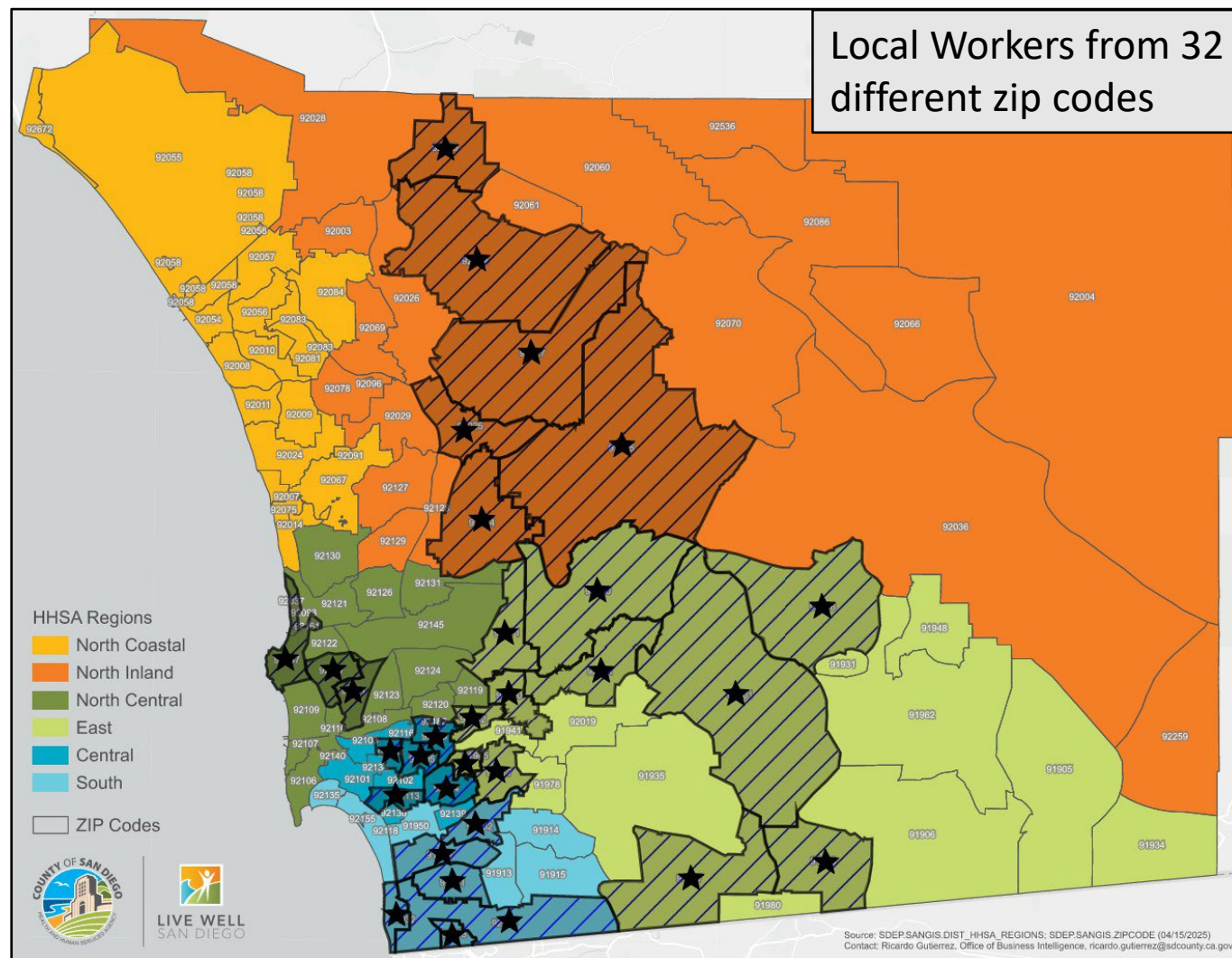
Phase 1 – Construction Labor Reporting

- 40% Local Worker Goal
- Regular Activity Labor Reporting
 - Contractor Reporting Status
 - Local Worker Utilization
 - Apprentice Utilization
 - Total Number of Workers
 - Local Workers per Zip Code

	Hours	Labor %
Local	38,007	69.0%
Non-Local	17,076	31.0%

Reporting period through August 2026

- Equivalent to 1,377 weeks of FTE



Phase 2 Updates

RAIL  READY
PROGRESS

PHASE TWO
Fall 2026 - Spring 2029



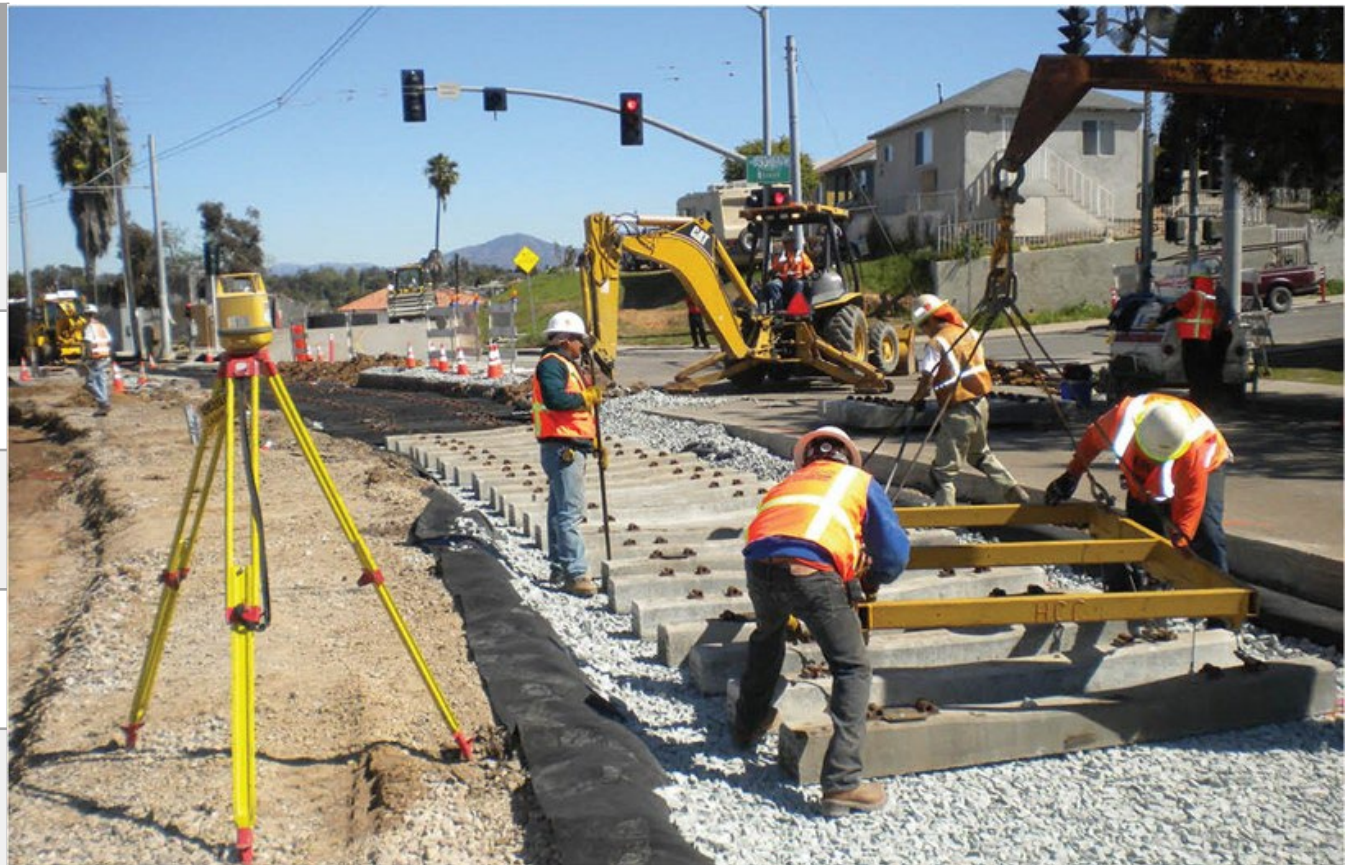
Phase 2: Owner Furnished Equipment

No	Item	MTS Board Approval Request	Total	Status
1	Catenary Poles	November 14, 2024	\$167,653.40	Delivered
2	Switch Machines	February 13, 2025	\$542,607.45	Delivered
3	Signaling Electrodes	February 13, 2025	\$1,355,932.79	Delivered
4	PSOs	February 13, 2025	\$427,849.39	Delivered
5	Hardened Steel Rail	April 17, 2025	\$2,134,070.64	Delivered
6	Special Track	April 17, 2025	\$2,050,595.75	Next delivery scheduled in October 2026
7	Signal Houses	May 15, 2025	\$7,219,550.51	First delivery estimated for March 2027
Total:			13,898,259.93	

Approx. 38% of Ph2 OFM have been received.

Phase 2 - Construction

Event	Date
Contract Awarded (MTS Board of Directors Approval)	June 18, 2026
Kick-Off Meeting	August 18, 2026
Limited Notice To Proceed (LNTP)	August 19, 2026
Notice To Proceed (NTP)	October 2026
Weekly Coordination Meetings	Ongoing



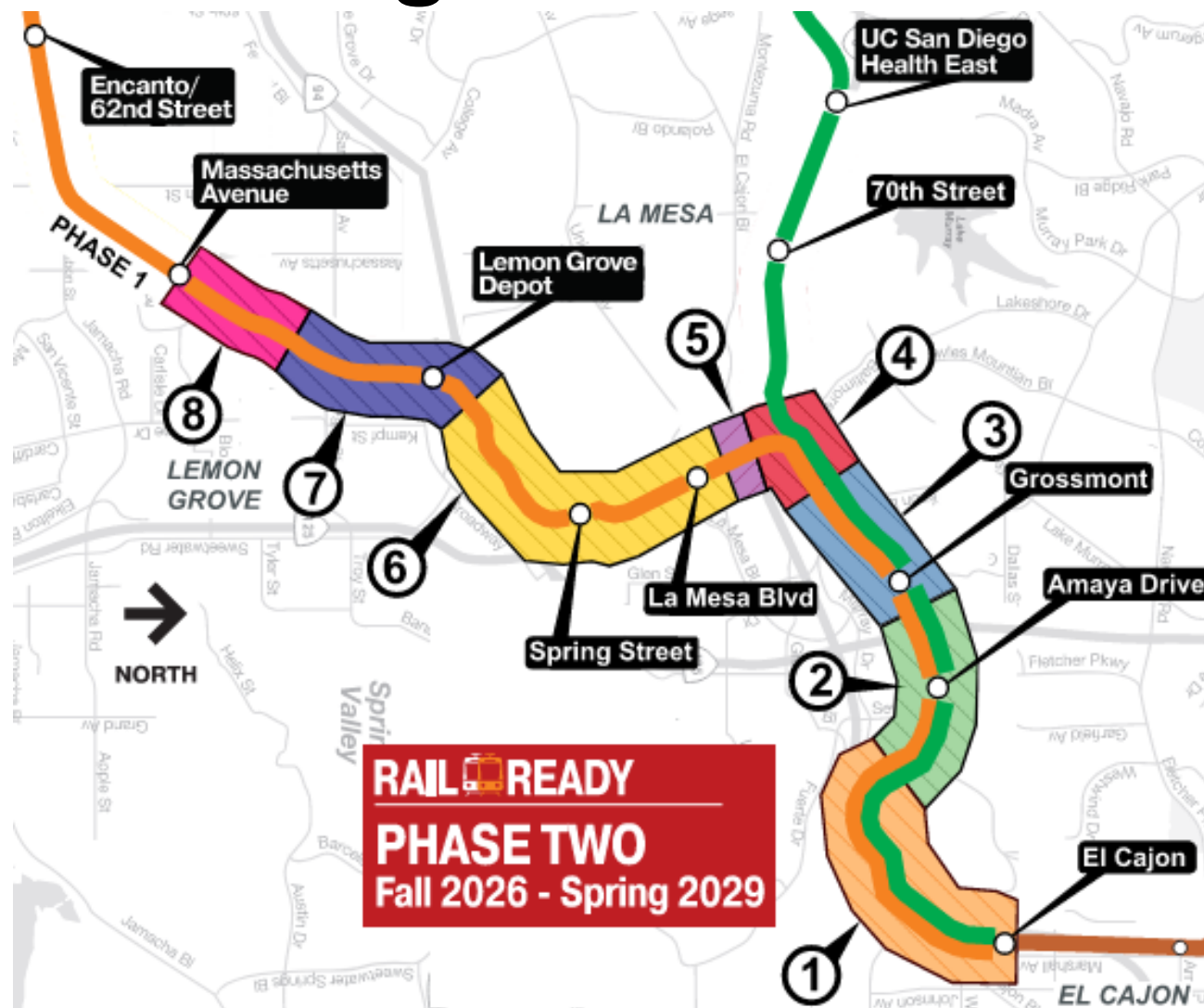
Phase 2 – Pre-Construction Coordination

- Balfour Beatty led a SmartStart Workshop on 9/23 for Ph2 project team
- SmartStart is a collaborative kickoff process focused on:
 - Establishing early alignment on project goals and objectives
 - Beginning collaborative planning to fully leverage the team expertise and resources
 - Identifying the project's support structure and logistical approach



Phase 2 - Construction Progress

- Phase 2 Construction Segments



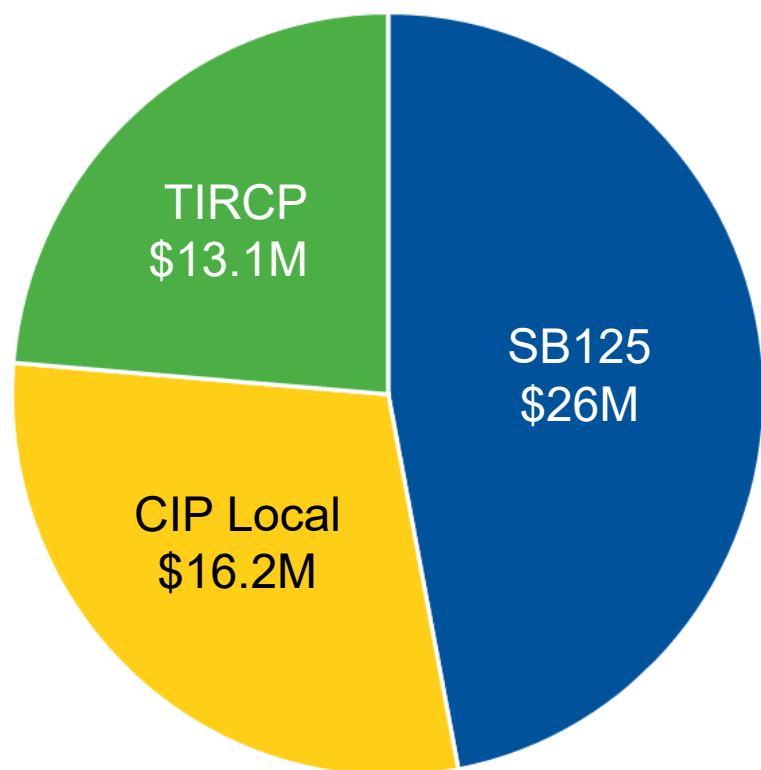
Project Funding

Funding Type	Total (\$M)
TIRCP Cycle 5 Funds	13.1
TIRCP Cycle 6 Funds	60.4
SB 125 Funds	26.0
MTS CIP Local Funds	30.8
Programmed Funds	130.3
Future CIP Local Funds	20.9
Estimated Total Budget	151.2



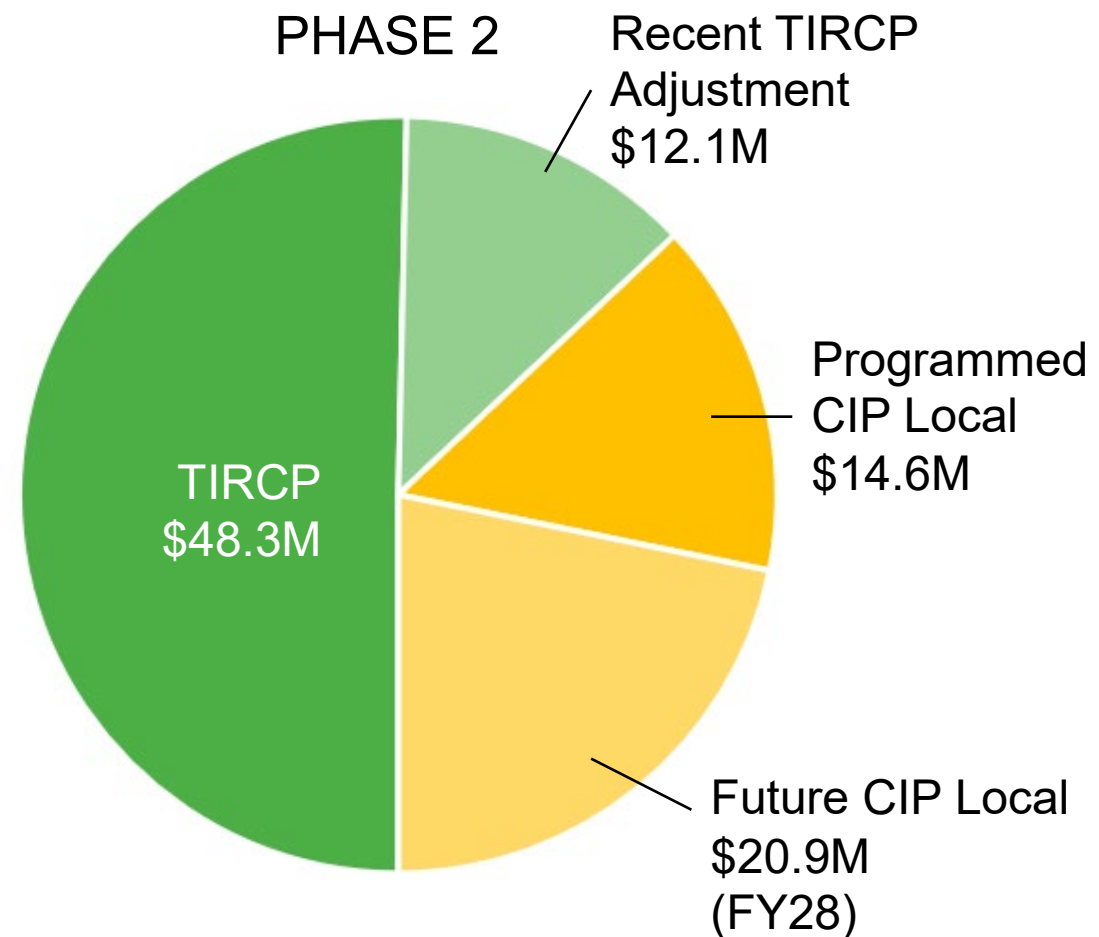
Project Funding by Phase

PHASE 1



Total \$55.3M

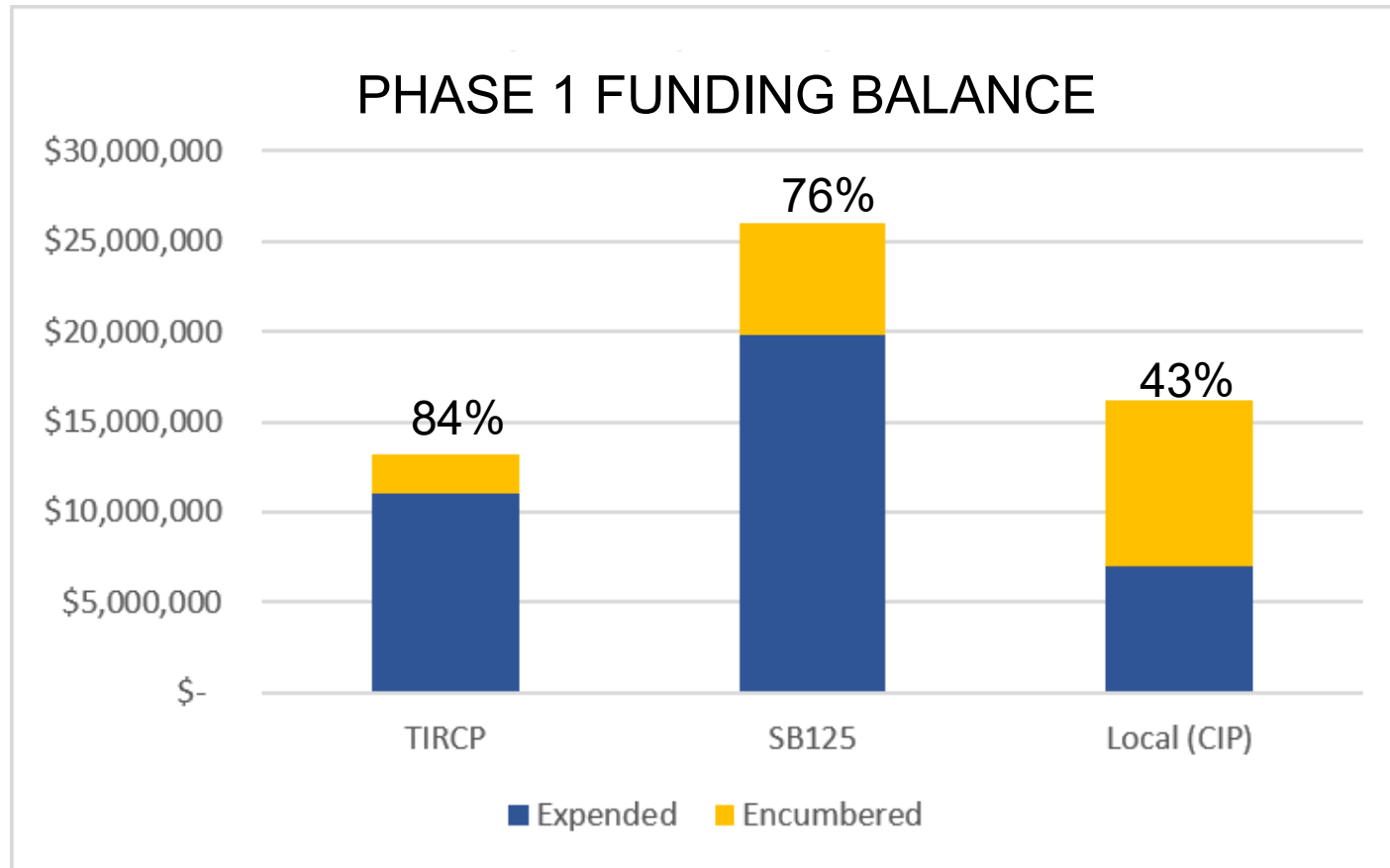
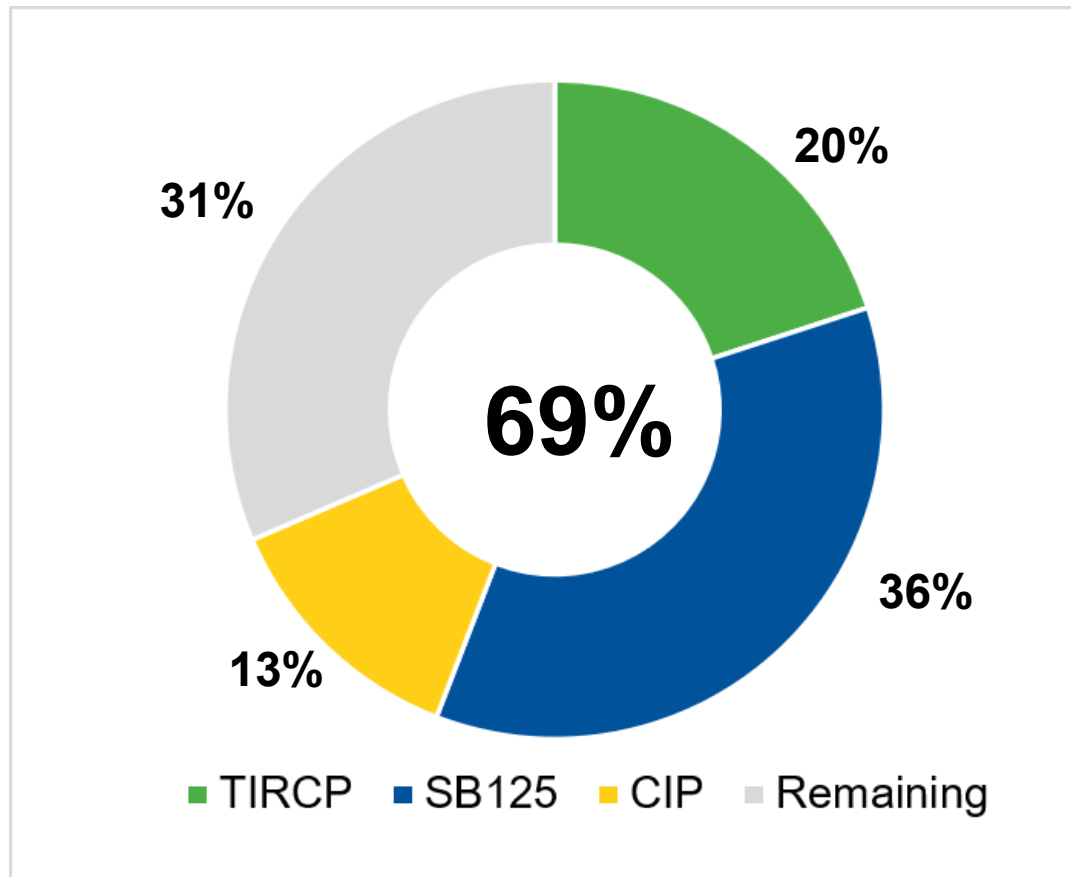
PHASE 2



Total \$95.9M

Phase 1 Funding Balance

Funding Expended to Date

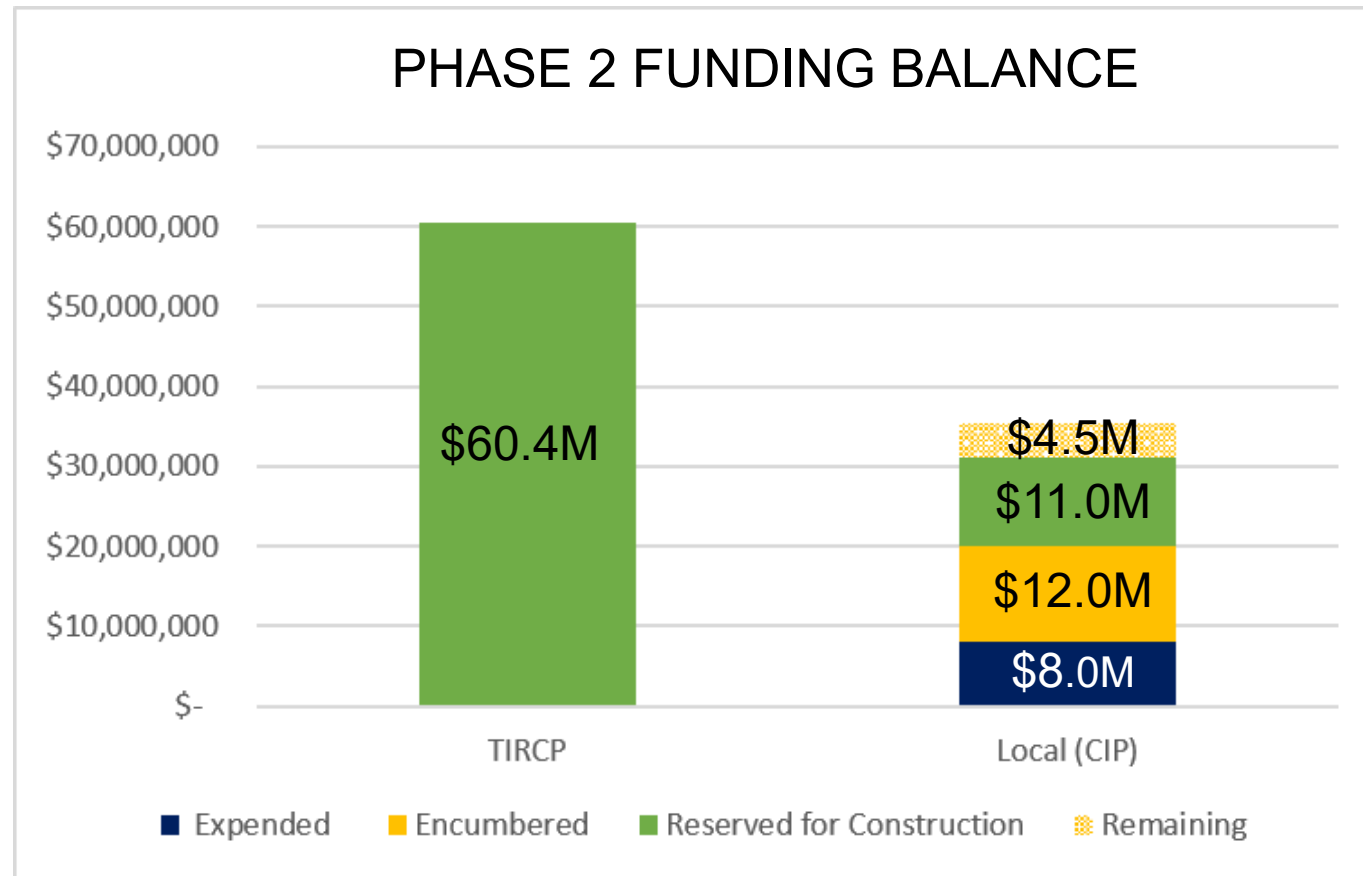
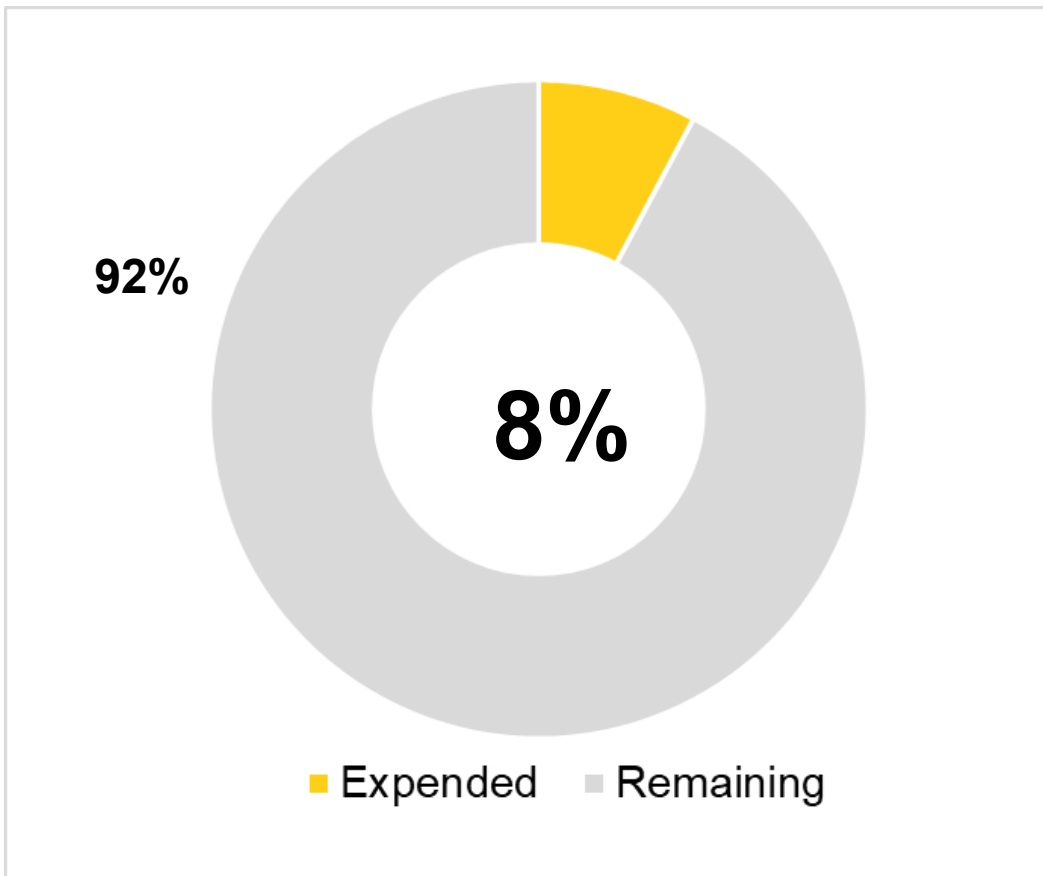


\$37.9M expended to date

Reporting period through August 2026

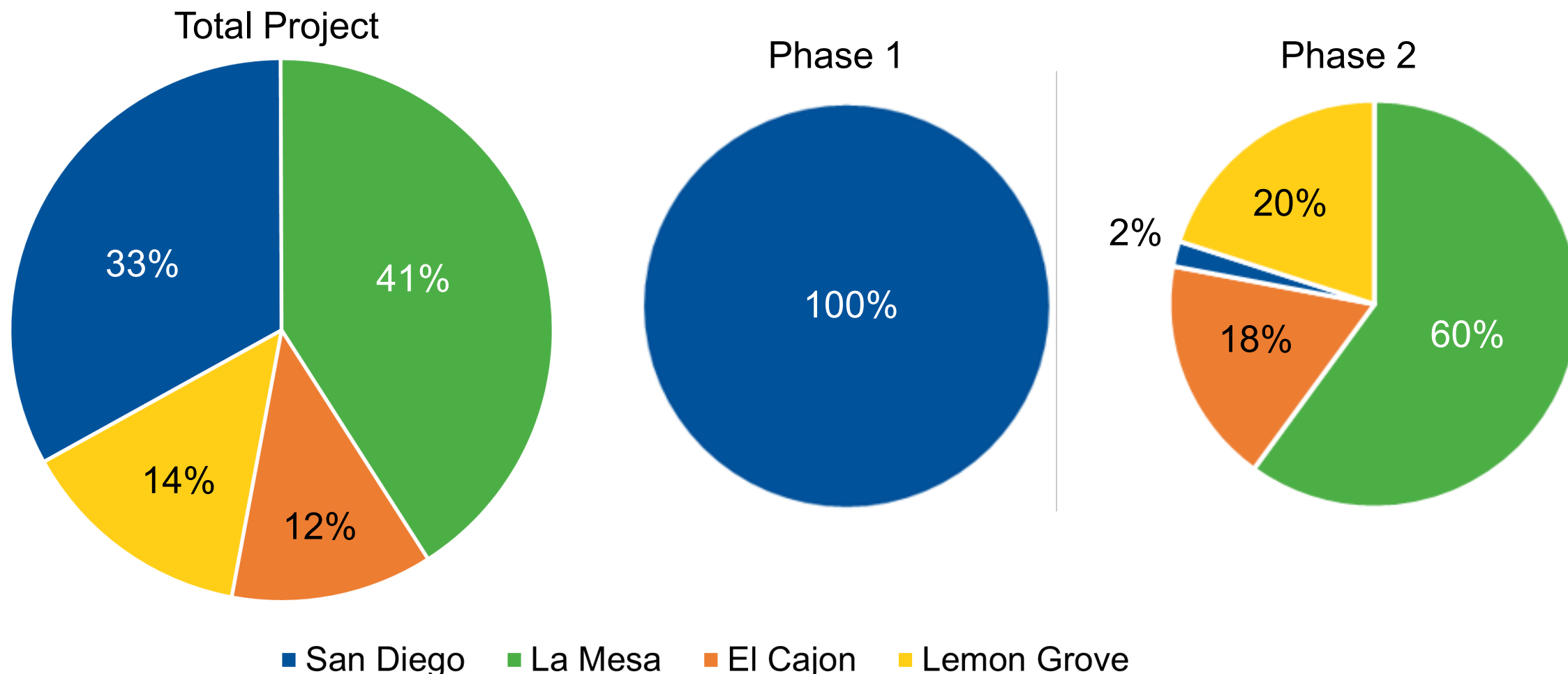
Phase 2 Funding Balance

Funding Expended to Date



\$8.0M expended to date
Reporting period through August 2026

Percent of Project within local Cities



State Agency Coordination

- California Public Utilities Commission (CPUC) regulates rail crossing safety
- Phase 1 Progress:
 - Segment 1 Safety Certification – **Complete**
 - Segment 2 Safety Certification – **Complete**
 - Segment 3 Safety Certification – In Progress
 - Signal cutover scheduled for October – 18th
- Phase 2 Progress:
 - CPUC reviewed and approved improvements to (5) existing grade crossings and (2) stations
 - GO-88 applications approved



Risk Management

- Risk Register Updated Monthly

- Last updated 9/15/26

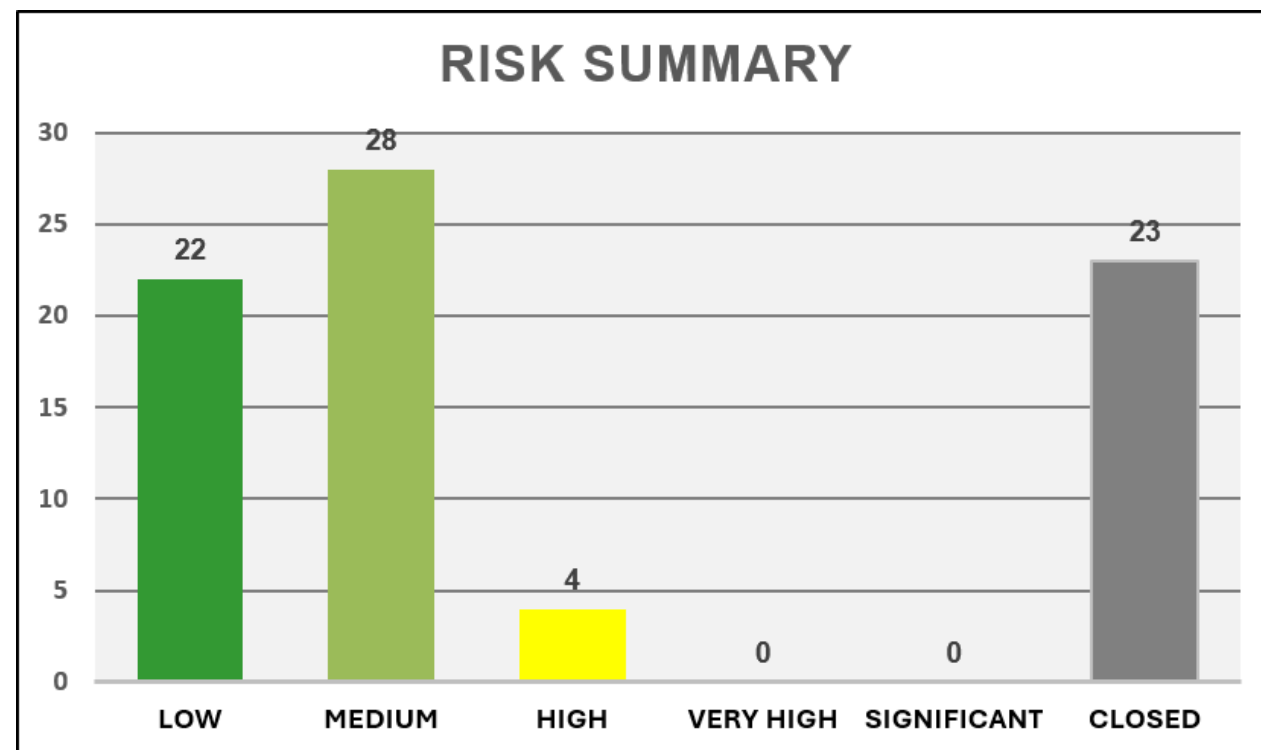
- Risk Changes

- (0) Risks Added
- (2) Risks Reduced
- (0) Risks Increased
- (2) Risks Retired

- Quarterly Risk Workshops

- Last Workshop: July 8, 2026
- Next Workshop: October 14, 2026

Risk Summary					
Impact Scores Legend	LOW (1)	MEDIUM (2)	HIGH (3)	VERY HIGH (4)	SIGNIFICANT (5)
Probability (P)	< 10%	10% - 50%	50% - 75%	75% - 90%	> 90%
Cost Impact (C)	< \$250K	\$250K - \$1M	\$1M - \$3M	\$3M - \$10M	> \$10M
Schedule Impact (S)	< 1 month	1 - 3 months	3 - 6 months	6 - 12 months	> 12 months
Impact Score	< 3	3 - 5	5 - 10	10 - 15	> 15



Top Risks

Risk Summary					
Impact Scores Legend	LOW (1)	MEDIUM (2)	HIGH (3)	VERY HIGH (4)	SIGNIFICANT (5)
Probability (P)	< 10%	10% - 50%	50% - 75%	75% - 90%	> 90%
Cost Impact (C)	< \$250K	\$250K - \$1M	\$1M - \$3M	\$3M - \$10M	> \$10M
Schedule Impact (S)	< 1 month	1 - 3 months	3 - 6 months	6 - 12 months	> 12 months
Impact Score	< 3	3 - 5	5 - 10	10 - 15	> 15

Risk ID	Risk Description	Risk Mitigation Actions	Impact Score
70	Delays in the completion of electrical services for Ph2 could impact project schedule and cost.	- MTS and CM team to monitor electrical service progress - CM team to accelerate design coordination for completion	8
29	Potential sequencing conflicts between the activities of multiple work sites and contractors for Ph1 & Ph2 will impact multiple aspects of the project for Ph1 & Ph2.	- CM team to coordinate with the contractor on sequenced work activities to minimize potential delays. - CM team to coordinate work windows between contractors.	8
46	If the Ph1 & Ph2 portions of the Project are awarded to two different prime contractors, then coordination during the construction will become more challenging and the possibility for scheduling problems increases.	- CM team to coordinate with the contractor on sequenced work activities to minimize potential delays. - CM team to coordinate work windows between contractors.	8
67	If Ph1 & Ph2 construction take substantially longer than currently estimated, then associated contract management costs will increase beyond current budgets.	- CM and contractors for Ph1 & Ph2 to work diligently to maintain project schedule. - CM and contractor to develop recovery plan if schedule slips.	6

Next Steps

- Continue Phase 1 Construction
- Kickoff Phase 2 Construction
- Continue Communication and Outreach
- Continue Project Controls

Questions/Comments?





**Metropolitan
Transit
System**

Agenda Item No. 05

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
EXECUTIVE COMMITTEE

October 1, 2026

SUBJECT:

Land Value Capture (Sharon Cooney)

INFORMATIONAL ONLY

Budget Impact

None.

DISCUSSION:

Staff will provide a high-level overview of land value capture strategies that may support transit investment, including joint development, land value taxation, parking fees or toll revenue, naming rights, negotiated extractions, Special Assessment Districts (SADs), Tax Increment Financing (TIF), and other strategies. The discussion will highlight potential opportunities and next steps for consideration and feedback.

/s/ Sharon Cooney

Sharon Cooney
Chief Executive Officer

Key Staff Contact: Julia Tuer 619.557.4515, Julia.Tuer@sdmts.com





**Metropolitan
Transit
System**

Item No. 5, 10/01/2026

Land Value Capture

Executive Committee

October 1, 2026

How does Land Value Capture Relate to MTS?

SB125 Transit Transformation Task Force Final Report

- *SB125 Transit Transformation Task Force Final Report (issued December 2025)* included suggestions and strategies for transit agencies to generate new revenue by capturing the value created by transit-oriented development and economic activity.



The Task Force identified opportunities to build on existing practices by enabling agencies to more fully leverage their assets and station areas. Strategies such as development on agency-owned land, expanded tax-increment financing tools, station-area commercial and retail uses, air-rights development, and aligning revenue from managed lanes or congestion pricing with transit can generate recurring revenue, diversify funding, and reduce reliance on traditional public sources. These approaches also stimulate housing, commercial, and mixed-use development, attract private investment, create jobs, and position transit as a long-term economic catalyst.

Better coordination between transit agencies and infrastructure owners—particularly to implement transit-priority projects—can further increase efficiency, ridership, and system value. While revenues may grow gradually, expanding and modernizing value-generation tools over time can significantly strengthen the fiscal resilience of California's transit systems while supporting housing, climate, economic, and equity goals.

4.0 Principles, Strategies, and Recommendations

Strategy 3: Generate new revenue through value-capture.

Recommendations

- ▶ 3.A. Give transit and other government agencies the ability to sell air rights or other development incentives to create development opportunities above and near transit stations and facilities to generate additional revenue via sale and/or investment. This has been partially achieved by recent legislation, including SB 79, but could be formalized and expanded.
- ▶ 3.B. Explore opportunities to allocate revenue from managed lanes and other forms of pricing in California's most congested regions to fund transit service, giving travelers reliable alternatives to driving alone.
- ▶ 3.C. Update increment financing tools to make it easier for transit agencies to capture value and establish districts, with a specific focus on removing the number of bodies and approvals needed to create a tax increment financing (TIF) district.

Strategy 38: Create Statewide conditions for greater value capture from transit.

Recommendations

- ▶ 38.A. Assess the multiplier effect of public transit investments and create mechanisms that could allow transit agencies to become an equity partner and/or capture this value (e.g., through taxes, transit passes).
- ▶ 38.B. Create a tax increment financing tool specifically for transit-oriented development or modify an existing one (e.g. NIFTIs) to enable transit agencies with more effective value capture options.
- ▶ 38.C. Establish supplemental funding sources through value capture strategies.

Strategy 36: Strengthen transit and land use planning.

Recommendations

- ▶ 36.A. Support the Statewide strategy for transit-supportive land use to address both transit and housing objectives, including setting out Transit Oriented Development (TOD)-specific objectives and guidelines that consider potential social equity impacts and interests of private developers to increase housing near transit.
- ▶ 36.B. Give transit agencies the ability to review and comment on City Transportation Demand Management (TDM) plans.
- ▶ 36.C. Encourage transit agencies to include analysis and evaluation of land use and value capture opportunities into their transit enhancement and expansion plans.
- ▶ 36.D. Leverage, where possible, Caltrans-owned and other State-owned land to reduce upfront land costs to jumpstart TOD projects.

Strategy 39: Provide State incentives and technical assistance to support transit agencies on value capture.

Recommendations

- ▶ 39.A. Provide funding and/or technical assistance to agencies to support value capture opportunities (e.g., grants to hire specialists for in-sourced opportunities such as advertising, joint development, and install EV chargers and hydrogen re-fueling facilities on agency-owned parking areas).
- ▶ 39.B. Create State Purchasing Schedules to make expertise in revenue generation opportunities available to transit agencies to lower costs (e.g., California tourism passes, professional sports teams.)
- ▶ 39.C. Invest in transportation projects that have a value capture strategy, when practical.

MTS Evaluation of Value Capture

- Some of the strategies have already been deployed by MTS
 - Joint Development, Naming Rights, Developer Requirements, Billboards/Advertising
- Some worth further study and consideration
- Some may not be viable because of competing local interests and local conditions

Non-Fare Revenue Pillars

Systematically monetize:

- Pillar 1: Transit-Oriented Development & Real Estate
- Pillar 2: Advertising & Media Network
- Pillar 3: Naming Rights & Sponsorships
- Pillar 4: Telecommunications & Digital Infrastructure
- Pillar 5: Retail & Concessions
- Pillar 6: Event & Tourism Revenue
- Pillar 7: Billboard Advertising Growth Strategy
- Pillar 8: Energy & Sustainability Revenue
- Pillar 9: Land Value Capture & Right-of-Way Value Creation



The Case for Value Capture

- Generation and recovery of private revenues created by transit investment
- Core premise: public action should generate public benefit
 - Financial value to public agencies (e.g. increased property tax) and private investors (e.g. higher land value and economic opportunity) should be shared by public transportation developers and service providers
 - Capture the value of transit-oriented development and associated economic activities, and reinvest for the benefit of all

Considerations Prior to Embarking

- Value capture initiatives take time to create sufficient funding streams for transit, but financing tools and grants can accelerate
 - *NOT A SHORT-TERM SOLUTION (5+ Years to establish; 10+ Years to generate revenue)*
- Cities and/or County must be the lead agency for some initiatives, and thus need to be convinced of the value to them
 - *Potential for competition with cities/county for scarce tax or other revenues; could be counter to other initiatives (e.g., decrease barriers/costs of development)*

Considerations Prior to Embarking

- City and State decisions have already provided private property owners with increased value near transit by right (e.g. SB 79)
 - *this may limit value of some of the strategies because proximity to transit has already been used to increase density, reduce parking requirements; limits on development more tied to cost of constructing full density, not lack of zoning*
- Are the market conditions currently right, is there sufficient private sector interest?
 - *many strategies would require affected property owners to vote to support the fees/taxes, which requires them to want new infrastructure and acknowledge it will only get built with the proposed financing district or extraction*

Types of Value Capture Strategies

Joint Development

- Developing public transit agency land with a private entity
 - Grantville, Grossmont, Morena Linda Vista, etc.
 - Some limitations on net revenue expectations due to Policy 18 objectives (affordable housing, prevailing wage, PLAs, etc) and California's Surplus Land Act
- Selling or leasing air rights to private entity
 - Transferable development rights allow landowners to transfer the right to build from one property to another, under local zoning or other land use regulations
 - Would require local municipal supportive zoning/land use regulations
 - How to equitably locate the receiving communities for the higher density?
 - Many cities have already increased density to the point this would not provide a practical benefit to developers

Land Value Taxation

- Local agency levies a tax on the value of vacant land at a higher rate than buildings
- Incentivizes building in more compact, transit-oriented developments
 - 2/3 popular vote likely required – unlikely to pass
 - Still subject to an agreement with taxing entity (city or county) to share the additional tax revenue with transit agencies
 - Levying other types of taxation (parcel taxes, etc.) not authorized for MTS, would require legislation to even propose to voters

Parking Fees or Toll Revenue

- Parking fees could be in a district or region-wide to fund transit
 - Local cities and special districts already use parking revenue for other purposes
 - Would require buy-in by local partners who already collect these fees and target revenues for other purposes
- Tolling already supports transit operations on I-15 but revenue is less than needed for operations (\$500k-\$1 M) and highly dependent on cost to operate/maintain the toll lanes

Naming Rights

- Private entities purchase the right to name a transit agency's assets
- MTS has several such agreements
 - MTS Naming Rights Consultant actively seeking opportunities for MTS
 - *UC San Diego Blue Line (\$1.2M/yr; 30 yr deal; estimated value \$40M)*
 - *UC San Diego Health East Campus Medical Center Station (\$50K/yr; 20-30 yr deal; est value \$1.3M)*
 - *Union Grantville Transit Center (\$179K/yr; 10-20 yr deal; est value \$2M)*
 - *2024 Free Ride Day (\$25K)*
 - *Comic Con 2026 Special Event Line (\$150K)*
- Not significant revenue source, but has promise

Negotiated Extractions

- Private developer payments as a condition for project approval
- This has been used to the benefit of transit with mixed results
 - Land granted to MTS in Kearny Mesa for a “Transit Center” by a developer that wasn’t near where a center should be located
 - Riverwalk Specific Plan requires a new trolley station be built – in design
 - Deal with Westfield during its redevelopment in UTC to create a bus transit center for MTS
 - Bus shelters required that go unused
- Municipalities may have competing “asks” in the negotiations

Special Assessment Districts (SADs)

- Municipalities create SADs around transit infrastructure to bring revenue in from beneficiaries
 - In recognition that properties within half mile of transit have higher value (4 to 24% higher for residential, 5-42% higher for commercial, rents 2-14% higher)
- New fees or taxes assessed to help pay for the investment in transit
- Generate revenue from both existing and future development
- Typically need a referendum vote by the property owners
- May need statutory change to allow transit agencies to implement
- Likely need to be based on new investment
- Challenging in MTS service area due to the existence of other SADs (Downtown Partnership, El Cajon SAD, etc) and competing municipal interests
- Need to address displacement concerns when crafting the SAD

Tax Increment Financing (TIF)

- TIF districts can be created by local or state governments, including transit districts
- Value capture: Tax revenue within a district is capped at existing levels at time of the TIF creation (baseline) and all tax revenue resulting from the increase in value is directed into the TIF fund
- Not a new revenue fund – commits revenue that would otherwise go to the General Fund
- Market appreciation on existing development, plus the incremental value of new development or rehabilitation of existing development
- Generally, Infrastructure Financing Plan created and implemented by Public Financing Authority
- Fund can be bonded against
- Capital projects only, and can only be for limited duration (45-50 years)
 - Can use it for rehabilitation/refurbishment, plus maintenance
- Requires local buy in, and the belief that transit investments are preferred over other municipal investments
- Won't generate all of the funding needed for projects, but can complement other sources of funding (as was the case with the Westfield project)

Various TIF Tools Available

- Enhanced Infrastructure Financing District (EIFD)
- Community Revitalization and Investment Authority
- Downtown Revitalization and Economic Recovery Financing District (DRERFD)
- Disaster Recovery District (DRD)
- Climate Resilience District (CRD)

*****Regardless of the tool, best option is to partner with City or County**

Other Land Value Capture Strategies

- Creation of a formal MTS Transit Asset Development Program blueprint with aggressive goals and KPIs
- Re-valuation of real estate assets
 - Leases
 - Telecomm infrastructure
 - Retail and concessions
 - Consultant-lead process
- Additional advertising opportunities
 - Billboards, etc.

SANDAG Regional Value Capture Assessment Study

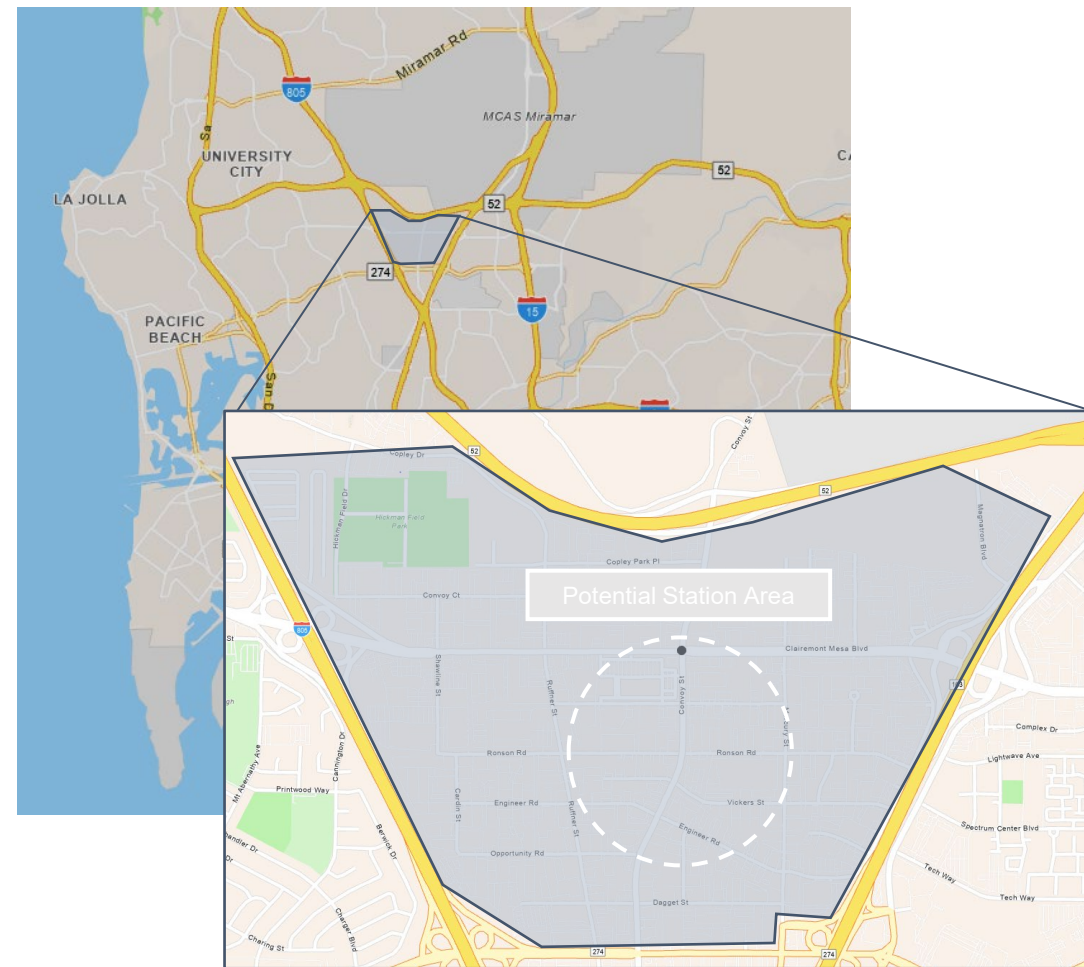
Tim Garrett

SANDAG Value Capture Study (2024)

Kearny Mesa Station Area

Key Takeaways

- Recently updated Community Plan
- Hypothetical, community-specific development scenario
- Projected 45-year development demand
 - 5,400 residential units
 - ~12 million square feet nonresidential
 - 45-year potential Enhanced Infrastructure Financing District revenue up to \$1.1 billion
 - Community Facilities District potential for undeveloped parcels

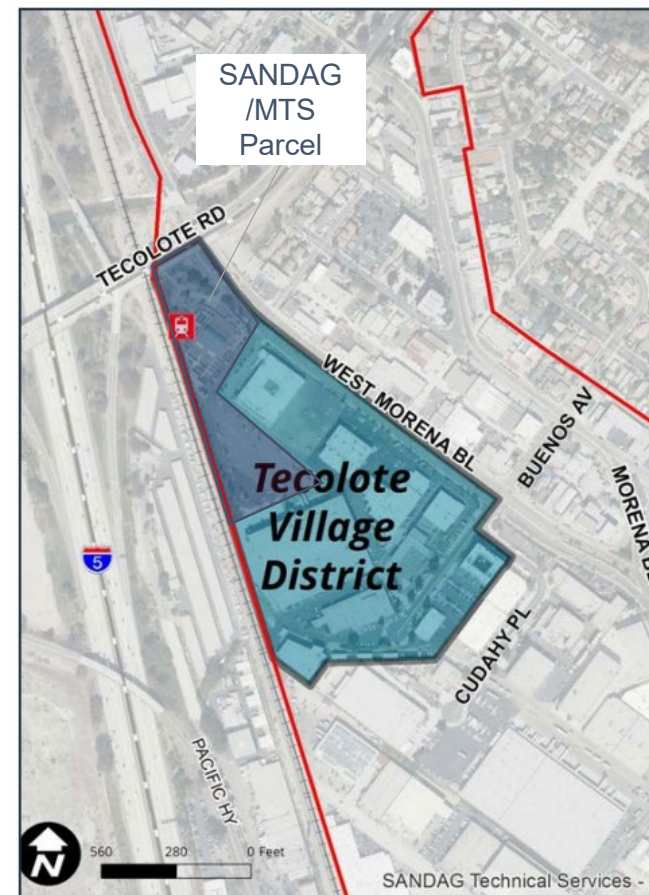


SANDAG Value Capture Study (2024)

Tecolote Road Trolley Station

Key Takeaways

- New Blue Line Station
- Morena Corridor Specific Plan
- Hypothetical, site-specific joint development scenario
- Assumed mixed-income residential and retail development on publicly owned parcel
 - 240 housing units, 15% affordable
 - 10,000 square feet retail
 - Development appears financially feasible
 - As affordability requirement increases, residual land value decreases



Implementation Strategy Foundation

1

Establish a
**coordinating
agency**

2

Encourage
**long term
partnerships
and alignment**
across key
stakeholders

3

Develop a
**regional
strategy /
vision**

4

Implement
**local policies /
guidelines**

5

Provide
resources to
local public
entities

Some Next Steps

- Procurement of a consultant to value our assets
- Creation of a formal MTS Transit Asset Development Program blueprint with aggressive goals and KPIs
- Might need a consultant to explore TIF strategies (or partner with SANDAG for assistance?)
- Engage with local governments when they are considering TIF formation (as we did with redevelopment agencies)

Some Considerations

- Urge municipalities to require developers to share the cost of transit infrastructure where it makes sense
- Capture value created by government planning initiatives and investments (e.g. during Community Plan updates)
- Reform legal rules to give municipalities the ability to implement more Value Capture programs
- **LONG-TERM Strategy to increase Non-Fare Revenue; will not solve current MTS Fiscal Cliff Crisis**

Questions/Comments



Board of Directors Agenda

October 15, 2026 at 9:00 a.m.

In-Person Participation: James R. Mills Building, 1255 Imperial Avenue, 10th Floor Board Room, San Diego CA 92101

Teleconference Participation: (669) 254-5252; Webinar ID: 160 280 5839, <https://www.zoomgov.com/j/1602805839>

NO.	ITEM SUBJECT AND DESCRIPTION	ACTION
1.	Roll Call	
2.	Public Comments This item is limited to five speakers with two 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.	
CONSENT ITEMS		
3.	Approval of Minutes Action would approve the September 17, 2026 Board of Directors meeting! minutes.	Approve
4.	CEO Report Agenda Item will be provided prior to Board Meeting.	Informational
5.	PRONTO Fare Collection System – Contract Amendment Action would the Chief Executive Officer (CEO) to execute Amendment No. 24! to MTS Doc. No. G2091.0-18 with Innovations in Transportation, Inc. (INIT) to! purchase 600,000 Extended Use (EU) Cards and 500,000 Limited Use (LU)! Cards, in the amount of \$1,634,702.50 (inclusive of shipping and CA 7.75% sales tax).	Approve
6.	Bus Brake Subcomponent Part Supplies - Contract Amendment Agenda Item will be provided prior to Board Meeting.	Approve
7.	Banking Services – Contract Award Action would authorize the Chief Executive Officer (CEO) to: 1) Execute MTS! Doc No. G3171.0-26, with JPMorgan Chase Bank, N.A. dba J.P. Morgan (J.P.! Morgan) to provide banking services in the amount of \$675,903.60 for five (5)! base years and five (5) 1-year options, for a total of up to 10 years	Approve



(\$337,951.80 for the 5-year base period and \$337,951.80 for five 1-year options); and 2) Exercise the option years at the CEO's discretion.

- | | | |
|-----|--|---------|
| 8. | Purchase Light Rail Vehicle (LRV) S700 Tooling Kit – Sole Source Award
Action would authorize the Chief Executive Officer (CEO) to execute a Purchase Order agreement with Siemens Mobility, Inc. (Siemens), for the purchase of a S700 center truck axle bearing tooling kit, in the amount of \$215,500.00 (including CA 7.75% sales tax). | Approve |
| 9. | Weed Abatement Services – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL476.0-27, with Quality Sprayers, Inc. (Quality Sprayers), for a five-year (5) period for weed abatement services of all MTS rail Right-Of-Way (ROW) in the amount of \$415,140.00. | Approve |
| 10. | Fiscal Year (FY) 2025-2026 Low Carbon Transit Operations Program (LCTOP) Funding
Agenda Item will be provided prior to Board Meeting. | Approve |
| 11. | Declaration of Surplus Property (Portion of Property Near Grantville Transit Center)
Action would declare Assessor Parcel Number (APN) 461-320-34 and the northwestern portion of APN 461-320-31 as "surplus land" for purposes of Government Code sections 54220, et seq. | Approve |

DISCUSSION ITEMS

- | | | |
|-----|--|---------------|
| 12. | Fiscal Year (FY) 2027 Operating Budget Amendment (Mike Thompson and Gordon Meyer)
<i>Agenda Item will be provided prior to Board Meeting.</i> | Approve |
| 13. | Administrative Penalty Program under Public Utilities Code section 99580 for Fare Evasion and Passenger Conduct Violations
<i>Agenda Item will be provided prior to Board Meeting.</i> | Approve |
| 14. | PRONTO LIFE Update (Mark Olson and Israel Maldonado)
<i>Agenda Item will be provided prior to Board Meeting.</i> | Informational |
| 15. | Fiscal Year (FY) 2026 Annual Performance Monitoring Report and Year End Operations Report (Brent Boyd, Brian Riley, Mike Wygant)
<i>Agenda Item will be provided prior to Board Meeting.</i> | Informational |
| 16. | Zero Emission Bus (ZEB) Program and Transition Plan Update (Mike Wygant and Jarrett Valdez)
<i>Agenda Item will be provided prior to Board Meeting.</i> | Informational |

17. Grants Administration Report (Julia Tuer and Kena Teon)

Informational

Agenda Item will be provided prior to Board Meeting.

OTHER ITEMS

18. Chair, Board Member and Chief Executive Officer's (CEO's) Communications

19. Remainder of Public Comments Not on The Agenda

This item is a continuation of item No. 2 (Public Comment), in the event all! speakers who request to comment on item No. 2 are not called. If all Public! Comment is accepted during item No. 2, no additional public comment will be! accepted under this item.

20. Next Meeting Date

The next Board of Director's meeting is scheduled for November 19, 2026 at! 9:00am.

ADJOURNMENT

21. Adjournment



**Metropolitan
Transit
System**

DRAFT FOR EXECUTIVE COMMITTEE REVIEW DATE: 10/1/26

Agenda Item No. 04

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

October 15, 2026

SUBJECT:

Chief Executive Officer's (CEO) Report

**AGENDA ITEM WILL
BE PROVIDED
BEFORE BOARD
MEETING**





**Metropolitan
Transit
System**

DRAFT FOR EXECUTIVE COMMITTEE REVIEW DATE: 10/1/26

Agenda Item No. 05

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

October 15, 2026

SUBJECT:

PRONTO Fare Collection System – Contract Amendment

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute Amendment No. 24 to MTS Doc. No. G2091.0-18 (in substantially the same format as Attachment A) with Innovations in Transportation, Inc. (INIT) to purchase 600,000 Extended Use (EU) Cards and 500,000 Limited Use (LU) Cards, in the amount of \$1,634,702.50 (inclusive of shipping and CA 7.75% sales tax).

Budget Impact

The total cost of this amendment is estimated to be \$1,634,702.50, and the total contract cost is estimated to be \$50,745,006.77. The project will be funded by the Fare System Operating Budget account 535010 – 571250. The contract costs are summarized below:

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Date Issued	Board Approval Date	Document	Description	Amount
01/1/19	12/13/18	Original Agreement	Fare collection system (Capital only)	\$23,155,348.02
12/12/19	12/13/18	AM 1	Commence work on options previously approved on 12/13/18	\$1,416,531.01
12/18/19	12/12/19	AM 2	Commence work on new options	\$1,093,731.49
05/26/20	09/17/20	AM 3	Change Order - Integrate Conduent's CAD/AVL solution	\$57,681.00
09/17/20	09/17/20	AM 4	Change Order - Rail validator masts	\$907,267.08
1/13/21	12/10/20	AM 5	Adds California (CA) sales tax; and Change Orders - revises TVM spare parts & cashless conversion kits, and adds gateway services	\$2,478,990.86
03/18/21	03/11/21	AM 6	Change Orders - Adds customer and institution website scope updates, adds a new reduced fares program enrollment, adds driver control unit screen flow changes, adds SAGE operator separation, adds Customer Relationship Module (CRM) payment encryption changes and applies the fare media capital credit	\$765,271.76
06/28/21	06/17/21	AM 7	Change Orders – Adds transfer and business rule changes to website and CRM; modified 2 phase bus validator and Driver Control Unit (DCU) installation; installation of modified ticket validator arm	\$270,050.09
09/13/21	11/18/21	AM 8	Change Orders - Additional SAGE software; and Salesforce licenses	\$37,816.95
11/18/21	11/18/21	AM 9	Change Order – PRONTO fare media card order	\$166,624.60
05/10/22	06/16/22	AM 10	Amend gateway services to add security and fraud prevention features at no additional cost; add new/revised federal requirements; and credit back to MTS \$902.11 from Amendment 9's incorrect tax amount	(\$902.11)
06/22/22	06/16/22	AM 11	Purchase 60 validators with polycarbonate; purchase 750K extended use cards & 150K limited use cards	\$1,768,948.64
06/22/22	09/15/22	AM 12	Change Orders - Display prepayments on invoices and monthly capping report	\$14,012.50
09/15/22	09/15/22	AM 13	Purchase twenty (20) permanent salesforce licenses, 36-month renewal period, from 8/24/2022 to 8/23/2025	\$129,600.00
09/15/22	09/15/22	AM 14	Adds TVM fare validation	\$91,941.44
01/26/23	01/26/23	AM 15	Adds PRONTO In-App Messaging and annual maintenance	\$151,246.00
02/03/23	12/13/18	AM 16	Notice to Proceed the Operations and Maintenance phase per the original agreement; & approval of the start of the 10-year maintenance services that have been issued via various amendments	\$11,004,315.94
09/19/23	09/14/23	AM 17	Open Payment and Inspection App Solution	\$1,224,387.98
11/13/23	12/19/24	AM 18	Add supplemental Terms and Conditions	\$0
01/07/25	12/19/24	AM 19	Purchase 625,000 EU and 375,000 LU cards	\$1,439,125.00
01/24/25	07/17/25	AM 20	Complete the software escrow process	\$0.00
04/18/25	07/17/25	AM 21	Payment Card Industry (PCI) audit support for one year	\$113,337.50
07/22/25	07/17/25	AM 22	Salesforce License Renewal	\$420,640.00
09/06/26	05/21/26	AM 23	Additional funding for Gateway Services	\$2,404,338.52
Subtotal (AM 1-23)				\$49,110,304.27

Date Issued	Board Approval Date	Document	Description	Amount
-	<i>Today's Proposed Action</i>	<i>AM 24</i>	<i>Purchase 600,000 EU Cards and 500,000 LU Cards</i>	<i>\$1,634,702.50</i>
Grand Total Contract Authorized Amount				\$50,745,006.77
N/A	12/13/18	N/A	Unexecuted Options Remaining from Original Contract Approval (to be executed at a later date)	\$2,091,532.60
Total Board Approval Amount				\$52,836,539.37

DISCUSSION:

On December 13, 2018 (Agenda Item (AI) 31), the MTS Board approved MTS Doc. No. G2091.0-18 with INIT for the design and implementation of a new fare collection system, PRONTO. This includes the provision of services, equipment, software, parts, and support. PRONTO was launched in September 2021, with the conversion from the prior Compass Card system complete on October 1, 2021.

Amendments 1-23 have been Board-approved to provide additional functionality, integration, and scope modifications to the fare collection system. Today's proposed action involves approval to execute Amendment No. 24.

Amendment No. 24

MTS has identified additional inventory needs of EU smart cards and LU cards. EU cards allow customers to pay fares, while LU cards allow institutional customers the flexibility to distribute temporary fare media, typically for same day use.

Amendment No. 24 purchases 600,000 EU smart cards and 500,000 LU cards for the PRONTO fare system, ensuring uninterrupted fare payment and transactional data collection. This proactive amendment addresses potential supply chain risks, including long lead times and manufacturing backlogs, through the purchase of one million one hundred thousand cards. By buying in bulk, MTS secures cost savings and favorable pricing while safeguarding business continuity against unforeseen disruptions. This purchase provides a three-year supply for these cards, aligning with current usage rates to effectively mitigate risks to revenue operations.

INIT's fare media proposal was in the amount of \$1,520,700.00, excluding tax, which is approximately 6.25% above Staff's Independent Cost Estimate (ICE) of \$1,431,213.00. Staff considers the overall proposal fair and reasonable based on current market conditions, inflation and allowable contract cost increases.

Therefore, staff recommend that the MTS Board of Directors authorize the CEO to execute Amendment No. 24 to MTS Doc. No. G2091.0-18 (in substantially the same format as Attachment A) with INIT, to purchase 600,000 EU Cards and 500,000 LU Cards, in the amount of \$1,634,702.50 (inclusive of shipping and CA 7.75% sales tax).

/s/ Sharon Cooney

Sharon Cooney
Chief Executive Officer

Key Staff Contact: Julia Tuer, 619.557.4515, Julia.Tuer@sdmts.com

Attachment: A. Draft Amendment 24, MTS Doc. No. G2091.24-18



**Metropolitan
Transit
System**

Amendment 24

October 15, 2026

MTS Doc No. G2091.24-18

ACCOUNT BASED FARE COLLECTION SYSTEM

INIT Innovations in Transportation, Inc.
Carl A. Commons
Chief Executive Officer
424 Network Station
Chesapeake VA, 23320

This shall serve as Amendment No.24 to the original agreement G2091.0-18 as further described below.

SCOPE

The service under this Amendment No. 24 is to purchase Pronto Card-Extended Use (EU) 600,000 and Card-Limited Use (LU) 500,000 as shown in Attachment A. These should be delivered F.O.B to SDTI, 1341 Commercial Street, San Diego, California 92113.

SCHEDULE

There are no changes to the overall schedule provision of the agreement. The contract termination date remains December 31, 2032.

PAYMENT

This contract amendment shall authorize additional costs not to exceed \$1,634,702.50. The total value of this contract, including this amendment, shall be in the amount of \$50,745,006.77. This amount shall not be exceeded without prior written approval from MTS.

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CONTRACT SUMMARY

The contract summary is shown below:

Date	Doc	Description	Amount	Total Contract Authorized (also PO amount to-date)
02/01/19	AGMT	Fare collection	\$23,155,348.02	\$23,155,348.02
12/12/19	AM 1	Exercise some options	\$1,416,531.01	\$24,571,879.03
12/18/19	AM 2	Exercise some options	\$1,093,731.49	\$25,665,610.52
03/29/20	AM 3	Conduent's CAD/AVL solution	\$57,681.00	\$25,723,291.52
03/17/20	AM 4	Rail mast change order	\$907,267.08	\$26,630,558.60
04/28/21	AM 5	TVM spares; gateway services; sales tax	\$2,478,990.86	\$29,109,549.46
03/18/21	AM 6	Website; fares; DCU; SAGE; CRM; fare media capital credit	\$765,271.76	\$29,874,821.22
06/17/21	AM 7	Business rules; bus validator & DCU install; validator arm labor	\$270,050.09	\$30,144,871.31
08/25/21	AM 8	Additional SAGE software & salesforce licenses	\$37,816.95	\$30,182,688.26
10/25/21	AM 9	PRONTO fare media card order	\$166,624.60	\$30,349,312.86
05/10/22	AM 10	Amend gateway services to add security & fraud prevention features. Also credit back \$902.11 from AM 9	-\$902.11	\$30,348,410.75
06/21/22	AM 11	60 validators w/polycarbonate; 750K EU cards & 150K LU cards	\$1,768,948.64	\$32,117,359.39
06/22/22	AM 12	Monthly capping report; and changes to display prepayments on invoices	\$14,012.50	\$32,131,371.89
09/21/22	AM 13	Purchase 20 sales force licenses for 3	\$129,600.00	\$32,260,971.89

		years (8/24/22-8/23/25)		
08/16/22	AM 14	Ability to validate smart cards on TVMs plus extended warranty/maintenance	\$91,941.44	\$32,352,913.33
01/26/23	AM 15	PRONTO in-app messaging	\$151,246.00	\$32,504,159.33
02/02/23	AM 16	NTP for the operations and maintenance phase	\$11,004,315.94	\$43,508,475.27
09/19/23	AM 17	Open payment validations	\$1,224,387.98	\$44,732,863.25
11/13/23	AM 18	Add supplemental Terms and Conditions	\$0	\$44,732,863.25
01/07/25	AM 19	Purchase 625,000 EU and 375,000 LU	\$1,439,125.00	\$46,171,988.25
01/24/25	AM 20	Software escrow documents	\$0	\$46,171,988.25
04/18/25	AM 21	PCI Audit Support	\$113,337.50	\$46,285,325.75
07/17/25	AM 22	Salesforce License Renewal	\$420,640.00	\$46,705,965.75
04/16/26	AM 23	Additional funding for Gateway Services	\$2,404,338.52	\$49,110,304.27
10/15/26	AM 24	Purchase 600,000 EU Cards and 500,000 LU Cards	\$1,634,702.50	\$50,745,006.77

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

Sincerely,

Agreed:

Sharon Cooney, Chief Executive Officer

Carl A. Commons, Chief Executive Officer
INIT Innovations in Transportation, Inc.

Date: _____

Attachment:

A. INIT Proposal



MTS | PRONTO Fare Media

Customer: MTS - San Diego, CA
Requested by: Leanne Powell
Proposal #: 2026-272-03
Date: 9/24/2026
Validity: 90 days

Warranty: Not applicable
Delivery: See below
Invoicing
Milestones: 100% Upon Delivery or Partial Delivery

Existing Contract G2091.0-18 Terms & Conditions apply

Description

The San Diego Metropolitan Transit System (MTS) requires the manufacturing and delivery of Extended Use (EU) and Limited Use (LU) smart card media for use with the Region's PRONTO Fare System. PRONTO Smart cards serve a key role, as these allow customers to pay for their fares. This request is for INIT to procure 1,100,000 smart cards total.

Scope of Work

The following details provide a summary of the full scope of work including card quantities and individual requirements.

1. Card Quantities:

INIT will provide a total of 1,100,000 PRONTO cards in the quantities by type with manufacturing requirements as listed below:

- PRONTO Card-Extended Use (EU): 600,000 total
 - PRONTO Card-Sticker 100,000
 - Pronto Card TVM 320,000
 - Special Artwork Pronto Cards: Up to 180,000
- PRONTO Card-Limited Use (LU): 500,000 total
 - Pronto Card-Limited Use 440,000
 - PRONTO Card- Juror Regional 60,000

2. Manufacturing Requirements:

- 2.1 Support up to 30 different artworks to be decided by the agency closer to card production
- 2.2 Chip types for Extended Use Cards: MIFARE DESFire EV1 256b is preferred
- 2.3 Chip types for Limited Use Cards: MIFARE Ultralight C chips (48 Byte usable memory)
- 2.4 Plastic: Composite Polyethylene Terephthalate (PET)/Polyvinyl Chloride (PVC)
- 2.5 Magstripe: Yes
- 2.6 Plastic: Composite Polyethylene Terephthalate (PET)/Polyvinyl Chloride (PVC)



- 2.7 Magstripe: Yes
- 2.8 Encoding: Yes (same format as other INIT cards)
- 2.9 Return File: required (same format as prior INIT card orders)
- 2.10 Personalization: Card Number, 3-digit security code, barcode and inventory number on the bottom right
- 2.11 Engineering/PM Costs: Should be included as a separate line item if any
- 2.12 A large order of up to approximately 500,000 cards will be requested for the first order and has an **Expected delivery March 2027**. Additional requests for cards will be made based on usage and shall be requested by MTS project manager.
- 2.13 The agency requests to receive Return files by the breakdown below:
 - 2.13.1 The return file record matches the manufactured card quantity
 - 2.13.2 If a partial order is shipped, please ensure the return file record matches the partial card quantity shipment
 - 2.13.3 Full order shipments are preferred over partials to avoid confusion with invoicing and receiving
- 2.14 Return file size:
 - 2.14.1 TVM EU Card-Return file size: To match the card numbers delivered
 - 2.14.2 Commemorative EU Cards: To match the card numbers delivered
- 2.15 LU Card: 1 return file per case received for the order
 - 2.15.1 Case = 750 LU Cards x 10 Sleeves, return file should include 7,500 cards if case full
- 3. Packaging and Labeling Requirements:
 - 3.1 Case Box's & Sleeve Box's Sealed and Labeled with label requirements
 - 3.2 LU Cards to be packaged 750 Cards per sleeve
 - 3.3 EU Cards to be packaged 500 Cards per sleeve
 - 3.4 Sleeve Box's must be banded
- 4. Case Box Label Requirements:
 - 4.1 Job or Workorder Number
 - 4.2 MTS PO Number
 - 4.3 MTS Stock Code & Card Description
 - 4.4 Case Sequential Number Range included for the case
 - 4.5 Card Number Range (First Card# - Last Card#)
 - 4.6 Box ID Range included in case
 - 4.7 Case Quantity Total of Cards



4.8 Case Number of Total Cases Shipped

5. Sleeve Box Label Requirements:

- 5.1 Job or Workorder Number
- 5.2 MTS Stock code and Description
- 5.3 Case Sequential Number Range included for the box.
- 5.4 Card Number Range (First Card# - Last Card#)
- 5.5 Box ID Number
- 5.6 Sleeve Quantity Total of Cards

This proposal also contains Project Management and Systems Engineering efforts for coordination, project management, subcontractor and delivery oversight, testing and closeout.

Project Delivery:

Following receipt of the order, the INIT Project Team will deliver the project work in four (4) primary phases with timelines as estimated below:

- 1. Mobilization
 - 1.1 Project framework and planning
 - 1.2 Resource allocation and mobilization
 - 1.3 Subcontractor management
 - 1.4 Project kickoff
 - 1.5 Communication management
 - 1.6 Duration = approximately 4-6 weeks
- 2. Procurement
 - 2.1 Technical details clarified
 - 2.2 Required inputs received
 - 2.3 Order initiated with card vendors
 - 2.4 Procurement monitoring and status tracking
 - 2.5 Card shipment and receipt validation
 - 2.6 Duration = first order March 2027*
- 3. Testing
 - 3.1 Pre-production testing
 - 3.2 Production testing, QA, or similar validation as required
 - 3.3 INIT validation testing
 - 3.4 MTS validation testing
 - 3.5 Duration = approximately 2-4 weeks



4 Project Acceptance and Closeout

4.1 Card issue resolution

4.2 Project Accepted and Closed

4.3 Duration = approximately 2-4 weeks

To facilitate the project communications and manage the timeline with MTS, the INIT Project Manager will coordinate a kickoff to mobilize the broader team and align the required inputs, timelines, and other relevant dependencies collaboratively with MTS. During the kickoff, the project teams will confirm communication needs and touch points based on the needs of the project and activities occurring across the different phases.

During the order procurement, INIT will coordinate periodic updates with the card vendors to continue to validate the timeline and quality assurance objectives are adhered to and the above associated requirements validated.

With the work outlined above, the estimated project duration from initiation to acceptance is approximately 14 months; the project schedule will be submitted to MTS following the project kickoff and further detail project activities and planning. Throughout the course of the project, the INIT Project Manager will provide periodic updates to the project schedule as actuals are realized and project information updated.

Pricing:

Item	Description	Qty	Price per unit USD	Price Total USD
1	Extended Use (EU) Cards	600,000	\$1.94	\$1,164,000.00
2	EU Artwork	30	\$900.00	\$27,000.00
3	Limited Use (LU) Cards	500,000	\$0.56	\$280,000.00
Cards Subtotal				\$1,471,000.00
4	Services			
	Project Management/Systems Engineering	1	\$48,400.00	\$48,400.00
	Shipping	1	\$1,300.00	\$1,300.00
Services Subtotal				\$49,700.00
Proposal Subtotal				\$1,520,700.00
Sales Tax on Deliverables Only (Cards) 7.75%				\$114,002.50
GRAND TOTAL				\$1,634,702.50

**Invoicing and Milestones:**

Milestone	Percentage	Total
Cards, Upon Delivery or Partial Delivery*	NA	\$1,585,002.50
Services, Mobilization	25%	\$12,425.00
Services, Project Acceptance	75%	\$37,275.00
Total	100%	\$1,634,702.50

*INIT and MTS will confirm the delivery and shipment schedule of the cards and mutually agree on invoicing based on partial deliveries if applicable with invoices not more than once per month. Note, tax is included in the card milestone, but will be applied as part of the invoice for all partial deliveries.

Delivery and Validity Notes:

The above prices are valid for 90 days from the date of this proposal. If an order is received from MTS after that time, this proposal will be updated with current pricing from manufacturers. The delivery for the first orders is by March 2027.

INIT Contact

Glenn Gonzalez, Account Manager
Email: ggonzalez@initusa.com
O: 757-832-9672 | M: 757-685-3421

Signature:

A handwritten signature in cursive script, reading "Scott Walsh".

Scott Walsh, Exec Dir Sales and Marketing

A handwritten signature in cursive script, reading "Andy Singh".

Andy Singh, President and COO



**Metropolitan
Transit
System**

DRAFT FOR EXECUTIVE COMMITTEE REVIEW DATE: 10/1/26

Agenda Item No. 06

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

October 15, 2026

SUBJECT:

Bus Brake Subcomponent Part Supplies – Contract Amendment

**AGENDA ITEM WILL
BE PROVIDED
BEFORE BOARD
MEETING**

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San Diego 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 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. MTS is also the For-Hire Vehicle administrator for multiple cities in San Diego County.





**Metropolitan
Transit
System**

DRAFT FOR EXECUTIVE COMMITTEE REVIEW DATE: 10/1/2026

Agenda Item No. 07

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

October 15, 2026

SUBJECT:

Banking Services – 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. G3171.0-26 (in substantially the same format as Attachment A), with JPMorgan Chase Bank, N.A. dba J.P. Morgan (J.P. Morgan) to provide banking services in the amount of \$675,903.60 for five (5) base years and five (5) 1-year options, for a total of up to 10 years (\$337,951.80 for the 5-year base period and \$337,951.80 for five 1-year options); and
- 2) Exercise the option years at the CEO's discretion.

Budget Impact

Since an Earning Credit Rate (ECR) is utilized on the account balance for MTS's sweep account, the costs (estimated at \$337,951.80 for the 5-year base period and \$337,951.80 for five 1-year options, for a total of \$675,903.60) would be offset by the earnings allowance generated from the ECR being applied to the invested balance monthly. MTS expects these earnings credits to offset almost all costs owed under the contract. If any costs owed exceed the ECR credit allowance for the month, the contract will be funded by the MTS General Operating Budget account 902010 - 579900.

DISCUSSION:

MTS utilizes banking services for its daily disbursements and deposits. MTS maintains accounts such as zero balance accounts and interest-bearing sweep accounts. Vault services, depository services, check services, currency and coin orders, positive pay, automated clearing house transactions, online banking and a small purchasing card program are included within these banking services.



An ECR is also utilized, in which a banking rate is applied to MTS's account balance to help offset banking service costs. The earning credit allowance, the sum of the earnings generated through the ECR that month, is applied to the account each month and offsets all costs, including transactional fees, maintenance fees or other account-related expenses. This helps to mitigate almost all overall costs for banking services. For instance, in the last three (3) fiscal years, MTS paid an average of \$504.00 per year for banking services.

MTS's current banking agreement with J.P. Morgan, MTS Doc. No. G1982.0-17, expires on October 31, 2026 and a new agreement is needed.

On April 7, 2026, MTS issued a Request for Proposals (RFP) for Banking Services.

On June 2, 2026, a total of four (4) proposals were received from the following firms:

#	Proposer Name	Disadvantage Business Enterprise (DBE) or other certification status
1	Bank of America	None
2	J.P. Morgan	None
3	Mechanics Bank	None
4	U.S. Bank	None

Upon review of the cost proposal submitted by Bank of America, staff determined that the proposer provided pricing for only a five (5) contract term. As a result, the proposer did not meet the minimum requirement of ten (10) years as specified in the solicitation, and was deemed non-responsive to the requirements of the solicitation.

All remaining proposals were deemed responsive and responsible and were evaluated by a committee consisting of representatives from Finance, IT, and Procurement departments. The proposals were scored based on the following evaluation criteria:

Evaluation Criteria	Total Possible Points
Financial Stability of the Firm	20
Qualifications, Related Experience and References of Proposer	25
Customer Service, Staffing, Organization, and Management Plan	30
Cost and Price	25
Total	100

On June 30, 2026, the evaluation panel met to review the proposals. The following table illustrates the initial scores and ranking of each firm:

Proposer Name	Technical Score	Cost Score	Total Score (Maximum 100)	Ranking
J.P. Morgan	71.0	16.8	87.8	1
Mechanics Bank	39.7	9.5	49.2	3
U.S. Bank	62.0	25.0	87.0	2

On July 9, 2026, Requests for Clarifications were sent to the two highest-ranked proposers after the evaluation panel's review, with responses due by July 16, 2026.

The panel met again on July 20, 2026; after reviewing the responses to the Requests for Clarifications there were no changes to the evaluation committee's scoring. Scores for the two (2) highest ranked firms remained the same as summarized below:

Proposer Name	Technical Score	Cost Score	Total Score (Maximum 100)	Ranking
J.P. Morgan	71.0	16.8	87.8	1
U.S. Bank	62.0	25.0	87.0	2

On August 6, 2026, the evaluation committee asked for Request for Clarifications and Revised Proposal from U.S. Bank, and JPMorgan Chase Bank.

On August 13, 2026, both Proposers responded their clarifications and revised proposals.

On August 27, 2026, the committee reconvened to discuss the responses provided by each firm. JPMorgan reduced their cost proposal by 8.62% to \$675,903.60 and US Bank by 2.08% to \$485,677.20. The Independent Cost Estimate (ICE) for the services was \$825,420.00. US Bank also provided some clarifying information which raised additional questions concerning their proposal. Based on these responses the evaluation scores were revised as follows:

Proposer Name	Technical Score	Cost Score	Total Score (Maximum 100)	Ranking
J.P. Morgan	71.0	18.0	89.0	1
U.S. Bank	60.3	25.0	85.3	2

Based on the objectives of this procurement, the evaluation committee determined that J.P. Morgan presented the best overall value to MTS. Although the contract will be entered into with J.P. Morgan in the amount of \$337,951.80 for the 5-years base period and \$337,951.80 for five 1-year options, it is expected almost all costs will be offset by the earnings credit allowance generated each month from the balance maintained in the account.

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

1. Execute MTS Doc No. G3171.0-26 (in substantially the same format as Attachment A), with J.P. Morgan to provide banking services in the amount of \$675,903.60 for five (5) base years and five (5) 1-year options, for a total of up to 10 years (\$337,951.80 for the 5-years base period and \$337,951.80 for five 1-year options); and
2. Exercise the option years at the CEO's discretion.

/s/ Sharon Cooney
Sharon Cooney
Chief Executive Officer

Key Staff Contact: Julia Tuer, 619.557.4515, Julia.Tuer@sdmts.com

Attachments: A. Draft Agreement MTS Doc. No. G3171.0-26
B. Scope of Work
C. Cost Form



**Metropolitan
Transit
System**

**STANDARD AGREEMENT
FOR
MTS DOC. NO. G3171.0-26
BANKING SERVICES**

THIS AGREEMENT is entered into this _____ day of _____, 2026 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: JPMorgan Chase Bank, N.A. Address: 12860 El Camino Real
San Diego CA 92130
Form of Business: National Banking Association City State Zip
(Corporation, Partnership, Sole Proprietor, etc.) Email: veronica.villasenor@jpmorgan.com
Telephone: (858) 284-5810

Authorized person to sign contracts Veronica Villasenor Authorized Officer
Name Title

The Contractor agrees to provide services as specified in the conformed Scope of Work/Technical Specification (Exhibit A), Contractor's Cost/Pricing Form (Exhibit B), and in accordance with the Standard Agreement, including Standard Conditions (Exhibit C), Forms (Exhibit D), Contractor's Global Account Terms (and U.S. Addendum and Consolidated Services Terms (Exhibit E) and Commercial Card Classic Application & Agreement (Exhibit F).

The contract term is for five (5) base years and five (5) 1-year options, exercisable at MTS's sole discretion, for a total of up to 10 years. Base period shall be effective November 1, 2026 through October 31, 2031 and option years shall be effective November 1, 2031 through October 31, 2036, if exercised by MTS.

Payment terms shall be net 30 days from invoice date. The total cost of this contract shall not exceed \$337,951.80 for the base years and \$337,951.80 for the option years, for a contract total not to exceed \$675,903.60 without the express written consent of MTS.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	JPMORGAN CHASE BANK, N.A.
By: <u>Sharon Cooney, Chief Executive Officer</u>	By _____
Approved as to form:	
By: _____	Title: _____

Karen Landers, General Counsel

EXHIBIT A

(Scope of Work/Technical Specification)

1. SCOPE OF WORK/TECHNICAL SPECIFICATIONS

1.1. GENERAL

San Diego Metropolitan Transit System (MTS) provides both bus and rail services to 81,000,000 passengers annually throughout San Diego County. MTS is responsible for the service planning, scheduling and performance monitoring of all MTS services. The current operating budget is \$472 million, and the capital budget can range between \$100 and \$300 million. In addition to approximately \$78 million in passenger revenue, MTS is funded by various federal, state and local subsidy sources.

1.2. MTS BANK ACCOUNT INFORMATION

- 1) One (1) Interest Bearing Sweep Account
 - a. Must have the option for an Earnings Credit Rate (ECR) Peg Balance to be maintained to cover the monthly service fees.
- 2) One (1) Zero Balance (ZBA) General Checking Account
 - a. Vendor checks – Average 500 per month
 - b. Automated Clearing House (ACH) – Average 20 per month
 - c. Wire Transfers – Average five (5) per month
 - d. Vault Services discussed in detail under services
 - e. Depository Services discussed in detail under services
 - f. Currency coin orders discussed in detail under services
- 3) One (1) ZBA Payroll Account
 - a. Used to fund ADP wires weekly for four (4) different pay groups
 - b. Issue on average 10 manual replacement checks monthly.
- 4) One (1) ZBA Credit Card Activity Account currently
 - a. Used to receive deposits from six (6) JP Morgan Paymentech MIDs
- 5) One (1) ZBA Workers Comp Account
 - a. Used to fund payments issued by our Third Party Administrator for Workers Compensation claims

1.3. SERVICES PROVIDED

- 1) Vault Services
 - a. Average around 170 coin and currency deposits each month.
 - i. Trolley averages around 60 deposits each month
 - ii. Bus averages around 82 deposits each month
 - iii. Our Transit Store averages around 28 mixed bag deposits each month

- b. Includes a combination of standard straps, nonstandard straps, standard coin bags and mixed coin bags.
- c. Contractor shall provide deposit slips with Unique Location identifiers that are reflected on the daily bank statements. These identifiers are used to track which garage or service the deposits relate to.
- d. Contractor shall provide plastic bags and straps as needed.
- e. Shipments are currently taken to the vault 5 days per week by MTS' Contractor for Armored Transport Services - Sectran.
- f. Upon request, contractor shall provide images of requested deposit slips, bags and currency/coin breakdown within 3 business days to research discrepancies.

2) Depository Services

- a. MTS currently averages between 250 and 300 remotely deposited checks per month.
- b. Funds should be available to MTS immediately.
- c. Solution should be able to read business checks, personal checks and money orders
- d. Ability to search and view checks from previous deposits.
- e. Contractor shall provide equipment and software for remote deposit services. Scanner should be able to endorse the check with MTS and date.

3) Currency and Coin Orders

The bank must be able to provide up to \$100,000 in dollar coin and up to \$20,000 in quarters annually as requested and within 2 business days.

4) E-Bank Statements

- a. Provide electronic bank statements for cleared checks daily.
- b. Generate a direct transfer into SAP ECC that lists the checks that have cleared.
- c. Must be a txt (tab delimited) output file.
- d. Check numbers should be 10 digits, no preceding zeros.

5) Positive Pay

- a. Contractor shall offer positive pay on the ZBA Accounts.
- b. MTS will provide a flat file for all checks issued out of our ERP system, currently SAP ECC, through secure host-to-host transmission.
- c. Contractor's website must offer a manual entry option in addition to an automated option.
- d. Accounts must be configurable to have both payee or non-payee match.
- e. The bank shall notify MTS daily of any exceptions and allow MTS to decision the checks for payment, with a default set to: Do Not Pay.

6) Online Banking Services

- a. Contractor shall provide the ability to perform the following transactions through online banking services.
 - i. Administration of Users – Add, Delete, and Set Permissions with dual approval.
 - ii. Wire Transfers – domestic and international. Should allow for templates to be set up, approved by a second administrator and saved.
 - iii. ACACH transfers are generated from an output file in SAP ECC and sent directly via secure host-to-host transmission.
 - iv. Check Inquiry.
 - v. Stop Payments.
 - vi. Checks and deposits should be available electronically for MTS to access for seven (7) years.
- b. Access must require a token or something similar for two-factor authentication.
- c. Reporting:
 - i. Monthly bank statements will be available for download and printing on the 6th business day following the close of the billing period . Must be available in both PDF or Excel/CSV.
 - ii. Daily reports including all debits and credits must be available by 8:00 on the next business day in both PDF and Excel/CSV format. These reports must be configurable to include or exclude certain accounts. Also, should include the option to schedule and/or deliver to email.
 - iii. Transaction level detail reports must be available on demand. Details should include date, amount, payee or payor and reference.
 - iv. Online imaging must be provided for check deposits and check disbursements
 - v. An analysis statement must be available for download and printing on the 6th business day following the close of the billing period . Must be available in both PDF or Excel/CSV. Statement must include the total cost as well as the required balance needed to cover the costs.

7) Returned Checks

- a. All returned checks should be presented twice before MTS is notified via email when the check is charged back to the account.

8) ACH Review

- a. Bank must provide for a method to establish an allow list for ACH debit transactions.
- b. Bank shall offer an ACH review process which allows MTS to decision an incoming ACH debit transaction not on the authorized list.

9) Purchasing Card Program

- a. MTS currently has a small P-Card program with five (5) users to support business travel and transactions that can only be purchased online, i.e. Google Maps. The annual spend of these cards averages \$100,000.

- b. Cards must be issued by Visa or MasterCard.
- c. Contractor must have a robust system for users to enter the receipts, provide general ledger coding, and approvers to review. It also needs to allow for reporting and 1099 tracking.
- d. Solution must allow for admins to request new card holders, add and remove users, reset passwords, set and change daily and monthly limits.

10) FDIC Insurance

- a. The successful bank shall maintain the maximum amount of Federal Deposit Insurance Corporation (FDIC) insurance available for all MTS deposits to insure MTS for the maximum amount of insurance protection afforded at any time by the FDIC.

11) Collateralization

- a. Contractor shall provide for at least 110% collateralization of all MTS deposits at all times and as provided for under Section 53652 of the California Government Code. Contractor shall only purchase those eligible securities as outlined in Section 53651 of the California Government Code. Under no circumstances shall the contractor include real estate, real estate mortgages or real estate-based investments as part of the collateralization for deposits. Contractor shall attach the most recent collateral report available. MTS will not be charged for collateral. There will be no waiver of the collateralization amount or type of security for the collateralization unless approved by Resolution by the MTS Board of Directors.

12) Excluded Services

- a. MTS's merchant services are currently provided under a separate contract with Paymentech and are not part of this solicitation.

13) Additional Services

- a. In addition to the required services, Contractors may submit descriptions of service to MTS for consideration. Areas to focus on would include efficiency, reduced cost, revenue generating or provide additional protection from fraud and misappropriation of funds.

1.4. TRANSITION

In the event there is a need to transition from the current Contractor to a new Contractor, the process will be as shown below:

- a. This Contract terminates on October 31, 2031, unless Option Years are exercised.
- b. On or around September 1, 2031, current Contractor shall start a transition of the services to new Contractor, without any interruption of or adverse impact on services (at a minimum, 60 days prior to termination of current agreement).
- c. The current and new Contractor shall select a time that has the least impact to client services.
- d. Under MTS direction and guidance, new Contractor and current Contractor shall be required to provide full cooperation and transition all the services on an expedited basis. The transition period shall be complete and detailed and allow for a smooth

transition with no interruption of services. The entire conversion shall be completed by on or about October 31, 2031.

1.5. DISENTANGLEMENT

1) Disentanglement Process:

- a. The Disentanglement process for the Agreement awarded from this RFP shall begin on any of the following dates:
 - the date designated by MTS not earlier than sixty (60) days prior to the end of current term, that MTS has elected not to exercise option year/s;
 - the date MTS notifies Contractor that no funds or insufficient funds have been appropriated so that the Agreement shall be terminated for convenience;
 - the date any Termination Notice is delivered, if MTS or Contractor elects to terminate any or all of the services pursuant to the Agreement.
- b. Contractor shall be required to perform its Disentanglement obligations on an expedited basis, as determined by MTS, if MTS terminates the Agreement for cause.
- c. Contractor shall be required to provide full cooperation. Information shall be complete and detailed to enable MTS or designee to fully assume and continue a smooth transition with no interruption of services.

2) General Obligations:

- a. All services related to Disentanglement shall be deemed a part of the base services and shall be performed by Contractor at no additional cost to MTS. Contractor's obligation to provide the services shall not cease until Disentanglement is satisfactory to MTS, and delivered in writing.
- b. Contractor shall provide all information regarding the services, including data conversion, files, interface specifications, training staff assuming responsibility, and related professional services (if applicable).
- c. Contractor shall provide for the prompt and orderly conclusion of all work including documentation of work in process to assure an orderly transition to MTS or designee.

3) Delivery of Documentation:

Contractor shall deliver to MTS or designee all documentation and data related to the service, in format as requested by MTS, and Contractor shall destroy all copies not turned over to MTS, all at no cost to MTS.

1.6. INVOICES

Contractor shall submit monthly account analysis statements to MTS no more frequently than monthly for the services performed pursuant to this Agreement via the Contractor's online banking portal. Each account statement must itemize the Services rendered by task, if specific tasks are detailed in the Scope of Work, and the amount due in accordance with the Cost Proposal (Exhibit B) or any approved variance. Within 30 calendar days of receipt of each account statement, MTS will notify Contractor in writing of any disputed amounts included on the statement and request a revised statement.

Unless MTS selects another payment method acceptable to Contractor, MTS authorizes Contractor to: (a) apply MTS's earnings credit allowance against the fees and other amounts due as reflected in the account analysis statement made available to MTS for each billing period and (b) automatically debit from MTS's accounts on the fifteenth (15th) calendar day of each month (or the next banking day if the fifteenth (15th) calendar day falls on a weekend or a bank holiday) any fees and other amounts due that remain unpaid after Contractor applies the earnings credits allowance for such billing period.

- 1.7. **[NOT APPLICABLE] PAYMENT PROCESSING SECURITY AND PCI DSS COMPLIANCE**
- 1.8. **[NOT APPLICABLE] HEWLETT PACKARD ENTERPRISE (HPE) MINIMUM REQUIREMENTS**
- 1.9. **[NOT APPLICABLE] CISCO MINIMUM REQUIREMENTS**
- 1.10. **[NOT APPLICABLE] CONTRACTOR'S INFORMATION SECURITY RESPONSIBILITIES**
- 1.11. **[NOT APPLICABLE] SAFETY DATA SHEETS (SDS)**
- 1.12. **[NOT APPLICABLE] NO RIGHT TO POST SIGNS**
- 1.13. **[NOT APPLICABLE] REPLACEMENT PARTS**
- 1.14. **[NOT APPLICABLE] DELIVERY AND ACCEPTANCE**
- 1.15. **[NOT APPLICABLE] EXPEDITING**

EXHIBIT B

(Contractor's Bid/Pricing Form)

COST PROPOSAL FORM				
MTS DOC. NO. G3171.0-26 BANKING SERVICES RFP				
YEAR ONE TO YEAR TEN				
Instructions: Please complete the form below by filling in the Unit Charge and Extended Cost for each item. Costs shall be total all-inclusive, including, but not limited to, transporting a vehicle to and from MTS, travel, insurance, etc. No additional costs are allowed. *Estimated quantities are for proposal purposes only. The quantities do not reflect guaranteed usage by MTS and may be more or less than indicated.				
SERVICE	DESCRIPTION	UNIT CHARGE	MONTHLY VOLUME	EXTENDED COST
GENERAL ACCOUNT SERVICES				
A	ACCOUNT MAINTENANCE PER DEMAND DEPOSIT ACCOUNT	\$ 5.00	4	\$ 20.00
B	ACCOUNT MAINTENANCE PER MASTER INTEREST BEARING ACCOUNT WITH FIXED PEG	\$ 5.00	1	\$ 5.00
C	ELECTRONIC DEBITS	\$ 0.02	203	\$ 4.06
D	ELECTRONIC CREDITS	\$ 0.02	372	\$ 7.44
E	STATEMENTS	\$ 5.00	5	\$ 25.00
F	MONTHLY CHARGE FOR PREVENTING CHECKS FROM POSTING TO A DDA	\$ -	2	\$ -
SUBTOTAL:				\$ 61.50
VAULT SERVICES				
A	VAULT DEPOSIT	\$ 2.15	178	\$ 382.70
B	VAULT DEPOSIT MIXED BAG	\$ 4.00	339	\$ 1,356.00
C	VAULT DEPOSIT STANDARD COIN	\$ 1.15	113	\$ 129.95
D	VAULT DEPOSIT PER \$,1000	\$ 1.33	1,526	\$ 2,029.58
F	VAULT ORDER CURRENCY STANDARD STRAP	\$ 0.55	36	\$ 19.80
G	VAULT ORDER CURRENCY NON STANDARD STRAP	\$ 0.045	624	\$ 28.08
H	VAULT STANDARD ORDERS	\$ 7.00	4	\$ 28.00
I	VAULT ORDER COIN ROLLS (LESS THAN A FULL BOX OF 50 ROLLS)	\$ 0.10	8	\$ 0.80
J	VAULT DEPOSIT ADJUSTMENTS	\$ 8.00	2	\$ 16.00
SUBTOTAL:				\$ 3,990.91
DEPOSITORY SERVICES				
A	CHECKS DEPOSITED (REMOTELY)	\$ 0.03	286	\$ 8.58
B	CREDITS POSTED TO ACCOUNT	\$ 0.35	185	\$ 64.75
C	CHECK FOR DEPOSIT ON PROPOSER'S OWN BANK	\$ 0.03	6	\$ 0.18
D	CHECK FOR DEPOSIT ON OTHER BANK	\$ 0.05	50	\$ 2.50
E	RETURN ITEM FEE	\$ 5.00	1	\$ 5.00
F	RETURN ITEM REDEPOSIT	\$ 0.50	1	\$ 0.50
G	RETURN ITEM EMAIL NOTIFICATION	\$ 0.50	1	\$ 0.50
H	REMOTE DEPOSIT EQUIPMENT MAINTENANCE FEE	\$ 20.00	1	\$ 20.00
J	OTHER (LIST) RETURN MULTIPLE LOCATIONS	\$ 0.50	0	\$ -
SUBTOTAL:				\$ 102.01
PAPER DISBURSEMENT SERVICES				
A	CHECKS PAID/DEBIT POSTED	\$ 0.06	503	\$ 30.18
B	IMAGE STORAGE PER ITEM	\$ 0.015	503	\$ 7.55
C	STOP PAYMENT ELECTRONIC	\$ 4.50	20	\$ 90.00
D	STOP PAYMENT AUTOMATIC RENEWAL	\$ 3.50	100	\$ 350.00
E	CHECK INQUIRY MAINTENANCE	\$ 15.00	3	\$ 45.00
F	CHECK CASHING - NON ACCOUNT HOLDER	\$ -	3	\$ -
G	EXCEPTION NOTIFICATION EMAIL FEE FOR ACH & POSITIVE PAY	\$ 5.00	3	\$ 15.00
H	DATA DOWNLOAD MODULE PER ACCOUNT	\$ 15.00	3	\$ 45.00
SUBTOTAL:				\$ 582.73
POSITIVE PAY RECONCILIATION SERVICES				
A	PAYEE NAME VERIFICATION	\$ 0.025	495	\$ 12.38
B	IMAGE PER ITEM	\$ 0.02	500	\$ 10.00
C	EXCEPTION ITEM	\$ 2.50	3	\$ 7.50
D	CHECK EXCEPTION RETURN	\$ 5.00	1	\$ 5.00
E	POSITIVE PAY NON RECON MAINTENANCE	\$ 30.00	2	\$ 60.00
F	ISSUE FILE TRANSMITTAL REPORT	\$ 3.00	7	\$ 21.00
G	ISSUE INPUT WITHOUT RECON	\$ 10.00	7	\$ 70.00
H	POSITIVE PAY WITHOUT RECON ITEMS	\$ -	500	\$ -
I	DATA ENTRY MANUAL	\$ 2.50	1	\$ 2.50
SUBTOTAL:				\$ 188.38
GENERAL ACH SERVICES				
A	ACH MAINTENANCE - COMPANY LEVEL	\$ 5.00	1	\$ 5.00
B	TRANSACTION BLOCK MAINTENANCE (EACH ACCOUNT)	\$ 5.00	3	\$ 15.00
C	TRANSACTION REVIEW MAINTENANCE (EACH ACCOUNT)	\$ 5.00	2	\$ 10.00

D	ADDENDA RECORD (DETAILS) ORIGINATED	\$	0.02	269	\$	5.38
E	ACH DEBIT RECEIVED	\$	0.10	89	\$	8.90
F	ACH CREDIT RECEIVED	\$	0.10	290	\$	29.00
G	DEBIT ORIGINATED	\$	0.09	17	\$	1.53
H	CREDIT ORIGINATED	\$	0.09	208	\$	18.72
I	ACH RETURN ITEM	\$	3.00	1	\$	3.00
J	ACH RETURN NOTIFICATION EMAIL	\$	1.00	1	\$	1.00
K	NOTIFICATION OF CHANGE	\$	1.00	1	\$	1.00
L	NOTIFICATION OF CHANGE EMAIL	\$	1.00	1	\$	1.00
M	ONLINE PLATFORM ACH MAINTENANCE	\$	15.00	1	\$	15.00
N	ACH BATCH/FILE PROCESSED VIA DIRECT TRANSMISSION	\$	4.50	17	\$	76.50
O	ACH ORIGINATED SAME DAY CREDIT	\$	0.50	1	\$	0.50
P	ACH TRANSACTION BLOCK AUTHORIZED ID	\$	0.40	12	\$	4.80
Q	OTHER (LIST) FED CLEARING ADDENDA	\$	0.003	0	\$	-
R	OTHER (LIST) FED CLEARING ORIGINATED EXCEPTION	\$	0.006	0	\$	-
S	OTHER (LIST) TRANS REVIEW FILTER EXCEPTION	\$	0.20	0	\$	-

SUBTOTAL: \$ 196.33

WIRE & OTHER FUND TRANSFER SERVICES

A	ELECTRONIC FED DEBIT STANDARD	\$	5.00	3	\$	15.00
B	ELECTRONIC BOOK DEBIT STANDARD	\$	2.00	3	\$	6.00
C	FED CREDIT STANDARD	\$	5.00	2	\$	10.00
D	BOOK CREDIT	\$	2.00	1	\$	2.00
E	DRAWDOWN FED DEBIT	\$	5.00	18	\$	90.00
F	DRAWDOWN BOOK DEBIT	\$	5.00	9	\$	45.00
G	ELECTRONIC CHIP DEBIT	\$	5.00	1	\$	5.00
H	OTHER (LIST) CHIPS CREDIT S/T	\$	5.00	0	\$	-

SUBTOTAL: \$ 173.00

ONLINE SERVICES

A	ACCOUNTS REPORTED	\$	10.00	5	\$	50.00
B	MONTHLY SERVICE	\$	30.00	1	\$	30.00
C	TRANSACTIONS REPORTED	\$	0.04	1,308	\$	52.32
D	EXTENDED TRANSACTIONS DETAIL	\$	-	4,279	\$	-

SUBTOTAL: \$ 132.32

RECEIVABLE SERVICES

A	RECEIVABLE MAINTENANCE ONLINE CHECK IMAGE VIEWING	\$	50.00	1	\$	50.00
B	LONG TERM STORAGE - CHECKS	\$	0.02	350	\$	7.00

SUBTOTAL: \$ 57.00

LIQUIDY SERVICES

A	MASTER ACCOUNT MAINTENANCE CHARGE TO TRANSFER ACCOUNT BALANCES	\$	5.00	1	\$	5.00
B	PARTICIPANT ACCOUNT MAINTENANCE CHARGE TO TRANSFER ACCOUNT BALANCES	\$	2.50	4	\$	10.00

SUBTOTAL: \$ 15.00

BAI/SWIFT/ISO REPORTING

A	H2H FILES TRANSMITTED (IF THERE IS A THRESHOLD, INCLUDE UNDER "OTHER")	\$	-	80	\$	-
B	H2H ACCOUNTS REPORTED	\$	50.00	1	\$	50.00
C	H2H CHECK ITEMS REPORTED	\$	0.08	521	\$	41.68
D	H2H TRANSACTION DETAIL REPORTED	\$	0.08	521	\$	41.68

SUBTOTAL: \$ 133.36

MONTHLY TOTAL (ALL SERVICES SUBTOTALS): \$ 5,632.53

FEE SUMMARY

A	ONE-TIME FEE SUBTOTAL	\$	-
B	ANNUAL TOTAL (MONTHLY TOTAL X 12 MONTHS)	\$	67,590.36
ANNUAL TOTAL		\$	67,590.36

COST PROPOSAL FORM		
MTS DOC. NO. G3171.0-26 BANKING SERVICES RFP		
COST SUMMARY		
Base Years		
Year One	\$	67,590.36
Year Two	\$	67,590.36
Year Three	\$	67,590.36
Year Four	\$	67,590.36
Year Five	\$	67,590.36
Subtotal Base Years:	\$	337,951.80
Option Years*		
Year Six	\$	67,590.36
Year Seven	\$	67,590.36
Year Eight	\$	67,590.36
Year Nine	\$	67,590.36
Year Ten	\$	67,590.36
Subtotal Option Years:	\$	337,951.80
Grand Total (Base + Option Years):	\$	675,903.60

Incentive Credit**	\$85,000
Hybrid Account Earnings Credit Rate***	2.25%
Hybrid Account Interest Rate***	1.65%

*Incentive credit/fee waiver in the amount of \$85,000, or for a period of 15 months, whichever comes first.

** Assumes all option periods are exercised and applicable balances and rates are maintained. Pricing is fixed for the initial five-year term. Any option periods would be subject to mutually agreeable pricing and rates at renewal.

*** Note that these remain bank-managed rates are variable and subject to adjust in accordance with market conditions.

EXHIBIT C

(Standard Agreement)

STANDARD CONDITIONS

2.1. COMPLETE AGREEMENT

This Agreement, including all applicable terms, conditions, specifications, and the below-described "Contract Documents" is the entire agreement of the parties and no attempted modification shall be binding unless in writing and signed by MTS and the Contractor. The following are the Contract Documents, which comprise the entire Agreement:

- a. The executed Agreement;
- b. Exhibit A, Scope of Work;
- c. Exhibit B, Cost Proposal;
- d. Exhibit C, Standard Conditions;
- e. Exhibit D, Forms;
- f. Exhibit E, Contractor's Global Account Terms (and US Addendum) and Consolidated Service Terms; and
- g. Exhibit F, Commercial Card Classic Application & Agreement (with respect to Purchasing Card Services only).

2.2. COUNTERPARTS

This Agreement may be executed in any number of counterparts. All such counterparts shall be deemed to constitute one and the same instrument, and each of said counterparts shall be deemed an original thereof.

2.3. SURVIVAL

Notwithstanding MTS's acceptance of the services and payment therefore, Contractor shall remain obligated under all clauses of this Agreement which expressly, or by their nature, extend beyond and survive such acceptance and payment.

2.4. DUTY TO CLARIFY OBVIOUS AMBIGUITY

The Contractor is required to seek clarification of any obvious ambiguity contained in the contract documents. Failure to do so will result in an interpretation of the ambiguous provision favorable to MTS should a dispute later arise concerning that provision.

2.5. NOTICES

All notices or other communications to either party by the other shall be deemed given when made in writing and deposited in the United States Post Office, addressed as follows:

To MTS:

San Diego Metropolitan Transit System (MTS)
Attention: Chief Executive Officer
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490

To Contractor:

As shown on front page.

2.6. CHANGES IN WORK

No payment for changed or additional work shall be made unless the changed or additional work has first been approved in writing by the MTS Project Manager and the parties have agreed upon the appropriate adjustment, if any, to the payment schedule and maximum payment amount for the changed or additional work. The written notice of potential change in work be given to MTS prior to the time Contractor shall have performed the work within fifteen (15) days after the happening of the event, thing, occurrence, or other cause, giving rise to the potential change in work.

The MTS Project Manager may order changes or additions to the scope of work. Whether a change or addition to the scope of work is proposed by the Contractor or ordered by the MTS Project Manager, the parties shall in good faith negotiate an appropriate adjustment, if any, to the payment schedule and maximum payment for the changed or additional work. An approved change or addition, along with the payment adjustment, if any, will be effective upon an amendment to this contract executed by both parties. The amendment shall not render ineffective or invalidate unaffected portions of this contract.

2.7. SEVERABILITY

If any term, provision, or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, and each term, provision, or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

2.8. TERMINATION OF AGREEMENT

A. TERMINATION FOR CONVENIENCE

Performance under this agreement may be terminated by MTS in accordance with this clause in whole or, from time-to-time, in part, whenever MTS shall elect. Any such termination shall be affected by delivery to Contractor of a Notice of Termination specifying the extent to which performance under this agreement is terminated, and the date upon which such termination becomes effective. Upon receipt of any such notice, Contractor shall, unless the notice requires otherwise:

- i. immediately discontinue performance on the date and to the extent specified in the notice;
- ii. place no further orders for materials other than as may be necessarily required for completion of such portion of the agreement that is not terminated;
- iii. promptly make every reasonable effort to either obtain cancellation on terms satisfactory to MTS of all orders to Contractor's suppliers to the extent they relate to the performance of that portion terminated, or upon MTS concurrence assign to MTS those orders; and
- iv. assist MTS, upon request, in the maintenance, protection and disposition of property acquired by MTS under this agreement.

Within thirty (30) calendar days following the effective date of any such termination, MTS will pay to Contractor all fees for services provided prior to such date that are acceptable to MTS, at the rates provided in Exhibit B.

B. TERMINATION FOR DEFAULT

In case of Contractor breach or failure to perform, MTS reserves the right to terminate the contract for default. MTS may award the contract to the next lowest responsive, responsible Proposer, solicit new bids or proposals, or pursue any other remedy authorized by law.

MTS may terminate the contract by serving a notice of termination on the Contractor. Notice shall set forth the manner in which the Contractor is in default, and provide the Contractor with ten (10) days' time to cure the default to the satisfaction of MTS. This cure period may be adjusted if the parties so agree in writing. If MTS determines after the cure period that the default is not cured, MTS will issue a "show cause" letter to the Contractor requesting from the Contractor reasons why this contract should not be terminated. If MTS does not find that the Contractor has demonstrated sufficient reason for its failure to cure, the contract shall be deemed terminated. The Contractor shall only be paid the contract price for supplies received and accepted, or services performed in accordance with the manner set forth in the contract. If MTS determines that the Contractor had an excusable reason for not performing such as a strike, fire, flood, or other events, which are not the fault of, or beyond the control of the Contractor, MTS may allow the Contractor to continue work or terminate the contract for convenience.

2.9. ASSIGNABILITY

A. By MTS:

Subject to Contractor's consent, which may be granted or withheld on a case by case basis, for each entity seeking to obtain services under this Agreement and conditioned upon terms and conditions agreed to between the Contractor and such entity, this Agreement may be considered a cooperative agreement under which other government agencies located within California will be entitled to obtain services from Contractor, to the extent that such services are also performed for MTS hereunder. Contractor shall be entitled to share the contents of this Agreement (inclusive of all incorporated Contract Documents) with any such governmental entity seeking services under this Agreement. The party wishing to exercise the assignment (also known as a "piggyback") shall perform an independent cost estimate to determine fair and reasonable pricing, and shall enter into its own contract with the vendor based upon the terms and conditions of this Request for Proposal. Any assignment or piggyback shall comply with Federal Transit Administration (FTA) requirements if applicable. MTS shall have no responsibility or liability for any such assignment or piggyback.

B. By Contractor:

Any attempt by Contractor to assign, subcontract, or transfer all or part of this Agreement shall be void and unenforceable without MTS' prior written consent; which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Contractor may assign this Agreement without the prior written consent of the MTS to a successor in interest in connection with a merger, reorganization, consolidation, or a disposition of a particular business interest to which this Agreement relates, and may assign this Agreement to an affiliate or subsidiary. In the event of such an assignment, Contractor shall notify MTS and MTS shall have the right to immediately terminate this Agreement, if it objects to such assignment.

In the event of an authorized assignment by MTS or applicable law, all terms, conditions, and provisions hereof shall inure to and bind hereto their and each of their respective heirs, executors, administrators, successors, and assigns.

2.10. STANDARD OF PERFORMANCE

Contractor's services shall be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of Contractor's profession currently practicing under similar conditions. By delivery of completed work, Contractor certifies that the work conforms to the requirements of this contract and all applicable federal, state and local laws. If Contractor is retained to perform services requiring a license, certification, registration or other similar requirement under California law, Contractor shall maintain that license, certification, registration or other similar requirement throughout the term of this Contract.

2.11. TIME

The Contractor acknowledges that timely performance is an important element of this Agreement. Accordingly, the Contractor shall put forth its best professional effort to complete its services in accordance with the agreed-upon schedule.

2.12. EXCUSABLE DELAYS / FORCE MAJEURE

Timely performance and deliveries are essential to this Agreement. However, Contractor will not be liable for delays in performing its obligations to the extent the delay is caused by an unforeseeable condition, which is beyond Contractor's reasonable control, without Contractor's fault or negligence. Acts of God, such as storms or floods, as well as government priorities, acts of civil or military authorities, fires, strikes, epidemics, war or riot, are examples of events which will be excusable for being beyond Contractor's reasonable control only upon fulfillment of the following conditions: (a) within ten (10) calendar days of the commencement of any excusable delay, Contractor shall provide MTS with written notice of the cause and extent thereof, as well as request for a schedule extension for the estimated duration thereof; and (b) within ten (10) calendar days of the cessation of the event causing delay, Contractor shall provide MTS with written notice of the actual delay incurred, upon receipt of which the date of promised delivery shall be extended for the time actually lost by reason of an excusable delay.

2.13. *[Intentionally Omitted]*

2.14. *[Intentionally Omitted]*

2.15. INDEPENDENT CONTRACTOR

Contractor hereby declares that it is engaged in an independent business and agrees that in the performance of this Agreement it shall act as an independent contractor and not as an employee of MTS. Contractor has and hereby retains full control of all the employment, compensation, and discharge of all employees of Contractor assisting in its performance hereunder. Contractor shall be fully responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding tax, and all other laws and regulations governing such matters. Contractor shall be responsible for its own acts and those of its agents and employees during the term of this Agreement. MTS shall be responsible for its own acts and those of its agents and employees during the term of this Agreement. Except as otherwise specifically provided, as an independent contractor, Contractor is solely responsible for determining the means and methods of performing the services described in the scope of work. Contractor shall perform the work contemplated with resources available within its own organization.

2.16. THIRD PARTY BENEFICIARIES

Subject to paragraph 2.9(a) of this Agreement relative to governmental entities participating hereunder, no provisions of the Contract shall in any way inure to the benefit of any third party, including the public at large, so as to constitute such person a third-party beneficiary of the Contract or of any one or more of the terms and conditions of the Contract or otherwise give rise to any cause of action in any person not a party to the Contract, except as expressly provided elsewhere in the Contract.

2.17. SUBCONTRACTORS

Contractor agrees to bind every subcontractor to the terms of the Agreement as far as such terms are applicable to subcontractor's portion of the Work. Contractor shall be as fully responsible to MTS for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by its subcontractors, as Contractor is for acts and omissions of persons directly employed by Contractor. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and MTS. MTS reserves the right to approve all subcontractors. MTS's approval of any subcontractor under this Agreement shall not in any way relieve Contractor of its obligations under this Agreement.

For all purposes under this Agreement, inclusive of all attachments and documents incorporated herein, "subcontractor" and "subcontract" shall refer to a third party or an agreement with such third party, if any and as applicable, engaged by Contractor to specifically aid in the performance of its obligations under this Agreement, but shall not include any third party engaged by Contractor, from time to time, in the performance of certain operational, technological, incidental, or back office functions that assist Contractor in its performance of services, on a common basis, for all or most of its customers utilizing such services, such latter category of third parties being referred to as Third Party Service Providers. Contractor will obtain prior consent to its use of any "subcontractors" in the performance of services, to the extent and in the manner required under this Agreement, but shall not be required to notify or obtain written consent from MTS or any other party to its engagement of Third Party Service Providers.

2.18. INDEMNITY

As between MTS and Contractor, Contractor is deemed to assume responsibility and liability for, and Contractor shall defend, indemnify and hold harmless, MTS, SDTI, SDTC, SD&AE, SD&IV and any and all of its directors, officers, agents or employees from and against any and all claims, loss, damage, charge, or expense which MTS, SDTI, SDTC, SD&AE, SD&IV or such directors, officers, agents or employees may be put or subjected, to the extent caused by any negligent act or action, or any neglect, omission, or failure to act when under a duty to act on the part of Contractor or any of its officers, agents, servants, employees or subcontractors in its or their performance under this Agreement. Notwithstanding the foregoing, neither party shall be liable to the other for any indirect, incidental, consequential, exemplary, punitive or special damages including lost profits, regardless of the form or action or theory of recovery, even if that party has been advised of the possibility of those damages or the same are reasonably foreseeable and Contractor's indemnification liability for third party claims shall not exceed, in the aggregate, an amount equal to two times the average annual fees paid or payable to Contractor under the Agreement.

2.19. IP INDEMNITY

Contractor shall indemnify, save and hold harmless the MTS from and against claims of patent, trademark, copyright, trade secret or other proprietary rights, violations or infringements arising from the MTS's use of any services and/or technology provided to MTS by Contractor ("Technology") and used by the MTS in the manner permitted under this Contract and any written instructions provided by Contractor or its agents related to such usage ("Approved Use"), which claims are asserted by a third party that specifically alleges that any Approved Use of the Technology infringes on such third party's patent, copyright, trademark, service mark or trade secret (collectively, "Infringement Claims").

Contractor shall have no obligation to indemnify and hold harmless the MTS in the event that the MTS agrees to settle any Infringement Claim without the prior written consent of Contractor. Contractor will have no obligation to indemnify the MTS for any Infringement Claim, to the extent the Infringement Claim is premised on: (a) any customization, integration, enhancement, modification or add-on that is made to or used with the Technology at the MTS's request or provided by a party other than Contractor; (b) use of a version of the Technology no longer supported by Contractor, or (c) use of the Technology in combination with any hardware, software or other materials and/or services not supplied by Contractor where, absent such combination, the Technology would not be infringing. Subject to the foregoing, Contractor shall reimburse the MTS for any claims, damages, losses, costs, expenses, judgments, reasonable attorneys' fees and court costs, arising from any Infringement Claim, subject to an aggregate limit set forth below. Contractor also has the right to exercise its reasonable judgment with respect to any alleged future infringement by the Technology, and at its option and expense may: (i) obtain for the MTS the right to continue using the allegedly infringing Technology; (ii) replace or modify the allegedly infringing Technology so that it becomes non-infringing; or (iii) terminate the Technology, provided that any such termination of the Technology shall not relieve Contractor of any of its duties or responsibilities under this Agreement. Contractor's liability under this section d shall not exceed, in the aggregate, for all Infringement Claims, One Million Dollars (\$1,000,000.00).

2.20. DISPUTES, CLAIMS, AND RESOLUTION

MTS and the Contractor agree that every effort shall be made to resolve any dispute arising under this Agreement informally through their designated representatives. If the informal efforts are unsuccessful, then either party may request mediation by submitting a written request signed by an officer with the authority to bind the Contractor or MTS. 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 fifteen (15) business days of the mediator's appointment. The costs of the mediation and fees of the mediator, if any, shall be borne by the requesting party. Any dispute not resolved through the mediation may proceed to litigation in a court of competent jurisdiction in the County of San Diego, State of California, unless the parties agree in writing to submit the dispute to binding arbitration.

Should the Contractor suffer any injury or damage to person or property because of any alleged act or omission of MTS, or if any of Contractor's employees, agents, or others for whose acts the Contractor is legally liable suffers any injury or damages to person or property because of any

alleged act or omission of MTS, a written claim for damages shall be filed with the MTS Office of General Counsel in accordance with the provisions of California Government Code section 900 et seq.

The duties and obligations imposed by this Agreement and the rights and remedies available hereunder shall be in addition to and not a limitation of any duties, obligations, rights, and remedies otherwise imposed or available by law. No action or failure to act by MTS or Contractor shall constitute a waiver of any right or duty afforded any of them under this Agreement, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder except as may be specifically agreed to in writing.

2.21. NONWAIVER

Failure of MTS to insist upon strict performance of any of the terms and conditions hereof, or failure or delay to exercise any rights or remedies provided herein, or by law, or to properly notify Contractor in the event of breach, or the acceptance of payment for any goods hereunder, or review of design, shall not release Contractor from any of the warranties or obligations of this agreement, and shall not be deemed a waiver of any right of MTS to insist regardless when shipped, received, or accepted or as to any prior or subsequent default hereunder, nor shall any revision of this agreement by MTS operate as a waiver of any of the terms hereof. A requirement that a Contractor's document be submitted for or subject to "authorization to proceed," "approval," "acceptance," "review," "comment," or combinations of such words or words of like import shall mean, unless the context clearly indicates otherwise, that Contractor shall, before implementing the information in the document, submit the document, obtain resolution of any comments, and obtain written authorization from MTS to proceed, and shall mean that a complete check will be performed. Authorization to proceed shall not constitute acceptance or approval of design details, calculations, analyses, test methods, or materials developed or selected by Contractor and shall not relieve Contractor from full compliance with contractual obligations.

2.22. GOVERNING LAW AND CHOICE OF FORUM

The definition of terms used, interpretation of this Agreement, and rights of all parties hereunder shall be determined in accordance with the laws of the State of California except to the extent pre-empted by federal law, in which case, the later shall control.

Any action or proceeding to enforce or relating to this Agreement shall be brought exclusively in the federal or state courts located in San Diego County, California, and the Contractor and MTS hereto consent to the exercise of personal jurisdiction over them by any such courts for purposes of any such action or proceeding.

2.23. LITIGATION EXPENSES

Should litigation be necessary to enforce any term or provision of this Agreement, or to collect any portion of the amount payable under this Agreement, then all litigation and collection expenses, witness fees, court costs, and attorney's fees shall be paid to the prevailing party.

2.24. *[Intentionally Omitted]*

2.25. *[Intentionally Omitted]*

2.26. *[Intentionally Omitted]***2.27. RECORDS RETENTION**

The Contractor and any Subcontractor shall maintain all data pertaining to MTS' accounts and services provided to MTS hereunder and shall make such materials available at its respective office at all reasonable times during the Agreement and for three (3) years from the date of the final payment under the Contract and three (3) years from the date that any pending legal matters relating to the Contract are closed. MTS, the state, the State Auditor, or any duly authorized representative of the Federal Government shall have access to any such materials for audit examination. The foregoing obligations are subject to the following: the Contractor will allow, at MTS' expense, the MTS' auditors and independent public accountants, including where state or federal assistance is involved, state and federal auditors identified by the MTS, reasonable access during normal working hours to MTS' bank records as is reasonably required in connection with their examination specifically pertaining to MTS' accounts, and use of funds and services provided by the Contractor to MTS. Any access or examination will be: requested in writing; specifically describe the scope and records required; mutually agreed upon as to time and scope; and subject to J.P. Morgan's security procedures and record retention policies. Contractor may impose reasonable restrictions on the number of individuals allowed access, the frequency and length of access, and the scope of the records made available. MTS shall reimburse Contractor for the reasonable cost of copying, collating, researching and producing archived information.

2.28. CALIFORNIA PUBLIC RECORDS ACT (CPRA)

MTS and Contractor acknowledge that MTS is a public agency subject to the CPRA (California Government Code §§ 6250 through 6276.48) and other applicable laws. The agreement entered into between MTS and Contractor will be considered a public record and subject to disclosure in compliance with the CPRA. MTS acknowledges and agrees that during the course of the work conducted by Contractor, MTS may be provided with Contractor's confidential and proprietary or trade secret information that is not subject to disclosure under the CPRA or other applicable law. Such information will be clearly marked as "Confidential and Proprietary". MTS shall maintain such Confidential and Proprietary documents as confidential and shall not disclose them to third parties unless required to do so by applicable law, rule or regulation. In the event a request for Contractor's Confidential and Proprietary documents is received by MTS, whether under the CPRA, subpoena, or other method, MTS will provide Contractor with an opportunity to review the request, and at Contractor's sole cost, to defend or pursue an action to protect such Confidential and Proprietary documents from disclosure. MTS shall not be required to incur legal fees and costs to protect Contractor's Confidential and Proprietary documents from disclosure under state or federal law.

2.29. EXCLUSIVE USE

The services hereunder are provided for the exclusive use of MTS and such services, data, recommendations, proposals, reports, design criteria, and similar information provided by Contractor, are not to be used or relied upon by other parties except as authorized by MTS.

2.30. *[Intentionally Omitted]*

2.31. *[Intentionally Omitted]*

2.32. *[Intentionally Omitted]*

2.33. COVENANT AGAINST CONTINGENT FEES

Contractor warrants that it has not employed or retained any company or person, other than a bona fide employee working for the Contractor, to solicit or secure this Agreement, and that she or he has not agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or formation of this Agreement. For breach or violation of this warranty, MTS shall have the right to annul this Agreement without liability or, at its discretion, to deduct from the Agreement a price or consideration, or otherwise recover the full amount of such fee, percentage, brokerage fee, gift, or contingent fee.

2.34. *[Intentionally Omitted]*

2.35. DBE AND OTHER SMALL BUSINESS PARTICIPATION

MTS encourages the participation of DBEs, minority owned businesses (MBEs), women owned businesses (WBEs), disabled veteran business enterprises (DVBEs), lesbian gay bisexual transgender owned businesses (LGBTBEs) persons with disabilities business enterprises (PDBE) and small businesses (SB) in the performance of all of its contracts. MTS encourages the Contractor to outreach to DBEs and other small business enterprises for any potential subcontracting opportunities on this project. MTS tracks DBE, MBE, WBE, DVBE, PDBE, LGBT and SB participation and therefore requires all successful proposers to report whether the prime contractor and any subcontractors are a DBE or other small business enterprise. Contractor must complete MTS's Designation of Subcontractors and DBE Program - Information for MTS's Bidder List. If interested in learning about bonding or financial assistance that may be available for small businesses, visit www.sba.gov. If interested in learning about the eligibility requirements to become certified as a DBE, MBE, WBE, DVBE, LGBTBE, PDBE or SB or how to view a list of certified firms, please contact MTS's DBE Liaison Officer, at DBEProgram@sdmts.com for more information.

2.36. AMERICANS WITH DISABILITIES ACT

The Contractor shall comply with all applicable requirements of the Americans with Disabilities Act of 1990 (ADA), 42 U.S.C. §§ 12101 et seq.; section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 794; as well as all applicable regulations and guidelines issued pursuant to the ADA.

2.37. SUBSTANCE ABUSE

Contractor has and strictly enforces and will continue to maintain and enforce policies to guard against employee substance abuse.

As a condition of this Contract, the following are the Contractor's Drug and Alcohol Testing Obligations:

A. CONTRACTORS CERTIFICATION:

Contractor certifies that it will comply with all applicable drug and alcohol testing requirements provided by law that are legally binding upon it in the performance of services under this Agreement.

B. INDEMNIFICATION OF MTS:

Contractor agrees to indemnify, defend and hold harmless MTS, SDTI and SDTC, and their directors, employees and agents from and against any loss, damage, expense and liability that MTS, SDTI or SDTC, may incur to the extent caused by Contractor's failure to comply with any applicable drug and alcohol testing laws binding upon Contractor in the performance of services under this Agreement .

C. SURVIVAL OF MTS' INDEMNIFICATION RIGHTS:

The rights and obligations contained in "B" (Indemnification of MTS) will survive any termination or expiration of this Agreement.

D. FAILURE TO COMPLY WITH DRUG AND ALCOHOL TESTING OBLIGATIONS MAY RESULT IN TERMINATION OF CONTRACT:

If, at any time during the period of this Agreement, Contractor fails to comply with any applicable drug and alcohol testing requirements, binding upon Contractor in performance of services under this Agreement, MTS will consider such failure a material breach of this Agreement, and MTS may terminate this Agreement immediately.

2.38. *[Intentionally Omitted]*

2.39. CONFLICT OF INTEREST LAWS FOR MTS CONSULTANT

A. BACKGROUND & APPLICABILITY TO CONSULTANTS:

These procedures are intended to assist MTS consultants with complying with conflict of interest language in their contract with MTS. Pursuant to state regulations enforced by the California Fair Political Practices Commission (FPPC), the MTS Standard Agreement/Standard Conditions requires consultant employees to file a disclosure of financial interests known as a Form 700 if required by the MTS Conflict of Interest Code. The relevant Standard Agreement/Standard Conditions language. Additional information on Form 700s can be found on the [FPPC website](#).

B. DEFINITIONS AND PERSONS COVERED BY THE MTS CONFLICT OF INTEREST CODE:

MTS has adopted a Conflict of Interest Code for its officers, employees and consultants pursuant to Government Code § 87300 et seq. According to the law, an agency's Conflict of Interest Code must list those employees, officers or consultants who are required to file a Form 700. The persons identified in the Conflict of Interest Code are designated as "Conflict Code Filers" because they "participate in the making of governmental decisions" that foreseeably could have a material financial effect on any of their economic interests. (2 Cal. Code of Regulations Section 18730.) MTS's Conflict of Interest Code can be found on the [MTS website](#). In general, a Form 700 discloses the types of interests in real property, investments, business positions, and sources of income and gifts that could potentially affect the Conflict Code Filer. The Form 700 serves as a reminder to the Conflict Code Filer, and

the public of the financial interest decision-makers need to consider as they could cause an actual, potential or perceived conflict of interest.

“Participating in making a governmental decision” includes negotiating, providing advice by way of research, investigation, or preparation of reports or analyses for the MTS decision-maker, if these functions are performed without significant intervening review. MTS consultants who, pursuant to a contract with MTS, perform the same functions that would otherwise be performed by MTS employees by carrying out functions such as project management and oversight decisions (including recommendations that are likely to be approved by a MTS employee without significant intervening review); preparing contract scopes of work, specifications, cost estimates or contract negotiations; crafting evaluation factors to be used in a procurement, or deciding whether the policies, standards, or guidelines for MTS have been met, are considered to have “project manager responsibilities” that would otherwise be carried out by a MTS employee and are therefore required to fill out and submit a Form 700.

A consultant’s employee participates in making a governmental decision for MTS when, s/he negotiates without significant and substantive intervening review, with a third party (someone other than their employer or MTS) regarding a governmental or contract decision; or advises or makes recommendations to the MTS decision maker either directly or without significant and substantive intervening review. “Significant and substantive intervening review” means a review of someone else’s work during which the reviewer independently verifies the information, recommendation, advice, etc. that constitutes project manager responsibilities that lead to a governmental decision.

Form 700s are public records.

C. STEPS FOR COMPLIANCE:

Step 1: Identify who on your team will need to fill out a Form 700

The prime consultant will need to identify its own employees and the employees of its subconsultants (the consultant team) who have project manager responsibilities. Keep in mind, however, that even if a person has project manager responsibilities, if someone above that person in the decision-making process, whether a MTS employee or another consultant employee, is a Conflict Code Filer and that person conducts significant and substantive intervening reviews of the decision, recommendation or work in question, then not everyone prior to the Conflict Code Filer in the decision process needs to fill out a Form 700. If a consultant believes a member of its team with project management responsibilities for MTS is going to have his/her work undergo a significant and substantive intervening review by an MTS employee, the consultant must first check with the ClerkoftheBoard@sdmts.com to confirm that MTS agrees with this allocation of responsibility.

Step 2: Notify MTS of Consultant’s Conflict Code Filers

It is up to the consultant to notify MTS of the names of the individuals on its team (whether prime or subconsultant) who should be Conflict Code Filers based on the parameters provided by MTS above in Section B. Designated persons must file statements of economic interests with MTS when assuming or leaving their position and annually while holding the position. It is important that the consultant maintains a list of its Conflict Code Filers and notify the MTS Clerk of the Board as soon as possible when the Consultant’s employees who are performing

project management responsibilities for MTS change. Filers must submit their assuming and leaving office form within 30 days and an annual form before April 1st of each year. Consultant employees who have been designated as Conflict Code Filers may not work on MTS projects if they do not have an updated Form 700 on file with MTS.

i. New Filers/Assuming Office

The consultant will need to notify MTS of its new Conflict Code Filers to the MTS Clerk of the Board by email at ClerkoftheBoard@sdmts.com. As a reminder, the consultant will need to update the filer list of employees throughout the life of the contract as new individuals are identified as Conflict Code Filers for MTS, use the designated consultant form 700 filer contact information form to submit the information for each applicable employee.

ii. For Existing Filers

It is important that the consultant notify MTS when those individuals previously identified as Conflict Code Filers are no longer performing project management responsibilities for MTS. Once an individual is identified as a Conflict Code Filer and completes a Form 700 in the eDisclosure system, they are required by law to continue to complete a Form 700 each year or be subject to fines and penalties by the FPPC. In order to remove a Conflict Code Filer, the consultant must notify MTS of the date the individual stopped performing project management responsibilities for MTS so the individual can complete a Leaving Office Statement. Until a Leaving Office Statement is filed, the individual is still considered a Conflict Code Filer and must continue to file annual statements.

Step 3: Notification by MTS & Establishment of Account with eDisclosure System

Once MTS receives notification by a consultant of a new Conflict Code Filer, the Clerk of the Board will send an email to the individual notifying them of their obligation to complete a Form 700 and what to expect. The Clerk will create an account with the eDisclosure system and the individual will receive instructions about how to complete registration from email MTSClerkoftheBoard@southtechhosting.com (please whitelist this email). Once the account is established, the individual can complete and file their Form 700.

Step 4: Instructions for Completing the Form 700

General instructions for completing a Form 700 can be found on the FPPC website, and clicking on the Form 700 itself. When filling out the Form 700, the financial interests that consultant employees need to report are only those which are listed in disclosure category 1 and 2 of the MTS Conflict of Interest Code.

Questions regarding how to fill out the forms can be answered by calling the FPPC's toll free advice hotline 1-866-ASK-FPPC (1-866-275-3772*1), Monday-Thursday, 9-11:30 a.m.

i. Assuming Office Statement

The first time a consultant employee is asked to complete a Form 700, s/he will complete an Assuming Office Statement. The assuming office statement must be completed no later than 30 days after the date the employee first started performing project management responsibilities for MTS. The reporting period will be the 12 months prior to the date the office was assumed. For example, if a consultant assumed office on 5/1/2019, they will complete the statement disclosing information for the period 5/1/2018-4/30/2019.

ii. Annual Statement

Once an individual completes an assuming office statement, they are required to complete an annual statement no later than April 1 of each year. Individuals that do not complete a Form 700 by the deadline may be subject to a fine up to \$5,000 by the FPPC. Typically, reminder notices are sent by email from MTS and the eDisclosure system in January each year.

iii. Leaving Office Statement

Once an individual is no longer performing project management responsibilities for MTS, they must complete a Leaving Office Statement within 30 days. To do this, the consultant or individual needs to notify the MTS Clerk of the Board that the individual is no longer performing project management responsibilities for MTS and therefore should no longer be a Conflict Code Filer. The date the employee stopped performing project management responsibilities for MTS will become the leaving office date. When completing a leaving office statement, the individual will disclose its interest for the calendar period leading up to the leaving office date. For example, if an individual leaves office on 5/15/2019, they will complete the statement disclosing information for the period 1/1/2019-5/15/2019. An active email will be provided to the Clerk in order to assure proper filer access.

Step 5: Review of Form 700s

Consultant employees are strongly cautioned not to simply mark the box indicating they have no disclosures to report on the form. Consultant employees always have their own employment income to report, and many times have spousal income to report as well. The FPPC has prosecuted and fined persons who have failed to disclose income and gifts.

Form 700s should be used by the consultant to ensure its employees do not have prohibited conflicts. MTS also will use the forms to check whether the assignments given to consultant employees conflict with reported financial interests. If a conflict is found, the individual will not be permitted to work on the project in a project manager role.

Consultants will need to provide training to their employees who are identified as Conflict Code Filers on how to avoid prohibited conflicts of interest. Information regarding prohibited conflicts can be found [here](#) in Sections I, II, III, VII and XIII of the California Attorney General's handbook entitled Conflicts of Interest.

D. Contractor Not a Consultant

Notwithstanding anything to the contrary herein, the services to be provided by JPMorgan Chase bank, N.A. under this Agreement do not involve making or participating in government decisions and JPMorgan Chase Bank, N.A. shall not be deemed a "consultant" to MTS for purposes of California Government Code.

2.40. EEO PROGRAM

A. MTS'S EEO PROGRAM:

MTS is an EEO Employer. MTS' EEO Program for Employees and Contractors, MTS Board Policy No. 25, is hereby incorporated by reference to this Contract. MTS policies can be

located here: <https://www.sdmts.com/business-center/reports-records-and-policies/policies-and-procedures>.

B. COMPLIANCE WITH REGULATIONS:

Contractor shall not discriminate against any employee or applicant for employment or business opportunity as defined at 49 U.S.C. 5332 based on race, color, religion, national origin, sex, gender identity, sexual orientation, pregnancy, disability, or age. Contractor shall comply with: Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e et seq.; Title I of the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §§ 12101, et seq.; federal transit law, specifically 49 U.S.C. § 5332; FTA Circular 4704.1 "Equal Employment Opportunity (EEO) Requirements and Guidelines for Federal Transit Administration Recipients,"; and follow any other federal guidance pertaining to EEO laws, regulations, and requirements, and prohibitions against discrimination. Title VII of the Civil Rights Act of 1964, as amended, exempts Indian Tribes under the definition of "Employer."

2.41. CONSIDERATION PAID

Fees and all other charges will be billed monthly as the work progresses, and the net amount shall be due at the time of billing.

MTS shall compensate the Contractor for the services at the rates specified in Exhibit B, in an amount not exceed the sum of \$675,903.60. The not to exceed price for the initial term is premised upon the forecasted volumes of each listed service transaction. If the volumes of such transactions materially differ from the forecasted amounts provided in MTS's Solicitation, Contractor and MTS shall negotiate, in good faith, for adjustments in the not to exceed amount for the remainder of the initial term. If MTS is legally precluded from increasing appropriations during such term beyond the initial appropriated amount, such negotiated adjustment will be considered in adjustments to pricing in succeeding renewal terms.

Payment will be made as set forth in this Agreement; however, payments may be withheld, or portions thereof may be deducted with respect to fees billed for services that have not been performed in accordance with the applicable provisions of this Agreement. The time for payment of invoices or for accepting any discounts offered shall run only from the date of receipt of correct invoices with required certification documents by MTS.

MTS does not reimburse travel expenses unless expressly permitted within the scope. If travel expense reimbursement is permitted within the scope, reimbursement for transportation and subsistence costs shall be in accordance with MTS Board Policy No. 44-C.

2.42. [NOT APPLICABLE] WATER QUALITY MANAGEMENT AND COMPLIANCE

2.43. [NOT APPLICABLE] WARRANTIES-GUARANTEES

2.44. [NOT APPLICABLE] INTELLECTUAL PROPERTY WARRANTY

2.45. [NOT APPLICABLE] DATA RIGHTS

2.46. [NOT APPLICABLE] PAYMENT CARD INDUSTRY DATA SECURITY STANDARD (PCI DSS) COMPLIANCE REQUIREMENTS

2.47. [NOT APPLICABLE] LIQUIDATED DAMAGES

2.48. [NOT APPLICABLE] PUBLIC WORKS

- 2.49. [NOT APPLICABLE] CALIFORNIA AIR RESOURCES BOARD (“CARB”)
- 2.50. [NOT APPLICABLE] IDENTIFICATION OF PERSONNEL/SECURITY
- 2.51. [NOT APPLICABLE] ROADWAY WORKERS PROTECTION (RWP) TRAINING
- 2.52. [NOT APPLICABLE] FLAGGING
- 2.53. [NOT APPLICABLE] SIGNALING MARK-OUT
- 2.54. [NOT APPLICABLE] HAZARDOUS SUBSTANCES
- 2.55. **INSURANCE**

Contractor will include the contract number on all insurance-related correspondence, i.e., the insurance certificate itself.

All policies required shall be issued by companies who are permitted to do business in the State of California and hold a current policyholder's alphabetic and financial-size category rating of not less than A VII, in accordance with A.M. Best.

MTS utilizes the services of a third-party insurance monitoring company. As a condition of contract award, Contractor shall submit any required insurance certificates of insurance and/or endorsements to the third-party monitoring company of MTS' choosing.

A. COVERAGE REQUIRED - ALL CONTRACTS (LIABILITY)

i. Commercial General Liability At all times during this contract and, with respect to Products and Completed Operations Liability, **for three (3) years following the acceptance of the work by MTS**, Contractor agrees to maintain Commercial General Liability Insurance utilizing Insurance Services Office (ISO) coverage form CG0001, edition date 10/01 or later, or an equivalent form and with insurance companies acceptable to MTS. The coverage shall contain no restricting or exclusionary endorsements with respect to the performance of services described in the scope of work.

All such policies shall include in the endorsement San Diego Metropolitan Transit System (MTS), San Diego Trolley, Inc. (SDTI), San Diego and Arizona Eastern Railway (SD&AE), San Diego and Imperial Valley Railroad (SD&IV), and San Diego Transit Corporation (SDTC), their directors, officers, agents, and employees as additional insureds with respect to the Commercial General Liability and Business Automobile policies as their interests pertain to this contract . Furthermore, an endorsement will be required demonstrating that the standard railroad exclusionary language has been removed as applicable.

ii. Business Automobile Liability At all times during this contract, Contractor agrees to maintain Business Automobile Liability Insurance for bodily injury and property damage, covering Code 1 (any auto).

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. Contractor waives any rights of subrogation against MTS, SDTI, SD&AE, SD&IV, and SDTC, and the policy form must permit and accept such waiver.

B. ADDITIONAL COVERAGES REQUIRED (AS INDICATED. WHERE THERE IS A CHECKMARK ☒, THE COVERAGE IS REQUIRED)

i. ☒ Primary and Non-Contributory Insurance

Contractor agrees that all Commercial general liability coverages required under this insurance section are PRIMARY and that any insurance of MTS, SDTI, SD&AE, SD&IV, and SDTC shall be excess and noncontributory (endorsement required).

ii. ☒ Umbrella or Excess Liability (if required to meet liability limits above)

Contractor agrees that any Umbrella or Excess Liability Policy utilized to provide the required limits of liability shall contain coverage at least as broad as that provided by the Commercial General Liability Policy, and be written for a term concurrent with the Commercial General Liability Policy.

iii. ☐ Owner-Provided Builder's Risk

MTS will provide Builder's Risk Insurance on a special form basis, excluding the perils of earthquake and flood, at a limit of not less than the full replacement value of the work and covering the work and all materials and equipment to be incorporated therein, including property in transit elsewhere, and insuring the interests of the Contractor, subcontractors, materialmen, and MTS, SDTI, SD&AE, SD&IV, SDTC, MTS's contractor for design, and MTS's contractor for construction management. However, Contractor is responsible for the portion of any loss that is within the deductible amount of this Builder's Risk Insurance, which is currently at \$50,000 but is subject to change.

iv. ☐ Railroad Protective Liability and CG 24 17 Endorsement for CGL Policy – Required

The CGL policy must contain the following endorsement: Contractual Liability Railroads ISO Form CG 24 17 10 01 (or a substitute form providing equivalent coverage). Furthermore, Contractor shall maintain a Railroad Protective Liability coverage with limits shown below, and name MTS as the named insured on the policy.

v. ☒ Professional Liability (Errors and Omissions)

At all times during this contract, **and for three (3) years following acceptance of work by owner**, Contractor agrees to maintain Investment Bankers Professional Liability Errors and Omissions Insurance coverage for claims arising from the negligent acts, errors, or omissions for services or operations performed by the Consultant under this Agreement with limit no less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate. The Consultant shall ensure both that (1) any policy retroactive date is on or before the date of commencement of the Project; and (2) any policy has a reporting period of at least two years after the date of completion or termination of this Agreement. The Consultant agrees that, for the time period defined above, any changes that reduce coverage will be presented to Entity for review.

vi. ☐ Pollution Legal Liability

At all times during this contract, and for twenty-four (24) months following, Contractor agrees to maintain Pollution Legal Liability Insurance with respect to services or operations under this Agreement. The extended discovery period must be no less than twenty-four (24) months.

vii. ☐ Contractor Equipment

At all times during this contract, Contractor agrees to maintain Contractor's Equipment Insurance on a special form basis covering equipment owned, leased, or used by Contractor. Contractor waives any rights of subrogation against MTS, SDTI, SD&AE, SD&IV, and SDTC, and the policy form must permit and accept such waiver. Contractor hereby releases and holds harmless MTS for any loss or damage to its equipment.

viii. ☐ Installation Floater

At all times during this contract, Contractor agrees to maintain Installation Floater Insurance on a special form basis covering property owned or provided by Contractor. Contractor waives any rights of subrogation against MTS, SDTI, SD&AE, SD&IV, and SDTC, and the policy form must permit and accept such waiver. Contractor hereby releases and holds harmless these entities for any loss or damage to its property.

ix. ☐ Garage Keeper's Legal Liability & Automobile Portion

At all times during this contract, Contractor agrees to maintain Garage Keeper's Legal Liability as well Automobile Portion, which covers the risk of loss or damage to MTS vehicles while in the care, custody or control of Contractor. Automobile portion shall cover the Contractor in the event of a vehicle accident while they are driving an MTS vehicle, which results in a third party claim of physical damage or bodily injury.

x. ☒ Bankers Blanket Bond

At all times during this contract, Contractor agrees to maintain Bankers Blanket Bond Insurance with respect to services or operations under this agreement. The coverage should include the following:

- Employee dishonesty/theft
- Theft, disappearance and destruction on the premises
- Theft, disappearance and destruction while in transit
- Forgery/alteration

xi. ☐ Property Insurance

Contractor is responsible to insure physical damage coverage at replacement cost value on the rolling stock (i.e., revenue and non-revenue vehicles) it operates. [Note: MTS insures the buildings in which the fixed route contract operates.]

xii. ☒ Cyber and Privacy Liability

Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Contractor in this agreement and shall include, but not be limited to, claims involving security breach, system failure, data recovery, business interruption, cyber extortion, social engineering, infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, and alteration of electronic information. The policy shall provide coverage for breach response costs, regulatory fines and penalties as well as credit monitoring expenses.

xiii. ☒ **Bankers Blanket Bond**

At all times through the period of performance of this Agreement, Contractor agrees to maintain Bankers Blanket Bond / Electronic & Computer Crime Insurance with respect to services and/or operations under this Agreement. The coverage shall include, at minimum, the following:

- Employee dishonesty / theft
- Theft, disappearance and destruction on the premises
- Theft, disappearance and destruction on / while in transit
- Forgery / Alteration

C. MINIMUM POLICY LIMITS REQUIRED

i. All Contracts (Liability)

	Limits
Commercial General Liability (Per Occurrence):	\$2,000,000
(General Aggregate)	\$4,000,000
(Completed Operations & Products Aggregate)	\$2,000,000
BusinessAutomobile Liability: Combined Single Limit Per Accident (CSL)	\$2,000,000
Worker's Compensation:	Statutory Limits, with Employer's Liability Limits of no less than \$1,000,000 per accident for bodily injury or disease

ii. Additional Coverages (as indicated under Additional Coverages Required Section):

☒	i.	Primary and Non-Contributory Insurance	Primary
☒	ii.	Umbrella or Excess Liability (if required to meet liability limits above)	\$
☐	iii.	Owner Provided Builder's Risk	Replacement Cost
☐	iv.	Railroad Protective (per occurrence)	\$
		Railroad Protective (general aggregate)	\$
☒	v.	Bankers Professional Liability (Errors and Omissions)	\$2,000,000
☐	vi.	Pollution and Legal Liability	\$

☐	vii.	Contractor Equipment	Replacement Cost
☐	viii.	Installation Floater	Replacement Cost
☐	ix.	Garage Keeper's Legal Liability & Automobile Portion CSL	Per Occurrence
☒	x.	Bankers Blanket Bond	\$2,000,000
☐	xi.	Property Insurance	\$
☒	xii.	Cyber Security Liability Insurance (per occurrence or claim)	\$2,000,000
		(aggregate)	\$
☒	xiii.	Bankers Blanket Bond	\$10,000,000

D. NOTICE OF POLICY CHANGES

JPMorgan can endeavor to send notice if changes to the policy are below the minimum requirements of this contract for cancellation. Under no circumstances shall these notice provisions be deemed a waiver of the insurance requirements set for herein. Any material changes in or cancellation of the insurance policy on file with MTS pursuant to the insurance requirements will result in an immediate stop work order until proof of substitute coverage meeting the requirements of this Agreement is provided to MTS. In the alternative, in MTS' sole discretion, MTS retains the right to declare Contractor in default and immediately terminate this Agreement if the insurance coverage required is cancelled, otherwise lapses or fails to meet the coverage limits at any time, and for any duration, during the term of this Agreement.

E. EVIDENCE REQUIRED

Within a reasonable time frame following receipt of notice that a contract has been awarded, Contractor shall have provided the MTS Contracts Specialist with satisfactory certification by a qualified representative of the Insurer(s) that Contractor's insurance complies with all provisions in this insurance section.

F. SPECIAL PROVISIONS

The foregoing requirements as to the types and limits of insurance coverage to be maintained by Contractor, and any approval of said insurance by MTS, SDTI, SD&AE, SD&IV, and SDTC, or their insurance Contractor(s) are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Contractor pursuant to this Agreement, including but not limited to the provisions concerning indemnification.

MTS reserves the right to withhold payments to Contractor in the event of material noncompliance with the insurance requirements outlined above.

G. ALL RISK PROPERTY INSURANCE

As applicable, Contractor shall comply with flood insurance laws and guidance as follows: (1) it will have flood insurance as required by the Flood Disaster Protection Act of 1973, 42 U.S.C.

§ 4012a(a), for any building located in a special flood hazard area (100-year flood zone), before accessing federal assistance to acquire, construct, reconstruct, repair, or improve that building; (2) each such building and its contents will be covered by flood insurance in an amount at least equal to the federal investment (less estimated land cost) or to the maximum limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, 42 U.S.C. § 4001, et seq., whichever is less; and (3) it will follow FTA guidance, except to the extent FTA determines otherwise in writing.

1. SCOPE OF WORK/TECHNICAL SPECIFICATIONS

1.1. GENERAL

San Diego Metropolitan Transit System (MTS) provides both bus and rail services to 81,000,000 passengers annually throughout San Diego County. MTS is responsible for the service planning, scheduling and performance monitoring of all MTS services. The current operating budget is \$472 million, and the capital budget can range between \$100 and \$300 million. In addition to approximately \$78 million in passenger revenue, MTS is funded by various federal, state and local subsidy sources.

1.2. MTS BANK ACCOUNT INFORMATION

- 1) One (1) Interest Bearing Sweep Account
 - a. Must have the option for an Earnings Credit Rate (ECR) Peg Balance to be maintained to cover the monthly service fees.
- 2) One (1) Zero Balance (ZBA) General Checking Account
 - a. Vendor checks – Average 500 per month
 - b. Automated Clearing House (ACH) – Average 20 per month
 - c. Wire Transfers – Average five (5) per month
 - d. Vault Services discussed in detail under services
 - e. Depository Services discussed in detail under services
 - f. Currency coin orders discussed in detail under services
- 3) One (1) ZBA Payroll Account
 - a. Used to fund ADP wires weekly for four (4) different pay groups
 - b. Issue on average 10 manual replacement checks monthly.
- 4) One (1) ZBA Credit Card Activity Account currently
 - a. Used to receive deposits from six (6) JP Morgan Paymentech MIDs
- 5) One (1) ZBA Workers Comp Account
 - a. Used to fund payments issued by our Third Party Administrator for Workers Compensation claims

1.3. SERVICES PROVIDED

- 1) Vault Services
 - a. Average around 170 coin and currency deposits each month.
 - i. Trolley averages around 60 deposits each month
 - ii. Bus averages around 82 deposits each month
 - iii. Our Transit Store averages around 28 mixed bag deposits each month

- b. Includes a combination of standard straps, nonstandard straps, standard coin bags and mixed coin bags.
- c. Contractor shall provide deposit slips with Unique Location identifiers that are reflected on the daily bank statements. These identifiers are used to track which garage or service the deposits relate to.
- d. Contractor shall provide plastic bags and straps as needed.
- e. Shipments are currently taken to the vault 5 days per week by MTS' Contractor for Armored Transport Services - Sectran.
- f. Upon request, contractor shall provide images of requested deposit slips, bags and currency/coin breakdown within 3 business days to research discrepancies.

2) Depository Services

- a. MTS currently averages between 250 and 300 remotely deposited checks per month.
- b. Funds should be available to MTS immediately.
- c. Solution should be able to read business checks, personal checks and money orders
- d. Ability to search and view checks from previous deposits.
- e. Contractor shall provide equipment and software for remote deposit services. Scanner should be able to endorse the check with MTS and date.

3) Currency and Coin Orders

The bank must be able to provide up to \$100,000 in dollar coin and up to \$20,000 in quarters annually as requested and within 2 business days.

4) E-Bank Statements

- a. Provide electronic bank statements for cleared checks daily.
- b. Generate a direct transfer into SAP ECC that lists the checks that have cleared.
- c. Must be a txt (tab delimited) output file.
- d. Check numbers should be 10 digits, no preceding zeros.

5) Positive Pay

- a. Contractor shall offer positive pay on the ZBA Accounts.
- b. MTS will provide a flat file for all checks issued out of our ERP system, currently SAP ECC, through secure host-to-host transmission.
- c. Contractor's website must offer a manual entry option in addition to an automated option.
- d. Accounts must be configurable to have both payee or non-payee match.
- e. The bank shall notify MTS daily of any exceptions and allow MTS to decision the checks for payment, with a default set to: Do Not Pay.

6) Online Banking Services

- a. Contractor shall provide the ability to perform the following transactions through online banking services.
 - i. Administration of Users – Add, Delete, and Set Permissions with dual approval.
 - ii. Wire Transfers – domestic and international. Should allow for templates to be set up, approved by a second administrator and saved.
 - iii. ACACH transfers are generated from an output file in SAP ECC and sent directly via secure host-to-host transmission.
 - iv. Check Inquiry.
 - v. Stop Payments.
 - vi. Checks and deposits should be available electronically for MTS to access for seven (7) years.
- b. Access must require a token or something similar for two-factor authentication.
- c. Reporting:
 - i. Monthly bank statements will be available for download and printing on the 6th business day following the close of the billing period . Must be available in both PDF or Excel/CSV.
 - ii. Daily reports including all debits and credits must be available by 8:00 on the next business day in both PDF and Excel/CSV format. These reports must be configurable to include or exclude certain accounts. Also, should include the option to schedule and/or deliver to email.
 - iii. Transaction level detail reports must be available on demand. Details should include date, amount, payee or payor and reference.
 - iv. Online imaging must be provided for check deposits and check disbursements
 - v. An analysis statement must be available for download and printing on the 6th business day following the close of the billing period . Must be available in both PDF or Excel/CSV. Statement must include the total cost as well as the required balance needed to cover the costs.

7) Returned Checks

- a. All returned checks should be presented twice before MTS is notified via email when the check is charged back to the account.

8) ACH Review

- a. Bank must provide for a method to establish an allow list for ACH debit transactions.
- b. Bank shall offer an ACH review process which allows MTS to decision an incoming ACH debit transaction not on the authorized list.

9) Purchasing Card Program

- a. MTS currently has a small P-Card program with five (5) users to support business travel and transactions that can only be purchased online, i.e. Google Maps. The annual spend of these cards averages \$100,000.

- b. Cards must be issued by Visa or MasterCard.
- c. Contractor must have a robust system for users to enter the receipts, provide general ledger coding, and approvers to review. It also needs to allow for reporting and 1099 tracking.
- d. Solution must allow for admins to request new card holders, add and remove users, reset passwords, set and change daily and monthly limits.

10) FDIC Insurance

- a. The successful bank shall maintain the maximum amount of Federal Deposit Insurance Corporation (FDIC) insurance available for all MTS deposits to insure MTS for the maximum amount of insurance protection afforded at any time by the FDIC.

11) Collateralization

- a. Contractor shall provide for at least 110% collateralization of all MTS deposits at all times and as provided for under Section 53652 of the California Government Code. Contractor shall only purchase those eligible securities as outlined in Section 53651 of the California Government Code. Under no circumstances shall the contractor include real estate, real estate mortgages or real estate-based investments as part of the collateralization for deposits. Contractor shall attach the most recent collateral report available. MTS will not be charged for collateral. There will be no waiver of the collateralization amount or type of security for the collateralization unless approved by Resolution by the MTS Board of Directors.

12) Excluded Services

- a. MTS's merchant services are currently provided under a separate contract with Paymentech and are not part of this solicitation.

13) Additional Services

- a. In addition to the required services, Contractors may submit descriptions of service to MTS for consideration. Areas to focus on would include efficiency, reduced cost, revenue generating or provide additional protection from fraud and misappropriation of funds.

1.4. TRANSITION

In the event there is a need to transition from the current Contractor to a new Contractor, the process will be as shown below:

- a. This Contract terminates on October 31, 2031, unless Option Years are exercised.
- b. On or around September 1, 2031, current Contractor shall start a transition of the services to new Contractor, without any interruption of or adverse impact on services (at a minimum, 60 days prior to termination of current agreement).
- c. The current and new Contractor shall select a time that has the least impact to client services.
- d. Under MTS direction and guidance, new Contractor and current Contractor shall be required to provide full cooperation and transition all the services on an expedited basis. The transition period shall be complete and detailed and allow for a smooth

transition with no interruption of services. The entire conversion shall be completed by on or about October 31, 2031.

1.5. DISENTANGLEMENT

1) Disentanglement Process:

- a. The Disentanglement process for the Agreement awarded from this RFP shall begin on any of the following dates:
 - the date designated by MTS not earlier than sixty (60) days prior to the end of current term, that MTS has elected not to exercise option year/s;
 - the date MTS notifies Contractor that no funds or insufficient funds have been appropriated so that the Agreement shall be terminated for convenience;
 - the date any Termination Notice is delivered, if MTS or Contractor elects to terminate any or all of the services pursuant to the Agreement.
- b. Contractor shall be required to perform its Disentanglement obligations on an expedited basis, as determined by MTS, if MTS terminates the Agreement for cause.
- c. Contractor shall be required to provide full cooperation. Information shall be complete and detailed to enable MTS or designee to fully assume and continue a smooth transition with no interruption of services.

2) General Obligations:

- a. All services related to Disentanglement shall be deemed a part of the base services and shall be performed by Contractor at no additional cost to MTS. Contractor's obligation to provide the services shall not cease until Disentanglement is satisfactory to MTS, and delivered in writing.
- b. Contractor shall provide all information regarding the services, including data conversion, files, interface specifications, training staff assuming responsibility, and related professional services (if applicable).
- c. Contractor shall provide for the prompt and orderly conclusion of all work including documentation of work in process to assure an orderly transition to MTS or designee.

3) Delivery of Documentation:

Contractor shall deliver to MTS or designee all documentation and data related to the service, in format as requested by MTS, and Contractor shall destroy all copies not turned over to MTS, all at no cost to MTS.

1.6. INVOICES

Contractor shall submit monthly account analysis statements to MTS no more frequently than monthly for the services performed pursuant to this Agreement via the Contractor's online banking portal. Each account statement must itemize the Services rendered by task, if specific tasks are detailed in the Scope of Work, and the amount due in accordance with the Cost Proposal (Exhibit B) or any approved variance. Within 30 calendar days of receipt of each account statement, MTS will notify Contractor in writing of any disputed amounts included on the statement and request a revised statement.

Unless MTS selects another payment method acceptable to Contractor, MTS authorizes Contractor to: (a) apply MTS's earnings credit allowance against the fees and other amounts due as reflected in the account analysis statement made available to MTS for each billing period and (b) automatically debit from MTS's accounts on the fifteenth (15th) calendar day of each month (or the next banking day if the fifteenth (15th) calendar day falls on a weekend or a bank holiday) any fees and other amounts due that remain unpaid after Contractor applies the earnings credits allowance for such billing period.

- 1.7. **[NOT APPLICABLE] PAYMENT PROCESSING SECURITY AND PCI DSS COMPLIANCE**
- 1.8. **[NOT APPLICABLE] HEWLETT PACKARD ENTERPRISE (HPE) MINIMUM REQUIREMENTS**
- 1.9. **[NOT APPLICABLE] CISCO MINIMUM REQUIREMENTS**
- 1.10. **[NOT APPLICABLE] CONTRACTOR'S INFORMATION SECURITY RESPONSIBILITIES**
- 1.11. **[NOT APPLICABLE] SAFETY DATA SHEETS (SDS)**
- 1.12. **[NOT APPLICABLE] NO RIGHT TO POST SIGNS**
- 1.13. **[NOT APPLICABLE] REPLACEMENT PARTS**
- 1.14. **[NOT APPLICABLE] DELIVERY AND ACCEPTANCE**
- 1.15. **[NOT APPLICABLE] EXPEDITING**

COST PROPOSAL FORM			Att. C, Item 07, 10/15/2026	
MTS DOC. NO. G3171.0-26 BANKING SERVICES RFP				
YEAR ONE TO YEAR TEN				
Instructions: Please complete the form below by filling in the Unit Charge and Extended Cost for each item. Costs shall be total all-inclusive, including, but not limited to, transporting a vehicle to and from MTS, travel, insurance, etc. No additional costs are allowed. *Estimated quantities are for proposal purposes only. The quantities do not reflect guaranteed usage by MTS and may be more or less than indicated.				
SERVICE	DESCRIPTION	UNIT CHARGE	MONTHLY VOLUME	EXTENDED COST
GENERAL ACCOUNT SERVICES				
A	ACCOUNT MAINTENANCE PER DEMAND DEPOSIT ACCOUNT	\$ 5.00	4	\$ 20.00
B	ACCOUNT MAINTENANCE PER MASTER INTEREST BEARING ACCOUNT WITH FIXED PEG	\$ 5.00	1	\$ 5.00
C	ELECTRONIC DEBITS	\$ 0.02	203	\$ 4.06
D	ELECTRONIC CREDITS	\$ 0.02	372	\$ 7.44
E	STATEMENTS	\$ 5.00	5	\$ 25.00
F	MONTHLY CHARGE FOR PREVENTING CHECKS FROM POSTING TO A DDA	\$ -	2	\$ -
SUBTOTAL:				\$ 61.50
VAULT SERVICES				
A	VAULT DEPOSIT	\$ 2.15	178	\$ 382.70
B	VAULT DEPOSIT MIXED BAG	\$ 4.00	339	\$ 1,356.00
C	VAULT DEPOSIT STANDARD COIN	\$ 1.15	113	\$ 129.95
D	VAULT DEPOSIT PER \$,1000	\$ 1.33	1,526	\$ 2,029.58
F	VAULT ORDER CURRENCY STANDARD STRAP	\$ 0.55	36	\$ 19.80
G	VAULT ORDER CURRENCY NON STANDARD STRAP	\$ 0.045	624	\$ 28.08
H	VAULT STANDARD ORDERS	\$ 7.00	4	\$ 28.00
I	VAULT ORDER COIN ROLLS (LESS THAN A FULL BOX OF 50 ROLLS)	\$ 0.10	8	\$ 0.80
J	VAULT DEPOSIT ADJUSTMENTS	\$ 8.00	2	\$ 16.00
SUBTOTAL:				\$ 3,990.91
DEPOSITORY SERVICES				
A	CHECKS DEPOSITED (REMOTELY)	\$ 0.03	286	\$ 8.58
B	CREDITS POSTED TO ACCOUNT	\$ 0.35	185	\$ 64.75
C	CHECK FOR DEPOSIT ON PROPOSER'S OWN BANK	\$ 0.03	6	\$ 0.18
D	CHECK FOR DEPOSIT ON OTHER BANK	\$ 0.05	50	\$ 2.50
E	RETURN ITEM FEE	\$ 5.00	1	\$ 5.00
F	RETURN ITEM REDEPOSIT	\$ 0.50	1	\$ 0.50
G	RETURN ITEM EMAIL NOTIFICATION	\$ 0.50	1	\$ 0.50
H	REMOTE DEPOSIT EQUIPMENT MAINTENANCE FEE	\$ 20.00	1	\$ 20.00
J	OTHER (LIST) RETURN MULTIPLE LOCATIONS	\$ 0.50	0	\$ -
SUBTOTAL:				\$ 102.01
PAPER DISBURSEMENT SERVICES				
A	CHECKS PAID/DEBIT POSTED	\$ 0.06	503	\$ 30.18
B	IMAGE STORAGE PER ITEM	\$ 0.015	503	\$ 7.55
C	STOP PAYMENT ELECTRONIC	\$ 4.50	20	\$ 90.00
D	STOP PAYMENT AUTOMATIC RENEWAL	\$ 3.50	100	\$ 350.00
E	CHECK INQUIRY MAINTENANCE	\$ 15.00	3	\$ 45.00
F	CHECK CASHING - NON ACCOUNT HOLDER	\$ -	3	\$ -
G	EXCEPTION NOTIFICATION EMAIL FEE FOR ACH & POSITIVE PAY	\$ 5.00	3	\$ 15.00
H	DATA DOWNLOAD MODULE PER ACCOUNT	\$ 15.00	3	\$ 45.00
SUBTOTAL:				\$ 582.73
POSITIVE PAY RECONCILIATION SERVICES				
A	PAYEE NAME VERIFICATION	\$ 0.025	495	\$ 12.38
B	IMAGE PER ITEM	\$ 0.02	500	\$ 10.00
C	EXCEPTION ITEM	\$ 2.50	3	\$ 7.50
D	CHECK EXCEPTION RETURN	\$ 5.00	1	\$ 5.00
E	POSITIVE PAY NON RECON MAINTENANCE	\$ 30.00	2	\$ 60.00
F	ISSUE FILE TRANSMITTAL REPORT	\$ 3.00	7	\$ 21.00
G	ISSUE INPUT WITHOUT RECON	\$ 10.00	7	\$ 70.00
H	POSITIVE PAY WITHOUT RECON ITEMS	\$ -	500	\$ -
I	DATA ENTRY MANUAL	\$ 2.50	1	\$ 2.50
SUBTOTAL:				\$ 188.38
GENERAL ACH SERVICES				
A	ACH MAINTENANCE - COMPANY LEVEL	\$ 5.00	1	\$ 5.00
B	TRANSACTION BLOCK MAINTENANCE (EACH ACCOUNT)	\$ 5.00	3	\$ 15.00
C	TRANSACTION REVIEW MAINTENANCE (EACH ACCOUNT)	\$ 5.00	2	\$ 10.00

D	ADDENDA RECORD (DETAILS) ORIGINATED	\$	0.02	269	\$	5.38
E	ACH DEBIT RECEIVED	\$	0.10	89	\$	8.90
F	ACH CREDIT RECEIVED	\$	0.10	290	\$	29.00
G	DEBIT ORIGINATED	\$	0.09	17	\$	1.53
H	CREDIT ORIGINATED	\$	0.09	208	\$	18.72
I	ACH RETURN ITEM	\$	3.00	1	\$	3.00
J	ACH RETURN NOTIFICATION EMAIL	\$	1.00	1	\$	1.00
K	NOTIFICATION OF CHANGE	\$	1.00	1	\$	1.00
L	NOTIFICATION OF CHANGE EMAIL	\$	1.00	1	\$	1.00
M	ONLINE PLATFORM ACH MAINTENANCE	\$	15.00	1	\$	15.00
N	ACH BATCH/FILE PROCESSED VIA DIRECT TRANSMISSION	\$	4.50	17	\$	76.50
O	ACH ORIGINATED SAME DAY CREDIT	\$	0.50	1	\$	0.50
P	ACH TRANSACTION BLOCK AUTHORIZED ID	\$	0.40	12	\$	4.80
Q	OTHER (LIST) FED CLEARING ADDENDA	\$	0.003	0	\$	-
R	OTHER (LIST) FED CLEARING ORIGINATED EXCEPTION	\$	0.006	0	\$	-
S	OTHER (LIST) TRANS REVIEW FILTER EXCEPTION	\$	0.20	0	\$	-

SUBTOTAL: \$ 196.33

WIRE & OTHER FUND TRANSFER SERVICES

A	ELECTRONIC FED DEBIT STANDARD	\$	5.00	3	\$	15.00
B	ELECTRONIC BOOK DEBIT STANDARD	\$	2.00	3	\$	6.00
C	FED CREDIT STANDARD	\$	5.00	2	\$	10.00
D	BOOK CREDIT	\$	2.00	1	\$	2.00
E	DRAWDOWN FED DEBIT	\$	5.00	18	\$	90.00
F	DRAWDOWN BOOK DEBIT	\$	5.00	9	\$	45.00
G	ELECTRONIC CHIP DEBIT	\$	5.00	1	\$	5.00
H	OTHER (LIST) CHIPS CREDIT S/T	\$	5.00	0	\$	-

SUBTOTAL: \$ 173.00

ONLINE SERVICES

A	ACCOUNTS REPORTED	\$	10.00	5	\$	50.00
B	MONTHLY SERVICE	\$	30.00	1	\$	30.00
C	TRANSACTIONS REPORTED	\$	0.04	1,308	\$	52.32
D	EXTENDED TRANSACTIONS DETAIL	\$	-	4,279	\$	-

SUBTOTAL: \$ 132.32

RECEIVABLE SERVICES

A	RECEIVABLE MAINTENANCE ONLINE CHECK IMAGE VIEWING	\$	50.00	1	\$	50.00
B	LONG TERM STORAGE - CHECKS	\$	0.02	350	\$	7.00

SUBTOTAL: \$ 57.00

LIQUIDY SERVICES

A	MASTER ACCOUNT MAINTENANCE CHARGE TO TRANSFER ACCOUNT BALANCES	\$	5.00	1	\$	5.00
B	PARTICIPANT ACCOUNT MAINTENANCE CHARGE TO TRANSFER ACCOUNT BALANCES	\$	2.50	4	\$	10.00

SUBTOTAL: \$ 15.00

BAI/SWIFT/ISO REPORTING

A	H2H FILES TRANSMITTED (IF THERE IS A THRESHOLD, INCLUDE UNDER "OTHER")	\$	-	80	\$	-
B	H2H ACCOUNTS REPORTED	\$	50.00	1	\$	50.00
C	H2H CHECK ITEMS REPORTED	\$	0.08	521	\$	41.68
D	H2H TRANSACTION DETAIL REPORTED	\$	0.08	521	\$	41.68

SUBTOTAL: \$ 133.36

MONTHLY TOTAL (ALL SERVICES SUBTOTALS): \$ 5,632.53

FEE SUMMARY

A	ONE-TIME FEE SUBTOTAL	\$	-
B	ANNUAL TOTAL (MONTHLY TOTAL X 12 MONTHS)	\$	67,590.36
ANNUAL TOTAL		\$	67,590.36

COST PROPOSAL FORM		
MTS DOC. NO. G3171.0-26 BANKING SERVICES RFP		
COST SUMMARY		
Base Years		
Year One	\$	67,590.36
Year Two	\$	67,590.36
Year Three	\$	67,590.36
Year Four	\$	67,590.36
Year Five	\$	67,590.36
Subtotal Base Years:	\$	337,951.80
Option Years*		
Year Six	\$	67,590.36
Year Seven	\$	67,590.36
Year Eight	\$	67,590.36
Year Nine	\$	67,590.36
Year Ten	\$	67,590.36
Subtotal Option Years:	\$	337,951.80
Grand Total (Base + Option Years):	\$	675,903.60

Incentive Credit**	\$85,000
Hybrid Account Earnings Credit Rate***	2.25%
Hybrid Account Interest Rate***	1.65%

*Incentive credit/fee waiver in the amount of \$85,000, or for a period of 15 months, whichever comes first.

** Assumes all option periods are exercised and applicable balances and rates are maintained. Pricing is fixed for the initial five-year term. Any option periods would be subject to mutually agreeable pricing and rates at renewal.

*** Note that these remain bank-managed rates are variable and subject to adjust in accordance with market conditions.



**Metropolitan
Transit
System**

DRAFT FOR EXECUTIVE COMMITTEE REVIEW DATE: 10/1/2026

Agenda Item No. 08

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

October 15, 2026

SUBJECT:

Purchase Light Rail Vehicle (LRV) S700 Tooling Kit – Sole Source Award

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute a Purchase Order agreement with Siemens Mobility, Inc. (Siemens), for the purchase of a S700 center truck axle bearing tooling kit, in the amount of \$215,500.00 (including CA 7.75% sales tax).

Budget Impact

The total contract cost of the materials is estimated to be \$215,500.00 (Attachment A). The project will be funded by the Capital Improvement Program (CIP) 2002002702 – SD100 Replacement.

DISCUSSION:

MTS operates a fleet of 92 Siemens S700 LRVs that require periodic maintenance and overhaul of center truck axle bearings at regular intervals throughout their service life. These axles are of a design new to MTS and require specialized tooling to service, repair and maintain. During vehicle commissioning and the warranty period, Siemens Engineering Group developed a specialized set of maintenance tooling specifically designed for the removal, installation, inspection, and servicing of these axle bearing components. This tooling was fabricated and set up to meet the unique operating environment at MTS' existing Maintenance Facility and for the San Diego S700 fleet. Siemens used this equipment along with MTS personnel to perform warranty work on the fleet.

As the fleet transitions from warranty support to long-term MTS maintenance responsibility, MTS requires acquisition of this specialized tooling to independently perform scheduled and corrective maintenance activities in support of fleet reliability, safety, availability and to maintain the fleet in a state of good repair. The tooling incorporates proprietary Siemens engineering information, including Original Equipment Manufacturer (OEM) specifications, designs, dimensions, interfaces, tolerances, and other technical requirements that are not publicly available and are not accessible to third-party tooling manufacturers. Because these proprietary design details are required to manufacture tooling that properly interfaces with the center truck



axle bearing assemblies, equivalent tooling cannot reasonably be procured from another source. Siemens is the only known source capable of providing the required tooling for this purpose.

Today's proposed action would approve a sole-source Purchase Order with Siemens for the purchase of this S700 center truck axle bearing tooling kit. The kit contains multiple tools, however, Siemens is offering the entire kit as one collective purchase. The table below reflects the parts within the tool kit that will be sold to MTS as-is.

SMI PART NO.	DESCRIPTION	QTY
A6X30240206	MOUNT,DISMOUT PUMP 60KPSI L400-2-VES	2
A6X30240209	LFAB MAINTENANCE PLUMBING KIT	1
A6X30240212	ULTRA HI PRESS ADPTR, BRAKE SADDLE	2
A6X30240215	ULTRA HI PRESS PLUG ADPTR, BRAKE SADDLE	2
A6X30240218	M12X16 HI PRESS MLE CONNECTOR	2
A6X30240221	TUBE, 90 DEGREE	2
A6X30240224	400MPA COUPLER, M16X1.5	2
A6X30240227	400MPA NIPPLE, M16X1.5	2
A6X30240230	CEJN ADAPTER, M16X1.5 X 1/4 BSPP	2
A6X30240165	ASSEMBLY STAND, LFAB	1
A6X30240168	COVIS BLOCK REMOVAL TOOL	1
A6X30240181	COVIS BLOCK INSTALLATION TOOL	1
A6X30240184	BEARING FIXING WEIGHT	1
SMI PART NO.	DESCRIPTION	QTY
A6X30240187	AXLE PROTECTION SLEEVE	1
A6X30240190	ALIGNMENT TOOL, COVIS BLOCK	1
A6X30240193	ALIGNMENT TOOL, BRAKE SADDLE HUB	1
A6X30240196	INSTALLATION SLEEVE, BRAKE SADDLE HUB	1
A6X30240199	WHEEL LIFTING CART	1

MTS determined that no other known source has access to the proprietary Siemens engineering information necessary to manufacture equivalent tooling. Accordingly, MTS determined that the requirement can only be fulfilled by Siemens Mobility.

To determine if this proposal is fair and reasonable, MTS staff conducted an independent cost estimate of the tooling package and estimated its value to be approximately \$254,998. This was based on an internal evaluation and a review of similar tooling procured by Valley Metro in Phoenix, AZ and King County Metro in Seattle, WA. Both agencies operate similar types of LRVs in comparison with MTS. Furthermore, the analysis considered the estimated value of the tooling, comparable specialized tooling purchases, and the costs that would otherwise be associated with engineering, development, testing and validation of an alternative tooling solution.

The total purchase price of \$215,500 represents an estimated savings of approximately \$54,988, or approximately 22% below the independently assessed value. Therefore, MTS deems Siemens' proposal to be fair and reasonable.

Therefore, staff recommends the MTS Board of Directors authorize the CEO to execute a Purchase Order agreement with Siemens, for the purchase of a S700 center truck axle bearing tooling kit, in the amount of \$215,500.00 (inclusive of applicable CA 7.75% sales tax in the amount of \$15,500.00).

/s/ Sharon Cooney
Sharon Cooney
Chief Executive Officer

Key Staff Contact: Julia Tuer, 619.557.4515, julia.tuer@sdmts.com

Attachment: A. Cost Proposal

San Diego MTS - QUOTE - Siemens BG Bogie / Axle Tooling																											
Contract No.: <u>N/A</u>		Date: <u>08.26.2026</u>	Log_Rev: 021-0																								
Contractor: <u>Siemens Mobility Inc.</u>																											
Description <u>Siemens BG Bogie/Axle tooling</u>																											
Reason for Change																											
Requirements Changes																											
1	Summary- Bogie Axle BVV tooling Onsite in San Diego																										
2	Tools- List of assumed materials is attached. Tool list is of original tools provided onsite by Siemens BG and does not account for wear and tear on any of the items or disposables that may be part of the overall tool list. Tool list does not account for tools or materials that have been misplaced or damaged, and no replacements are offered for missing or damaged tools. All tools are considered sold As-Is with no implied warranty or otherwise. Tools are sold as a package and are not offered seperately. All Tooling materials are already in possession of MTS in San Diego.																										
3	Offer Validity- 9/30/2026 Tooling is offered As-Is with no warranty, implied or otherwise.																										
Cost Analysis																											
Non-Recurring Cost		\$0.00	Remarks																								
<table border="1"><thead><tr><th colspan="3">Siemens</th></tr></thead><tbody><tr><td>Design/software</td><td>\$ -</td><td>Total: \$ -</td></tr><tr><td>Documentation</td><td>\$ -</td><td>Total: \$ -</td></tr><tr><td colspan="3">Siemens</td></tr><tr><td></td><td></td><td>Total: \$ -</td></tr><tr><td>Change Management</td><td>\$ -</td><td>Total: \$ -</td></tr><tr><td colspan="3">Non-Recurring Cost - Total: \$ -</td></tr></tbody></table>		Siemens			Design/software	\$ -	Total: \$ -	Documentation	\$ -	Total: \$ -	Siemens					Total: \$ -	Change Management	\$ -	Total: \$ -	Non-Recurring Cost - Total: \$ -				Supplier and SMI Eng efforts Manual updates See above. 4			
Siemens																											
Design/software	\$ -	Total: \$ -																									
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<table border="1"><thead><tr><th colspan="3">Siemens</th></tr></thead><tbody><tr><td>Factory Testing</td><td></td><td>\$0.00</td></tr><tr><td colspan="3">Total:</td></tr><tr><td>Production</td><td></td><td>\$0.00</td></tr><tr><td colspan="3">Total:</td></tr><tr><td>Special Tools</td><td>\$200,000.00</td><td>Total: \$200,000.00</td></tr><tr><td colspan="3">Recurring Cost - Total: \$200,000.00</td></tr><tr><td colspan="3">Total: \$200,000.00</td></tr></tbody></table>		Siemens			Factory Testing		\$0.00	Total:			Production		\$0.00	Total:			Special Tools	\$200,000.00	Total: \$200,000.00	Recurring Cost - Total: \$200,000.00			Total: \$200,000.00				Testing RC Material
Siemens																											
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Total:																											
Production		\$0.00																									
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Special Tools	\$200,000.00	Total: \$200,000.00																									
Recurring Cost - Total: \$200,000.00																											
Total: \$200,000.00																											
Pohl Joshua Digitally signed by Pohl Joshua DN: cn=Pohl Joshua, c=DE, o=Siemens, email=josh.pohl@siemens.com Date: 2026.08.26 14:04:41 -0700		Bell Charles Digitally signed by Bell Charles DN: cn=Bell Charles, c=DE, o=Siemens, email=charles.bell@siemens.com Date: 2026.08.26 14:09:47 -0700																									
Josh Pohl Prepared by: Authorized Commercial Project Manager		Chuck Bell Prepared by: Authorized Project Manager																									



**Metropolitan
Transit
System**

DRAFT FOR EXECUTIVE COMMITTEE REVIEW DATE: 10/1/2026

Agenda Item No. 09

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

October 15, 2026

SUBJECT:

Weed Abatement 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. PWL476.0-27 (in substantially the same format as Attachment A), with Quality Sprayers, Inc. (Quality Sprayers), for a five-year (5) period for weed abatement services of all MTS rail Right-Of-Way (ROW) in the amount of \$415,140.00.

Budget Impact

The total cost of this contract is estimated to be \$415,140.00 (Attachment C). The project will be funded by the Track Operations Budget account 370016-536600.

DISCUSSION:

MTS implements a comprehensive herbicide program that encompasses both pre-emergent and post-emergent applications for the ROW on properties operated by San Diego Trolley, Inc. (SDTI). This program aims to tackle plant species that have posed difficulties for SDTI during the mid-summer months in previous years. Targeted species include, but are not limited to, kochia, russian thistle, marestail, palm trees, flea bane, and fountain grass.

These services are necessary to protect the ROW through effective weed management, particularly in the bare ground zones within the ballast area. Failing to control aggressive midsummer weeds such as kochia, marestail, and palm saplings compromises operator line-of-sight and creates severe trackside fire hazards near high-voltage traction lines. Operationally, unchecked root systems foul ballast drainage, causing track instability and forcing costly reactive maintenance and disruptive manual track time.

On August 17, 2026, MTS issued an Invitation for Bids (IFB) for the provision of weed abatement services.



On September 11, 2026, a total of two (2) bids were received

FIRM	FIRM CERTIFICATION	TOTAL 5 YEARS
<i>MTS - Independent Cost Estimate (ICE)</i>		<i>\$570,211.99</i>
Quality Sprayers	n/a	\$415,140.00
DeAngelo Contracting	n/a	\$448,500.00

Today's proposed action would award MTS Doc No. PWL476.0-27 to Quality Sprayers for weed abatement services of all MTS rail ROW.

Based on the bid summary above, and in comparison with the ICE, MTS staff has determined Quality Sprayers' price to be fair and reasonable.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. PWL476.0-27 (in substantially the same format as Attachment A), with Quality Sprayers, for a five-year (5) period for weed abatement services of all MTS rail ROW in the amount of \$415,140.00.

/s/ Sharon Cooney
Sharon Cooney
Chief Executive Officer

Key Staff Contact: Julia Tuer, 619.557.4515, Julia.Tuer@sdmts.com

Attachments: A. Draft Agreement MTS Doc. No. PWL476.0-27
B. Scope of Work
C. Bid Form



**STANDARD AGREEMENT
FOR
MTS DOC. NO. PWL476.0-27
WEED ABATEMENT SERVICES**

THIS AGREEMENT is entered into this _____ day of _____, 2026 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: <u>Quality Sprayers, Inc.</u>	Address: <u>675 N Euclid St. #498</u>
	<u>Anaheim CA 92801</u>
	City State Zip
Form of Business: <u>Corporation</u> (Corporation, Partnership, Sole Proprietor, etc.)	Email: <u>steven@qualitysprayers.com</u>
Telephone: <u>562-405-5339</u>	
Authorized person to sign contracts _____	Steven Cox Vice President
	Name Title

The Contractor agrees to provide services as specified in the conformed Scope of Work/Technical Specification (Exhibit A), Contractor's Cost/Pricing Form (Exhibit B), and in accordance with the Standard Agreement, including Standard Conditions (Exhibit C), Federal Requirements (Exhibit D), and Forms (Exhibit E).

The contract term is for five (5) years effective November 2, 2026 through November 1, 2031.

Payment terms shall be net 30 days from invoice date. The total cost of this contract shall not exceed \$415,140.00 without the express written consent of MTS.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	QUALITY SPRAYERS, INC.
By: _____ Sharon Cooney, Chief Executive Officer	By _____
Approved as to form:	
By: _____ Karen Landers, General Counsel	Title: _____



SCOPE OF WORK/TECHNICAL SPECIFICATIONS

1. INTRODUCTION

Contractor shall be experienced and licensed (C-27 or C-49 required) to provide weed abatement services per the minimum technical specifications/scope of work below. Contractor must also maintain a current qualified applicator's license, must have the necessary vehicles and equipment noted in the specifications during the contract term. Upon request by MTS, Contractor shall submit these to MTS for its files.

Contractor shall provide a combination pre-emergent and post-emergent roadbed and Right-of-Way (ROW) herbicide program on San Diego Trolley, Inc., (SDTI) properties. Services are to be performed in full compliance with these specifications for a five (5) year period effective November 2, 2026.

This program includes a follow-up post-emergent spray program to combat particularly troublesome species that have provided SDTI with mid-summer trouble over the last several years. These species include, but are not exclusively limited to: Kochia, Russian thistle, Mares Tail, Palm Tree, Flea Bane, and Fountain Grass.

At a minimum, annual inspections are required between Contractor and SDTI. They consist of inspection by train accompanied by an MTS Track Supervisor, and trip to any trouble locations. The trips identify what types of vegetation are in different locations. The goal of these inspections will be to maintain the value of the investment in SDTI's ROW weed abatement control, i.e., very nearly bare-ground in the ballast section and on ROW.

2. GENERAL REQUIREMENTS

- A. Contractor shall spray as wide as possible, from centerline of each track, for all mainline tracks and sidings. Railroad tracks consisting of multiple tracks shall have spray pattern adjusted to minimize overlap. Spray pattern will vary from fifty (50') feet from centerline of each track to one hundred fifty (150') feet from centerline of each track depending upon ROW and location. Industry tracks shall be sprayed up to the clearance point of the mainline turnout.
- B. Contractor shall spray wide around the following: mile posts, signs, signal cases and bungalows, catenary foundations, switch stands, material piles and other trackside structures (utilize the truck boom or hose if necessary).
- C. Yard railroad tracks, where sprayed, shall be treated with the area over the ties and the track centers between ends of ties receiving a solid spray regardless of width of track centers.
- D. All on-track applications shall be conducted during non-revenue hours to take advantage of available track time. Track time will vary between the hours of 12:50 a.m. and 5:00 a.m., and 2:00 a.m. and 4:00 a.m., depending upon the line segment. All equipment shall have additional lights to enable safe night operation.

3. ROADBED HERBICIDE FORMULATION & APPLICATION

Contractor shall provide a Pest Control Advisor's (PCA) recommendations and shall make all applications as per those recommendations. Chemical program shall be designed based on the problem species, as observed during a site inspection and shall be approved by SDTI. Apply at a rate to ensure adequate wetting of vegetation – minimum thirty (30) gallons/acre. Pre-emergent spray program shall begin in early winter. The schedule may need to be adjusted according to weather conditions. Contractor shall provide off-track treatment as directed utilizing the same mix at designated locations such as substations, parking areas, and storage lots. Post-emergent spray program shall begin early summer and shall be limited to locations needing a second application due to localized sprouting. This schedule may also be adjusted according to weather and vegetation conditions.

Contractor shall guarantee the desired result; 98% annual control following the first application; and 98% annual and perennial control following the second application through the years 2027, 2028, 2029 and 2030 growing seasons. Contractor, at their expense, shall provide as many additional applications as necessary to produce the required control. The second application shall not be utilized to remediate the out-of-face failure of the pre-emergent application. Contractor shall participate in a joint inspection prior to the second application to determine where second treatment sprouting is occurring and where failure of the first application occurred.

In the event the Contractor shall receive a "call-back," that is, a written demand by SDTI to retreat an area, the terms of "call-back" are that the Contractor must submit a written treatment schedule within five (5) calendar days, and actually arrive at the designated location to begin treatment within ten (10) calendar days. Failure to comply with such a schedule will be considered default of the contract.

In the event re-treatment is required, the Contractor shall provide sufficient personnel and equipment resources to ensure re-treatment, and it shall not interfere with the regular scheduled program treatments.

The Contractor will be required to re-treat all areas considered unsatisfactory at their cost. This could include, but not limited to, all costs associated with the railroad providing an escort, any overtime associated with the escort, or transportation employee for movement of trains in yard areas.

The primary goal of railroad weed abatement services is to treat the ROW and property in an appropriate manner to accomplish weed control with one (1) application of pre-emergence herbicide(s). A second application using systemic herbicides will be required for control of difficult to control species and untreated areas.

Contractor has submitted to MTS the following herbicides to be used for pre- and post- emergent applications: Esplanade 200 SC, Vanquish, Milestone and Rodeo. Contractor may specify different herbicide programs for specific areas. Contractor may elect to add additional formulations if desired at no expense to, and subject to approval of SDTI, for the purposes of producing the desired control. Contractor may elect to change mixes and costs as required by the State of California Department Pesticides Regulations (DPR), or as justified by annual inspections and as agreed to by SDTI.

Contractor shall make all on-track applications at night to secure maximum available track time. Off-track spray shall be performed during the day or early evening hours. At SDTI's discretion, spray applications may include weekend hours.

Start dates for roadbed applications may need to be adjusted ahead or behind according to weather conditions.

4. OFF-TRACK SUPPLY

Contractor shall utilize truck-mounted hose to spray around off-track buildings, substations, and other locations not reachable from the rail as directed by SDTI. Apply the roadbed pre-emergent formulation in a solid pattern.

5. CONTRACTOR REQUIREMENTS

Contractor shall fill out SDTI or Contractor's daily log sheet on a daily basis and shall have SDTI Representative sign sheets prior to submitting it to SDTI. A copy of the log sheet must also be left with the employee accompanying the spray operator at the end of their daily tour of duty.

SDTI shall refuse payment for any day's herbicide application not supported by a SDTI representative signed log sheet.

An SDTI representative shall accompany the herbicide applicator at all times while Contractor is on the property. The SDTI representative shall document in writing:

- A. Beginning and end-of-day tank readings; and
- B. Quantities of chemical added.

All calculations determining outlet pressure and truck speed to guarantee required application rate.

SDTI representative shall advise Contractor of areas designated as non-sprayable by wetland or environmental concerns. It shall be the Contractor's responsibility, however, to determine the safe application of all chemicals.

Contractor must not use any chemicals that could damage track ballast areas, ornamental landscaping, vegetation on adjacent property, and human and/or animal life, located along or near SDTI's ROW.

6. OTHER CONTRACTOR REQUIREMENTS

- A. Contractor must hold a current qualified applicator's license and Contractor is expected to follow all governmental rules and regulations in the performance of this contract, and to process and/or maintain all of the appropriate documents required by law.
- B. Contractor must provide SDTI with a copy of all spraying records that Contractor is required to file with governmental agencies during the life of this contract. Contractor must submit the documents to the SDTI representative within sixty (60) days of the filing date or upon request.

- C. Contractor must furnish all material safety data sheets and any related information concerning the toxicity of the products used, for all herbicides used on SDTI's ROW, to the contract administrator at least seven (7) calendar days before the product is used under this contract.
- D. Contractor is prohibited from using any chemical in the performance of this contract, which would contaminate soil or ground water, or present a health risk for human or animal life along the ROW.
- E. Contractor's personnel shall adhere to all SDTI rules and regulations. Contractor will be responsible for any damage to SDTI property or adjacent property that results from Contractor's weed abatement activities under this contract.
- F. Contractor's personnel must be trained to perform duties pursuant to California Department of Pesticide Regulations. Contractor must be registered with the San Diego County Agriculture Commissioner's office and shall submit monthly chemical usage reports to the Agriculture Commissioner as required.
- G. Contractor shall perform herbicide application work in full compliance with U.S., State of California, Environmental Protection Agency, and other federal regulatory and State of California Department of Pesticide Regulation requirements.
- H. Herbicide containers must be disposed of in full compliance with EPA regulations, off SDTI property, and shall be the sole responsibility of the Contractor.
- I. Contractor shall ensure that spraying will not be performed when wind velocity exceeds the maximum permissible by law and or there is an immediate prediction of rain. Spraying will cease immediately upon the event of rain. Hi-rail truck speed shall not exceed 15 MPH for roadbed applications and 10 MPH for broadleaf/brush applications while spraying to ensure adequate coverage.
- J. Contractor shall perform an initial calibration of the spraying rig to ensure that application rate is as designated, and that maximum permissible legal rate is not exceeded. Contractor making a significant change in spray setup (different nozzles, etc.) shall recalibrate the rig to ensure application at the proper rate.
- K. Contractor must consider drift, and the potential for root uptake in adjoining neighborhood properties. Great care must be taken to ensure that the application is effective on SDTI's property only.

All insurance requirements noted in the Standard Services Agreement must be furnished before work can begin.

7. EQUIPMENT REQUIREMENTS

Prior to issuance of a Notice to Proceed (NIA), the Contractor shall provide documentation demonstrating that it has access to the equipment and licenses necessary to perform the work in accordance with the requirements of this IFB. MTS will review and verify the documentation prior to issuance of the NIA. The Contractor shall not commence work until MTS has verified compliance with the following minimum requirements:

- A. A valid C-27 or C-49 license.
- B. Hi-rail equipment that meets the requirements of 49 CFR 214, Subpart D.
- C. On-track vehicles with a minimum 1,600-gallon tank and the capability to apply product at a minimum rate of 40 gallons per acre.
- D. Off-track vehicles with a minimum 300-gallon tank and the capability to apply product at a minimum rate of 40 gallons per acre, equipped with a 300-foot hose and 10-foot boom.

- E. At least five (5) years of experience performing on-track herbicide spraying services on light rail systems or Class I railroads.

Failure to provide sufficient documentation demonstrating compliance may result in the NIA not being issued.

After notification of award of a contract, Contractor must provide detailed description and pictures of all equipment that will be used for these services. The hi-rail vehicle shall have continuous shunting capabilities when on our main line, crossing gates, signals and other devices should active, if this requirement is not met no spraying will be approved.

Before Contractor can start providing herbicide application services, contractor must have their hi-rail vehicle and all equipment inspected and certified by MTS authorized independent inspectors. Inspection shall be required for every pre-emergent and post-emergent session at the contractor's expense.

Contractor has provided current MSDS sheets to Project Manager for review as well as a copy of the sheet(s) for MTS's records for Esplanade 200 SC, Vanquish, Milestone and Rodeo. Should the herbicides change Contractor shall submit to MTS first for review before application. MSDS sheets shall be required for every pre-emergent and post-emergent session.

8. BIDDER'S BID

Contractor's bid is for acres shown on the bid form. A chemical acre applied consists only of the width of the spray pattern actually applied.

Note: Second application and any necessary re-treatments shall be at no additional cost to SDTI.

9. TARIFFS

All quoted pricing should be "EXCLUSIVE" of tariffs. In the event there are tariffs imposed across any items under this contract, the Contractor may request separate payment through the submission of CBP Form 7501 outlining the HTSUS rate (Box 33) and Duty charged (Box 34) for the description (Box 28) and quantity (Box 30 & 31) of the item which should match the MTS Purchase Order particulars.

Tariff charges may be invoiced under a separate charge to each purchase order once approved by MTS.

10. INVOICES

Invoices must be sent to the MTS Accounting Department, via email, at ap@sdmts.com. All invoices must have the Purchase Order and contract number clearly displayed to ensure timely payment. MTS will not pay on packing slips, receiving documents, delivery documents, or other similar documents. Invoices must be submitted for payment.

MTS shall pay only for the actual acreage of MTS/SDTI Right-of-Way (ROW) treated by the Contractor. Invoices shall be based on the actual acreage treated during the applicable billing period and shall not include estimated, anticipated, or untreated acreage. The Contractor shall

provide sufficient supporting documentation with each invoice to identify the locations and actual acreage treated.

Payment terms shall be net 30 days from invoice date. If MTS rejects an incorrectly submitted invoice and sends it back for correction, the net 30 days restart from the corrected invoice date.

Contractors must also indicate if any of the invoiced amount(s) is for service or work provided by a subcontractor and indicate the amount that will be paid to the subcontractor. Contractors must also comply with the prompt payment requirements in the Prompt Progress Payments section of the Standard Conditions.

11. [NOT APPLICABLE] Payment Processing Security and Payment Card Industry (PCI) Data Security Standard (DSS) Compliance
12. [NOT APPLICABLE] HEWLETT PACKARD ENTERPRISE (HPE) MINIMUM REQUIREMENTS
13. [NOT APPLICABLE] CISCO MINIMUM REQUIREMENTS
14. [NOT APPLICABLE] CONTRACTOR'S INFORMATION SECURITY RESPONSIBILITIES
15. [NOT APPLICABLE] BUY AMERICA
16. SAFETY DATA SHEETS (SDS)

Upon award, Contractors shall email the SDS for materials/ chemicals that will be used or stored at the construction site during the duration of the project, attention Ngan Nguyen, MTS Environmental Health and Safety Specialist at Ngan.Nguyen@sdmts.com for review or comment if needed. The Contractor shall notify the MTS Environmental Health and Safety Specialist if there are changes or updates to the SDS during the term of the contract to ensure the MTS recordkeeping is kept updated throughout the contract. Any disposal of hazardous waste must be communicated to MTS Environmental Health and Safety Specialist for approval prior to disposal.
17. NO RIGHT TO POST SIGNS

The Contractor shall not post or otherwise affix signs, decals or other media on MTS property or equipment, except as required to maintain safety during the course of repair or maintenance work. No permanent signs, decals, or other media may be installed without MTS's express written permission.
18. [NOT APPLICABLE] WARRANTY
19. [NOT APPLICABLE] REPLACEMENT PARTS
20. [NOT APPLICABLE] DELIVERY AND ACCEPTANCE
21. [NOT APPLICABLE] LIQUIDATED DAMAGES

MTS Doc. No. PWL476.0-27 -- WEED ABATEMENT SERVICES - FIVE YEAR TERM - BID FORM
**** Fill in the Green Cells ****
Year 1

Description	Quantity (Up to Acres)	Unit Price Per Acre	Extended Price
Chemical Application on Track Right-of-Way	480	\$120.00	\$57,600.00
Chemical Application Off Track [substation other locations]	180	\$120.00	\$21,600.00
Optional Chemical Application On/Off Track	120	\$0.00	\$0.00
Subtotal Per Year			\$79,200.00

Year 2

Description	Quantity (Up to Acres)	Unit Price Per Acre	Extended Price
Chemical Application on Track Right-of-Way	480	\$123.00	\$59,040.00
Chemical Application Off Track [substation other locations]	180	\$123.00	\$22,140.00
Optional Chemical Application On/Off Track	120	\$0.00	\$0.00
Subtotal Per Year			\$81,180.00

Year 3

Description	Quantity (Up to Acres)	Unit Price Per Acre	Extended Price
Chemical Application on Track Right-of-Way	480	\$126.00	\$60,480.00
Chemical Application Off Track [substation other locations]	180	\$126.00	\$22,680.00
Optional Chemical Application On/Off Track	120	\$0.00	\$0.00
Subtotal Per Year			\$83,160.00

Year 4

Description	Quantity (Up to Acres)	Unit Price Per Acre	Extended Price
Chemical Application on Track Right-of-Way	480	\$129.00	\$61,920.00
Chemical Application Off Track [substation other locations]	180	\$129.00	\$23,220.00
Optional Chemical Application On/Off Track	120	\$0.00	\$0.00
Subtotal Per Year			\$85,140.00

Year 5

Description	Quantity (Up to Acres)	Unit Price Per Acre	Extended Price
Chemical Application on Track Right-of-Way	480	\$131.00	\$62,880.00
Chemical Application Off Track [substation other locations]	180	\$131.00	\$23,580.00
Optional Chemical Application On/Off Track	120	\$0.00	\$0.00
Subtotal Per Year			\$86,460.00

Grand Total Years 1-5 \$415,140.00
BIDDER ACCEPTS RESPONSIBILITY FOR ACCURACY AND PRESENTATION OF THE ABOVE NUMBERS.

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



**Metropolitan
Transit
System**

DRAFT FOR EXECUTIVE COMMITTEE REVIEW DATE: 10/1/26

Agenda Item No. 10

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

October 15, 2026

SUBJECT:

Fiscal Year (FY) 2025-2026 Low Carbon Transit Operations Program (LCTOP) Funding

**AGENDA ITEM WILL
BE PROVIDED
BEFORE BOARD
MEETING**

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San Diego 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 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. MTS is also the For-Hire Vehicle administrator for multiple cities in San Diego County.





DRAFT FOR EXECUTIVE COMMITTEE REVIEW DATE: 10/1/2026

Agenda Item No. 11

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

October 15, 2026

SUBJECT:

Declaration of Surplus Property (Portion of Property Near Grantville Transit Center)

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Director declare Assessor Parcel Number (APN) 461-320-34 and the northwestern portion of APN 461-320-31 as “surplus land” for purposes of Government Code sections 54220, et seq.

Budget Impact

There is no direct budget impact from this agenda item.

DISCUSSION:

The Surplus Land Act (SLA) requires that MTS formally declare property to be “surplus land” and send notices of availability to specific parties before proceeding with property disposition.

Today’s proposed action relates to remnant, undeveloped creek property adjacent to the Affirmed and Greystar joint development projects that were developed on the Grantville Transit Center property in between 2019 and 2024.¹ As part of the Grantville joint development project process, a lot line adjustment re-drew the boundaries of the four parcels of property owned by MTS at the Grantville Transit Center. The lot line adjustment created Parcel 1 for the Transit Center and an adjacent portion of Alvarado Creek (also known as APN 461-320-31), Parcel 2 for the Affirmed project (also known as APN 461-320-32), Parcel 3 for the Greystar project (also known as APN 461-320-33), and Parcel 4 north of the Greystar project consisting mostly of Alvarado Creek and some frontage on Mission Gorge Road (also known as APN 461-320-34).² The property under consideration for a “surplus land” declaration today is a portion of Parcel 1 and Parcel 4. (See Attachment A).

¹ The Board approved Disposition and Development Agreements for the two high-density residential projects at its Board meeting on June 13, 2019 (Agenda Item (AI) 33). After financing and building permits were obtained, Ground Leases were executed in 2021 and 2022. Construction was completed in 2023 and 2024.

² See County of San Diego Parcel Map No. 21847



Concurrent with the construction of the Affirmed and Greystar projects, the MTS Board declared property it owned west of Alvarado Creek (5801 and 5805 Fairmount Avenue) to be surplus land,³ complied with all SLA and Federal Transit Administration (FTA) requirements, and ultimately sold the property to Four D Properties, Inc. (Four D), the owner of an adjacent property.⁴ Four D purchased the 5801 and 5805 Fairmount property from MTS to assemble with their existing property and optimize the design of a residential project west of Alvarado Creek and the Grantville Transit Center.

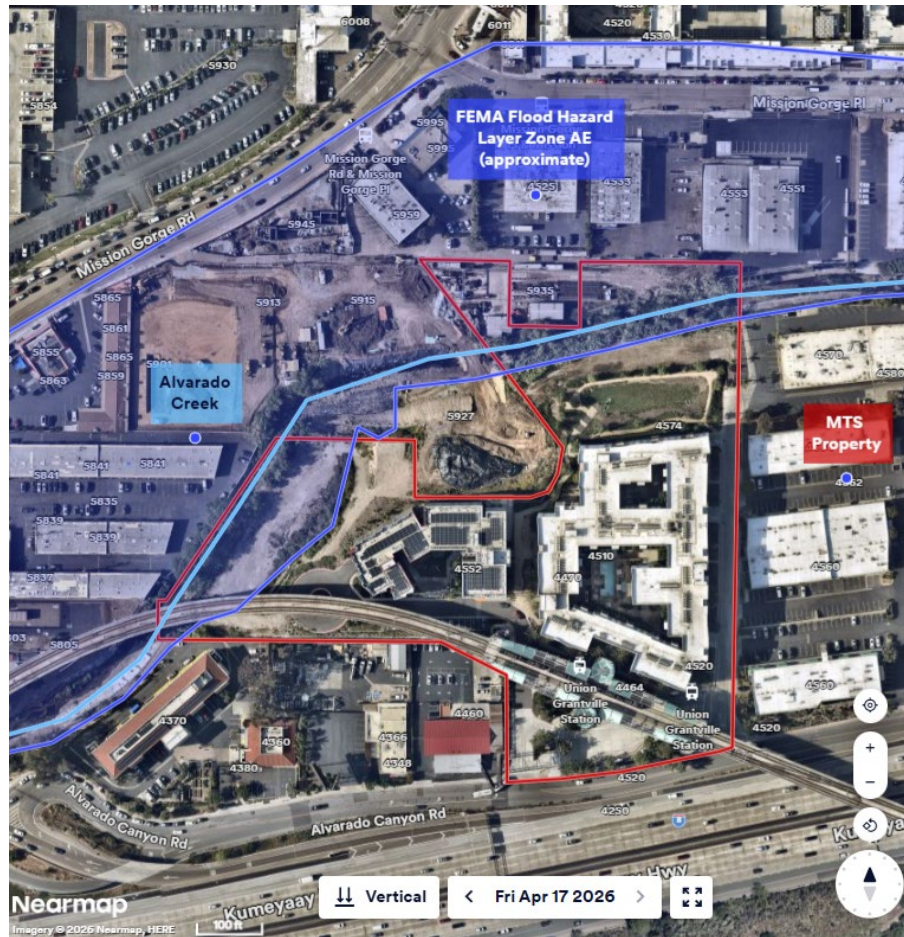
Development of properties west of Alvarado Creek is impacted by historic flooding from the channel. A City of San Diego/San Diego Association of Governments (SANDAG) 2017 study⁵ confirmed that a significant portion of the properties west of Alvarado Creek were within the Federal Emergency Management Agency (FEMA) 100-year floodplain Special Flood Hazard Area. Development of these properties will require construction of flood control improvements, including within the portions of the creek owned by MTS. The Grantville Transit Center and the Affirmed and Greystar joint development project parcels are above the FEMA 100-year floodplain and did not require creek or flood control improvements.

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³ See AI 17 on March 11, 2021.

⁴ Escrow closed on the sale to Four D Properties, Inc. on May 29, 2024. As part of that transaction, MTS reserved an easement for its overhead light rail guideway and a traction power substation installed on the property.

⁵ A revitalization study of Alvarado Creek and the Grantville area was completed in 2017 by SANDAG and the City of San Diego: https://www.sandiego.gov/sites/default/files/compiled_w_o_appendices_082917op.pdf



MTS Property, Grantville Transit Center, TODs and FEMA layer (approximate)

Recently, Four D approached MTS about purchasing Parcel 4 and the portion of Parcel 1 not currently being used by MTS for the Grantville Transit Center.

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Portion of Parcel 1 and Parcel 4 to be declared surplus shown in BLUE.

Purchase of the property and assemblage with Four D's property holdings west of Alvarado Creek would facilitate Four D's future plans to protect its existing property from flood impacts, develop the property with new housing, perform stormwater restoration, and potentially install a pedestrian bridge across the channel connecting to the Grantville Transit Center. The properties are within the City of San Diego's [Navajo Community Plan](#) (City of San Diego Resolution #R-316110, March 2025) which requires or encourages property owners who pursue development adjacent to the Creek to implement flood control measures, install a creek side pathway, and install a bridge to increase pedestrian access to the Grantville Transit Center.

Under the SLA, MTS is not permitted to engage in any negotiations with Four D for the sale of these parcels until the property has been declared to be "surplus" and MTS has issued notices to designated parties under Government Code section 54221. Today's action would declare the property "surplus". Following this designation, staff will send out the required notices. Negotiations with Four D would only occur if no other notices of interest to purchase the property are received following the SLA notice process. In that event, staff will return to the Board for negotiating instructions.

Presently, MTS spends approximately \$20,000 a year on removal of non-native Arundo and other vegetation within Alvarado Creek to ensure proper drainage during a storm. MTS also performs weekly trespassing inspections in the creek. The northern portion of Parcel 4 is known as 5939 Mission Gorge Road and is currently leased to a third party for commercial use at a rate of \$16,000 a year. As shown in the previous images, Parcel 4's use for future development is limited due to the Creek and the odd shape where it is bifurcated by another landowner.

Furthermore, these properties are landlocked or only accessible via private roads making transit expansion or redevelopment very difficult if not impossible. There are no current plans for transit expansion that require MTS to retain these properties. Any sale of the property would require reservation of easements for MTS's benefit for the overhead trolley guideway and any other transit related facilities within the surplus area.

Declaration of Parcel 4 and a portion of Parcel 1 as "surplus land" is in the public interest because these properties are difficult to develop, incur more maintenance costs than revenue generation, have no future transit use, and may unlock future development potential in the Grantville and Navajo community.

Therefore, staff recommends that the Board declare APN 461-320-34 and the northwestern portion of APN 461-320-31 (as shown in Attachment A) as "surplus land" for purposes of Government Code sections 54220, *et seq.*

/s/ Sharon Cooney
Sharon Cooney
Chief Executive Officer

Key Staff Contact: Julia Tuer, 619.557.4515, Julia.Tuer@sdmts.com

Attachment: A. Surplus Land Map – Grantville Transit Center



Parcel 1 - APN 461-320-31
 Parcel 2 - APN 461-320-32
 Parcel 3 - APN 461-320-33
 Parcel 4 - APN 461-320-34

PARCEL MAP NO. 21847

MAPPING SHEET

SHEET 4 OF 4 SHEETS

