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Agenda

JOINT MEETING OF THE EXECUTIVE COMMITTEE
 for the
 Metropolitan Transit System
 San Diego Transit Corporation, and
 San Diego Trolley, Inc.

May 20, 2010

Executive Conference Room

	<u>ACTION RECOMMENDED</u>
A. ROLL CALL	
B. APPROVAL OF MINUTES - May 6, 2010	Approve
C. COMMITTEE DISCUSSION ITEMS	
1. <u>MTS: Trolley Rehabilitation Project Update (Wayne Terry and John Haggerty of SANDAG)</u> Action would receive a report for information and provide comments.	Possible Action
2. <u>MTS: FY 2011 Operating Budget (Larry Marinesi)</u> Action would receive a report on the FY 2011 operating budget development.	Receive
3. <u>MTS: Internal Revenue Service (IRS) Payroll Audit Findings (Tiffany Lorenzen and Linda Musengo)</u> Action would receive a report and provide direction to staff on proceeding with compensating Board members by paying their member agencies directly.	Possible Action
4. <u>MTS: CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to California Government Code Section 54956.8</u> <u>Property:</u> 1313 National Avenue, San Diego, California (Assessor Parcel No. 535-612-01); 1344 National Avenue, San Diego, California (Assessor Parcel No. 535-613-04) <u>Agency Negotiators:</u> Tiffany Lorenzen, General Counsel; Tim Allison, Manager of Real Estate Assets <u>Negotiating Parties:</u> George Davis Trust; ISD Triangle LLC <u>Under Negotiation:</u> Price and Terms of Payment	Possible Action

Please turn off cell phones and pagers
 during the meeting

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Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations), and San Diego Vintage Trolley, Inc., a 501(c)(3) nonprofit corporation, in cooperation with Chula Vista Transit. MTS is the taxicab administrator for seven cities. MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.

- D. REVIEW OF DRAFT MAY 27, 2010, JOINT BOARD AGENDA
- E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA Possible Action
Review of SANDAG Transportation Committee Agenda and discussion regarding any items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc. Relevant excerpts will be provided during the meeting.
- F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS
- G. PUBLIC COMMENTS
- H. NEXT MEETING DATE: June 3, 2010
- I. ADJOURNMENT

JOINT MEETING OF THE EXECUTIVE COMMITTEE FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS),
SAN DIEGO TRANSIT CORPORATION (SDTC), AND
SAN DIEGO TROLLEY, INC. (SDTI)

DRAFT MINUTES

May 6, 2010

MTS
1255 Imperial Avenue, Suite 1000, San Diego

A. ROLL CALL

Chairman Mathis called the Executive Committee meeting to order at 9:08 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Selby moved for approval of the minutes of the April 15, 2010, MTS Executive Committee meeting. Mr. Rindone seconded the motion, and the vote was 4 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Commuter Express Pilot Project (Mike Daney)

The Metropolitan Transit System (MTS) has been working with the United States Navy and San Diego Association of Governments (SANDAG) as part of a transportation demand-management initiative to develop a neutral-cost express bus service between the Navy's Murphy Canyon Housing Complex, the Tierrasanta community, and the San Diego Naval Base.

Mr. Mike Daney, Senior Transportation Planner with MTS, reviewed the details of the Murphy Canyon Express Pilot Project. He stated that the commuter population from Murphy Canyon to the San Diego Naval Base was the highest at 68%, and currently 94% of commuters drive alone and thus currently, the project is exploring express bus service from Murphy Canyon to the San Diego Naval Base. MTS and SANDAG are exploring routes into the Naval Base as well as routes inside the base. There are some challenges that need to be worked through such as exact alignment of routing, security protocols, and driver pools that will have government clearance.

Currently, Navy personnel can apply for Transportation Incentive Program (TIP) vouchers, which provide \$220 a month for transit paid for by the Navy. MTS would need 150 people to start express service, and research shows there are roughly 3,251 people commuting from the Murphy Canyon Housing Complex to the San Diego Naval Base. Ms. Sharon Cooney, Director of Government Affairs for MTS, further stated that the Navy is very supportive of the project and, all the way up the command, Navy personnel want the pilot to be very successful.

Mr. Roberts shared his concern that this project could put MTS into a political situation where MTS looks like the bad guy for not serving the Navy. He wanted more clarification on the process, specifically if it was a bid or proposal. Mr. Daney answered that it is not subject to bid and anyone can ride the express bus to the San Diego Naval Station. Mr. Roberts was curious as to why the Navy just would not have a private contract. Ms. Cooney replied that the TIP Program funding may only be used for public transportation. Mr. Roberts felt that service should be timely so people will be willing to use public transportation. He asked staff to look at other options of routing people inside the naval base, such as having two different bus lines going in opposite directions once on base. He also asked staff to present a workup of ridership with legible numbers and wanted to make sure that the contract in its final version will have a termination of provision.

Mr. Mathis expressed concern that the Transportation Improvement Program (TIP) will continue to be appropriated and not cut by state budgets. Ms. Cooney clarified that TIP is a federal program and that MTS will have the option to stop service at any time. She mentioned that the only risk we take is cutting the service. Mr. Mathis pointed out that a big factor behind this program for the Navy is morale. He agrees that many families are being stranded in the Murphy Canyon area because there is only one family car and thinks that MTS will look like the bad guy if we don't help the Navy out with this request.

Mr. Rindone asked staff to research the number of commuters from Chula Vista to the Naval Air Station on North Island. He feels that there are a large number of commuters making this drive and that we may be able to develop something possibly finding 1 or 2 staging areas.

Action Taken

Mr. Rindone moved to receive the report with direction given to staff. Mr. Selby seconded the motion, and the vote was 4 to 0 in favor.

2. MTS: Mid-Coast Corridor Transit Project (Sharon Cooney)

The Mid-Cost Corridor Transit Project will extend service from the Old Town Transit Center to University City serving major centers, such as the University of California San Diego (UCSD), University Towne Center (UTC) and downtown San Diego. Ms. Cooney explained to the Executive Committee that along with SANDAG, MTS supports Light Rail Transit (LRT) Alternative 1 as the locally preferred alternative for the Mid-Coast Corridor Transit Project. Cost effectiveness and past operating experience are the main reasons MTS supports Alternative 1. LRT Alternative 6 has some curves that would cause greater infrastructure wear, slow operating speeds, and generate excessive track noise. LRT Alternative 3 is simply not as good of a service plan as Alternative 1.

Mr. Roberts felt that the report shared by Ms. Cooney was very good, contained pertinent details, and should be used for any subsequent presentations. He mentioned that Alternative 1 is strongly preferred by any other group he has spoken to about the Mid-Coast Corridor Transit Project.

Public Comment

Clive Richard: Mr. Richard strongly urged the Executive Committee to support MTS staff recommendations for Route 1. He feels that busses are not as functional in this type of proposed system as LRT. He also mentioned that it is important not to offend the community with additional rail noise and important not to cause any unnecessary commuting delays. He strongly supports Route 1 because it would be ridiculous to support an alternative route that would cost more to build.

Margo Tanguay: Ms. Tanguay mentioned that University of San Diego California (UCSD) is planning to add a second hospital on its campus. She also stated that while driving her taxicab, she heard the trolley passing under the bridge she was on, and she was thrilled to hear the noise from the trolley. She commented that the planning of the trolley coming directly to UCSD has come a long distance from Chancellor Atkinson's safety concerns.

Action Taken

Mr. Roberts moved to forward a recommendation to the Board of Directors to support Alternative 1. Mr. Selby seconded the motion, and the vote was 4 to 0 in favor with staff direction from Mr. Rindone to add cost comparisons to the presentation to the Board of Directors on May 13, 2010, echoed by Mr. Selby.

3. MTS: Mid-City Rapid Update (Denis Desmond and Eric Adams of SANDAG)

Denis Desmond, Senior Transportation Planner with MTS, explained the details of the Mid-City Rapid Project. He explained that the project will provide 'rapid bus' service between downtown San Diego and San Diego State University (SDSU) via Park and El Cajon Boulevards. This new route will replace MTS's existing Route 15; however, it will have improvements that will make the route more attractive to riders. The new route will have traffic signal priority (TSP) and is one of the first TSP routes in San Diego. The new service will operate seven days a week, every 15 minutes except during peak hours running every 10 minutes. The plan also calls for 15 articulated busses adding to increased ridership capacity.

The design phase of the project is in the final stages, and Eric Adams of SANDAG presented to the Executive Committee renderings of the proposed stations that the project team will present to the City of San Diego. Because of federal New Starts grant and TransNet funds, the capital and operating costs for the service are minimal. The final station design is a sleek design supported by a round pole on the right side and a corrugated metal roof with a pronounced arch. Seating has been tied into the overall structure with a perforated metal screen to provide visibility to the business and provide shelter to riders. Real time information signs will be their own separate structure as will trash reciprocals.

Two types of stations will be presented--a sidewalk bus stop wherein the bus would pull up next to the sidewalk in a third travel lane; the other is a center median bus stop wherein the riders would wait on platforms housed on both sides of vehicular traffic with a dedicated bus lane in the middle. The overall cost of the proposed new shelters is estimated to be \$75,000 to \$87,000 per shelter. The Mid-City Rapid Project is expected

to be in operation by June 2012. The City Council will need to approve a 10% parking loss on a portion of Park Boulevard. Some diagonal parking spaces will need to be converted to parallel parking to accommodate the new stations. The idea is to take nearby streets and convert parallel parking to diagonal parking to absorb loss of parking space.

Mr. Roberts likes the station design and expressed his gratitude for thinking of the businesses in the design process. He did express his concern for the real-time signs and feels that there is a better way to design them compared to the current concept. He thinks that El Cajon Boulevard is already cluttered and does not want to add even more structures on the street. He does not feel that having a separate structure for the signs will stop vandalism and feels it is not a practical solution. He also felt that a standard message on the real-time signs is important and does not want to see it become cluttered with messages other than the time the next bus will arrive.

Public Comment

Clive Richard: Mr. Richard expressed that the signal priority and keeping vehicle moving is going to be very important to the City of San Diego. He questioned whether or not the shelters will actually protect patrons from the sun and rain. He is very supportive of the Mid-City Rapid Bus Project and will talk to his councilmember about it. He also mentioned that he would like the project done sooner rather than later for selfish motives.

Lorraine Leighton: Ms. Leighton is intrigued by the Mid-City Rapid Bus Project but she had concerns about disabled people in wheelchairs and how many the articulated buses would carry.

Action Taken

Mr. Rindone moved to receive the report. Mr. Selby seconded the motion, and the vote was 4 to 0 in favor.

4. MTS: Disposition of Decommissioned Light Rail Vehicles (Wayne Terry)

Wayne Terry, Chief Operating Officer of SDTI, has begun to explore options for the disposition of old light rail vehicles (Siemens U-2s). MTS will begin receiving a new light rail fleet in early fiscal year 2012 which will make the Siemens U-2s obsolete. Mr. Terry reported that MTS is exploring decommissioning option now to get ahead of the curve and create a revenue-generating opportunity. The Siemens U-2s have high miles, but the cars are in very good shape, and Parsons Brinckerhoff has determined the vehicles to be worth an estimated value of \$200,000 to \$350,000. It is possible that Mendoza, Argentina is interested in purchasing the light rail cars but the challenge will be shipping the cars. Challenges with acceptable sales and a delivery schedule will still need to be explored.

Tiffany Lorenzen, Legal Counsel for MTS, did research and discovered that MTS and San Diego Trolley own the fleet of Siemens U-2s free and clear. She will work through any legal issues that arise during the decommissioning of the Siemens U-2s.

Mr. Roberts expressed his concern regarding the shipping route of cars to Mendoza, Argentina and wondered if the price reflected shipping. Mr. Terry stated that the purchase price was a lump-sum amount that will include shipping, it will be without a competitive bid, and Argentina will purchase the insurance.

Action Taken

Mr. Rindone moved to receive the report. Mr. Selby seconded the motion, and the vote was 4 to 0 in favor.

D. REVIEW OF DRAFT MAY 13, 2010, JOINT BOARD AGENDA

Recommended Consent Items

6. MTS: San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Railway Company Board of Directors at its meeting on April 20, 2010.
Action would: (1) receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports; and (2) ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on April 20, 2010.
7. MTS: Increased Authorization for Legal Services - Wheatley Bingham & Baker
Action would authorize the CEO to enter into MTS Doc. No. G1111.15-07 with Wheatley Bingham & Baker for legal services and ratify prior amendments entered into under the CEO's authority.
8. MTS: Taxicab Maximum Allowable City and Airport Rates of Fare - Stabilization of Rates for 2010
Action would approve Resolution No. 10-11 stabilizing the 2009 maximum allowable City of San Diego and airport rates of fare for the year 2010.
9. MTS: Mincom Annual Support Renewal - Contract Amendment
Action would authorize the CEO to execute MTS Doc. No. G0740.10-02 with Mincom Inc, for annual software support maintenance for the Ellipse financial system and Enterprise Resource Planning (ERP) package.
10. MTS - GIRO, Inc. Regional Scheduling System (RSS) – Contract Amendment
Action would authorize the CEO to execute MTS Doc. No. G0856.14-03 with GIRO, Inc. to fund the HASTUS Maintenance and Service Support Contract for the Regional Scheduling System (RSS) contract.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Ms. Cooney reported that the triennial Transportation Development Act (TDA) audits of MTS have been completed and will be presented at the SANDAG Transportation Committee on May 7, 2010. The audit takes into account three years: 2007, 2008, and 2009. Overall, the audit is complimentary of the system and performance.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

Mr. Selby commented that he was recently in Seattle and rode the LRT. He had to walk a mile and a half from a broken-down trolley; a bus driver was very kind to him and let him on without purchasing a bus pass. Shelters themselves were quite extensive with many different surfaces and required a lot of maintenance. System employees were very pleasant in dealing with strangers, and they also have a comparable card called ORCA.

G. PUBLIC COMMENTS

There were no public comments.

H. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for Thursday, May 20, 2010, at 9:00 a.m. in the Executive Committee Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 11:13 a.m.

Chairman

Attachment: A. Roll Call Sheet

**EXECUTIVE COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) May 6, 2010

CALL TO ORDER (TIME) 9:08 AM

RECESS None

RECONVENE _____

CLOSED SESSION None

RECONVENE _____

ADJOURN 11:13 AM

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
LIGHTNER <input type="checkbox"/> (Young) <input type="checkbox"/>		x
MATHIS <input checked="" type="checkbox"/>		
Imperial Beach Rotated to Chula Vista		
RINDONE (VC) <input checked="" type="checkbox"/> (Young - CPT) <input type="checkbox"/>		
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		
SELBY <input checked="" type="checkbox"/> (Ryan) <input type="checkbox"/>		
Transportation Committee Rep Slot (Mathis)		

SIGNED BY OFFICE OF THE CLERK OF THE BOARD Valerie Vizkeloti

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: [Signature]



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Agenda

Item No. C1

JOINT MEETING OF THE EXECUTIVE COMMITTEE
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

OPS 970.2

May 20, 2010

SUBJECT:

MTS: TROLLEY REHABILITATION PROJECT UPDATE (WAYNE TERRY AND JOHN HAGGERTY OF SANDAG)

RECOMMENDATION:

That the Executive Committee receive a report for information and provide comments.

Budget Impact

None.

DISCUSSION:

The San Diego Association of Governments (SANDAG) is continuing to provide project management and design services for the program of projects to upgrade the Blue Line rail infrastructure and prepare the entire trolley system for low-floor vehicle operations. The design and construction is proceeding rapidly in stages.

The initial stage of the program delivers rail infrastructure on the Blue Line needed to facilitate the major reconstruction of stations and track. This initial work provides the operational flexibility needed to maintain a consistent level of service during the major reconstruction to follow. The next stage of work reconstructs stations from Washington Street to San Ysidro on the Blue Line and downtown to La Mesa on the Orange Line to provide the eight-inch-high platforms needed for the new low-floor vehicles. The final stages will include extensive rail and track rehabilitation on the Blue Line south of the 12th and Imperial Transfer Station to bring the rail into a state of good repair. SANDAG and

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MTS are working to parallel design and construction activities for all three stages to the extent possible.

Design for the reconstruction of all of the Blue and Orange Line stations to accommodate low-floor vehicles is underway, and staff will provide an update on this work.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Wayne Terry, 619.595.4906, wayne.terry@sdmts.com

MAY20-10.C1.TROLLEY REHAB UPDATE.SCOONEY.doc



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Agenda

Item No. C2

JOINT MEETING OF THE EXECUTIVE COMMITTEE
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

FIN 310.2 (PC 50601)

May 20, 2010

SUBJECT:

MTS: FY 2011 OPERATING BUDGET (LARRY MARINESI)

RECOMMENDATION:

That the Executive Committee receive a report on the MTS FY 2011 operating budget development.

Budget Impact

None at this time.

DISCUSSION:

FY 11 Budget Recap

The following is a recap of the FY 11 budget process:

- MTS's first Budget Development Committee (BDC) and Finance Workshop meetings took place in November 2009 to discuss the significant reduction in subsidy revenues, specifically TDA and TransNet, due to declining sales tax receipts. In total, MTS's share of TransNet and TDA revenues dropped by approximately \$14 million.

As part of the discussions with the BDC in November, the BDC recommended service adjustments to assist in the budget-balancing strategy for fiscal year 2011. Additionally, the BDC recommended implementation in fiscal year 2010 as a strategy to begin saving money either for use in the current fiscal year or in the next fiscal year 2011.

- In December 2009, the MTS Board of Directors (Board) approved the February 2010 service adjustment.
- In early March, staff met with the BDC and MTS Board. Within these two meetings, staff discussed and received approval of the FY 10 midyear budget adjustment and discussed preliminary revenues and assumptions for FY 11, including a projected budget shortfall of \$1.9 million using \$8.2 million in one-time funds.

FY 11 Operating Budget

The fiscal year 2011 total budgeted revenue is projected at \$219,326,000, and total projected expenses are budgeted at \$219,326,000 resulting in a balanced budget for fiscal year 2011.

FY 11 Revenues

Attachment A summarizes the total operating and nonoperating revenues in a schedule format. As indicated within the schedule, FY 11 combined revenues total \$219.3 million, which is a decrease from the FY 10 amended budget of \$11.5 million (-5.0 percent).

Operating revenue totals \$88.8 million, which is an increase from the FY 10 amended budget of \$2.8 million (3.3 percent). This is primarily due to a projected increase in ridership.

Subsidy revenue totals \$117.2 million, which is a decrease from the FY 10 amended budget of \$4.4 million (-3.7 percent) primarily due to the American Recovery and Reinvestment Act (ARRA) one-time funding in FY 10.

Nonrecurring revenue totaled \$92,000, which is a decrease from the FY 10 amended budget of \$8.6 million due to the usage of reserve revenue for the pension obligation bonds (POB) refinance in FY 10.

As the Board directed in March, the current operating budget utilizes \$8.2 million in one-time funds (\$5 million in TDA funds and \$3.2 million previously used for capital).

FY 11 Expenses

Attachment E contains the total revenues as detailed above and the total proposed expenses for the 2011 fiscal year. As indicated within the schedule, FY 11 combined expenses total \$219.3 million, a decrease from the FY 10 amended budget of \$11.5 million (-5.0 percent). Within operating expenses, personnel expenses decreased from the FY 10 amended budget by \$2.9 million (-2.7 percent) while energy expenses decreased by \$3.7 million (-14.6 percent).

Attachment F details the operating expense budgets for each operating division and administrative department in detail.

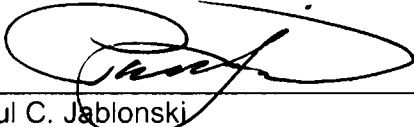
Attachments G, H, I, and J detail the energy rate assumptions for the 2011 fiscal year. Staff projects rates for CNG, diesel, and gasoline at \$0.941 per therm, \$2.60 per gallon, and \$2.80 per gallon, respectively.

Five-Year Operating Forecast

Attachment K provides a look at MTS operations through FY 15.

Passenger revenues are projected to increase by approximately 2% over the next four years. Early sales tax projections for FY 12 show a slight increase of approximately 1%, which impacts MTS's TDA and TransNet subsidy revenue. Expenses are projected to increase by approximately 2.5% over the following four fiscal years primarily due to expected continued operating expense increases including energy costs.

The MTS FY 11 operating budget closing strategy includes the utilization of one-time funds, including \$5 million in TDA capital funds and \$3.2 million in CNG credits that previously have been used in the capital budget. Since these one-time funds are removed beginning in FY 12, our projected deficits range from \$11 million in FY 12 to \$15.6 million in FY 15.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Larry Marinesi, 619.557.4542, larry.marinesi@sdmts.com

MAY20-10.C2.FY 11 OPERATING BUDGET.MTHOMPSON.doc

- Attachments:
- A. Operating Revenue Summary
 - B. Operating Revenue
 - C. Nonoperating Revenue
 - D. Operating Statistics
 - E. Operating Budget – Consolidated
 - F. Total Operating Budget
 - G. FY 11 Projected CNG Price
 - H. FY 11 Projected Diesel Price
 - I. FY 11 Projected Gasoline Price
 - J. Energy Impact on Operations
 - K. Five-Year Financial Projections

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATING BUDGET
REVENUE SUMMARY
FISCAL YEAR 2011**

	<u>BUDGET FY10</u>	<u>PROJECTED FY10</u>	<u>BUDGET FY11</u>	<u>DOLLAR CHANGE BUDGET/ PROJECTED</u>	<u>% CHANGE BUDGET/ PROJECTED</u>
OPERATING REVENUE					
PASSENGER REVENUE	93,680,214	85,910,826	88,752,066	2,841,240	3.3%
ADVERTISING REVENUE	1,274,432	729,744	1,359,800	630,056	86.3%
CONTRACT SERVICE REVENUE	29,400	30,000	30,000	0	-
OTHER INCOME	5,719,548	5,125,387	4,269,247	(856,140)	-16.7%
Total Operating Revenue	<u>100,703,594</u>	<u>91,795,957</u>	<u>94,411,114</u>	<u>2,615,157</u>	<u>2.8%</u>
SUBSIDY REVENUE					
FEDERAL REVENUE	38,224,175	44,533,668	38,624,305	(5,909,362)	-13.3%
TRANSPORTATION DEVELOPMENT ACT (TDA)	51,299,413	53,246,444	53,551,399	304,955	0.6%
STATE TRANSIT ASSISTANCE (STA)	0	0	0	0	-
STATE REVENUE - OTHER	1,000,000	1,000,000	1,600,000	600,000	60.0%
TRANSNET	22,768,984	18,551,047	19,014,315	463,268	2.5%
OTHER LOCAL SUBSIDIES	1,633,578	4,356,491	4,452,306	95,816	2.2%
Total Subsidy Revenue	<u>114,926,150</u>	<u>121,687,650</u>	<u>117,242,326</u>	<u>(4,445,324)</u>	<u>-3.7%</u>
OTHER REVENUE					
OTHER FUNDS	7,584,715	7,584,715	7,580,764	(3,951)	-0.1%
RESERVES REVENUE	1,891,928	9,783,867	92,217	(9,691,650)	-99.1%
Total Other Revenues	<u>9,476,643</u>	<u>17,368,582</u>	<u>7,672,981</u>	<u>(9,695,601)</u>	<u>-55.8%</u>
GRAND TOTAL REVENUES	<u><u>225,106,386</u></u>	<u><u>230,852,189</u></u>	<u><u>219,326,421</u></u>	<u><u>(11,525,768)</u></u>	<u><u>-5.0%</u></u>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATING BUDGET
OPERATING REVENUE
FISCAL YEAR 2011**

	<u>BUDGET FY10</u>	<u>PROJECTED FY10</u>	<u>BUDGET FY11</u>	<u>DOLLAR CHANGE BUDGET/ PROJECTED</u>	<u>% CHANGE BUDGET/ PROJECTED</u>
<u>Passenger Revenue</u>					
Internal Bus Operations	27,229,225	26,659,513	27,208,351	548,838	2.1%
Rail Operations - Base	36,829,934	31,788,271	33,576,682	1,788,411	5.6%
MCS - Fixed route	23,637,303	21,980,359	23,220,777	1,240,417	5.6%
MCS - Paratransit	2,228,634	1,861,488	1,482,817	(378,671)	-20.3%
Chula Vista Transit	3,755,118	3,621,194	3,263,439	(357,755)	-9.9%
Total Passenger Revenue	<u>93,680,214</u>	<u>85,910,826</u>	<u>88,752,066</u>	<u>2,841,240</u>	<u>3.3%</u>
<u>Advertising Revenue</u>					
Administration	1,274,432	729,744	1,359,800	630,056	86.3%
Total Advertising Revenue	<u>1,274,432</u>	<u>729,744</u>	<u>1,359,800</u>	<u>630,056</u>	<u>86.3%</u>
<u>Contract Service Revenue</u>					
Internal Bus Operations	29,400	30,000	30,000	-	-
Total Contract Service Revenue	<u>29,400</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
<u>Other Income</u>					
Internal Bus Operations	60,000	60,000	60,000	-	-
Rail Operations - Base	520,400	536,876	724,956	188,080	35.0%
Administrative	4,274,148	3,531,115	2,509,285	(1,021,830)	-28.9%
Taxicab	750,000	840,396	819,900	(20,496)	-2.4%
SD&AE	115,000	157,000	155,106	(1,894)	-1.2%
Total Other Income	<u>5,719,548</u>	<u>5,125,387</u>	<u>4,269,247</u>	<u>(856,140)</u>	<u>-16.7%</u>
TOTAL OPERATING REVENUE	<u><u>100,703,594</u></u>	<u><u>91,795,957</u></u>	<u><u>94,411,114</u></u>	<u><u>2,615,157</u></u>	<u><u>2.8%</u></u>

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATING BUDGET
NON OPERATING REVENUE
FISCAL YEAR 2011**

	<u>BUDGET FY10</u>	<u>PROJECTION FY10</u>	<u>BUDGET FY11</u>	<u>DOLLAR CHANGE BUDGET/ PROJECTED</u>	<u>% CHANGE BUDGET/ PROJECTED</u>
<u>FEDERAL</u>					
FTA 5307 - Planning	17,500	17,500	17,500	-	-
FTA 5307/5309 - Preventative Maintenance	33,200,000	33,200,000	33,200,000	-	-
ADA PM	3,600,000	4,089,500	4,253,000	163,500	4.0%
ARRA - 10%	-	5,860,000	-	(5,860,000)	-100.0%
JARC	1,079,005	1,045,954	804,999	(240,956)	-23.0%
FTA 5311 / 5311(f) - Rural	327,670	320,713	348,806	28,093	8.8%
Total Federal Funds	38,224,175	44,533,668	38,624,305	(5,909,362)	-13.3%
<u>TRANSPORTATION DEVELOPMENT ACT (TDA)</u>					
TDA - Article 4.0 MTS Area	47,235,682	49,719,700	49,897,106	177,406	0.4%
TDA - Article 4.5 (ADA)	3,696,972	3,188,412	3,198,045	9,633	0.3%
TDA - Article 8.0	366,758	338,332	456,248	117,916	34.9%
Total TDA Funds	51,299,413	53,246,444	53,551,399	304,955	0.6%
<u>STATE REVENUE - OTHER</u>					
MediCal	1,000,000	1,000,000	1,600,000	600,000	60.0%
Total State Funds	1,000,000	1,000,000	1,600,000	600,000	60.0%
<u>TRANSNET</u>					
TransNet - 40% Operating Support	20,020,739	15,799,228	16,232,685	433,458	2.7%
TransNet - Access ADA	676,943	564,966	576,464	11,498	2.0%
TransNet - Superloop	2,071,302	2,186,853	2,205,166	18,312	0.8%
Total TransNet Funds	22,768,984	18,551,047	19,014,315	463,268	2.5%
<u>OTHER LOCAL</u>					
City of San Diego	824,016	428,918	428,918	-	-
SANDAG - Inland Breeze	500,000	500,000	500,000	-	-
SANDAG - 4S Ranch	180,120	182,459	175,202	(7,257)	-4.0%
Other	129,442	125,113	148,186	23,073	18.4%
CNG Rebates	-	3,120,000	3,200,000	80,000	2.6%
Other Local Funds	1,633,578	4,356,491	4,452,306	95,816	2.2%
<u>LEASE-LEASEBACK / RESERVES</u>					
Lease-Leaseback	7,584,715	7,584,715	7,580,764	(3,951)	-0.1%
Reserve Utilization	1,891,928	9,783,867	92,217	(9,691,650)	-99.1%
Total Lease-Leaseback / Reserves	9,476,643	17,368,582	7,672,981	(9,695,601)	-55.8%
TOTAL NON OPERATING REVENUE	124,402,792	139,056,232	124,915,307	(14,140,925)	-10.2%

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATING BUDGET
OPERATING STATISTICS
FISCAL YEAR 2011

Att. D, AI C2, 5/20/10

	BUDGET FY10	PROJECTED FY10	INITIAL FY11 BUDGET	DOLLAR CHANGE BUDGET/ PROJECTED	% CHANGE BUDGET/ PROJECTED
<u>Total Passenger Levels</u>					
Internal Bus Operations	28,003,992	26,859,168	26,526,680	(332,488)	-1.2%
Rail Operations - Base	37,195,944	29,672,640	30,784,239	1,111,599	3.7%
MCS - Fixed Route	22,753,541	20,489,963	21,681,964	1,192,001	5.8%
MCS - Paratransit	564,384	421,382	395,605	(25,777)	-6.1%
Chula Vista Transit	3,703,126	3,604,984	3,218,493	(386,492)	-10.7%
Total	92,220,986	81,048,138	82,606,980	1,558,843	1.9%
<u>Total Average Fare</u>					
Internal Bus Operations	0.972	0.993	1.026	0.033	3.3%
Rail Operations - Base	0.990	1.071	1.091	0.019	1.8%
MCS - Fixed Route	1.039	1.073	1.071	(0.002)	-0.2%
MCS - Paratransit	3.949	4.418	3.748	(0.669)	-15.2%
Chula Vista Transit	1.014	1.004	1.014	0.009	0.9%
Total	1.016	1.060	1.074	0.014	1.4%
<u>Revenue Miles</u>					
Internal Bus Operations	8,797,321	8,623,796	8,095,626	(528,171)	-6.1%
Rail Operations - Base	8,172,920	7,892,483	7,784,860	(107,623)	-1.4%
MCS - Fixed Route	8,672,530	8,396,451	8,061,318	(335,133)	-4.0%
MCS - Paratransit	3,636,328	3,081,809	3,110,554	28,745	0.9%
Chula Vista Transit	1,182,164	1,132,435	1,028,243	(104,192)	-9.2%
Total	30,461,264	29,126,974	28,080,600	(1,046,374)	-3.6%
<u>Total Miles</u>					
Internal Bus Operations	10,204,892	9,733,402	9,096,743	(636,659)	-6.5%
Rail Operations - Base	8,277,621	7,983,429	7,875,806	(107,623)	-1.3%
MCS - Fixed Route	10,549,430	10,016,269	9,587,804	(428,466)	-4.3%
MCS - Paratransit	4,845,399	4,168,798	4,003,070	(165,728)	-4.0%
Chula Vista Transit	1,371,345	1,247,998	1,135,967	(112,031)	-9.0%
Total	35,248,686	33,149,896	31,699,389	(1,450,506)	-4.4%
<u>Revenue Hours</u>					
Internal Bus Operations	813,623	787,134	740,525	(46,609)	-5.9%
Rail Operations - Base	441,145	374,110	370,436	(3,674)	-1.0%
MCS - Fixed Route	790,963	768,745	742,854	(25,892)	-3.4%
MCS - Paratransit	215,160	180,940	154,921	(26,020)	-14.4%
Chula Vista Transit	113,681	109,493	100,531	(8,962)	-8.2%
Total	2,374,572	2,220,421	2,109,266	(111,156)	-5.0%
<u>Total Hours</u>					
Internal Bus Operations	862,441	825,804	775,181	(50,623)	-6.1%
Rail Operations - Base	447,698	381,425	377,834	(3,591)	-0.9%
MCS - Fixed Route	857,007	818,907	791,026	(27,882)	-3.4%
MCS - Paratransit	277,698	237,223	205,433	(31,790)	-13.4%
Chula Vista Transit	120,502	115,108	105,750	(9,358)	-8.1%
Total	2,565,346	2,378,467	2,255,223	(123,244)	-5.2%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2011**

Att. E, AI C2, 5/20/10

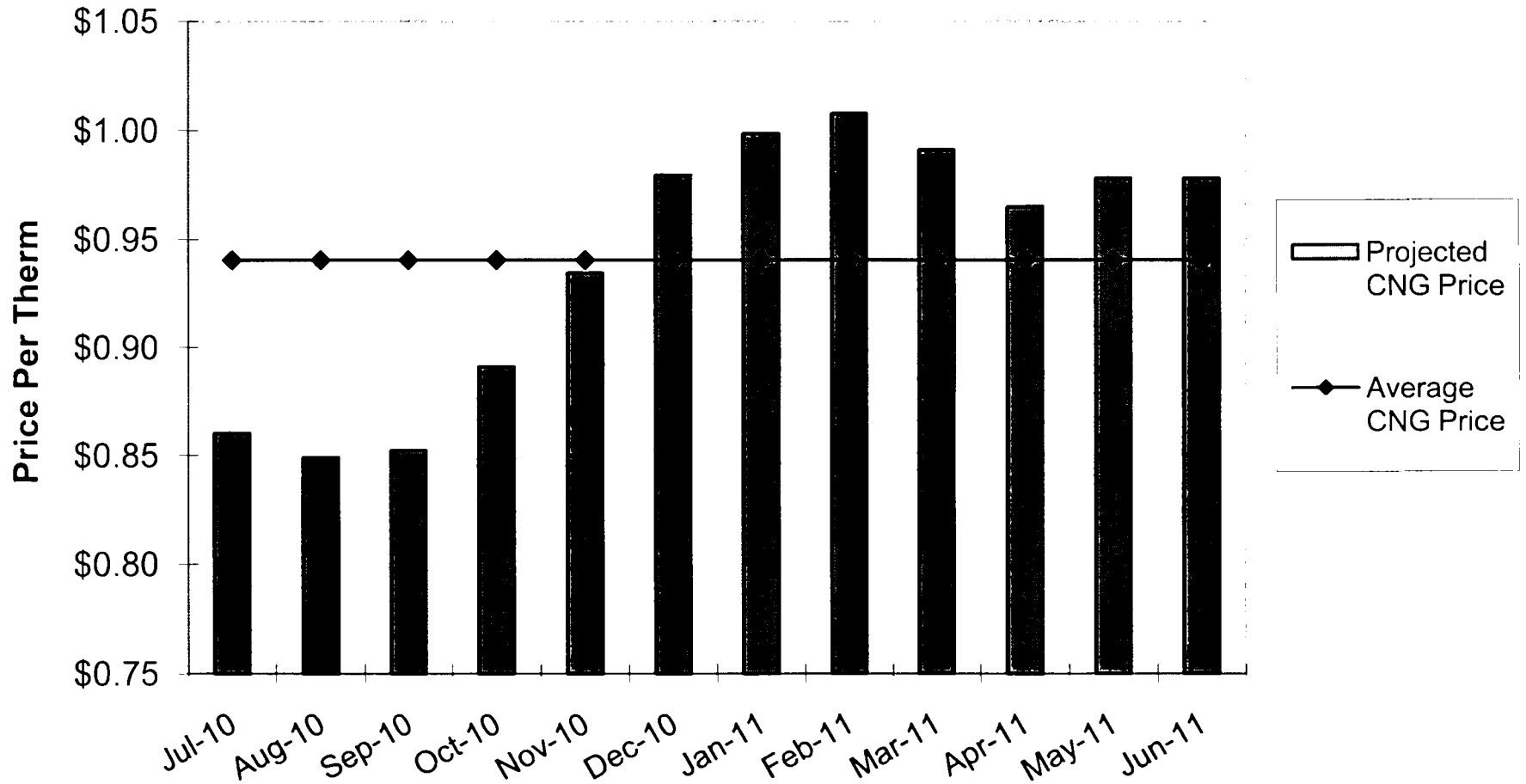
in (\$000s)

	<u>ORIGINAL BUDGET FY10</u>	<u>AMENDED BUDGET FY10</u>	<u>ORIGINAL BUDGET FY11</u>	<u>\$ VARIANCE FY11 BUDGET TO FY10 AMENDED</u>	<u>% VARIANCE FY11 BUDGET TO FY10 AMENDED</u>
PASSENGER REVENUE	93,680	85,911	88,752	2,841	3.3%
OTHER REVENUE	7,023	5,885	5,659	(226)	-3.8%
TOTAL OPERATING REVENUES	100,704	91,796	94,411	2,615	2.8%
TOTAL NON-OPERATING REVENUE	124,403	139,056	124,915	(14,141)	-10.2%
TOTAL REVENUES	225,106	230,852	219,326	(11,526)	-5.0%
PERSONNEL EXPENSES	101,263	107,479	104,608	(2,871)	-2.7%
OUTSIDE SERVICES	15,777	16,484	16,332	(151)	-0.9%
PURCHASED TRANSPORTATION	56,076	53,112	52,522	(590)	-1.1%
MATERIALS AND SUPPLIES	6,990	6,980	7,002	22	0.3%
ENERGY	26,971	25,303	21,616	(3,687)	-14.6%
RISK MANAGEMENT	4,033	4,236	4,142	(94)	-2.2%
GENERAL AND ADMINISTRATIVE	1,241	1,328	1,308	(21)	-1.5%
VEHICLE / FACILITY LEASE	624	613	634	21	3.4%
DEBT SERVICE	12,131	15,318	11,161	(4,156)	-27.1%
TOTAL OPERATING EXPENSES	225,106	230,852	219,326	(11,526)	-5.0%
OVERHEAD ALLOCATION	-	-	-	-	-
TOTAL REVENUES LESS TOTAL EXPENSE	0	(0)	(0)	(0)	-
NET OPERATING SUBSIDY	(124,403)	(139,056)	(124,915)	14,141	10.2%

San Diego Metropolitan Transit System
Total Operating Budget
Fiscal Year 2011
(in \$000's)

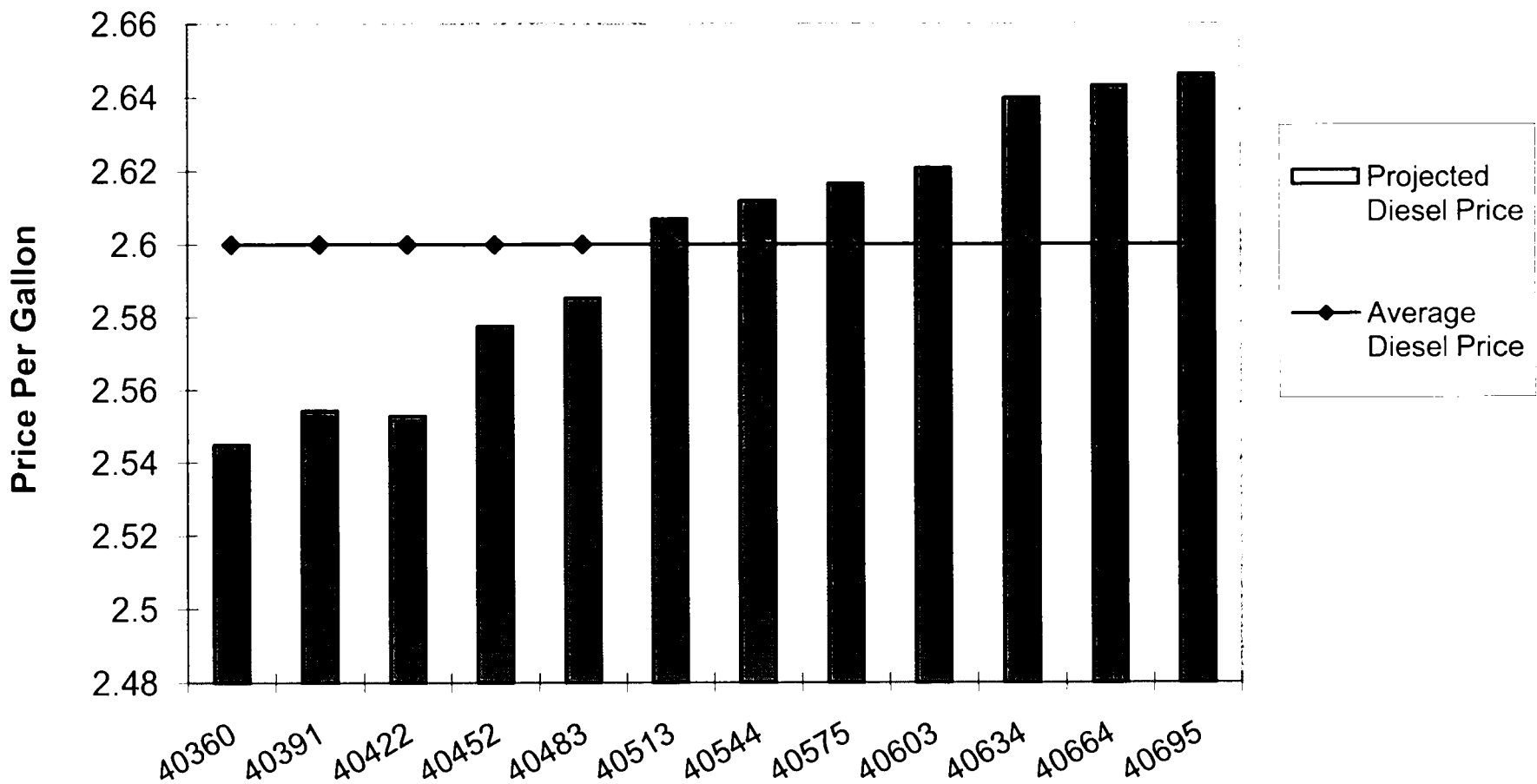
	FY 2010 Mid Year Expense Budget	FY 2011 Current Expense Budget	Difference	Percent Variance
Operations				
Internal Bus Operations	85,249	75,835	(9,413)	-11.0%
Rail Operations	47,283	47,046	(237)	-0.5%
Contract Services - Fixed Route	46,422	44,639	(1,783)	-3.8%
Contract Services - Paratransit	11,420	11,281	(139)	-1.2%
Chula Vista Transit	6,542	6,289	(253)	-3.9%
Coronado Ferry	137	139	3	1.9%
Administrative Pass Through	344	344	-	0.0%
Combined Operations	197,397	185,574	(11,823)	-6.0%
Other Operations				
Taxicab Administration	925	838	(87)	-9.5%
San Diego & Arizona Eastern	176	147	(28)	-16.0%
Combined Other Operations	1,101	985	(116)	-10.5%
Administrative				
Board of Directors	93	96	3	3.2%
BOD Admin	141	144	3	2.0%
Bus Bench / Bus Shelter	283	281	(2)	-0.7%
Executive	495	505	10	2.1%
Finance	1,347	1,377	30	2.2%
Fringes	4,044	4,079	35	0.9%
General	9,774	9,604	(171)	-1.7%
Human Resources	1,336	1,376	40	3.0%
Information Technology	1,977	2,136	159	8.1%
Land Management	409	418	9	2.2%
Legal	266	337	71	26.8%
Marketing	1,267	1,477	210	16.6%
Multimodal Operations	-	-	-	0.0%
Operations Planning	620	633	13	2.0%
Procurement	644	698	54	8.4%
Revenue	-	-	-	0.0%
Risk	710	656	(54)	-7.6%
Security	7,997	8,025	27	0.3%
Telephone Information Services	654	579	(76)	-11.6%
Transit Store	297	347	50	16.9%
Combined Administrative	32,354	32,767	413	1.3%
Combined Grand Total	230,852	219,326	(11,526)	-5.0%

FY11 CNG Projection



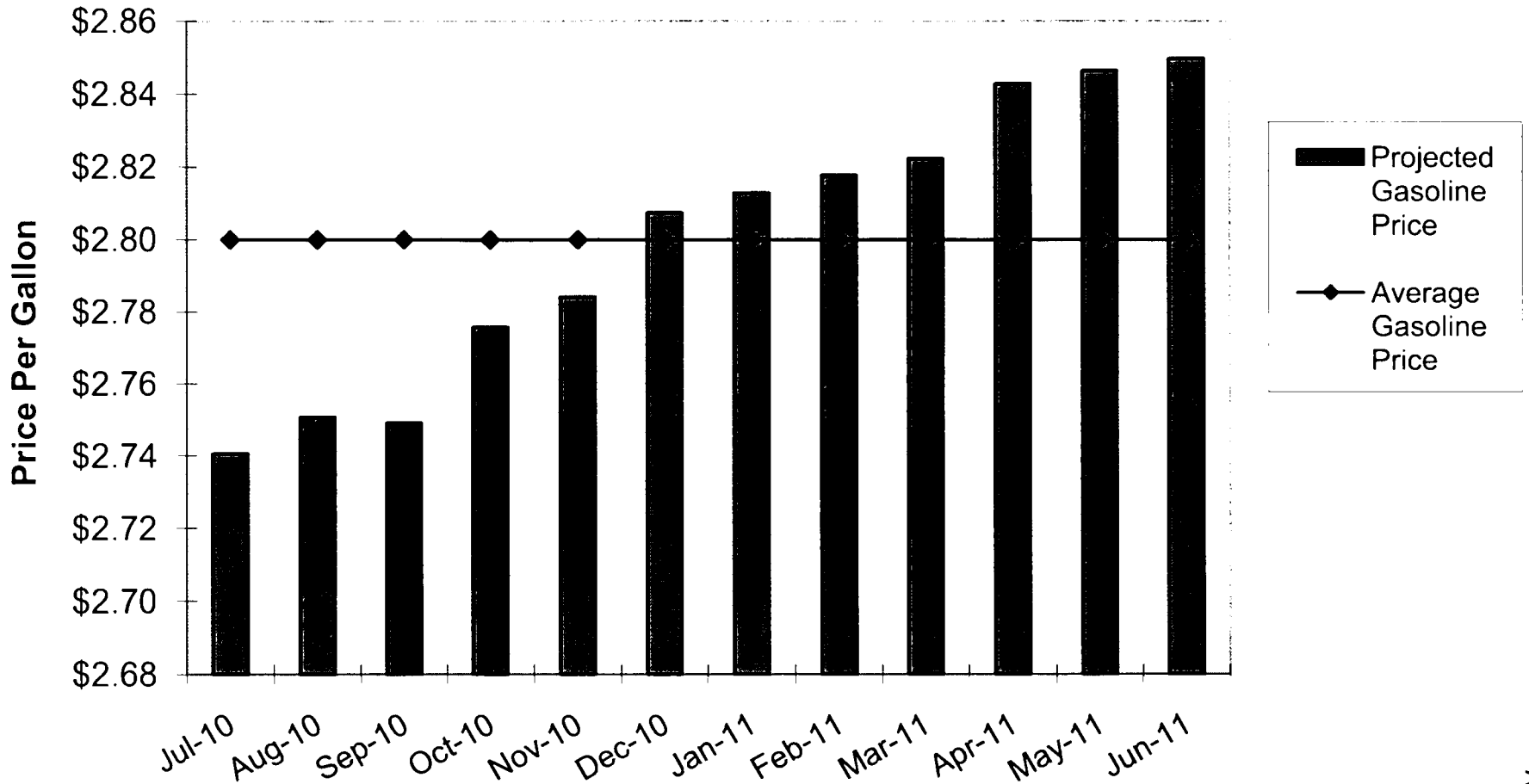
FY11 Projected Average CNG Price = \$0.941

FY11 Diesel Projection



FY11 Projected Average Diesel Price = \$2.60

FY11 Gasoline Projection



FY11 Projected Average Gasoline Price = \$2.80

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
 Fiscal Year 2011
 Energy Impact on Operations

Average annual cost per \$0.01 increase in price

		CNG		Diesel		Gasoline	
		74,082		8,273		11,017	
Annual budgetary impact at annual average prices							
		CNG		Diesel		Gasoline	
		Average	Annual	Average	Annual	Average	Annual
		Annual Price	Budgetary Impact	Annual Price	Budgetary Impact	Annual Price	Budgetary Impact
Budget Rate		0.881	(444,491)	2.400	(165,466)	2.600	(220,342)
		0.911	(222,246)	2.500	(82,733)	2.700	(110,171)
		0.941	-	2.600	-	2.800	-
		0.971	222,246	2.700	82,733	2.900	110,171
		1.001	444,491	2.800	165,466	3.000	220,342
		1.031	666,737	2.900	248,199	3.100	330,513

* CNG usage represents 92% of San Diego Transit operations

MTS FY11 Budgeted Cost Per Mile

CNG		Diesel	
\$	0.448	\$	0.647

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
FIVE YEAR FINANCIAL PROJECTIONS
FISCAL YEAR 2011**

	<u>APPROVED BUDGET FY10</u>	<u>AMENDED BUDGET FY10</u>	<u>PROPOSED BUDGET FY11</u>	<u>PROJECTED FY12</u>	<u>PROJECTED FY13</u>	<u>PROJECTED FY14</u>	<u>PROJECTED FY15</u>
TOTAL OPERATING REVENUES	100,703,594	91,795,957	94,411,114	96,111,000	97,972,000	99,884,000	101,836,000
RECURRING SUBSIDY FUNDING	114,926,150	121,687,650	117,242,326	109,776,300	111,152,300	113,251,300	116,130,300
TOTAL RECURRING REVENUES	215,629,743	213,483,607	211,653,440	205,887,300	209,124,300	213,135,300	217,966,300
BASE COMBINED OPERATOR TRANSP. SERVICES	191,450,125	197,397,278	185,574,088	190,213,000	194,968,000	199,842,000	204,838,000
ADMINISTRATIVE EXPENSES	25,132,618	24,769,474	25,186,472	25,816,000	26,461,000	27,123,000	27,801,000
OTHER ACTIVITIES	938,928	1,100,723	985,098	1,010,000	1,035,000	1,061,000	1,088,000
TOTAL RECURRING OPERATING EXPENSES	217,521,671	223,267,474	211,745,657	217,039,000	222,464,000	228,026,000	233,727,000
ANNUAL RECURRING EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	(1,891,928)	(9,783,867)	(92,218)	(11,151,700)	(13,339,700)	(14,890,700)	(15,760,700)
NON RECURRING REVENUES	1,891,928	9,783,867	92,217	160,000	160,000	160,000	160,000
NET DEBT SERVICE/LEASE REVENUE/(EXPENSE)	-	-	-	-	-	-	-
ANNUAL EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(0)	0	(0)	(10,991,700)	(13,179,700)	(14,730,700)	(15,600,700)



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Agenda

Item No. C3

JOINT MEETING OF THE EXECUTIVE COMMITTEE
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

FIN 320

May 20, 2010

SUBJECT:

MTS: INTERNAL REVENUE SERVICE (IRS) PAYROLL AUDIT FINDINGS
(TIFFANY LORENZEN AND LINDA MUSENGO)

RECOMMENDATION:

That the Executive Committee receive a report and provide direction to staff on proceeding with compensating Board members by paying their member agencies directly.

Budget Impact

Social security and Medicare taxes for amounts paid in 2008 and 2009 are currently estimated at \$4,888.35 for 2008 and \$4,555.58 for 2009. The amounts owed for the employee portion, including additional social security tax, are estimated to be \$5,293.29 and \$4,932.95 for 2008 and 2009, respectively.

DISCUSSION:

During a recent audit of MTS's payroll processes and records, the IRS notified MTS that elected or appointed public officials are considered employees under the United States Tax Code and that MTS is required to:

- (1) change its current practice and withhold income and social security taxes from all Board member payments in 2010 and future years;
- (2) prepare W-2s to report wages paid during the current year; and
- (3) remit social security and Medicare taxes attributable to Board member payments in 2008 and 2009.

Internal Revenue Code section 3401(c) provides “the term employee includes an officer, employee, or elected official of the United States, a State, or any political subdivision thereof.” This section governs whether an elected official is subject to income tax withholding and social security taxation. Further guidance on the interpretation of this regulation is set forth in IRS Publication 963:

A critical factor for consideration in an employee status determination is whether there is a state constitution or statute establishing a position. State statutes should be reviewed to determine whether they establish enough control for the individual to be classified as an employee under the common law test. Statutes may state that a specific position is that of a public official, in which case there is likely to be a right to control sufficient to make the individual an employee. Statutes specify the duties of a public office and generally establish the officer's superiors and subordinates, if any. Statutes establish an official's term of office and sometimes the compensation. They may require that a public official take an oath of office. Statutes often establish general and specific penalties for dereliction of duty. For instance, members of Boards who are paid for each meeting they attend may face termination if they fail to attend a certain number of meetings.

A public official has authority to exercise the power of the government and does so as an agency and employee of the government. For this reason, the Supreme Court has held that public officials are employees. A public official performs a governmental duty exercised pursuant to a public law. Buckley v. Valeo, 424 U.S. 1, 141 (1975). A public office is a position created by law, holding a delegation of a portion of the sovereign powers of government to be exercised for the benefit of the public. Metcalf & Eddy v. Mitchel, 269 U.S. 514 (1926).

The Internal Revenue Code does not define the term 'public official', but Regulation § 1.1402(c)-2(b) gives the following examples with respect to the application of self-employment tax to public officials in specific circumstances: a mayor, member of a legislature, county commissioner, state or local judge, justice of the peace, county or city attorney, marshal, sheriff, constable, or a registrar of deeds. Other examples include tax collectors, tax assessors, road commissioners, and members of boards and commissions, such as school boards, utility districts, zoning boards and boards of health. ... Very few appointed officials have sufficient independence such that they will not be considered common-law employees. In any event, elected officials are employees for income tax withholding purposes under section 3401(c).

Our independent research on this subject has substantiated the auditor's directive. We have obtained additional consistent documentation from Finance Department staff at the San Diego Association of Governments (SANDAG). The pertinent sections of the IRS code and regulations have been in effect for many years, but many public agencies, including MTS, have remained unaware of this requirement and have followed past practice.

In order to bring MTS into compliance with current law, staff will need to establish MTS Board members as employees and make decisions about communicating this information to Board members, handling outstanding tax liability, and establishing future processes.

Human Resources will need to enter employee information for each Board member in the computer system and obtain W-4 forms to establish tax withholding levels and I-9s to substantiate legal U.S. residency from all Board members. It is MTS's normal practice to obtain copies of social security cards and drivers' licenses or other government-issued IDs from all employees. MTS has a W-9 on file for each Board member, but that form is not sufficient to fulfill MTS's legal requirements under compensation regulations.

Any payments to Board members for mileage to attend Board meetings will now be taxable wages. Board members are, of course, still able to request nontaxable reimbursement for business travel, but commuting is not considered travel. Transit passes are considered no-cost benefits and are not taxable.

Parking reimbursement for Board members will also be considered a taxable fringe benefit that will need to be reported for tax purposes.

As soon as Board members are established as employees, staff will enter all 2010 payments into the payroll system to ensure that correct totals will be reported at the end of 2010. When the first payroll check is prepared for Board members, the system will do a 'catch-up' calculation for the amounts that should have been withheld from earlier 2010 checks, which means that the withholding amount will be substantially more than it will be going forward. The reduced amount of the first check may be surprising to some Board members.

Prior-year tax liability is the most problematic outcome of the audit. MTS must pay the IRS the employer portion of social security and Medicare taxes for amounts that MTS paid in 2008 and 2009, which is a straightforward MTS expense. The amounts are estimated to be \$4,888.35 for 2008 and \$4,555.58 for 2009. Of more concern is the amount that MTS must pay for the employee portion of those taxes. MTS can absorb the amounts paid for the employee portion, but the amounts paid for Board member tax liability become taxable income and will be added to their W-2s for 2010. The amounts that staff estimates to be owed for the employee portion, including additional social security tax will be \$5,293.29 and \$4,932.95 for 2008 and 2009, respectively.

To eliminate these problems going forward and to allow for mileage and parking reimbursement to be nontaxable, staff is recommending that MTS reimburse the member cities and the County directly, which would then reimburse their council members and supervisors through their regular payroll process for attendance at MTS meetings. The exception to this process would be for Mr. Mathis and Mr. Rindone who are not currently council members.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Tiffany Lorenzen, 619.557.4512, tiffany.lorenzen@sdmts.com
Linda Musengo, 619.557.4531, linda.musengo@sdmts.com

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DRAFT
Agenda

****JOINT MEETING AND FINANCE WORKSHOP****

of the
BOARD OF DIRECTORS
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

May 27, 2010

» » 9:00 a.m. « «

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

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

FINANCE WORKSHOP - 9:00 a.m.

ACTION RECOMMENDED

1. Roll Call
2. MTS: Fiscal Year 2011 Budget Development Receive
Action would receive a report on the FY 2011 operating budget development.
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.
4. Adjournment

Please turn off cell phones and pagers
during the meeting

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Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations), and San Diego Vintage Trolley, Inc., a 501(c)(3) nonprofit corporation, in cooperation with Chula Vista Transit. MTS is the taxicab administrator for seven cities. MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.

BOARD MEETING - Meeting will begin when the Finance Workshop ends.

5. a. Roll Call
- b. Approval of Minutes - May 13, 2010 Approve
- c. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please furnish a copy to the Clerk of the Board.

CONSENT ITEMS

6. MTS: Radio Communication Support Services - Contract Award Approve
Action would authorize the CEO to execute MTS Doc. No. L0947.0-10 with Day Wireless Systems for radio communication support services for a five-year period.
7. MTS: Investment Report - March 2010 Receive
Action would receive a report for information.
8. MTS: Motorola Regional Transit Management System - Contract Amendment Ratify/
Approve
Action would: (1) ratify MTS Doc. No. G0867.9-03 with Motorola as executed by the CEO at a cost of \$25,466.51; (2) authorize the CEO to execute MTS Doc. No. G0867.10-03 to the Motorola Regional Transit Management System (RTMS) contract to fund the Service Support Agreement; and (3) authorize the CEO to execute MTS Doc. No. G0868.5-03 with North County Transit District (NCTD) for a Fund Transfer Agreement.
9. SDTC: Leased Bus Tires and Related Services - Contract Award Approve
Action would authorize the CEO to execute MTS Doc. No. B0530.0-10 with Goodyear Tire and Rubber Company to lease bus tires on a tire-mile basis, including all related tire services. The resulting contract would be for a three-year base period with 2 one-year options.

CLOSED SESSION

24. a. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Pursuant to California Government Code 54956.9(a) Metropolitan Transit System v. San Diego State University (Case No. 37-2007-00083692-CU-WM-CTL) Possible
Action
- b. MTS: CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to California Government Code Section 54956.8 Possible
Action
Properties: 1313 National Avenue, San Diego, California (Assessor Parcel No. 535-612-01; 1344 National Avenue, San Diego, California (Assessor Parcel No. 535-613-04)
Agency Negotiators: Tiffany Lorenzen, General Counsel; and Tim Allison, Manager of Real Estate Assets
Negotiating Parties: George Davis Trust; ISD Triangle LLC
Under Negotiation: Price and Terms of Payment

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. MTS: Operations and Maintenance for CNG Fueling Station - Contract Award (Claire Spielberg) Approve
Action would authorize the CEO to award MTS Doc. No. B0522.0-09 to Trillium USA, LLC (doing business as California Trillium Company) for compressed natural gas (CNG) fueling facility capital improvements and ten-year follow-on operations and maintenance.

REPORT ITEMS

45. MTS: Trolley Rehabilitation Project Update (Wayne Terry and John Haggerty of SANDAG) Receive
Action would receive a report for information and provide comments.
60. Chairman's Report Information
61. Audit Oversight Committee Chairman's Report Information
62. Chief Executive Officer's Report Information
63. Board Member Communications
64. Additional Public Comments Not on the Agenda
If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments.
65. Next Meeting Date: June 10, 2010
66. Adjournment

****Coca-Cola scholarship awards immediately following today's meeting (by the Clock Tower)****



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

Agenda

Item No. 6

JOINT MEETING OF THE BOARD OF DIRECTORS
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

OPS 970.4

May 27, 2010

**Draft for
Executive Committee
Review Date: 5/20/10**

SUBJECT:

MTS: RADIO COMMUNICATION SUPPORT SERVICES – CONTRACT AWARD

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L0947.0-10 (in substantially the same form as Attachment A) with Day Wireless Systems for radio communication support services for a five-year period.

Budget Impact

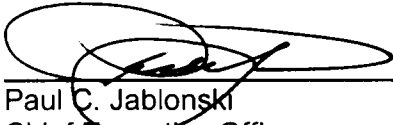
This contract would be for a five-year period with a total cost not to exceed \$293,916.00. Funding would come from the MTS trolley operating budget (fiscal years 11 through 15) comprised of 80% percent federal and 20% percent local funds.

DISCUSSION:

MTS Policy No. 52, Procurement of Goods and Services, requires a formal competitive bidding process for procurements exceeding \$100,000. In accordance with FTA Circular 4220.1F, a price analysis is required when only a single responsive bid is received for any type of formal procurement.

MTS issued an Invitation for Bids on February 25, 2010, for Radio Communication Support Services for a five-year period for San Diego Trolley rail divisions. One responsive bid was received from Day Wireless Systems. Since it was single bid, a price analysis was conducted, and it was determined that the bid prices were fair and reasonable (see cost analysis - Attachment B).

Therefore, staff recommends authorizing the CEO to execute MTS Doc. No. L0947.0-10 with Day Wireless Systems for radio communication support services for a five-year period.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Marco Yniguez, 619.557.4576, marco.yniguez@sdmts.com

MAY27-10.6.RADIO COMM SPPT SVCS.MYNIGUEZ.doc

Attachments: A. Draft MTS. Doc. No. L0947.0-10
B. Cost Analysis
C. Bid Pricing

STANDARD SERVICES AGREEMENT

L0947.0-10
CONTRACT NUMBER
OPS 970.2
FILE NUMBER(S)

DRAFT

THIS AGREEMENT is entered into this _____ day of _____ 2010, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: Day Wireless Systems Address: 8300 Juniper Creek Lane
 Form of Business: Corporation San Diego, CA 92126-1072
 (Corporation, partnership, sole proprietor, etc.) Telephone: 858.537.0709

Authorized person to sign contracts: Joseph L. Carrillo Area Business Manager
 Name Title

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

Provide radio communication support services for five-year period as stipulated in MTS's invitation for Bids, (IFB) MTS Doc. No L0947.0-10: including Addenda, Responses to Approved Equals/Clarifications; and in accordance with the Standard Services Agreement, including the Standard Conditions for Services, Federal Requirements, MTS's Safety Program, and Bid Proposal dated April 22, 2010 (hereinafter "Contract Documents"). If there are any inconsistencies between the Contract Documents, the following order of precedence will govern the interpretation of the contract.

1. Invitation for Bids, Addenda, Responses to Approved Equals/Clarifications, MTS's Safety Program, and the Contractor's Bid.
2. Standard Services Agreement, including the Standard Conditions Services, and Federal Requirements.

This contract shall be effective 7/01/2010 through 6/30/2015. The total amount of this contract shall not exceed \$293,916.00.

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

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$293,916.00	270-53650	10-15

By: Chief Financial Officer _____ Date _____



Purchasing Department
1255 Imperial Ave., Suite 1000
San Diego, CA 92101
619.557.4576 FAX 619.696.7084

Att. B, AI 6, 5/27/10

MEMORANDUM

DATE: May 04, 2010
TO: Procurement file
FROM: Marco Yniguez

SUBJECT: Price Analysis / Single Responsive Bidder

Background

MTS/San Diego Trolley (SDTI) has 102 miles of track and operates 134 light rail vehicles to provide safety and security. SDTI mandates radio based communication system. MTS Policy No. 52 governing procurement of goods and services requires a formal competitive bid process for procurements exceeding \$100,000.

On February 25, 2010, MTS issued an Invitation for Bid (IFB) to interested parties for Radio Communication Support Services. This contract would provide continued support services for five a (5) year period. On April 22, 2010, MTS received a single responsive bid in response to the Radio Communication Support Services IFB, MTS Doc. No. L0947.0-10. MTS conducted a thorough review and found that Day Wireless System was responsive to all the requirements outlined in the IFB solicitation.

Price Analysis

In accordance with FTA Circular 4220.1F, Paragraph 2 (Chapter VI-16), grantees are required to perform a cost or price analysis in connection with receiving a single responsive bid/proposal.

- Full and open completion was required for this IFB. MTS publicly advertised the Radio Communication Support Services to various newspapers: San Diego Union Tribune, SD Daily Transcript, SD Voice and Viewpoint, and La Prensa.
- MTS did a post-bid survey to determine why other companies were not able to submit bids for this IFB. Based on the responses received. MTS staff determined the reasons were as-follows: the equipment utilized by SDTI was too old and the manufacturer would not be supporting it in the near future, no interest in bidding and requirements in the solicitation too big of a risk.
- In review of the Day Wireless Systems bid, the per item cost estimates for all five (5) years are basically unchanged from the current contract price list and the total cost differential is related to our increase of thirty eight (38%) percent radio equipment inventory. Also, Day Wireless Systems submitted only a 3.985 percent price increase per year for all five (5) years
- Day Wireless Systems, the incumbent, will be able to meet all related issue with the 2013 FCC narrow-banding requirements and any programming changes that will be warranted in the term of this contract.

Conclusion

The pricing provided by Day Wireless Systems is consistent and is similar with past and current projects completed by them. MTS has determined their bid to be fair, responsive and reasonable therefore staff highly recommends awarding a five year services agreement to Day Wireless Systems.

GRAND TOTALS - BASIS OF AWARD:

		<i>Day Wireless system</i>	
1	Total Year 2011:	\$	54,624.00
2	Total Year 2012:	\$	54,648.00
3	Total Year 2013:	\$	57,576.00
4	Total Year 2014:	\$	61,560.00
5	Total Year 2015:	\$	65,508.00
<i>GRAND TOTAL:</i>		\$	293,916.00



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Agenda

Item No. 7

JOINT MEETING OF THE BOARD OF DIRECTORS
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

FIN 305

**Draft for
Executive Committee
Review Date: 5/20/10**

May 27, 2010

SUBJECT:

MTS: INVESTMENT REPORT – MARCH 2010

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

Attachment A comprises the report of MTS investments as of March 2010. The first column provides details about investments restricted for capital improvement projects and debt service—the majority of which are related to the 1995 lease and leaseback transactions. The balance in restricted cash and investments has decreased by \$351,000 due to the market value adjustment of one investment instrument. The funds restricted for debt service are structured investments with fixed returns that will not vary with market fluctuations if held to maturity. These investments are held in trust and will not be liquidated in advance of the scheduled maturities.

The second column (unrestricted investments) reports the working capital for MTS operations for employee payroll and vendors' goods and services. The balance in unrestricted cash and equivalents has increased by \$2.6 million in March due to normal variability in the timing of grant receipts and vendor payments.

Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Linda Musengo, 619.557.4513, Linda.Musengo@sdmts.com

MAY27-10.7.INVESTMT RPT MARCH.LMUSENGO.doc

Attachment: A. MTS Investments as of March 2010

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

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations), and San Diego Vintage Trolley, Inc., a 501(c)(3) nonprofit corporation, in cooperation with Chula Vista Transit. MTS is the taxicab administrator for seven cities. MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.

**San Diego Metropolitan Transit System
Investment Report
March 31, 2010**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	Average rate of return
Cash and Cash Equivalents				
Bank of America - concentration sweep account	\$ 1,209,485	\$ 18,192,990	\$ 19,402,475	0.00%
Total Cash and Cash Equivalents	<u>1,209,485</u>	<u>18,192,990</u>	<u>19,402,475</u>	
Cash - Restricted for Capital Support				
US Bank - retention trust account	205,200		205,200	N/A *
Local Agency Investment Fund (LAIF) Proposition 1B TSGP grant funds	<u>2,683,459</u>		<u>2,683,459</u>	0.55%
Total Cash - Restricted for Capital Support	<u>2,888,659</u>	<u>-</u>	<u>2,888,659</u>	
Investments - Working Capital				
Local Agency Investment Fund (LAIF)		18,065,749	18,065,749	0.55%
Bank of New York				
Total Investments - Working Capital	<u>-</u>	<u>18,065,749</u>	<u>18,065,749</u>	
Investments - Restricted for Debt Service				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	34,244,059	-	34,244,059	
Rabobank - Payment Undertaking Agreement	<u>84,951,545</u>	<u>-</u>	<u>84,951,545</u>	7.69%
Total Investments Restricted for Debt Service	<u>119,195,604</u>	<u>-</u>	<u>119,195,604</u>	
Total cash and investments	<u>\$ 123,293,748</u>	<u>\$ 36,258,739</u>	<u>\$ 159,552,487</u>	

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



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Agenda

Item No. 8

JOINT MEETING OF THE BOARD OF DIRECTORS
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

CIP 10940 (PC 50661)

**Draft for
Executive Committee
Review Date: 5/20/10**

May 27, 2010

SUBJECT:

MTS: MOTOROLA REGIONAL TRANSIT MANAGEMENT SYSTEM – CONTRACT AMENDMENT

RECOMMENDATION:

That the Board of Directors:

1. ratify MTS Doc. No. G0867.9-03 (Attachment A) with Motorola as executed by the Chief Executive Officer (CEO) at a cost of \$25,466.51;
2. authorize the CEO to execute MTS Doc. No. G0867.10-03 (Attachment B) to the Motorola Regional Transit Management System (RTMS) contract to fund the Service Support Agreement; and
3. authorize the CEO to execute MTS Doc. No. G0868.5-03 (Attachment C) with North County Transit District (NCTD) for a Fund Transfer Agreement.

Budget Impact

MTS Doc. No. G0867.10-03 would not exceed \$774,739. The total adjusted cost of the contract would not exceed \$22,870,314.37 without prior written approval from MTS. Funding for Amendment No. 10 would be paid by MTS and NCTD operating funds. MTS's share of the \$774,739 would be \$478,159 and would be paid by operating funds. NCTD's cost share of \$296,580 would be governed by the approved Fund Transfer Agreement.

DISCUSSION:

Background Information

The RTMS is a sophisticated vehicle-tracking and communications system that provides for performance and security/safety monitoring of transit vehicles. The regional system is currently being used to support operations of San Diego Transit Corporation and NCTD fixed-route services. The system was deployed through a contract with Motorola and went into full operation in December 2006.

Amendment No. 9 to the Motorola Contract (Attachment A)

The CEO authorized this amendment for \$25,466.51 for the installation of test fixtures and associated electrical work for the Traffic Signal Priority Project. These test fixtures are for the Traffic Signal Priority System that was installed under Amendment No. 7.

Amendment No. 10 to Motorola Service Agreement (Attachment B)

Amendment No.10 (MTS Doc. No. G0867.10-03) would extend the Motorola warranty support contract to cover the period from July 1, 2010, to June 30, 2011. The cost of the warranty contract is being shared by MTS and NCTD as outlined in the Fund Transfer Agreement.

Amendment No. 5 to the NCTD Fund Transfer Agreement (Attachment C)

As part of the original contract award, MTS and NCTD executed a Fund Transfer Agreement, which provided for the MTS contract execution and NCTD cost-sharing. The extension to the Motorola warranty support contract is a shared expense and affects NCTD's cost share, which required an amendment to the Fund Transfer Agreement.

These contract amendments are necessary to support continued project expansion activities and deliver enhancements to the RTMS system that improve service delivery to the region and the riding public.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Stevan White, 619.238.0100 Ext. 6412, stevan.white@sdmts.com

MAY27-10.8.MOTOROLA RTMS AMDMT.MLAWRENCE.doc

- Attachments: A. Motorola Amendment (MTS Doc No. G0867.09-03)
B. Motorola Amendment (MTS Doc No. G0867.10-03)
C. NCTD Fund Transfer Agreement (MTS Doc No. G0868.05-03)



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 San Diego, CA 92101-7490
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November 2, 2009

ORIGINAL

MTS Doc. No. G0867.9-03
 CIP 10940

Mr. Howard Chercoe
 Director of System Integration
 Motorola, Inc.
 6450 Sequence Drive
 San Diego, CA 92121

Dear Mr. Chercoe:

Subject: AMENDMENT NO. 9 TO MTS DOC. NO. G0867.0-03; AMENDMENT NO. 7 FOR
 ADDITIONAL COSTS FOR TEST FIXTURES –REGIONAL TRANSIT MANAGEMENT
 SYSTEM

This letter will serve as Amendment No. 9 to the above-referenced contract and in response to the Motorola cost proposals listed below. These proposals have been evaluated and determined to be fair and reasonable. MTS is processing this amendment to facilitate implementation and better meet the operational needs of the system and to deploy project components.

Motorola Cost Proposal	Amount
Motorola Amend 7- Additional Test Fixtures	\$25,466.51
Total Amount of this Amendment	\$25,466.51

The following table lists the current value of the contract inclusive of previous amendments.

Contract Value

Contract Phases	Amount
Initial Contract	\$19,176,856.00
Amendment No. 1	\$10,336.00
Amendment No. 2	\$678,384.00
Amendment No. 3	\$99,712.00
Amendment No. 4	\$119,461.50
Amendment No. 5	\$702,711.00
Amendment No. 6	\$0.00
Amendment No. 7	\$544,802.00
Amendment No. 8	\$737,846.52
Amendment No. 9	\$25,466.51
Contract Total	22,095,575.53
Paid to date	(\$20,393,815.50)
Balance	\$1,701,760.03



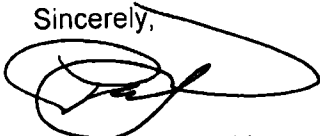
Mr. Howard Chercoe
November 2, 2009
Page 2

Att. A, AI 8, 5/27/10

MOTOROLA SHALL COMPLETE THE AMENDMENT NO. 9 WORK PER THE TRAFFIC SIGNAL PRIORITY ADDITIONAL COST SUMMARY PROPOSAL DATED JANUARY 6, 2009 AND PREVIOUS AMENDMENTS NO. 7 AS DIRECTED BY THE PROJECT MANAGER.

All previous conditions remain in effect. If you agree with the above, please sign below, and return the document marked "Original" to the Contracts Specialist at MTS. The other copy is for your records.

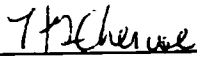
Sincerely,



Paul C. Jablonski
Chief Executive Officer

CBROWN-CL
CL-G0867.9-03.MOTOROLA.DBOSSERT

Accepted:



Howard Chercoe
Motorola, Inc.

Date: 11/16/2009

DRAFT

Att. B, AI 8, 5/27/10

May 27, 2010

MTS Doc. No. G0867.10-03
CIP 10940

Mr. Howard Chercoe
Director of System Integration
Motorola, Inc.
6450 Sequence Drive
San Diego, CA 92121

Dear Mr. Chercoe:

Subject: AMENDMENT NO. 10 TO MTS DOC. NO. G0867.0-03; CHANGE TO REGIONAL
TRANSIT MANAGEMENT SYSTEM

This letter will serve as Amendment No. 10 to the above-referenced contract and in response to the Motorola cost proposals listed below. These proposals have been evaluated and determined to be fair and reasonable. MTS is processing this amendment to facilitate implementation and better meet the operational needs of the system and to deploy project components.

MOTOROLA COST PROPOSAL	AMOUNT
Motorola Service Agreement - S00001010649	\$774,738.88
Total Amount of this Amendment	\$774,738.88

The following table lists the current value of the contract inclusive of previous amendments.

CONTRACT VALUE

CONTRACT PHASES	AMOUNT
Initial Contract	\$19,176,856.00
Amendment No. 1	\$10,336.00
Amendment No. 2	\$678,384.00
Amendment No. 3	\$99,712.00
Amendment No. 4	\$119,461.50
Amendment No. 5	\$702,711.00
Amendment No. 6	\$0.00
Amendment No. 7	\$544,802.00
Amendment No. 8	\$737,846.52
Amendment No. 9	\$25,466.51
Amendment No. 10	\$774,738.88
Contract Total	\$22,870,314.37

Letter to Mr. Howard Chercoe
May 27, 2010
Page 2 of 2

MOTOROLA SHALL COMPLETE THE WORK IN AMENDMENT NO. 10 PER THE SERVICE AGREEMENT AS DIRECTED BY THE PROJECT MANAGER.

All previous conditions remain in effect. If you agree with the above, please sign below and return the document marked "original" to the Contracts Specialist at MTS. The other copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

Howard Chercoe
Motorola, Inc.

MAY27-10 8 AttB MOTOROLA
G0867.10-03 MLAWRENCE doc

Date: _____

DRAFT

May 27, 2010

MTS Doc. No. G0868.5-03
CIP 10940

Mr. Matthew Tucker
Executive Director
North County Transit District
810 Mission Avenue
Oceanside, CA 92054

Dear Mr. Tucker:

Subject: AMENDMENT NO. 5 TO MTS DOC. NO. G0868.0-03 - FUNDS TRANSFER AGREEMENT

The Metropolitan Transit System (MTS) and North County Transit District (NCTD) hereby agree to amend the Funds Transfer Agreement for Regional Transit Management System (MTS Doc. No. G0868.0-03) per the following:

Add:

- 9. NCTD agrees to reimburse MTS for an amount not to exceed \$296,580.00 for costs pertaining to services provided by Motorola Corporation under Amendment No. 10 (MTS Doc No. G0867.10-03).

Detail

On behalf of NCTD, MTS executed an amendment to the Motorola Corporation contract for deployment of the Regional Transit Management System. The amendment includes services and/or equipment for both NCTD and MTDB, as noted in the attached amendment letter to Motorola. Listed below is an abbreviated table identifying those specific elements and costs pertaining to NCTD.

AMENDMENT	CHANGE ORDER	COST
MTS Doc. No. G0868.5-03	Service Agreement for Fiscal Year 2011	296,580.00
	Original Contract	\$7,260,730.00
	Amendment 1	\$ 137,901.00
	Amendment 2	\$ 122,857.50
	Funds Transfer Agreement - Amendment 3	\$279,431.00
	Funds Transfer Agreement - Amendment 4	\$274,553.00
	Adjusted Contract Amount	\$8,372,052.50

The total cost of the Motorola Service Agreement is \$774,738.88 with NCTD's cost share of \$296,580.00 and MTS's cost share of \$478,158.88. The amendment of this item brings NCTD's total obligation under the Funds Transfer Agreement to \$8,372,052.50. All other conditions remain unchanged and in effect. If you agree with the above, please sign below and return the document marked "original" to Contracts Specialist at MTS. The other copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

Matthew Tucker
Executive Director



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

Agenda

Item No. 9

JOINT MEETING OF THE BOARD OF DIRECTORS
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

OPS 960.6

**Draft for
Executive Committee
Review Date: 5/20/10**

May 27, 2010

SUBJECT:

SDTC: LEASED BUS TIRES AND RELATED SERVICES - CONTRACT AWARD

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0530.0-10 (in substantially the same format as Attachment A) with Goodyear Tire and Rubber Company to lease bus tires on a tire-mile basis, including all related tire services. The resulting contract would be for a three-year base period with 2 one-year options.

Budget Impact

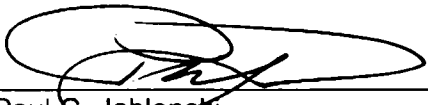
This project would be funded under Project Code 315-54410 in the amount of \$4,839,768.85. Based on the bids received, the total expenditure, including California sales tax, would not exceed \$4,079,826.36.

DISCUSSION:

Like many other transportation agencies throughout the country, MTS leases its revenue vehicle tires by the mile and outsources related tire services. The tires are leased from the tire manufacture by the tire mile at a predetermined fixed rate. The tire mileage rate is different for each tire size used. The related tire service is also provided by the tire manufacture at a fixed monthly rate. The tire mileage rate and monthly service rate is firm-fixed-price for each one-year period.

On March 4, 2010, MTS issued an Invitation for Bids to interested parties to provide tire-leasing services. On April 29, 2010, a total of three bids were received in response to the solicitation. The lowest bidder was Goodyear Tire and Rubber Company; the second lowest bidder was Michelin North America Inc. (MTS's current contractor); and the highest bidder was Bridgestone Tire Company (see Bid Summary, Attachment B).

Staff concluded that the bid submitted by Goodyear Tire and Rubber Company is fair and reasonable by conducting an independent cost estimate prior to the solicitation and by a comparison of Michelin North America Inc.'s rates under the current contract with MTS. Therefore, pursuant to MTS policy, staff recommends award of the contract to Goodyear Tire and Rubber Company.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: John Miller, 619-557-4580, john.miller@sdmts.com

MAY27-10.9.LEASED BUS TIRES AWARD.GOODYEAR.JMILLER.doc

Attachments: A. Draft Agreement MTS Doc No. B0530.0-10
B. Bid Summary

STANDARD PROCUREMENT AGREEMENT

B0530.0-10
CONTRACT NUMBER

DRAFT

FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____ 2010, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following contractor, hereinafter referred to as "Contractor":

Name: Goodyear Tire and Rubber Company Address: 1144 E. Market Street

Form of Business: Corporation Akron, Oh 44316-0001
(Corporation, partnership, sole proprietor, etc.)

Telephone: 1-800-645-3243

Authorized person to sign contracts: Joseph Copeland Vice President, Commercial Tire Systems, North American Tire
Name Title

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

Provide tire leasing and related services to MTS's two bus operating divisions located at 100 16th Street and 4630 Ruffner Street as stipulated in MTS' Invitation for Bids (MTS Doc. No. B0530.0-10) including Addendum No. 1, Responses to Approved Equals/Clarifications; and in accordance with the Standard Services Agreement including the Standard Conditions for Services, MTS's Safety Program, and Goodyear Tire and Rubber Company's bid dated April 29, 2010 (hereinafter "Contract Documents"). If there are any inconsistencies between the Contract Documents, the following order of precedence will govern the interpretation of the contract.

1. MTS's Invitation for Bids, Responses to Approved Equals/Clarifications, MTS Safety Program, and Contractor's Bid.
2. Standard Services Agreement, including the Standard Conditions Services, and Federal Requirements.

This Contract shall remain in effect beginning July 1, 2010, for three base years with two 1-year options exercisable at MTS's discretion. The total cost of this contract, including the two 1-year options, shall not exceed \$4,079,826.36.

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

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$4,079,826.36	315-54410	FY 11

By: _____ Date
Chief Financial Officer

Yearly Totals			
	Goodyear	Michelin	Bridgestone
Year One (1):	\$ 756,298.41	\$ 778,547.29	\$ 802,488.04
Year Two (2):	\$ 784,990.34	\$ 816,165.79	\$ 855,336.54
Year Three (3):	\$ 814,818.80	\$ 855,500.21	\$ 889,568.17
Year Four (4)- Option Year (1):	\$ 845,790.21	\$ 896,550.56	\$ 925,131.45
Year Five (5) – Option Year (2):	\$ 877,928.60	\$ 940,324.80	\$ 962,146.46
Grand Total (Basis of Award):	\$ 4,079,826.36	\$ 4,287,088.65	\$ 4,434,670.65