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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.

August 14, 2008

Executive Conference Room
9:00 a.m.

ACTION RECOMMENDED

- | | | |
|----|--|---------|
| A. | ROLL CALL | |
| B. | APPROVAL OF MINUTES - July 10, 2008 | Approve |
| C. | COMMITTEE DISCUSSION ITEMS | |
| 1. | <u>MTS: Chargers Express Service</u>
Action would receive an update on Chargers Express Service and discussions with the Federal Transit Administration. | Receive |
| 2. | <u>MTS: Increased Ridership Impacts</u>
Action would receive a report on increased ridership. | Receive |
| 3. | <u>MTS: Interstate 805 Buses on Shoulders Service (BOSS) Demonstration Project - Status Report</u>
Action would receive an update on the San Diego Association of Governments' (SANDAG's) Interstate 805 Buses on Shoulders Service (BOSS) Demonstration Project. | Receive |
| 4. | <u>SDTC: Pension Obligation Bonds Update</u>
Action would receive an update regarding Pension Obligation Bonds (POBs). | Receive |

Please turn off cell phones and pagers
during the meeting



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

D. RECOMMENDED FOR BOARD CONSENT AGENDA

1. SDTI: Train to Wayside Communication (TWC) Equipment - Contract Award Approve
Action would forward a recommendation to the Board of Directors to authorize the CEO to execute a sole-source contract with VECOM USA to replace existing TWC wayside components that are presently installed at San Diego Trolley, Inc. (SDTI) with an up-to-date model. Budget Impact - The total contract cost of \$203,841.45, including TWC equipment, freight, and taxes, would come from CIP 11218-0200 (TWC Equipment Replacement Project). VECOM USA would pay \$14,661.45 in sales tax directly to the state.
2. MTS: El Cajon Transit Center Demolition MOU and Budget Transfer Approve
Action would forward a recommendation to the Board of Directors to:
(1) authorize the CEO to execute a Memorandum of Understanding (MOU) with the San Diego Association of Governments (SANDAG) for the El Cajon Transit Center building demolition work to be done under the SANDAG/San Diego County Job Order Contracting (JOC) Agreement and for providing construction management services; and
(2) approve a fund transfer from the MTS Blue and Orange Line Station Improvement Project Capital Improvement Program (CIP) 11217 to SANDAG's El Cajon Transit Center Demolition Project CIP 1129500. Budget Impact - No change to the overall CIP amount. \$150,000 would be transferred from MTS CIP 11217 (Blue and Orange Line Station Improvement) to SANDAG's CIP 1129500 (El Cajon Transit Center Demolition).

E. REVIEW OF DRAFT AUGUST 21, 2008, JOINT BOARD AGENDA

- F. 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.

G. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

H. PUBLIC COMMENTS

I. NEXT MEETING DATE: September 4, 2008

J. ADJOURNMENT

DRAFT

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

July 10, 2008

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

Chairman Mathis called the meeting to order at 9:02 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Ewin moved approval of the minutes of the June 5, 2008, Executive Committee meeting. Mr. Monroe seconded the motion, and the vote was 5 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Leon Williams Station Dedication Update (ADM 110)

Ms. Sharon Cooney, Director of Government Affairs and Community Relations, reminded Executive Committee members that the original estimate for this project was \$63,000 for a full-size bronze statue of Mr. Williams. She reported that only one \$15,000 donation has been received and that this donation was made by Mr. William Jones, who is spearheading this effort. She reported that in a recent conversation between Mr. Paul Jablonski, MTS CEO, and Mr. Jones, Mr. Jones indicated that he would like to change the scope of the project to bring the cost closer to \$25,000.

Mr. Emery stated that he was not in favor of downsizing this project and felt that further fund raising efforts should be made. Mr. Monroe stated that he also did not favor downsizing the project and suggested that Coca-Cola might be interested in making a donation. He suggested discussing this matter with each of the County supervisors also. Ms. Cooney reminded the Committee that the original scope for this project was for a bust and that the project team that was formed to pursue this project changed the scope to a full-size statue. Ms. Atkins stated that she was also not in favor of downsizing the project and suggested that a letter be sent out soliciting donations and that the letter be signed by a couple of Board members.

In response to a question from Mr. Atkins, Ms. Cooney explained that a nonprofit account, the San Diego Foundation, was set up to accept the donations for this project. She added that donations were being sought for the SDSU Leon Williams library room during the same time period and may have diverted some donations that would have been made to this project. Mr. Mathis suggested that Ms. Cooney approach the project team to find out what the MTS Board can do to assist with fund raising efforts. Ms. Atkins suggested that a couple of Committee/Board members meet with the project team. Chairman Mathis, Mr. Monroe, and Mr.

Rindone volunteered for this meeting. In response to a question from Mr. Ewin, Ms. Tiffany Lorenzen, MTS General Counsel, stated that MTS is prohibited from soliciting donations from its vendors. She suggested that MTS vendors not be involved in order to avoid the appearance of any impropriety.

In response to a comment from Mr. Monroe, Ms. Cooney explained that one-half of the estimated cost for this project consists of the artist's fee and reported that the cost of bronze has gone up since the estimate was first made. Mr. Monroe requested that staff get an updated estimate. Mr. Rindone stated that he would like to see the unveiling of the project occur during the APTA Annual Meeting and EXPO in early October.

Action Taken

No action was taken on this item.

2. MTS: Taxicab Maximum Allowable City Rates of Fare – Enactment of a Per-Fare \$1.00 Fuel Surcharge and Modification of MTS Policies and Procedures No. 34 (TAXI 570.1, 590.10)

Mr. John Scott, MTS Taxicab Administration Manager, provided background for the recommendation that a per-fare \$1.00 fuel surcharge be enacted. He pointed out that this would be a temporary measure, would be charged outside the meter at the discretion of each taxicab driver, and would provide immediate relief. Mr. Scott pointed out that most operators are not charging the maximum allowable rate and that 13 out of 15 of the existing radio services have agreed not to raise their rates if this surcharge is enacted. He added that should the majority request to change currently approved rates, the fuel surcharge would be suspended. In response to a question from Mr. Rindone, Mr. Scott stated that taxicab drivers will have a decal displayed inside the cab advising customers of the surcharge.

Action Taken

Mr. Monroe moved to forward a recommendation to the Board of Directors to authorize (1) enactment of a temporary per-trip fuel surcharge of \$1.00 for all taxicabs regulated by MTS Taxicab Administration; and (2) modification of MTS Policies and Procedures No. 34 (For-Hire Vehicle Services) Section 34.5.1 to allow airport rates of fare to be calculated on an annual basis. Mr. Ewin seconded the motion, and the vote was 5 to 0 in favor, with Ms. Atkins recusing herself because of ongoing discussions at the City regarding this matter.

3. MTS: CBS Outdoor Advertising – Contract Renewal (MKPC 620.9)

Mr. Rob Schupp, Director of Marketing and Communications, provided a history of the 15-year contract MTS currently has with CBS Outdoor. He pointed out that industry experts have advised MTS that now is not a good time for issuing advertising requests for proposals and that it is better to renew contracts. Mr. Schupp reported that a five-year extension has been negotiated with CBS Outdoor that would generate \$4 million over the term of the contract and outlined the components of that revenue.

Mr. Schupp reported that the Memorandum of Understanding (MOU) with the City of San Diego was also restructured, and that City of San Diego staff were in agreement with the new terms, which included no revenue split. He reviewed major elements of the MOU. He added that MTS staff members have since been advised by Mayor Sanders' office that the City wants to have a share of the revenues since the shelters are located in City of San Diego right-of-way, and that they want to discuss the MOU at their September City Council meeting.

Mr. Schupp stated that the current contract with CBS Outdoor expires on July 31, 2008, and CBS Outdoor is unwilling to extend month-to-month. He stated that MTS's budget was approved based on all revenues from this contract coming to MTS. He stated that delaying this matter would have a negative impact on the budget and could cause MTS to lose its contract with CBS Outdoor. Mr. Schupp stated that MTS could (1) extend the current contract for one year (with no revenues to MTS), (2) try to extend the current contract through September; or (3) execute the five-year contract extension with CBS and hold payments until the MOU is finalized with the City. Mr. Schupp pointed out that any negative budget impacts that occur because of this issue could result in service reductions. Mr. Peter Tereschuck, SDTI General Manager, reported that the service reductions would be Tier 3 adjustments, which affect core services and would affect both Trolley and bus.

Mr. Rindone stated that staff should be careful not to set a precedent for sharing revenues with cities where shelters are located because shelters are located in many cities. Chairman Mathis stated that he was also very uncomfortable with sharing revenues with the City of San Diego for the reason stated by Mr. Rindone. Mr. Ewin suggested that MTS start renegotiating its contracts with more lead time in order to allow for these types of delays. He suggested that Chairman Mathis contact Mayor Sanders to discuss this matter.

Mr. Monroe felt that MTS should proceed with the contract with CBS Outdoor rather than risk all of the revenue and then work with the City on the MOU. Chairman Mathis was hesitant about committing to a contract and then not being able to deliver as agreed under the terms of that contract. Ms. Lorenzen stated that the City could require the removal of all the shelters in City right-of-way. Ms. Cooney reported that the Chief Financial Officer for CBS Outdoor called her that morning to say that they need to make commitments to their advertisers based on a certainty that the shelters will be available. Mr. Monroe suggested that any service cuts that result from the sharing of this revenue with the City be made to routes within the City. Mr. Schupp pointed out that this issue needs to be heard by the San Diego City Council in July and that is still possible.

Mr. Ewin stated that these types of items should be finalized before they are incorporated into the budget. Chairman Mathis stated that it is not always possible to do that. Mr. Rindone pointed out that everyone thought this issue was finalized because City staff members who negotiated the MOU with MTS were in agreement about the terms.

Mr. Monroe requested that San Diego City Council representatives who sit on the MTS Board be provided with a briefing so they can be a voice for MTS during council discussions on this matter. Ms. Lorenzen stated that, based on an opinion from the Fair Political Practices Commission, that should not be a problem. Mr.

Monroe suggested that Ms. Patti Boekamp be contacted and asked to speak on MTS's behalf and also suggested that staff contact City Councilmember Faulconer to alert him that routes within his district could be affected. Mr. Ewin stated that the Mayor should first be given the opportunity to act before involving San Diego City Council members.

Committee members agreed to take no action and forward this item to the Board for discussion.

Public Comment

Lorraine Leighton: Ms. Leighton reported on vandalism and disrepair problems at shelters and bus stops.

Action Taken

No action was taken on this item.

4. MTS: Banking Services (FIN 360)

Mr. Tom Lynch, MTS Controller reviewed the banking services that would be included in this particular contract award and the cost. He described the criteria that were used to evaluate the bidders and reported that Bank of America received the highest ranking. In response to a question from Mr. Ewin, Mr. Lynch reported that there were two bidders, and that Bank of America bid was \$100,000 less than that of the other bidder.

Action Taken

Mr. Rindone moved to forward a recommendation to the Board of Directors to authorize the CEO to award a contract (MTS Doc. No. G1147.0-08 in substantially the same form as Attachment A of the agenda item) to Bank of America for banking services. Mr. Emery seconded the motion, and the vote was 5 to 0 in favor.

5. MTS: Pension Obligation Bonds (POB) Follow-Up (AG 280.1)

Mr. Keith Curry, Public Financial Management (PFM), reviewed the direction that was given to staff in April regarding the variable-rate pension obligation bonds. He reported that, since that time, Moody's and Standard's & Poors have downgraded MBIA, and UBS is now exiting the bond market and seems less motivated to remarket these pension obligation bonds. He added that Dexia is still working on the letter of credit for these bonds. Mr. Curry recommended that E.J. De La Rosa and Company be used as the remarketing agent for the POB transaction. He also suggested that consideration be given to purchasing the bonds back until they can be remarketed at appropriate market rates. He added that this could be used as a short-term strategy (two to six weeks). Mr. Curry also stated that MTS should adopt a swap policy governing how such instruments are used.

In response to a question from Mr. Roberts, Mr. Curry stated that funding could be used from MTS's investment account to buy back the bonds because the interest that would be lost would be less than the interest MTS is paying for the bonds. He stated that the lost interest from the investment account would be charged to the

pension obligation bonds. Mr. Roberts stated that, given the volatility of the market, these bonds should be watched very closely.

In response to a question from Mr. Roberts, Mr. Curry reported that the POBs total \$76 million. Mr. Telfer reported that the San Diego Transit pension plan has a portfolio of \$170 million and is funded at 87 percent. Mr. Roberts stated that the POBs comprise a significant portion of the pension plan, and that needs to be made clear during future discussions of this matter. Mr. Telfer stated that this fact would be addressed during the next actuarial report. Mr. Roberts stated that MTS should consider how it is going to reduce that debt.

Action Taken

Mr. Rindone moved to forward a recommendation to the MTS Board of Directors to approve the following action items and to direct staff to report on the pension plan funding for the San Diego Transit pension plan and its relationship to the Pension Obligation Bonds: (1) Replace UBS with the firm of E.J. De La Rosa and Company as the remarketing agent for the pension obligation bond transaction; (2) adopt a swap policy governing how such instruments are used; (3) continue the effort to convert the existing liquidity facility to a Letter of Credit and issue refunding bonds to extinguish the MBIA, Inc. insurance; and (4) consider purchasing our own bonds until our bonds can be remarketed at appropriate market rates. Mr. Ewin seconded the motion, and the vote was 6 to 0 in favor.

The Committee convened to Closed Session at 10:34 a.m. to discuss the following item:

6. **MTS: CLOSED SESSION: Conference with Labor Negotiators Pursuant to California Government Code Section 54957.6. Agency-Designated Representative: Jeff Stumbo. Unrepresented Employee (Chief Executive Officer).**

The Committee reconvened to Open Session at 11:25 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Tiffany Lorenzen, MTS General Counsel, reported the following action taken in Closed Session:

The Committee reviewed the agenda item and recommending forwarding to the Board of Directors.

D. RECOMMENDED BY THE EXECUTIVE COMMITTEE FOR THE BOARD CONSENT AGENDA

In response to a question from Mr. Monroe, Ms. Lorenzen stated that the increased authorization for legal services requested under Agenda Item D3 is budgeted.

1. **SDTI: Light Rail Vehicle Vandalism and Accident Repair Services- Contract Amendment** (OPS 970.6)

That the Board of Directors authorize the CEO to exercise the second and final option year of the contract with Carlos Guzman, Inc. (SDTI Doc. No. C.O.011.2-07

– Attachment A of the agenda item) for light rail vehicle accident and vandalism repair services.

2. MTS: Drug and Alcohol Policy for San Diego Trolley, Inc. (ADM 110.2)

That the Board of Directors to adopt Resolution No. 08-14 (Attachment A of the agenda item), which would implement SDTI's updated drug and alcohol policy in order to comply with current Federal Transit Administration regulations.

3. MTS: Increased Authorization for Legal Services (LEG 490)

That the Board of Directors to authorize the CEO to enter into a contract amendment (MTS Doc. No. G1095.1-07 – Attachment A of the agenda item) with the Law Office of Paul, Plevin, Sullivan & Connaughton, LLP for legal services.

4. MTS: Light Rail Vehicle Rehabilitation Services – Contract Amendment (CIP 11165)

That the Board of Directors authorize the CEO to exercise the second and final contract extension option with Carlos Guzman, Inc. (MTS Doc. No. L0744.2-06 – Attachment A) to continue to provide light rail vehicle paint and body rehabilitation services.

Action Taken

Mr. Ewin moved to approve placing Agenda Items No. D1, D2, D3, and D4 on the Consent portion of the July 17, 2008, Board agenda. Mr. Rindone seconded the motion, and the vote was 6 to 0 in favor.

E. REVIEW OF DRAFT JULY 17, 2008, BOARD AGENDA

Recommended Consent Item

6. MTS: Transit Security Grant Program (AG 210.9)

Recommend that the Board of Directors approve Resolution 08-13 (Attachment A of the agenda item) authorizing the CEO to submit applications for funds provided by the federal Department of Homeland Security and administered through the State of California Office of Homeland Security.

7. MTS: Investment Report – April 2008 (FIN 300)

Recommend that the Board of Directors receive a report for information.

8. MTS: Investment Report – May 2008 (FIN 300)

Recommend that the Board of Directors receive a report for information.

Recommended Consent Items

There was no discussion of the recommended Consent item.

Recommended Board Discussion Items

There was no discussion of recommended Discussion Items.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Senior Mini-Grant Program: Ms. Sharon Cooney, Director of Government Affairs and Community Relations, reported that the next Transportation Committee meeting will be held on July 18, 2008. She stated that they will be discussing the TransNet II Senior Mini-Grant Program. She reminded the Committee that MTS has applied for funding through this program to save \$1 million in services that are in danger of being cut if no funding is identified, and that these services are used by seniors. She stated that there is currently a debate at SANDAG about whether or not MTS is eligible to receive this particular funding and whether or not the Transportation Committee has the authority to say who is eligible.

Mr. Monroe stated that he read the minutes for the Independent Taxpayer Oversight Committee (ITOC) meeting at which Ms. Cooney testified on this matter on MTS's behalf. He reported that the minutes state that this funding is not to be used for fixed routes and that MTS's proposal involves fixed routes. He also added that MTS's proposal, according to the minutes, is for routes with ridership comprised of only 30 percent seniors.

Don Stillwell Complaints: Ms. Cooney reported that MTS has received a letter from Councilmember Madaffer requesting that MTS address Mr. Don Stillwell's continuing complaints about Route No. 14 and connections with the Grantville Trolley Station. She stated that the Transportation Committee will be hearing this matter at an upcoming meeting, and MTS staff will be there to answer questions. Mr. Monroe requested that staff prepare a rebuttal that addresses Mr. Stillwell's comments point by point. Ms. Cooney advised the Committee that Councilmember Madaffer participated in a field trip with MTS staff to review the routes and connections that are the subject of Mr. Stillwell's complaints and agreed with staff's decision regarding this matter.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

San Diego Vintage Trolley Donation: Mr. Rindone presented a donation of \$503.88 for the San Diego Vintage Trolley Restoration Project.

Interviews for Federal Recertification Review: Mr. Rindone stated that he had been asked to participate in this review and requested that he be briefed as needed. Ms. Cooney stated that she would look into this matter. Chairman Mathis requested that he also be informed.

G. PUBLIC COMMENTS

Clive Richard: Mr. Richard reported some recent difficulties he had because trolleys were running late as a result of special service to the Padres game. He stated that there is something wrong when a system can't respond and adjust to changing conditions in a reasonable way. He didn't feel that money was the only issue.

H. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, August 21, 2008, in the Executive Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 11:35 a.m.

Chairman

Attachment: A. Roll Call Sheet
gail.williams/minutes

**EXECUTIVE COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) 7/10/08

CALL TO ORDER (TIME) 9:02 a.m.

RECESS _____

RECONVENE _____

CLOSED SESSION 10:34 a.m.

RECONVENE 11:25 a.m.

ADJOURN 11:35 a.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS <input checked="" type="checkbox"/> (Young) <input type="checkbox"/>		9:27 a.m. during AI C3
EMERY <input checked="" type="checkbox"/> (Cafagna) <input type="checkbox"/>		
EWIN <input checked="" type="checkbox"/> (Clabby) <input type="checkbox"/>		
MATHIS <input checked="" type="checkbox"/>		
MONROE <input checked="" type="checkbox"/> (McLean) <input type="checkbox"/>		
RINDONE <input checked="" type="checkbox"/> (Emery) <input type="checkbox"/>	9:04 a.m. during AI C1	
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	10:09 a.m. during AI C5	

SIGNED BY OFFICE OF THE CLERK OF THE BOARD Gail Williams

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: Sharon Cooney for

Tiffany Lorenzen



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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

August 14, 2008

SUBJECT:

MTS: CHARGERS EXPRESS SERVICE

RECOMMENDATION:

That the Executive Committee receive an update on Chargers Express Service and discussions with the Federal Transit Administration (FTA).

Budget Impact

None.

DISCUSSION:

MTS provides express service to Chargers football games from five locations within its service area: Chula Vista High School, Spring Street Transit Center, Kearny Mesa Traffic Court, Governor Drive Park and Ride, and the Mira Mesa Park and Ride. Last season, Chargers Express Service carried more than 31,000 passengers to and from the games.

New federal charter regulations went into effect in April. The regulations are intended to prevent transit agencies from using federal subsidies to unfairly compete with private charter companies for specialized services, such as private group or event services. Included in the regulations are significant penalties for operators who are found to be in violation. Therefore, staff requested an advisory opinion in May from the FTA regarding



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MTS's continued provision of Chargers Express Services. In June, the FTA issued two separate and conflicting opinions in response.

Staff has continued discussions with the FTA regarding Chargers Express Service and will provide an update to the Executive Committee.



Paul C. Jablonski
Chief Executive Officer

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

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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.

SRTP 830

August 14, 2008

SUBJECT:

MTS: INCREASED RIDERSHIP IMPACTS

RECOMMENDATION:

That the Executive Committee receive a report on increased ridership.

Budget Impact

None with this action.

DISCUSSION:

Due to declining subsidy revenues, MTS was forced to cut service several times in FY 2008 resulting in 1.3 million lower revenue miles today than at the close of FY 2006. In addition, MTS implemented a fare increase and terminated the free transfer policy in January 2008—changes that the San Diego Association of Governments' (SANDAG's) fare consultant predicted would have a negative impact on ridership.

Despite decreased service and the implementation of the fare increase, MTS is experiencing system-wide increases in ridership. In FY 2008, the transit system enjoyed a 5.9% increase over FY 2007 ridership and posted a record annual ridership of more than 90 million passengers. Ridership gains have been most pronounced on San Diego Trolley, San Diego Transit Corporation (SDTC), and Express Bus services.



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San Diego Trolley

Trolley ridership increased 7.1 % in FY 2008 with the most dramatic increases in June and July (17.5% greater than June 2007, and 17.9% greater than July 2006). The Blue Line carried nearly 1.5 million more passengers in FY 2008 than in FY 2007, a 7.5% increase. Two four-car train consists have been introduced for the first two weekday trips from San Ysidro to alleviate overcrowding.

Premium Express Routes

Premium Express Routes became increasingly popular in FY 2008. Year-over-year ridership on these routes increased 10.5%. From January to June, ridership increased 12.4% over the same period in the previous year. Some additional service will be introduced as demand surpasses capacity.

San Diego Transit Corporation (SDTC)

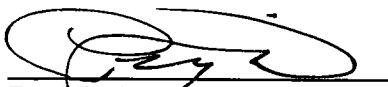
SDTC routes showed an increase of 8.3% in FY 2008. July 2008 had record ridership with some daily counts above 100,000 and a 14.9% increase over July 2007. Several routes have been impacted more significantly by crowding and standby buses have been deployed as needed. For instance, tripper service was added to alleviate overcrowding on several Route 150 trips.

Contracted Bus Services

Contracted bus routes did not show the same dramatic increases as the other MTS services but did have an overall increase of 1.5% in FY 2008. The difference in experiences on contract services and SDTC can, in part, be explained by the level of service miles cut. Projections for FY 2009 revenue miles for contracted services are 573,000 lower than the end of FY 2006 compared to a drop of only 338,000 revenue miles for SDTC. In addition, the full implementation of the Comprehensive Operational Analysis was realized in March 2007 when many contracted routes experienced service adjustments or major restructuring. Ridership shifted from contract services as well when routes were restructured to consolidate National City Transit. For instance, at that time, the major National City Route 603 was transferred to SDTC for operations in exchange for Route 27, which is a much lower ridership route.

Conclusion

MTS staff is monitoring ridership trends on all routes and services to be responsive to capacity needs daily. Larger vehicles or added trips will be used to manage the demand.



Paul C. Jablonski
Chief Executive Officer

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

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Agenda

Item No. C3

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

AG 230.11

August 14, 2008

SUBJECT:

MTS: INTERSTATE 805 BUSES ON SHOULDERS SERVICE (BOSS)
DEMONSTRATION PROJECT - STATUS UPDATE

RECOMMENDATION:

That the Executive Committee receive an update on the San Diego Association of Governments' (SANDAG's) Interstate 805 Buses on Shoulders Service (BOSS) Demonstration Project.

Budget Impact

None.

DISCUSSION:

In 2007, the U.S. Department of Transportation (DOT) solicited proposals from metropolitan areas to enter into agreements with DOT in order to demonstrate strategies designed to reduce congestion. SANDAG submitted a proposal on behalf of the region that included a variety of measures that were expected to have a combined positive impact on the region's mobility. While the region was not awarded a formal Urban Partnership Agreement, one of the projects in the proposal, BOSS, was awarded federal funding.

BOSS (formerly referred to as SWOOP) is a pilot project designed to test various technologies to permit the safe use of freeway shoulder lanes by transit and freight. Using advanced lane-keeping and longitudinal control technologies fitted to transit



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vehicles, this project is expected to enable a small fleet of transit vehicles to serve a new bus rapid transit route that makes use of the hard shoulder along Interstate 805. The technology will be tested to determine how well it assists transit operators in driving in space-constrained conditions. The project will include the purchase of new vehicles and improvements to the 805 roadway. SANDAG staff is designing the project and will provide a status report to the Committee.



Paul C. Jablonski
Chief Executive Officer

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

AUGUST14-08.C3.BOSS.COONEY.doc



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

Agenda

Item No. C4

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

OPS 960.6

August 14, 2008

SUBJECT:

SDTC: PENSION OBLIGATION BONDS UPDATE

RECOMMENDATION:

That the Executive Committee receive an update regarding Pension Obligation Bonds (POBs).

Budget Impact

None with this action.

DISCUSSION:

In April, the Board was informed of the effect that the current turbulence in the bond market caused by reductions in the credit ratings of the bond insurers was having on MTS's variable POBs. On July 17, the Board adopted a number of recommendations including:

1. Replace UBS with the firm of E. J. De La Rosa and Company.
2. Adopt a swap policy.
3. Continue efforts to convert the existing liquidity facility to a Letter of Credit and issue refunding bonds to extinguish the MBIA insurance.
4. Consider purchasing MTS's own bonds in the short term.



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The Board adopted the swap policy on July 17. UBS has been replaced by E. J. De La Rosa and Company, and MTS has purchased its own bonds as an interim measure.

Staff is working to implement the Board's direction in time to bring the final bond documents for Board approval on August 21, which would allow MTS to close and refund the bonds on or about September 5. This strategy would allow MTS's bonds to return to their historic trading relationship and continue to produce savings related to MTS's ongoing pension obligations. Staff will provide the Executive Committee with an update on progress.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Cliff Telfer, 619.557.4532, cliff.telfer@sdmts.com

AUGUST14-08.C4.PENSIONBONDS.TELFER.doc



**Recommended
for Board Consent
on 8/21/08**

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

Agenda

Item No. D1

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

CIP 11218-0200

August 14, 2008

SUBJECT:

**SDTI: TRAIN TO WAYSIDE COMMUNICATION (TWC) EQUIPMENT - CONTRACT
AWARD**

RECOMMENDATION:

Action would forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to execute a sole-source contract (in substantially the same form as Attachment A) with VECOM USA to replace existing TWC wayside components that are presently installed at San Diego Trolley, Inc. (SDTI) with an up-to-date model.

Budget Impact

The total contract cost of \$203,841.45, including TWC equipment, freight, and taxes, would come from CIP 11218-0200 (TWC Equipment Replacement Project). VECOM USA would pay \$14,661.45 in sales tax directly to the state.

DISCUSSION:

Background

SDTI is currently using VECOM TWC interrogator equipment on the Mission Valley Green Line. Due to the approaching TWC obsolescence on the Blue and Orange Lines, SDTI needs to replace existing TWC equipment from the original equipment manufacturer, VECOM USA, to maintain TWC compatibility between all light rail lines. This new Vetag-2 interrogator equipment would satisfy this requirement. VECOM USA considers the design and TWC technology as proprietary and is the only distributor in



North America. This replacement would ensure compliance with all Federal Railroad Administration (FRA) and the Public Utilities Commission (PUC) codes and standards.

Vehicle Tagging (VETAG)/TWC is the system by which the train communicates to the signal control system by transmitting a coded signal onboard light rail vehicles to a fixed antenna in the track way. The information transmitted is the train number, route number, and specific push-button commands. Along with the TWC loop location, the information is processed in the wayside portion of the equipment known as the interrogator, which is the heart of the system. The interrogator outputs interface with the signal system and station message sign controls and, in the near future, would be integrated with SDTI's new CTC (Centralized Train Control System).

Presently, SDTI has a contract to install a CTC system. That contract requires the integration of the TWC as an integral portion of the input data. The data is transmitted directly from the Communication Card-2 via the Ethernet port. This is a unique function of the TWC equipment supplied by VECOM USA, which would allow direct connectivity to MTS's network and direct input to the CTC system. The CTC contractor, ARINC, is also utilizing VECOM USA as its supplier and subcontractor for the TWC option.

VECOM USA is the predecessor of the companies that installed the original TWC equipment over the years throughout the system. In design of the newest model, VECOM USA has made the equipment backward compatible with the existing equipment presently being used on the Mission Valley Green Line at SDTI.

Staff is recommending approval of a sole-source contract with VECOM USA for the upgrade and replacement of the TWC equipment. VECOM USA prices have been determined to be fair and reasonable. A cost comparison of previous equipment purchases is attached (Attachment B).



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Russ Desai, 619.595-4908, rushikesh.desai@sdmts.com

AUGUST14-08.D1.COMMUNICATION EQUIP CONTRACT.MYNIGUEZ.doc

Attachments: A. Draft Standard Procurement Agreement
B. Cost Analysis

STANDARD PROCUREMENT AGREEMENT

CONTRACT NUMBER
OPS 970.4
FILE NUMBER(S)

THIS AGREEMENT is entered into this _____ day of _____, 2008, in the State of California by and between San Diego Trolley, Inc. (SDTI), and the following contractor, hereinafter referred to as "Contractor":

Name: VECOM USA, LLC Address: 4803 George Road, Unit 300

Form of Business: Corporation Tampa, FL 33634
(Corporation, partnership, sole proprietor, etc.)

Telephone: (813) 901-5300

Authorized person to sign contracts: Koos van Starrenburg President/CEO
Name Title

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

Provide 30 VETAG-2 interrogators (equipment Part No. 6950 0000 5371) at a cost of \$6,306.00 per unit for the Metropolitan Transit Systems (MTS) Maintenance of Way (MOW) Department. The items requested in this contract shall be delivered to San Diego Trolley, Inc (SDTI) within 14 weeks from the date of order.

The terms of this procurement are net 30 days from the date of invoice. The total value of this contract, including sales tax and freight, shall not exceed \$203,841.45. VECOM USA, LLC shall pay sales tax directly to the state in the amount of \$14,661.45. The procurement shall be provided in accordance with the Standard Procurement Agreement, Standard Conditions Procurement, Federal Requirements, and VECOM USA, LLC's quote.

SAN DIEGO TROLLEY INC.		CONTRACTOR AUTHORIZATION
By: _____ President		Firm: _____
Approved as to form:		By: _____ Signature
By: _____ Office of General Counsel		Title: _____
AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
\$203,841.45	CIP 11218-0200	09

By: _____
Chief Financial Officer Date



Metropolitan Transit System

100 16th Street
San Diego, CA 92101
619.238.0100
FAX 619.696.7084

Att. B, AI D1, 8/14/08

COST ANALYSIS

UPGRADE & REPLACEMENTS OF EXISTING TRAIN TO WAYSIDE COMMUNICATION EQUIPMENT

COMPANY NAME	P.O. NUMBER	BID AMOUNT
Sigcon	Quotation # 000592-00	\$ 5,595.00
SDTI	PO # I03822	\$ 6,195.00
SDTI	PO # I03765	\$ 6,195.00
SDTI	PO # R01323	\$ 5,785.50

AUGUST14-08.D1.AttB.COST ANALYSIS.MYNIGUEZ.DOC

B-1



Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB is owner of the San Diego and Arizona Eastern Railway Company. MTDB Member Agencies include: City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, and the County of San Diego.



**Recommended
for Board Consent
on 8/21/08**

1255 Imperial Avenue, Suite 1000
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619.231.1466, FAX: 619.234.3407

Agenda

Item No. D2

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

CIP 11217

August 14, 2008

SUBJECT:

MTS: EL CAJON TRANSIT CENTER DEMOLITION MOU AND BUDGET TRANSFER

RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to:

- 1. authorize the Chief Executive Officer (CEO) to execute a Memorandum of Understanding (MOU) (in substantially the same form as Attachment A) with the San Diego Association of Governments (SANDAG) for the El Cajon Transit Center building demolition work to be done under the SANDAG/San Diego County Job Order Contracting (JOC) Agreement and for providing construction management services; and**
- 2. approve a fund transfer from the MTS Blue and Orange Line Station Improvement Project Capital Improvement Program (CIP) 11217 to SANDAG's El Cajon Transit Center Demolition Project CIP 1129500 (in substantially the form as shown on Attachment B - Budget Transfer Summary).**

Budget Impact

No change to the overall CIP amount. \$150,000 would be transferred from MTS CIP 11217 (Blue and Orange Line Station Improvement) to SANDAG's CIP 1129500 (El Cajon Transit Center Demolition).



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

DISCUSSION:

In its current condition, the El Cajon Transit Center building requires major repairs. At the MTS Board meeting on April 10, 2008, staff presented a detailed report of current conditions, options available, and associated costs for each option. After considering all options and costs, the Board directed staff to take steps to demolish the building at the East County Transit Center using funds in CIP 11217 (Blue and Orange Line Station Improvement Project) and negotiate the relocation of the existing tenants.

Current negotiations with the tenants for their relocation are expected to conclude in the next several weeks. MTS and SANDAG staffs have worked together to determine the most effective approach to raze the building. Staff concluded that use of SANDAG's JOC Agreement with the County of San Diego would be the most expeditious and effective approach. Two main advantages of using the JOC are:

1. The County of San Diego has competitively bid and selected several contractors with expertise in different disciplines for its JOC program, and it has allowed SANDAG to piggyback on its program while SANDAG develops its own JOC program. These JOC contractors have agreed to do previously defined construction tasks at fixed unit prices. MTS would not need to go out for separate bids, which would save two months in procurement processing time allowing the project to move faster at very competitive prices.
2. Since unit prices for the type of work needed are already in place, an informal process of negotiating with the selected contractor with the right expertise to fit the project scope would replace the detailed design that otherwise would be required for a construction project to go out for competitive bids. Design generally costs 10% to 15% of the construction.

Staff has discussed the project scope with SANDAG construction staff. After reviewing the requirements of the project, SANDAG staff provided an estimate of \$150,000, which includes project and construction management and construction contingency. An MOU between MTS and SANDAG outlining the scope and cost of the project (Attachment A) is attached for information.

Therefore, staff recommends transferring \$150,000 from total budget of \$250,012 in MTS's CIP 11217 to SANDAG CIP 1129500 as summarized in Attachment B.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Russ Desai, 619.595.4908, rushikesh.desai@sdmts.com

Aug21-08 MOU and fund transfer.doc

Attachments: A. MOU
B. Budget Transfer Summary

**MEMORANDUM OF UNDERSTANDING
BETWEEN SAN DIEGO ASSOCIATION OF GOVERNMENTS
AND METROPOLITAN TRANSIT SYSTEM
REGARDING FUNDING AND CONSTRUCTION OF EL CAJON TRANSIT CENTER
BUILDING DEMOLITION PROJECT**

This Memorandum of Understanding ("MOU") is made and entered into effective as of this _____ day of September 2008, by and between the San Diego Association of Governments ("SANDAG") and Metropolitan Transit System ("MTS").

RECITALS

The following recitals are a substantive part of this Agreement:

WHEREAS, at its April 10, 2008, meeting, the MTS Board of Directors approved demolition of the existing El Cajon Transit Center building and use of MTS Capital Improvement Program (CIP) Blue and Orange Line Station Improvement project funds to pay for this demolition; and

WHEREAS, MTS desires to utilize the SANDAG/San Diego County Job Order Contracting (JOC) Agreement to carry out this project for expediency; and

WHEREAS, MTS currently does not have resources to manage the construction contract; and

WHEREAS, SANDAG has resident engineers available to help manage the project; and

WHEREAS, under its current policies, SANDAG may provide construction management services to its member agencies; and

WHEREAS, at its August 21, 2008, meeting, the MTS Board of Directors approved transferring funds from MTS CIP 11217 to SANDAG CIP 1129500 (El Cajon Transit Center Demolition) for construction and construction management of the El Cajon Transit Center Demolition project; and

WHEREAS, the parties wish to memorialize their agreement in this MOU to carry out the purposes set forth above;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

SANDAG AGREES:

1. To negotiate and issue a task order to SANDAG/County JOC contractor with building demolition experience for demolition of El Cajon Transit Center building and replace it with a concrete pad

with water and electric utility enclosures to maintain the existing services to the station and parking lot.

2. That the not-to-exceed amount referenced below in this MOU consists of the current project cost estimate by SANDAG that includes the construction, construction management, and construction contingency for a total of \$150,000. In the event that SANDAG believes this amount will be exceeded, it will notify MTS, and the parties will meet to discuss whether an amendment to this MOU is appropriate.
3. To provide construction management services, including a Resident Engineer (RE), to manage the El Cajon Transit Center Demolition Task Order on a time-and-materials basis.
4. Unless otherwise agreed to by MTS, SANDAG shall designate Dennis Wahl as RE for the project.
5. That the maximum amount for construction management services shall not exceed \$35,000 without prior written approval from MTS.
6. To use any funds provided by MTS under this MOU exclusively for the project and to return any remaining project funds to MTS upon completion of the project.
7. MTS or any director, officer, agent, or employee thereof is not responsible for any damage or liability occurring by reason of anything done or omitted to be done by SANDAG under or in connection with any work, authority, or jurisdiction delegated to SANDAG under this MOU. It is understood and agreed that, pursuant to Government Code Section 895.4, SANDAG shall fully defend, indemnify, and save harmless MTS, its officers, directors, agents, and employees from all claims, suits, or actions of every name, kind, and description brought for or on account of injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by SANDAG under or in connection with any work, authority, or jurisdiction delegated to SANDAG under this MOU.

MTS AGREES:

1. To fund the full and actual cost for the construction of the project up to the maximum amount of \$150,000. In the event that SANDAG notifies MTS that this amount will be exceeded, MTS will meet with SANDAG to discuss whether an amendment to this MOU is appropriate. In no event shall SANDAG have the responsibility to move forward with the project until the parties are able to identify sufficient funds to complete the work.
2. To SANDAG's use of appropriate JOC contractor for demolition work.
3. To provide staff support on the project at no cost to SANDAG, including, but not limited to, any staff support or cooperation needed to defend any contractor claims that may arise on the project.
4. SANDAG or any director, officer, agent, or employee thereof is not responsible for any damage or liability occurring by reason of anything done or omitted to be done by MTS under or in connection with any work, authority, or jurisdiction delegated to MTS under this MOU. It is understood and agreed that, pursuant to Government Code section 895.4, MTS shall fully defend, indemnify, and save harmless SANDAG, its officers, directors, agents, and employees from all

claims, suits, or actions of every name, kind, and description brought for or on account of injury (as defined in Government Code section 810.8) occurring by reason of anything done or omitted to be done by MTS under or in connection with any work, authority, or jurisdiction delegated to MTS under this MOU.

THE PARTIES MUTUALLY AGREE:

1. That all obligations of the parties under the terms of this MOU are subject to the appropriation of the required resources by parties and the approval of their respective Boards of Directors.
2. Any notice required or permitted under this MOU may be personally served on the other party, by the party giving notice, or may be served by certified mail, return receipt requested, to the following addresses:

For SANDAG

Attn: Office of General Counsel
401 B Street, Suite 800
San Diego, CA 92101

For MTS

Attn: Office of General Counsel
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

3. That unless it is amended by the parties in writing, this MOU shall terminate on March 31, 2009, or on such earlier or later date as the parties may agree to in writing. This MOU shall continue in effect unless and until a party to the MOU gives 60 (sixty) days' written notice of its desire to withdraw from the MOU. If such notice is given, the MOU shall continue to be binding on those parties who have not formally withdrawn.
4. The indemnification provisions of this MOU shall survive termination of the MOU.
5. This MOU shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this MOU, the action shall be brought in a state or federal court situated in the County of San Diego, State of California.
6. All terms, conditions, and provisions hereof shall inure to and shall bind each of the parties hereto and each of their respective heirs, executors, administrators, successors, and assigns.
7. For purposes of this MOU, the relationship of the parties is that of independent entities and not as agents of each other or as joint venturers or partners. The parties shall maintain sole and exclusive control over their personnel, agents, consultants, and operations.
8. No alteration or variation of the terms of this MOU shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.
9. Nothing in the provisions of this MOU is intended to create duties or obligations to or rights in third parties to this MOU or affect the legal liability of the parties to this MOU.
10. This MOU may be executed in any number of identical counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument when each party has signed one such counterpart.

IN WITNESS WHEREOF, the Parties hereto have executed this MOU effective on the day and year first above written.

SAN DIEGO ASSOCIATION OF GOVERNMENTS

METROPOLITAN TRANSIT SYSTEM

GARY L. GALLEGOS
Exécutive Director

PAUL C. JABLONSKI
Chief Executive Officer

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Office of General Counsel

Office of General Counsel

AUGUST14-08.D2.AtlA.JARC MOU.RDESAL.doc

BUDGET TRANSFER SUMMARY

CIP NO.	PROJECT NAME	BUDGETS		
		<i>Existing</i>	<i>Proposed</i>	<i>Change</i>
11217	MTS-Blue and Orange Line Station Improvement	\$248,407	-\$150,000	\$98,407
1129500	SANDAG-El Cajon Transit Center Demolition	\$0.00	\$150,000	\$150,000



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DRAFT

Agenda

JOINT MEETING OF THE BOARD OF DIRECTORS

for the

Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

August 21, 2008

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.

ACTION RECOMMENDED

1. Roll Call
2. Approval of Minutes - July 17, 2008
3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.

Approve

Please turn off cell phones and pagers
during the meeting



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

CONSENT ITEMS

- | | | |
|-----|---|---------|
| 6. | <u>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 July 15, 2008, Meeting</u>
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 July 15, 2008, Meeting. Budget Impact - None. | Receive |
| 7. | <u>MTS: Agreement for Operation of Passenger Excursion Services and for Custody and Control of a Portion of San Diego and Arizona Eastern (SD&AE) Right-of-Way as Between SD&AE and the Pacific Southwest Railway Museum</u>
Action would authorize Paul Jablonski, San Diego and Arizona Eastern (SD&AE) Railway Company President, to execute the Second Amendment to the Agreement for Operation of Passenger Excursion Services and for Custody and Control of a Portion of the SD&AE Railway Company Right-of-Way as between SD&AE and the Pacific Southwest Railway Museum (Museum). Budget Impact - None. | Receive |
| 8. | <u>MTS: Job Access and Reverse Commute Grant</u>
Action would approve Resolution No. 08-17 authorizing the CEO to submit applications for federal fiscal years 2007 - 2009 Job Access and Reverse Commute (JARC) for Non-Urban (Rural) areas - Federal Transit Administration funding 5316. Budget Impact - None. | Approve |
| 9. | <u>MTS: September 2008 Minor Service Changes</u>
Action would receive this information on service changes scheduled for September 2008 implementation. | Receive |
| 10. | <u>MTS: Investment Report - June 2008</u>
Action would receive a report for information. Budget Impact - None. | Receive |

The Executive Committee will determine if the following items will be on the Board agenda as Consent or Discussion (see Executive Committee items under Section D).

- | | | |
|-----|---|---------|
| 11. | <u>SDTI: Train to Wayside Communication (TWC) Equipment - Contract Award</u>
Action would authorize the CEO to execute a sole-source contract with VECOM USA to replace existing TWC wayside components that are presently installed at San Diego Trolley, Inc. (SDTI) with an up-to-date model. Budget Impact - The total contract cost of \$203,841.45, including TWC equipment, freight, and taxes, would come from CIP 11218-0200 (TWC Equipment Replacement Project). VECOM USA would pay \$14,661.45 in sales tax directly to the state. | Approve |
|-----|---|---------|

12. MTS: El Cajon Transit Center Demolition MOU and Budget Transfer Approve
Action would: (1) authorize the CEO to execute a Memorandum of Understanding (MOU) with the San Diego Association of Governments (SANDAG) for the El Cajon Transit Center building demolition work to be done under the SANDAG/San Diego County Job Order Contracting (JOC) Agreement and for providing construction management services; and (2) approve a fund transfer from the MTS Blue and Orange Line Station Improvement Project Capital Improvement Program (CIP) 11217 to SANDAG's El Cajon Transit Center Demolition Project CIP 1129500. Budget Impact - No change to the overall CIP amount. \$150,000 would be transferred from MTS CIP 11217 (Blue and Orange Line Station Improvement) to SANDAG's CIP 1129500 (El Cajon Transit Center Demolition).

CLOSED SESSION

24. a. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a): San Diego Public-Transit Riders' Alliance (Case No. 37-2008-00086580-CU-TT-CTL) Possible Action
- b. MTS: CLOSED SESSION – CONFERENCE WITH PROPERTY NEGOTIATORS Pursuant to California Government Code Section 54956.8 Possible Action
Property: 1341 Commercial Street and 1501 National Avenue
San Diego, California
Agency Negotiators: Paul Jablonski, Tiffany Lorenzen, Tim Allison
Negotiating Parties: Merlone Geier Partners
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: Chargers Express Service Possible Action
Action would receive an update on Chargers Express Service and discussions with the Federal Transit Administration.
31. SDTC: Pension Obligation Bonds Update Receive
Action would receive an update regarding Pension Obligation Bonds (POBs).
32. MTS: Federal 5311 Grant Application Approve
Action would approve Resolution No. 08-18 authorizing the application for and use of Federal Transit Administration Section 5311 and 5311(f) funds for operating and capital assistance in nonurbanized areas.

REPORT ITEMS

- | | | |
|-----|---|-------------|
| 45. | <u>MTS: Lemon Grove Main Street Promenade and Transit Plaza</u>
Action would receive a report for information. | Receive |
| 46. | <u>MTS: I-805 Buses On-Shoulder Service (BOSS) Demonstration Project -</u>
Action would receive a report on this San Diego Association of Governments (SANDAG) project. | Receive |
| 47. | <u>MTS: Annual Performance Monitoring</u>
Action would receive a report for information. | Receive |
| 48. | <u>MTS: Interstate 15 Express Services</u>
Action would receive a report for information. | Receive |
| 49. | <u>MTS: College Pass Program</u>
Action would receive a report for information. | Receive |
| 50. | <u>MTS: Bus Route 14</u>
Action would receive a report for information. | Receive |
| 51. | <u>MTS: Bus and Light Rail Vehicle Cameras</u>
Action would receive a report for information. | Receive |
| 52. | <u>MTS: Update on Sorrento Valley Coaster Connection</u>
Action would receive a report for information. | Receive |
| 60. | <u>Chairman's Report</u> | Information |
| 61. | <u>Audit Oversight Committee Chairman's Report</u> | Information |
| 62. | <u>Chief Executive Officer's Report</u> | Information |
| 63. | <u>Board Member Communications</u> | |
| 64. | <u>Additional Public Comments Not on the Agenda</u>
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. | <u>Next Meeting Date:</u> September 11, 2008 | |
| 66. | <u>Adjournment</u> | |



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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.

SDAE 710 (PC 50771)

August 21, 2008

**Draft for
Executive Committee
Review Date: 8/14/08**

SUBJECT:

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 JULY 15, 2008, MEETING

RECOMMENDATION:

That the Board of Directors:

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 (Attachment A); and
2. ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on July 15, 2008.

Budget Impact

None.

DISCUSSION:

Quarterly Reports

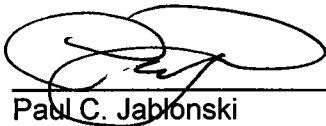
Pursuant to the Agreement for Operation of Freight Rail Services, SD&IV, Museum, and Carrizo have provided the attached quarterly reports of their operations during the second quarter of calendar year 2008 (Attachment A).



SD&AE Property Matters

Under its adopted policy for dealing with the SD&AE Railway, the MTS Board of Directors must review all property matters acted on by the SD&AE Board. At its meeting of July 15, 2008, the SD&AE Board:

- received a report on the following documents processed by staff:
 - S200-08-354: Deposit agreement with the City of National City for the Bay Marina Drive Widening Project in National City.
 - S200-08-357: Right of entry permit to Zigman Shields Construction Company for adjacent building construction north of Lemon Grove Avenue in the City of Lemon Grove.
 - S200-08-362: Right of entry permit to SC Valley Construction to abandon an underground sewer line at Allison Street in the City of La Mesa.
 - S200-08-363: Right of entry permit to the United States Navy Region Southwest to conduct the Bay Bridge Fun Run from San Diego to Coronado.
 - S200-08-365: Right of entry permit to the City of La Mesa for its City's Flag Day Parade.
- approved issuing a license to Cox Communications to string a fiber-optic cable above the tracks west of Wilson Avenue at West 16th Street in National City.
- approved a license to Wells Fargo Bank to obtain access to an existing utility pole (within SD&AE right-of-way) to trench, install, and maintain an underground conduit for a Wells Fargo Bank automated teller machine (ATM). The utility pole is located within SD&AE right-of-way on the northwest side of the La Mesa Gateway Commercial Center.
- received a staff report and authorized the issuance of a letter of support for the Main Street Promenade Project to be included in a Smart Growth Incentive Grant Program application by the City of Lemon Grove.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tiffany Lorenzen, 619.557.4512, tiffany.lorenzen@sdmts.com

AUGUST21-08.6.SDAE REPORTS.TLOREN.doc

Attachment: A. Operators' Quarterly Reports

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

April 29, 2008

A meeting of the Board of Directors of the San Diego & Arizona Eastern (SD&AE) Railway Company, a Nevada corporation, was held at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101, on April 29, 2008, at 9:02 a.m.

The following persons, constituting the Board of Directors, were present: Pete Jespersen, Bob Jones, and Paul Jablonski. Also in attendance were:

MTS staff:	Tiffany Lorenzen, Tim Allison, Linda Musengo
SANDAG staff:	Tina Casgar
SD&IV staff:	Jose Ramos
Burlington Northern Santa Fe (BNSF):	John Hoegemeier
Pacific Southwest Railway Museum:	Jim Lundquist, Dick Pennick
Carrizo Gorge Railway, Inc. (Carrizo):	Byron Wear, Charles McHaffie
International Border Rail Institute:	Richard Borstadt
Ferrocarriles Peninsulares del Noroeste:	R. Mitchel Beauchamp
Public:	Brian Martins

1. Approval of Minutes

Mr. Jablonski moved to approve the Minutes of the January 22, 2008, SD&AE Railway Board of Directors meeting. Mr. Jones seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Linda Musengo reported on the financial statement attached to the agenda item. Ms. Musengo apologized for the reference to "net loss" on the bottom of Attachment A (page 2-2) "SD&AE Operating Statement FY 2008" as it implies a loss for this quarter, which is not the case. She added that there will be a significant influx of cash soon for property sales that will show up at the next meeting.

Ms. Musengo stated that in working with Mr. Jespersen and looking through old records, it was discovered that the freight fee for a couple of years was inadvertently recorded to the wrong entity—those funds were moved back to SD&AE. In addition, the joint use fee from 2001 was recorded to MTS and was also moved back to SD&AE as reflected on Attachment A. This contributed to the large increase in the fund balance especially since there were some high fees.

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

3. Report on SD&IV Operations

Jose Ramos presented the Periodic Report of the SD&AE Railway Company (Attachment B).

Action Taken

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

4. Report on Pacific Southwest Railway Museum Operations

Mr. Lundquist gave a report on the first quarter of 2008 (attached to the agenda item). Mr. Jablonski suggested that the Museum submit a proposal to the SD&AE Board in regard to its request for extended passenger operations (as requested on page 4-3 of the agenda item). Mr. Jablonski added that the Museum should work out the rail-movement details with Carrizo and incorporate that into the proposal.

Mr. Lundquist informed the Board that all of the Museum's railroad excursions have been selling out.

Action Taken

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

5. Report on the Desert Line

Mr. Wear introduced Charles McHaffie, Carrizo's Chief Executive Officer and President. Mr. Wear added that Armando Freier could not attend today's meeting as he was away on railway business. Mr. Wear gave a report on the first quarter of 2008 (attached to the agenda item).

Mr. Wear reported the following in regard to outstanding items noted on the agenda item:

- All reports have been submitted to the Board regarding the six derailed cars.
- In regard to the destroyed center beam car near Campo, the right-of-way is cleared and meets all conditions of the Federal Railroad Administration (FRA) and Public Utilities Commission (PUC).
- Payments made to SD&AE should be current by the end of the week. Kim James is no longer with SD&AE. Ms. Lorenzen responded that Carrizo currently owes \$42 for the difference between the reportable movements for December and what was paid. She added that the March check for \$90 was due on April 15 and has not yet been received.

Mr. Wear responded that Carrizo has new accounting staff so the outstanding payments should be made within a day or two, and he will personally deliver the payment.

- Carrizo had a meeting with Mr. Jespersen about six weeks ago to address the concerns raised by the Board at its last meeting about the bridge and tunnel repairs. The meeting resulted in a more simplified version of addressing high-priority bridge repairs. Carrizo is working with Craig Kelsey who is an experienced bridge engineer. Mr. Kelsey is addressing all of the bridge issues. He inspected the bridges on the Desert Line; however, because of train movement at Campo, he could not inspect the bridge at milepost 66.77. Mr. Kelsey inspected mileposts 97.68 - 123.89 and submitted a list of issues to Carrizo. He proposes starting work (considered Phase 1) on August 1 and finishing the six high-priority bridges by October 30, 2008. Mr. Kelsey submitted estimates to Carrizo for that work.

Phase 2 is proposed to start on October 30 and finish by the end of the year; there are seven additional bridges in this phase. Phase 3 would start in January.

Board Discussion

Mr. Jones stated that Mr. Kelsey is not a certified bridge engineer. Mr. Jones cautioned Carrizo that as bridge repairs move forward, there should be a certified bridge engineer present. The repairs conducted so far are adequate for the current traffic that Carrizo is handling; however, as volumes start exceeding 60 cars per month, there will be a situation where the requirements will exceed the current repairs. Mr. Jones cautioned Carrizo members not to add a Band-Aid now because, down the road, a lot more work and money will be required to rectify the problems.

Mr. Jespersen reported that Osmose recommended replacing the stringers on the bridge at milepost 66.77, but the repair that was done was minimal. Mr. Jespersen cautioned Carrizo staff that just enough work was completed to consider the bridge operable for the next couple of years, but if the volume on the line increased, these bridges will have to be redone. At that point, the work would be much more extensive and costly (especially the bridge at milepost 123). Mr. Wear responded that his staff will take these comments into consideration and come up with a detailed plan before proceeding with future repairs.

Mr. Jablonski asked how long the above-referenced repairs would last. Mr. Jones responded that under the current volume of traffic, possibly a couple of years. If more volume were added, the bridges would have to be reinspected at a cost. Mr. Jones reminded everyone that the Federal Railroad Administration now has much stricter requirements on its bridge inspections, which will be conducted annually.

Mr. Jespersen requested that once repairs are completed on the bridges, Carrizo have a certified inspector give a report stating that the bridge is fit for operations. Mr. Allison recommended to the Board that on-site inspections be conducted while repairs are being done. He added that he does not feel comfortable having the repairs inspected after they are done.

Mr. Jablonski stated his concern that Carrizo is doing just enough repairs to get by. He added that this sets the bar very low for falling below the safety comfort zone. Mr. Jablonski once again stated that he is very reluctant to increase passenger service over bridges that are only borderline safe, and he will not hesitate to shut the line down.

Mr. Allison clarified that MTS hired a consultant to inspect the bridge, which was found to be adequate for the amount of volume moving on the rails today. If that volume does not change, the bridge could be good for a couple of years. Mr. Allison added that Carrizo conducted about 25% of Osmose's recommended repairs, and he described the bridge composition.

Outstanding Item Regarding Six Derailed Tank Cars (noted on the agenda item)

Mr. Jespersen stated that he and Amiro (Carrizo staff member) will be going through the inspection. Mr. Jespersen will have SD&IV work with Carrizo to bring the tank cars into the shop to lift and spin the bearings. Mr. Freier told Mr. Jespersen that Carrizo would replace any defective parts. Mr. Jespersen complimented Carrizo staff member Amiro for his knowledge and good working relationship.

Actions Taken

1. Mr. Jablonski moved to direct Carrizo to submit a report to the Board within 30 days comparing its proposed bridge repairs versus Osmose's recommended repairs. Mr. Jones seconded the motion, and it was unanimously approved.

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

6. Real Property Matters

Since the January 22, 2009, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-08-346: Right of entry permit to SDG&E for underground installations in the City of San Diego near Sampson and Schley Streets.
- S200-08-347: Professional services contract with Donna & Desmond Associates to appraise billboards on SD&AE right-of-way.
- S200-08-348: Right of entry permit to Lemon Grove to repair the Broadway Crossing.
- S200-08-349: Right of entry permit to Geotek for soils investigation in the trolley yard.
- S200-08-350: Right of entry permit to Stuart Engineering for utility investigations in the trolley yard.
- S200-08-355: Right of entry permit to Aguirre and Associates for surveying at the Grossmont Station.
- S200-08-356: Right of entry permit to Testing Engineers for soils investigations near 32nd Street in San Diego.
- S200-08-358: Right of entry permit to Nasland Engineering to survey utilities near Coronado Ave in San Diego.
- S200-08-360: Right of entry permit to HP Communications/AT&T for underground work at Anita Street in Chula Vista.

Action Taken

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

7. Marriott Ballpark Village Request for License and Quitclaim

Mr. Allison outlined the proposed Marriott Hotel next to the MTS parking garage in Lot D1/D2. It will be one of the largest hotels on the West Coast. There will be over 1,900 hotel rooms on a pedestal of six floors of convention space, which will be approximately 200,000 square feet and will include restaurants and retail. Mr. Allison stated that SD&AE's charge for a license for tiebacks will be a minimum of \$100 each and would be a one-time charge. He described the project specifics in greater detail as outlined on page 7-2 of the agenda item. He added that this is a very aggressive project, and it is about a year and a half away from final design and the start of construction. Mr. Hoegemeier responded to Mr. Jespersen's question that the time

period to submit any freight noise complaints regarding the project is over.

Action Taken

Mr. Jones moved to approve issuing a license to JMI Realty/Marriott Hotels for the construction of tiebacks in railroad right-of-way and authorize the quitclaim of catenary pole infrastructure after relocation out of an easement on JMI's property. Mr. Jablonski seconded the motion, and it was unanimously approved.

8. Agreement for Operation of Passenger Excursion Services and for Custody and Control of a Portion of San Diego & Arizona Eastern (SD&AE) Railway Company Right-of-Way as Between SD&AE and the Pacific Southwest Railway Museum (PSRM)

Tiffany Lorenzen reported that due to unforeseeable PSRM staff issues, she has not received all of the information needed for the Board to review. Ms. Lorenzen stated that the income and revenue reported on page 8-2 of the agenda item is not an accurate picture because they are given as one sum; however, the profit and loss statement for 2007 gives a better picture of the ticket revenues versus donations, membership dues, etc. Ms. Lorenzen has asked Mr. Lundquist to submit profit and loss statements for 2005 and 2006, and she will bring that information back to the next meeting.

Mr. Lundquist apologized for not submitting the financial information. He explained that there were issues with the previous treasurer who has resigned, and they are working to rectify any issues.

Action Taken

Mr. Jones moved to:

1. direct PSRM to provide profit and loss statements and tax returns for 2005, 2006, and 2007 to Tiffany Lorenzen and the Board for review and consideration of the operating fee to be charged to PSRM; and
2. authorize one last temporary extension of the existing contract until the next SD&AE meeting. If the financial information is not provided and PSRM does not bring its account current, the operating agreement will not be renewed.

Mr. Jablonski seconded the motion, and it was unanimously approved.

10. Old Business

Mr. Jablonski noted that in the January 22 minutes, the Board requested a discussion regarding the Proposition 1b funds. He stated there is good news as \$400 million was received for San Diego with about 25% designated for the Blue Line. Tina Casgar of SANDAG reported that there is \$167 million for the Blue Line--\$107 million for the line itself and \$60 million for the yard. These funds were approved by the CTC but still have to go through the state legislature. Ms. Casgar added that there was a lot of competition for the funding, and she disseminated a South Line Rail Improvement Project Fact Sheet (attached).

Mr. Jespersen discussed efforts with outside agencies regarding project strategies for the yard project and clarified that there is no longer a matching funds problem. He added there will be a walk-through at the south end of the San Ysidro Yard by the Border to look at some of the Border Patrol's improvements to the drainage. Drainage has improved and there is a lot less silt

runoff, so Mr. Jespersen would like an inspection to determine if the project could require less money for drainage improvements. He added that the original plans are being revisited in anticipation of the funding to maximize the yard's capacity/velocity. Mr. Jablonski commended everyone involved for a lot of hard work, and he requested that an agenda item be docketed on the next meeting agenda to discuss how the \$167 million for the Blue Line will be spent.

11. New Business

None.

12. Public Comments

None.

13. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on July 22, 2008.

9. CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION Pursuant to California Government Code section 54956.9(b) (One Potential Case) (Taken out of Order)

Oral Report following Closed Session

Ms. Lorenzen reported that the Board received a report from Counsel and gave direction to Counsel.

14. Adjournment

The meeting was adjourned at 10:46.

President

Of Counsel

JGardetto
MINUTES-SDAE.4-29-08.doc
6/24/08

Attachments: South Line Rail Improvement Project Fact Sheet

SAN DIEGO & ARIZONA EASTERN RAILWAY (SD&AE) SOUTH LINE RAIL IMPROVEMENT PROJECT FACT SHEET



401 B Street, Suite 800
San Diego, CA 92101
(619) 699-1900
Fax (619) 699-1905
www.sandag.org

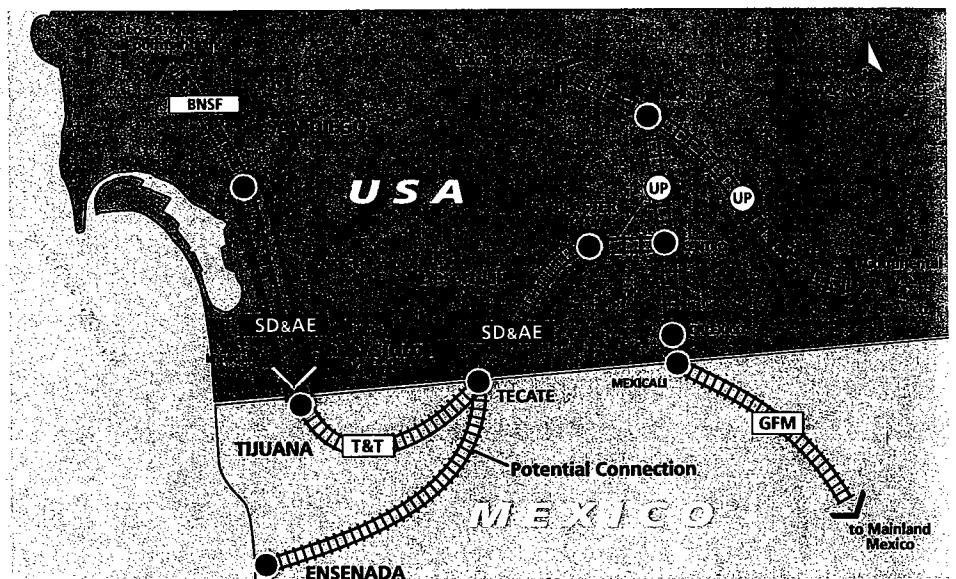
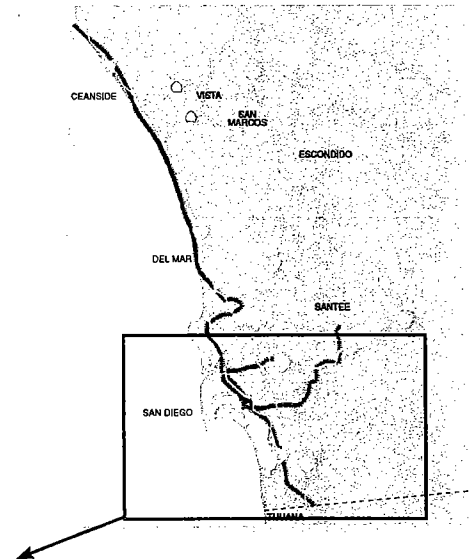
The Project

The SD&AE South Line Railway provides the essential rail connection for the region's freight operations between the U.S.-Mexico border at San Ysidro, the Port of San Diego, and downtown San Diego. The BNSF Railway, operator in the coastal corridor, interchanges with SD&AE to transport freight via the coastal main line through Orange County and connects with the BNSF and Union Pacific transcontinental railways for the movement of goods to their final destinations.

The SD&AE South Line Rail Improvement Project enables expanded freight operations through the construction of a special trackwork, and train control to meet existing and future growth of freight rail in the region. Nearly \$30 billion of goods crossed at the San Diego-Baja California (Mexico) land ports of

entry (POEs) in 2006, and nearly \$9 billion in goods came through the Port of San Diego's two maritime terminals.

(Continued on reverse)



The project increases freight capacity and efficiency of the San Diego, National City, and San Ysidro Rail Yards to accommodate transloading and intermodal transfers. Crossovers and connectors would provide connectivity with both Port of San Diego marine terminals and the Mexican Railway at San Ysidro. The project provides rehabilitation of the sidings, additional power interlockings, and computerized train controls to enable the operation of freight rail services separate from the San Diego Trolley. It would divert about 31,000 trucks annually to rail by 2030.

The Need

The project meets the region's projected freight rail capacity needs on the South Line through 2030. These include:

- » Increased rail storage and transloading facilities to meet demand
- » Increased separation of Trolley from freight operations to double the existing freight operating capacity

The South Line Rail improvements are intended to complement other improvements in the Coastal/Border Corridor. As the San Diego region accepts more business along the South Line via the Port of San Diego and Mexico, more capacity must be added to the South and Coastal Lines.

Project Costs

The South Line Rail improvements are estimated to cost \$147.5 million, including the San Ysidro Yard expansion which leverages \$8.7 million from a federal allocation, and \$600,000 in federal CBI funds.

Project Status

Various individual improvements make up the South Line improvements package. Many of these improvements are intended to accompany investments by the BNSF or by the Metropolitan Transit System to complete the overall multi-modal project vision. Main line improvements could begin construction by early 2012 and yard expansion by early 2013.

Agenda

Item No. 2

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

SDAE 710.1 (PC 50771)

July 15, 2008

SUBJECT:

STATEMENT OF RAILWAY FINANCES

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

The SD&AE operating statement for FY 2008 is attached for information. Linda Musengo will give an update during the meeting.

2-RAILWYFINANCES.doc

Attachment: FY 08 Operating Statement

DRAFT

SD&AE operating statement FY2008

	Q1	Q2	Q3	Q4	YTD
Revenue					
Right of entry permits	\$ 5,000	\$ 8,650	\$ 2,850	\$ 16,550	\$ 33,050
Lease income	5,047	8,568	17,587	15,477	46,679
1 SD&IV 1% freight fee	-	38,720	106,331	-	145,051
2 Joint use fee	-	-	89,000	-	89,000
Carrizo Gorge			1,062	198	1,260
3 Sale of property				293,163	293,163
Other income	570	5,696	(741)	-	5,525
Total revenue	10,617	61,634	216,089	325,388	613,729
Expense					
Admin wages	16,636	15,753	14,471	21,514	68,374
Workers' compensation	1,005	1,005	836	497	3,343
4 Professional services	3,898	10,631	53,987	8,050	76,567
Outside services	1,250	-	-	2,905	4,155
Telephone	145	-	-	-	145
Insurance premium	10,533	10,373	10,122	8,948	39,976
Other miscellaneous expense	543	845	342	18	1,748
Depreciation	-	-	-	-	-
Total expense	34,010	38,607	79,758	41,932	194,308
Net loss	\$ (23,393)	\$ 23,027	\$ 136,331	\$ 283,456	\$ 419,421

Reserve balance 2007

Allocated interest earnings - estimated

Operating profit (loss)

Improvement expense 2008

Reserve balance 2008 - estimated

\$ 448,354

2,380

419,421

-

\$ 870,154

1 SD&IV 1% freight fee consists of the following:

SD&IV 1% freight fee calendar year **2007** recorded in SD&AE in March 2008

SD&IV 1% freight fee calendar year **2006** recorded in SD&AE in November 2007

SD&IV 1% freight fee calendar year **2005** previously recorded to San Diego Trolley

transferred to SD&AE in January 2008

SD&IV 1% freight fee calendar year **2001** previously recorded to MTS,

transferred to SD&AE in January 2008

37,170.33

38,719.90

38,244.85

30,916.03

\$ 145,051.11

2 SD&IV joint use fee calendar **2001** previously recorded to MTS

transferred to SD&AE in January 2008

\$ 89,000.04

3 Proceeds from sale of National City property

\$ 293,163.00

4 Professional services consists of the following:

Bureau Veritas

Wiggins Group

Osmose Railroad Services - bridge Inspection

Anderson & Brabant - real estate appraisal

Kimley Horn

Donna Desmond

9,118.45

12,898.36

35,000.00

5,000.00

8,049.54

6,500.00

\$ 76,566.35

Agenda

Item No. 3

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

SDAE 710.1 (PC 50771)

July 15, 2008

SUBJECT:

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

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

An oral report will be given during the meeting.

Attachment: Periodic Report for the 2nd Quarter of 2008



July 2, 2008

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

Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company; activities of interest for the 2nd Quarter of 2008 are listed as follows:

1. Labor

At the end of June 30, 2008 the San Diego & Imperial Railroad had 11 employees:

1 General Manager

1 Trainmaster

1 Manager - Marketing & Sales

1 Mechanical Employee

2 Maintenance of Way Employees

5 Transportation Specialists

2 . Marketing

In the 2nd Quarter of 2008 versus 2007, US lumber and paper carloads declined. Mexican traffic remained steady, with a slight decrease in LPG and grain.

3. Reportable Injuries/Environmental

Through year to date, June 30, 2008, there were no FRA Reportable injuries on the SDIY Railroad.

Days FRA Injury Free: 6428

Days FRA Incident Free: 8802

4. Summary of Freight

	2008	2007	2006
Total rail carloads that moved by SDIY Rail Service in the quarter.	1852	1,938	1,815
Total railroad carloads Terminating/Originating Mexico in the quarter.	1481	1,550	1,452
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	371	388	363
Total customers directly served by SDIY in the quarter	12	12	12
Regional Truck trips that SDIY Railroad Service replaced in the quarter	12,038	12,597	11,797

Respectfully,

Pete Jespersen

General Manager

DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name SCHRECEGOST, ROBERT		Inspector's Signature		Inspector's ID No. 77505	Report No. 59	Date yy mm dd 2008 06 18		
Railroad/Company Name & Address SAN DIEGO & IMPERIAL VALLEY 1501 National Ave Suite 200 San Diego CA 92123				R/C R	Division SYSTEM	RR/Co. Representative (Receipt Acknowledged) Name Peter A. Jespersen Title Operations Superintendent Signature _____		
From: City SAN YSIDRO		Codes 3418	Destination City & County		Codes	From Latitude		
State CA		06	City			From Longitude		
County SAN DIEGO		C073	County			To Latitude		
Mile Post: From _____ To _____		Inspection Point SAN YSIDRO YARD				To Longitude		
Activity Code:	2170	232X	218F					
Units:	1	5	1					

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1										N	N	0	

Description - [** Comment to Railroad/Company **]

INSPECTION CONDUCTED AT THIS LOCATION TO ASCERTAIN COMPLIANCE WITH CARRIER RULES AND FEDERAL REGULATIONS. ALL VIOLATIONS, DEFECTS OR EXCEPTIONS WERE DISCUSSED WITH A CARRIER MANAGER WITH RESPONSIBILITY ON THIS DISTRICT. INSPECTION REPORTS MAY ALSO BE DELIVERED VIA FAX OR EMAIL. FOR QUESTIONS REGARDING THIS INSPECTION REPORT PLEASE CONTACT:

Robert Schrecengost
US DOT/Federal Railroad Administration
Operating Practices Inspector
Cell 916-798-9516
Office 760-434-2544

Violation Recommended <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Latitude:		Longitude:	
Written Notification to FRA of Remedial Action is: <input type="checkbox"/> Required <input checked="" type="checkbox"/> Optional		Railroad Action Code <input type="text"/>		Date(mm/dd/yyyy): <input type="text"/>	
Comments on back?					

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
2										N	N	0	2170

Description - [** Comment to Railroad/Company **]

CHECKED SWITCHES, DERAILS, CROSS-OVERS, AND CAR CLEARANCE THROUGHOUT THE YARD. NO DEFECTS NOTED.

Violation Recommended <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Latitude:		Longitude:	
Written Notification to FRA of Remedial Action is: <input type="checkbox"/> Required <input checked="" type="checkbox"/> Optional		Railroad Action Code <input type="text"/>		Date(mm/dd/yyyy): <input type="text"/>	
Comments on back?					

Source Code A	File Number	ID's of Accompanying Inspector(s) 18019	Page 1 of 2
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 77505	Report No. 59	Report Date 06/18/2008
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
3										N	N	0	232X

Description - [** Comment to Railroad/Company **]

CHECKED FOR SECUREMENT THROUGHOUT THE YARD. BNSF 795189 + PROPERLY SECURED. HS 3146 PROPERLY SECURED. TBOX 670724 + PROPERLY SECURED. SRIX 5052+ PROPERLY SECURED. UNIT 9520 PROPERLY SECURED.

Violation Recommended	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	<input type="checkbox"/> Required <input checked="" type="checkbox"/> Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
4										N	N	0	218F

Description - [** Comment to Railroad/Company **]

FLAG AND LOCKOUT PROTECTION PROPERLY APPLIED ON RH3 TRACK. NO DEFECTS NOTED.

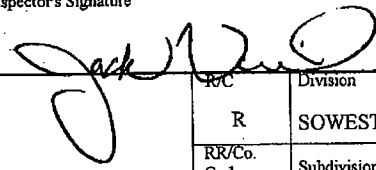
Violation Recommended	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Latitude:	Longitude:
Written Notification to FRA of Remedial Action is:	<input type="checkbox"/> Required <input checked="" type="checkbox"/> Optional	Railroad Action Code	Date(mm/dd/yyyy):
			Comments on back?

Source Code A	File Number	ID's of Accompanying Inspector(s) 18019	Page 2 of 2
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DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT

OMB Approval No.: 2130-0509

Inspector's Name VAIL, JACK J.		Inspector's Signature 		Inspector's ID No. 91130	Report No. 142	Date yy mm dd 2008 06 26		
Railroad/Company Name & Address SAN DIEGO & IMPERIAL VALLEY 1501 NATIONAL AVE. SUITE 200 SAN DIEGO CA 92113				RR/Co. Code SDIY	Division SOWEST	RR/Co. Representative (Receipt Acknowledged) Name PETE JESPERSEN Title TRAINMASTER Signature _____		
From: City SAN YSIDRO	Codes 3418	Destination City & County			Codes 3418	From Latitude		
State CA	06	City SAN YSIDRO			3418	From Longitude		
County SAN DIEGO	C073	County SAN DIEGO			C073	To Latitude		
Mile Post: From To		Inspection Point SAN YSIDRO YARD				To Longitude		
Activity Code:	RRO	TC1	TC2	232	172C			
Units:	1	18	21	21	10			

Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/ USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
1										N	N	0	
Description - [** Comment to Railroad/Company **] Conducted inspection on railroad operations. No defects were noted.													
Violation Recommended <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Latitude: Longitude:													
Written Notification to FRA of Remedial Action is: <input type="checkbox"/> Required <input checked="" type="checkbox"/> Optional Railroad Action Code Date(mm/dd/yyyy): Comments on back?													
2										N	N	0	
Description - [** Comment to Railroad/Company **] Conducted visual inspection on tank cars containing a hazardous material for proper placarding, securement, marking, and test dates. No defects were noted.													
Violation Recommended <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Latitude: Longitude:													
Written Notification to FRA of Remedial Action is: <input type="checkbox"/> Required <input checked="" type="checkbox"/> Optional Railroad Action Code Date(mm/dd/yyyy): Comments on back?													
3										N	N	0	
Description - [** Comment to Railroad/Company **] Conducted inspection on tank cars containing a hazardous material for proper placarding, securement, marking, and test dates. No defects were noted.													
Violation Recommended <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Latitude: Longitude:													
Written Notification to FRA of Remedial Action is: <input type="checkbox"/> Required <input checked="" type="checkbox"/> Optional Railroad Action Code Date(mm/dd/yyyy): Comments on back?													

DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION (FRA)

INSPECTION REPORT
(Continuation)

OMB Approval No.: 2130-0509

Inspector's ID No. 91130	Report No. 142	Report Date 06/26/2008
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
4										N	N	0	

Description - [** Comment to Railroad/Company **]

Conducted inspection on the safety appliances for tank cars containing a hazardous material. No defects were noted.

Violation Recommended	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	<input type="checkbox"/> Required	<input checked="" type="checkbox"/> Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Item	Initials/Milepost	Equipment/Track #	Type/Kind	49 CFR/USC	Defect	Subrule	Speed	Class	Train #/Site	SNFR*	RCL**	# of Occ.***	Activity Code
5										N	N	0	

Description - [** Comment to Railroad/Company **]

Conducted inspection on the shipping papers for tank cars containing a hazardous material for the proper description of lading. No defects were noted.

Violation Recommended	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Latitude:	Longitude:
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Written Notification to FRA of Remedial Action is:	<input type="checkbox"/> Required	<input checked="" type="checkbox"/> Optional	Railroad Action Code	Date(mm/dd/yyyy):	Comments on back?
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Source Code A	File Number	ID's of Accompanying Inspector(s)	Page 2 of 2
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Agenda

Item No. 4

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

SDAE 710.1 (PC 50771)

July 15, 2008

SUBJECT:

REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Second Quarter Report for 2008

Pacific Southwest Railway Museum

4695 Nebo Drive
La Mesa, CA 91941-5259

July 3, 2008

SD&AE Board
C/O MTS
1255 Imperial Av #1000
San Diego, CA 92101

SECOND QUARTER REPORT FOR 2008

Here are the highlights for this quarter:

1. Using all volunteer crews, in the second quarter, we ran 48 passenger trains carrying 2,541 passengers with no FRA reportable accidents or incidents. Our check for the 2nd quarter 2008 revenue is being sent under separate cover.
2. As the summer weather comes to Campo, our ridership and number of visitors drops off. The high cost of fuel is also negatively affecting our ridership and our costs for train operations.
3. The securing of the Campo Depot area may have a partial solution. I have asked for funding from the County of San Diego for road and parking lot improvements, and perhaps with some matching funding from MTS and/or CZRy, we can get the automatic gate project done. Will MTS consider a small contribution of around \$2,500 towards an automatic security gate for the storage of the MTS buses?
4. We have been using Allied Weed Spraying for keeping the weeds down along the SD&AE Railway on the tracks we use. I was recently informed that Allied is no longer under contract with the SD&AE and/or MTS and/or SDIY. Allied was able to take care of our needs while also in town for these other clients. If possible, we would like to

A California Non-Profit, Public Benefit Corporation, IRS Tax # 95-2374478

Owners and operators of the Railroad Museum in Campo,
San Diego & Arizona Railway and the La Mesa Depot Museum

SD&AE

July 3, 2008

contract with the new company providing these services. Please provide contact information to us.

5. We are making plans for painting rail equipment at the La Mesa Depot. This will require the setting up of scaffolding on both sides of the existing short steel fence, but still outside of the overhead power poles. How do we get permission for this activity? Also, if there is a fee, how do we get this waived?

Thank you for your continued cooperation.

Sincerely,

Jim Lundquist

President, Pacific Southwest Railway Museum

Agenda

Item No. 5

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

SDAE 710.1 (PC 50771)

July 15, 2008

SUBJECT:

REPORT ON THE DESERT LINE

RECOMMENDATION:

That the SD&AE Board of Directors receive:

1. a report for information;
2. an update on payments to SD&AE;
3. an update on the bridge/tunnel report that was due on May 29, 2008; and
4. a report on the Federal Railroad Administration (FRA) inspection.

Budget Impact

None.

5-DESERTLINE.doc

Attachment: 2nd Quarter Report for 2008



CARRIZO GORGE RAILWAY, INC.

PERIODIC REPORT

To the San Diego & Arizona eastern Railway Company

2ND QUARTER 2008

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

Covering Carrizo Gorge Railway accomplishments during the 2nd quarter of 2008

Carrizo Gorge Railway, Inc

CONTENTS

2nd QUARTER 2008 ACTIVITY

Appendix A- MOW Summary

Appendix B- Desert Line Track Rehabilitation Offset Financial Summary

Appendix C- Deserte Line Freigth Revenues Financial Summary

CARRIZO GORGE RAILWAY, INC

2295 Fletcher Parkway, Suite 101, El Cajon Ca 92020

Phone (619) 938-1943

Fax(619) 561-4367

June 30, 2008

Metropolitan Transit Development Board
San Diego & Arizona Eastern railway Board
1255 Imperial Avenue
San Diego, California 92101

Persuant to reporting agreement, here is the summary of 2nd Quarter activity for 2008

PERIODIC REPORT

1. LABOR

As of June 30, 2008, the Carrizo Gorge Railway has 23 employees to cover overall

Administration of the road and operation in the U.S. on the Desert Line.

8 Administration (covers U.S.A. and Mexico)

1 Marketing

2 Revenue Freight Administrators

6 Maintenance-of-Way

1 mechanical

4 Train Service

4 Railroad police

2. MARKETING

The railroad industry in general has decreased 5% in volume for Class 1 railroads, according to Union Pacific, and decreased up to 15% according to some Short line carriers.

In an effort to ensure that Carrizo Gorge Railway does not see a significant decline in our overall business we have embarked in a number of measures to promote our business that include the overall improvement of our service, the soon to come addition of more rail equipment to increase capacity and a number of projects that are in the planning stages both in the US and Mexico.

Some of these new agreements will give us increase handling capacity in Mexico that will allow us to take on additional type of freight that we are currently not handling.

Overall the prospect to increase our business in the next six months is greater than it has been in a very long time.

The Carrizo Gorge Railway marketing team is aggressively going after new business as the Tijuana and Tecate industrial base continues to expand. We anticipate additional customer activity throughout 2008, including new agreements that should not only increase the business in the short run but also give us a steady flow of freight for years to come.

3. MEXICAN RAILROAD

Carrizo Gorge Railway is the operator for ADMICARGA the State of Baja California, Mexico and interchanges railcars with the San Diego & Imperial Valley Railroad (SD&IV) at San Ysidro. Carrizo Gorge Railway's Subsidiary, Ferrocarriles CZRY de Baja California S.A. de C.V. , continues to employ the following 26 personnel dedicated to freight south of the border:

- 2 Manager
- 1 Trainmaster
- 3 Agents
- 8 Train Service Employees
- 1 Mechanic
- 1 Car Inspector
- 1 General Division Engineer
- 13 Track Supervisors and track maintenance crew persons

4. Desert Line

Carrizo Gorge Railway is the rail freight operator on the Desert Line by contractual agreement with Rail America/ SD&IV and with the approval of SD&AE/ MTDB.

During this period we have continue to perform regular track maintenance as weel as conduct some heavy weed abatement and clean up that include the removal of some of the old debree that has been cloging up some of the sidings.

We have been working on obtaining quotes to fix some of the most critical bridges like 123.89 and tunels 8 & 16 at the same time we have assembly a team of executives to work on finding the appropriate financing in order to get stated on the work as soon as posible.

Carrizo Gorge Railway has temporarily discontinued the sand haul due to the current economics of the construction industry's supply and demand.

There were no weather or geological problems during the 2nd quarter of 2008.

We had 1 FRA an no PUC inspections in the las three months from operations inspectors and motive power and equipment inspectors, with no violations showing some mechanical defects that were corrected on the spot.

5. REPORTABLE INJURIES / ENVIRONMETAL INCIDENTES

There were no reportable injuries during the 2nd Quarter of 2008.

There were no reportable accident in the 2nd Quarter of 2008.

There were no environmetal incidents during the 2nd Quarter of 2008.

6. FREIGHT ACTIVITY

From March 01, 2008 to June 30,2008.

MOW Sand carloads moved on the Desert Line	0
Revenue Sand carloads moved on the Desert Line	0
Revenue Freight carloads moved to/from Seeley Via interchange with UPRR, on the Desert Line	94

Non-Revenue Freight carloads moved from UPRR And USG, on the Desert Line	97
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Revenue Freight carloads terminating/originating in Mexico to/from San Ysidro via interchange with SD&IV Railroad	1382
--	------

Total Overall 2nd Quarter 2008 Carloads Moved	1573
---	------

Respectfully

Armando Freire
V.P. Operations
Carrizo Gorge Railway, Inc

April, May, June 2008

Ties Installed (6" x 8" x 8')	415 each
(7" x 9" x 9")	210 each
90 lb. Rail Change Out	234 ft.
113 lb. rail Change Out	156 ft.
Angle Bar Repair,Broken or Cracked (75lb.)	0 each
(90lb.)	20 each
Repair Open Joints	2 each
Track Regaging	715 each
Separator Rails (4" x 8" x 20")	2 each
Replace Missing Track Bolts	122 each
Rail Anchors Replaces	2 each
Repair Broken angle bars (60 lb.)	0 each
(75 lb.)	5 each
(90 lb.)	10 each
Track Surfaced	815 each
Track Spikes Used (new)	2 Kegs
Switch Ties Installed	8 each

Bridges- Repairs begun at end of quarter will be reported
In the 2nd quarter upon completion

Bridge Walkway Repair	105 ft.
Tunnels-loose Rockfall Clearance	802 ft.

Weed and Brush Control 12.2miles
CGRy PERIODIC REPORT-2nd Quarter 2008

Appendix B
OFFSET FINANCIAL SUMMARY



DESERT LINE REHABILITATION
April, May, and June of 2008

There was no production or commercial sale of sand from M.O.W. activity on the Desert Line during 2nd Quarter 2008.



DESERT LINE FREIGHT REVENUE
April, May, and June of 2008

REVENUE FREIGHT HAULED

94 railcar loads from / to UP Interchange, Seeley

-0- railcar loads revenue sand from Dixie (Plaster City) to
Campo

Total 94

Non-revenue Freight
USG Cars 97



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

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.

SDAE 710

**Draft for
Executive Committee
Review Date: 8/14/08**

August 21, 2008

SUBJECT:

MTS: AGREEMENT FOR OPERATION OF PASSENGER EXCURSION SERVICES
AND FOR CUSTODY AND CONTROL OF A PORTION OF SAN DIEGO & ARIZONA
EASTERN (SD&AE) RAILWAY COMPANY RIGHT-OF-WAY AS BETWEEN SD&AE
AND THE PACIFIC SOUTHWEST RAILWAY MUSEUM (PSRM)

RECOMMENDATION:

That the Board of Directors authorize Paul Jablonski, San Diego and Arizona Eastern (SD&AE) Railway Company President, to execute the Second Amendment to the Agreement for Operation of Passenger Excursion Services and for Custody and Control of a Portion of the SD&AE Railway Company Right-of-Way (Attachment A) as between SD&AE and the Pacific Southwest Railway Museum (Museum).

Budget Impact

None.

DISCUSSION:

PSRM is a nonprofit, educational organization dedicated to the preservation and interpretation of railroads as they existed in the Pacific Southwest. Currently PSRM operates passenger excursion trains on a portion of the Desert Line from milepost 60 to milepost 74. Trains run on Saturdays and Sundays throughout the year with an occasional specialty train operated during the week. Control of the Desert Line and track warrants are issued by the Desert Line freight operator, Carrizo Gorge Railway, Inc. (Carrizo).



PSRM's first contract for passenger services was executed on November 4, 1985, for a six-month term. The contract was amended on June 26, 1986, to extend the term for an additional 12 months. On July 15, 1987, the contract was amended a second time to extend the term for an additional five years and a third time on June 11, 1992, for an additional five-year period. On June 12, 1997, a new agreement for passenger services was executed, which expired on June 12, 2007. Since that time, the contract has been extended by the SD&AE Board while staff prepared and negotiated a new agreement.

Attachment A to this agenda item is a proposed draft of the new Agreement for Operation of Passenger Excursion Services and for Custody and Control of a Portion of SD&AE Right-of-Way that staff began negotiating last June. Staff has reviewed revenue and expense information from the Museum so an analysis could be performed with respect to its operating fee.

At this time, staff is recommending that the Board authorize Paul Jablonski, President of SD&AE, to execute the Second Amendment to the Agreement for Operation of Passenger Excursion Services and for Custody and Control of a Portion of the SD&AE Railway Company Right-of-Way in substantially the same format as attached.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tiffany Lorenzen, 619.557.4512, tiffany.lorenzen@sdmts.com

AUGUST21-08.7.PSRM OPERATING AGMT FOR SDAE.TLOREN.doc

Attachment: A. Proposed Agreement

DRAFT

AGREEMENT FOR OPERATION OF
PASSENGER EXCURSION SERVICES AND FOR CUSTODY AND CONTROL
OF A PORTION OF SD&AE RIGHT-OF-WAY

This AGREEMENT is entered into this ____ day of _____ 2008, between the San Diego and Arizona Easter Railway (SD&AE) Company, a Nevada nonprofit corporation, the San Diego Metropolitan Transit System (MTS), a public agency, the San Diego and Imperial Valley (SD&IV) Railroad, a California corporation, and the Pacific Southwest Railway Museum Association, a California nonprofit corporation (hereinafter referred to as "Museum"). NOTICE: This Agreement includes an arbitration clause in Section 21 hereof.

1. Intent. MTS, also known as the Metropolitan Transit Development Board (MTDB), purchased and acquired by donation from Southern Pacific Transportation Company (SP) a corporate entity known as San Diego and Arizona Eastern (SD&AE) Railway Company, which owns certain rights-of-way, physical assets, operating rights, agreements, and licenses.

MTDB contracted with RailTex, Inc., a Texas corporation (hereafter "RailTex"), to provide all freight service over various portions of its right-of-way known as the Blue Line, the Orange Line and the Desert Line through its assignee, the San Diego and Imperial Valley Railroad Transportation Company (hereafter "SD&IV"), a corporation formed by RailTex. With the consent of MTDB, SD&IV subcontracted its rights to operate freight over the Desert Line to the Carrizo Gorge Railway Company (CZRY). MTDB also contracted with San Diego Trolley, Inc., a California nonprofit public corporation formed for the operation of light rail passenger transit service over portions of the right-of-way known as the Blue Line, the Orange Line, and the Green Line. In January of 2004, MTDB changed its name to MTS.

The Museum has operated excursion trains on a portion of the Desert Line (MP 59.94 to MP 74) and undertaken maintenance on those portions of the Desert Line (MP 59.94 to MP 74) pursuant to an agreement first entered into in 1985 (MTDB Doc. No. 00-86-555) as amended in 1986, 1987, and 1996 and which expired June 30, 1997. The Agreement for Operation of Passenger Excursion

Services and for Custody and Control of a Portion of SD&AE Right-of-Way signed by the parties Museum, MTDB, SD&AE, and SD&IV in 1997 restated and replaced the earlier agreement and its amendments and made conforming changes as necessary to reflect the current operating conditions. This Agreement shall subsume the earlier agreements and make conforming changes as necessary to reflect current operating conditions.

By this Agreement, it is the intent of the parties hereto that the Museum shall be authorized to utilize a limited and specified portion of the Desert Line (MP 59.94 to MP 74) as depicted on Exhibit "B" for the nonexclusive use and operation of passenger excursion trains. During the term of this Agreement, the Museum shall be responsible for all maintenance of the specified trackage and right-of-way at its own cost and expense and shall be solely responsible for obtaining all required regulatory approvals, if any, for the commencement and continued operation of passenger excursion services. Except as otherwise specified, the Museum shall have full custody and control of and responsibility for the specified trackage and right-of-way and shall fully and without reservation, hold harmless, and indemnify SD&AE, MTS and its subsidiaries, and SD&IV from any risk of any loss, damage, injury, or death which shall occur in connection with the exercise of the Museum's rights to operate passenger excursion trains as more fully set forth below.

2. Obligations of Museum. The Museum agrees to:

A. Provide the Federal Railroad Administration, California Public Utilities Commission, MTS, SD&AE, and SD&IV 30 days' written notice prior to the commencement of any passenger excursions service and thereafter maintain and safely operate, at its own cost, passenger excursion service on the designated portion of the SD&AE Desert Line as provided herein, including providing adequate safety inspections and maintaining all engines, cars, and track, and providing adequate safety training and supervision of persons performing the services. This Agreement is for the provision of passenger excursion service only. Excursion trains may be operated on such days and at such times as authorized in writing and in advance by CZRY, the controlling freight operator for the Desert Line. The Museum may operate training and work trains at such times and under such conditions as mutually agreed upon by the Museum and CZRY.

B. Maintain and, as necessary, repair, rehabilitate, reconstruct, and improve, at its own cost, the Desert Line right-of-way and physical property from Milepost 59.94 to 74, including crossing protection devices, necessary to safely operate the service authorized under the terms of this agreement as more fully described in paragraph 6 below.

C. Maintain, at its own cost, an inventory of parts and equipment necessary and appropriate to carry out the Museum's obligations of maintenance hereunder.

D. Continuously comply in all material respects with all lawfully enacted federal, state, and local laws, ordinances, rules, and directives applicable to the Museum's operations, including compliance with all applicable safety standards, operating regulations, and fair employment practices. The Museum shall be solely responsible for obtaining all required regulatory approvals and for payment of fines levied by any regulatory agency relating to the Museum's operations, equipment, and maintenance hereunder, including real property taxes or any other taxes imposed as a result of conducting operations.

E. Make timely and accurate reports to all federal, state, and local regulatory and safety agencies having jurisdiction over the Museum's activities.

F. File with SD&AE one copy of every report filed with a federal, state, or local regulatory or safety agency at the same time such report is filed with any such agency.

G. MTS, MTDB, SD&AE, SD&IV, and SDTI shall not be liable to the Museum for any damage to the Museum or the Museum's property from any cause. The Museum waives all claims against MTS, MTDB, SD&AE, SD&IV, SDTI, and their respective directors, officers, employees, and agents for damage to person or property arising for any reason, including any actions by Carrizo or any other freight operator.

H. The Museum hereby indemnifies, defends, and holds MTS, MTDB, SD&AE, SD&IV and SDTI, and their respective directors, officers, employees, and agents, harmless from and against any and all liability or claim of liability, loss or expense, including defense costs and legal fees and claims for damages of whatsoever character, nature and kind, whether directly or indirectly arising from or connected with an act or omission of the Museum, or any employee, agent, invitee,

contractor of Museum, or other person acting by or on behalf of the Museum on or about the right-of-way, including, but not limited to, liability, expense, and claims for: bodily injury, death, personal injury, or property damage. This indemnity shall not require payment of a claim by MTS, MTDB, SD&AE, SD&IV and SDTI, or any of their respective directors, officers, employees, or agents as a condition precedent to their recovery hereunder. Museum's obligation to indemnify hereunder shall not be restricted to insurance proceeds, if any, received by MTS, MTDB, SD&AE, SD&IV, and SDTI, or their respective directors, officers, employees, or agents.

I. Museum shall at all times operate in compliance with the Museum Operation Procedures attached hereto as Exhibit A or such other updated operating procedures as may be agreed upon by SD&IV and the Museum.

3. Obligations of MTS, SD&AE, and SD&IV. MTS, SD&AE, and SD&IV each agree within their resources and without subsidy to:

A. Cooperate with and assist the Museum to maintain and obtain all necessary permits, clearances, agreements, and other requirements for operations and maintenance.

B. Cooperate with the Museum to obtain federal, state, and local grants which may be available from time to time for upgrading or insuring the continued operation of the excursion service.

C. Work with the Museum to ensure that track design, construction, and operating schedules for excursion operations are planned and implemented to ensure no disruption of freight service over the line.

4. Identification of Designated Track and Right-of-Way. The right-of-way owned by SD&AE over which the Museum will provide passenger excursion service is described in Exhibit B attached hereto and incorporated herein by reference and, in general terms, consists of the nonexclusive use by Museum of the portion of the SD&AE trackage, structures, and right-of-way on the Desert Line from Division (MP 59.94) to Miller Creek (MP 74), subject to the freight service by CRZY over all or a portion of the Desert Line from Plaster City to Division. This Agreement does not

grant Museum any right or interest in the Campo Depot building or adjacent lands, as delineated on Exhibit B, except as may be specifically authorized in writing by SD&AE during the term hereof.

5. Operative Date. This Agreement shall become effective on December 13, 2007.

6. Restoration, Reconstruction, and Maintenance. While in control of designated track and right-of-way of SD&AE, the Museum shall have full responsibility for maintenance, reconstruction, repair, and rehabilitation of the Desert Line track and right-of-way from Milepost 59.94 to 74 used in the Museum's excursion operations, including bridges, culverts, drainage facilities, track structure and substructure, crossing pavement, improvements, crossing protection devices necessary to safely operate the service authorized by the terms of this Agreement, and damage caused by the acts or omissions of the Museum. Any maintenance, reconstruction, repair, or rehabilitation of the track right-of-way shall be conducted in such a manner as not to interfere with the operation of freight services. Track shall be maintained to Class II railroad standards or better at all times as required by the Federal Railroad Administration. Any maintenance, reconstruction, repair, or rehabilitation conducted pursuant to this agreement by an entity other than the Museum shall require a right of entry permit from MTS. Any use of any other SD&AE- or MTS-owned property, including any ancillary structures, buildings, equipment, or real property, shall require advanced written approval from MTS and/or SD&AE and shall be issued in accordance with MTS Policy No. 50.

7. Joint Use of Right-of-Way. SD&IV or its contract operator CZRY may, at any time, operate freight service over the designated track and right-of-way upon furnishing three days written notice thereof to the Museum. It is agreed that the freight purposes of SD&IV or its contract operator CZRY shall have the highest priority for use of the track and right-of-way. Any use by the Museum shall be considered as secondary and ancillary to freight operations. It is expressly agreed that freight movements shall take priority over passenger movements on the Desert Line.

8. Fees. The Museum shall pay an operating fee based upon a percentage of passenger revenues generated by the Museum to SD&AE (c/o MTS) upon the terms and conditions set forth in Exhibit C hereto and incorporated herein by reference.

9. Taxes. The Museum shall be responsible for and pay when due all taxes due and payable by it as a result of the performance of its obligations hereunder including, but not limited to, all California property taxes on the designated SD&AE property. MTS, SD&AE, and SD&IV shall be held harmless from, indemnified against, and defended against all claims and liabilities with regard thereto. Notice is hereby given pursuant to California Revenue and Taxation Code Section 107.6 that this Agreement may create a property interest subject to property taxation and may subject the Museum to the payment of property taxes levied on such interest.

10. Collateral Revenue. All collateral revenue, such as from leases, billboards, or concessions granted by SD&AE, other than concessions operated by the Museum, on the designated property shall belong to SD&AE. The Museum shall obtain the prior written approval of SD&AE for any and all Museum-operated concessions.

11. Periodic Reports. The Museum shall report quarterly to SD&AE and SD&IV, both orally and in writing, on the operations of Museum, including the number of trains operated and the number of revenue passengers, in the same or similar format as the report attached hereto as Exhibit D. Also included in the report will be a discussion of each of those listed in Section 2 of this Agreement. The report shall also include all incident/accident reports and results of incident/accident investigations. The report should conclude with a summary of the expectations of the Museum on continued operations. Any SD&AE Board member may instruct the Museum to include any other information in the periodic report.

12. Inspection and Audit. MTS, SD&AE, and SD&IV or their representatives shall have the unrestricted right at all reasonable times to inspect and audit the physical properties, books, and records of the Museum which are relevant to the Museum's excursion operations.

13. Term. The term of this Agreement shall be 5 years from its operative date.

14. Insurance and Hold Harmless

a. MTS, MTDB, SD&AE, SD&IV, SDTI, and CZRY or their agents, directors, officers, and employees shall not be held liable for any claims, liabilities, penalties, fines, or for damage to any goods, properties, or effects of any person whatsoever, nor for personal injuries to or

deaths of them, or any of them, mentioned above caused by or resulting from any acts or omissions of the Museum, its agents, employees, volunteers, independent contractors, joint ventures, partners, or representatives (including, but not limited to, failure to comply with any obligation under Section 2); Museum further agrees to indemnify and save free and harmless MTS, MTDB, SD&AE, SD&IV, SDTI, and CZRY and their authorized agents, officers, and employees against any of the foregoing liabilities and any cost and expense, including reasonable attorneys' fees incurred by MTS, MTDB, SD&AE, SD&IV, SDTI, and CZRY on account of any claim therefore, including claims by reason of alleged defects in service, changes in services, or any other work or services done or provided by the Museum pursuant to this Agreement.

b. Insurance Required. During the performance of services hereunder, the Museum shall maintain policies of insurance as described below. The Museum shall furnish evidence of continued insurance satisfactory to the Chief Executive Officer of MTS, the President of SD&AE, and the General Manager of SD&IV. The evidence of insurance shall contain a provision for 30 days' prior written notice to the Chief Executive Officer, the President, and the General Manager of any cancellation, reduction, or any material change in coverage.

The insurance required shall be as follows:

i. Comprehensive General Liability insurance for bodily injury (including death) and property damage, which provides total limits or not less than \$10 million combined single limit per occurrence subject to a self-insured retention of not more than \$100,000 per occurrence.

Coverages included shall be:

- a. premises and operations;
- b. products/completed operations;
- c. contractual liability including liability assumed under this Agreement, with deletion of the exclusion as to performance of operations within the vicinity of any railroad bridge, trestle, track, roadbed, tunnel, underpass, and crossway;
- d. explosion, collapse, and underground hazards;
- e. personal injury liability;

f. notice to be provided thirty (30) days in advance of any use of independent contractors and such use of independent shall be conditioned upon prior written approval by SD&AE;

g. cross liability clause providing that the insurance applies separately to each insured except with respect to the limits of liability;

h. Such insurance shall include the following endorsements, copies of which shall be provided:

(i) Inclusion of the San Diego Metropolitan Transit Development Board (MTDB), San Diego Metropolitan Transit System (MTS), the San Diego and Arizona Eastern Railway Company (SD&AE), the San Diego and Imperial Valley Railroad (SD&IV), the San Diego Trolley, Inc. (SDTI), Carrizo Gorge Railway, Inc. (CZRY), their directors, officers, agents, and employees as additional insureds with respect to services or operations under this Agreement.

(ii) Stipulation that the insurance is primary insurance and that no insurance of MTDB/MTS/SD&AE/SD&IV/SDTI will be called upon to contribute to a loss.

ii. Comprehensive Automobile Liability Insurance for bodily injury (including death) and property damage, which provides total limits of not less than \$1 million combined single limit per occurrence applicable to any vehicle.

iii. Federal Employers Liability Act coverage (and/or statutory workers' compensation coverage, including a broad form all states endorsement and employer's liability insurance) for not less than \$10 million per occurrence for any employees engaged in services of operations under this Agreement with an insurer's waiver of subrogation in favor of MTDB/MTS/SD&AE/SD&IV/SDTI, their directors, officers, representatives, agents, and employees.

iv. Contractor's equipment insurance on an "all-risk" basis covering equipment owned, leased, or used by the Museum. Such insurance shall include an insurer's waiver of subrogation in favor of MTDB/MTS/SD&AE/SD&IV/SDTI. The Museum hereby releases and holds harmless MTDB/MTS/SD&AE/SD&IV/SDTI for any loss or damage to its equipment.

c. MTS and SD&IV Insurance. MTS and SD&IV have obtained insurance covering themselves from liability to third parties and possibly covering damage to assets of SD&AE. The fact that MTS or SD&IV has obtained or modifies such insurance in the future shall in no way relieve Museum of its liability under the terms of this Agreement, nor shall the fact of obtaining or modifying such insurance be deemed an admission of liability or nonliability of MTS or SD&IV for any act or event.

15. Status of the Museum. The Museum is an independent contractor, and in no way shall it be deemed to be an affiliate, partner, subsidiary, joint venture, employee, or associated in any manner whatsoever with MTDB, MTS, SD&AE, SD&IV, and SDTI.

16. Conflict of Interest. No employee, officer, or Board member of MTS, SD&AE, or SD&IV shall have a financial or other personal interest in this Agreement, or any contract or subcontract, or with the Museum, in any way directly or indirectly.

17. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Museum's rights hereunder shall not be assignable whether by way of assignment, sublease, license, or otherwise, directly or indirectly. This Agreement is not intended nor shall it be construed to be for the benefit of any person or entity not a party to this Agreement.

18. Warranties and Representations.

a. MTS, SD&AE, and SD&IV each warrants and represents to the Museum as follows:

i. That it is duly organized, validly existing, and in good standing under the laws of, as to MTS and SD&IV, the State of California and as to SD&AE, the State of Nevada.

ii. That it has the power and authority to enter into this Agreement to carry out its obligations under this Agreement.

iii. That entering into and performance of this Agreement on the part of such party does not violate any agreement with any person or entity, statute, rule, regulation, order,

writ, injunction, or decree of any court, administrative agency or governmental body, or its organic documents applicable to the parties hereto.

iv. The Board of Directors of MTS, SD&AE, and SD&IV have authorized the execution of this Agreement.

b. The Museum warrants and represents as follows:

i. That it is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of California.

ii. That it has the full power and authority to enter into this Agreement and to carry out the functions undertaken in this Agreement subject to all applicable governmental approvals.

iii. That all corporate or other proceedings required to be taken by or on the part of the Museum, to authorize the Museum to enter into this Agreement and to perform the rail service set forth herein shall have been duly taken as of the date of commencement of the operations under this Agreement.

iv. That the execution of this Agreement and the operation of the passenger excursion service shall not violate any agreement with any person or entity, statute, rule, regulation, order, writ, injunction, or decree of any court, administrative agency, or governmental body applicable to the parties hereto.

v. The Board of Directors of the Museum has authorized execution of this Agreement.

19. Notice. Any notice required or permitted under this Agreement shall be in writing and may be personally served on the other party, by the party giving notice, or may be served by certified mail, receipt requested, to the following address or such other addresses/persons as the parties may direct:

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

SD&AE: President
San Diego and Arizona Eastern Railway
1255 Imperial Ave, Suite 1000
San Diego, CA 92101-7490

SD&IV: General Manager
San Diego and Imperial Valley Railroad
1501 National Avenue
San Diego, CA 92113

CRZY: General Manager
2295 Fletcher Parkway, Suite 101
El Cajon, CA 92020

PSRM: President
4695 Nebo Drive
La Mesa, CA 91941-5259

20. Attorneys' Fees and Costs. In the event that any party to this Agreement brings legal action or requests arbitration to enforce its rights hereunder, the court or arbitrator shall have discretion to award the prevailing party reasonable attorneys' fees and costs.

21. Arbitration

a. General. In the event of any unresolved disagreements between the parties concerning the construction of the Agreement or performance by each of the parties hereunder, the parties shall submit such disagreement to arbitration.

b. Procedure. The party desiring arbitration shall give notice in writing to the other party and identify the matters in issue and designate an individual as their arbitrator. Within 10 days thereafter, the other party shall, by written notice to the original party, agree to said arbitrator or appoint a second arbitrator. The two arbitrators so appointed shall, within 10 days thereafter, appoint a third arbitrator as mutually agreed, and the three arbitrators shall hold the hearing and commence to determine the matter within 30 days of the appointment of the third arbitrator. If the second arbitrator shall not have been appointed, the first arbitrator shall proceed to commence to determine the matter within 30 days of the failure to so appoint a second arbitrator. If the two arbitrators selected by the parties are unable to agree upon the third arbitrator, the third arbitrator shall be appointed by the American Arbitration Association.

c. Except as otherwise provided herein, the arbitrators shall arbitrate the issues in accordance with the rules and procedures of the American Arbitration Association, and a determination of the majority of the arbitrators, or of the sole arbitrator as the case may be, shall be final and conclusive between and upon the parties, and judgment upon same may be entered in any court having jurisdiction thereof. The arbitrator(s) shall give written notice of their findings to each party.

d. The expenses of arbitration, except for payment of each respective party's counsel fees and fees of experts, shall be borne by the party against whom the arbitrators' determination is rendered in such proportion by each party as may be determined by the arbitrators; provided, however, that it is the intent of the parties that, to the extent determinable, the expenses be paid by the losing party.

22. Force Majeure

a. The parties hereto will be excused from performance of any of their respective obligations hereunder, occasioned by any event beyond their respective control (not due to their own fault or actions), which shall include without limitation, actions of federal, state, or local agencies; imposition of governmental requirements creating burdens, which causes performance of this Agreement to be commercially impracticable by acts of God, terrorism, earthquakes, flood, natural disasters, strikes or other labor troubles beyond the reasonable anticipation or control of the parties, interruption of service caused by explosions, fires, vandalism, malicious mischief, or unavoidable interruption or cessation of service by a connection railroad. Without limiting the generality of the foregoing provision, the parties specifically agree that MTS shall have the specific right to terminate this Agreement in the event that an event contemplated under this provision destroys or damages the Desert Line (or any improvements thereto) in a manner that frustrates, impairs or otherwise interferes with the Museum's use as contemplated in this Agreement.

b. The Museum will not incur liability for any failure to perform passenger excursion services if such failure is the result of any condition attributable to maintenance or track

conditions outside of the Museum's control, which existed on the effective date of the commencement of this Agreement.

23. Termination of Agreement.

a. Upon default of the Museum hereunder, MTDB, MTS, SD&AE, or SD&IV may terminate this Agreement at any time during its term, upon furnishing 10 days' written notice to the Museum of its default with copies to the other two parties, except that such notice with regard to payment of monies shall be 30 days, provided that if such default is cured within the applicable notice period, this Agreement shall continue in full force and effect, and such notice of default shall be deemed rescinded.

b. Causes for termination of Operating Company for default shall be as follows:

i. Failure to provide passenger excursion services as authorized under this Agreement.

ii. A filing of bankruptcy by the Museum, or assignment for the benefit of creditors, or actual insolvency.

iii. Failure to maintain the right-of-way and physical properties in accordance with the terms hereof.

iv. Failure by the Museum to make required fee payments.

v. Any other material violation of the terms of this Agreement, including the payment of monies.

24. Choice of Law. This Agreement shall be interpreted in accordance with the statutes and laws of the United States of America and the State of California.

25. Severability. If any term, covenant, condition, or provision (or part thereof) of this Agreement or the application thereof to any person or circumstances shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision (or remainder thereof), to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition, and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

26. Entire Agreement. This Agreement, including all exhibits referenced herein, shall contain the entire agreement of the parties and shall supersede any and all prior or contemporaneous representations (oral or written), agreements, proposals, counterproposals, or oral or written understandings between the parties. No term or provision of this Agreement may be changed, waived, discharged, or terminated orally but only by an instrument in writing duly authorized, signed by the party against which the endorsement of the change, waiver, discharge, or termination is sought.

27. Continuation of Preexisting Agreements with SD&AE Railway Company and/or MTS.
There are currently various existing agreements executed by SD&AE Railway Company and/or MTDB/MTS for utility crossings, easements, private road crossings, spur trackage usage, property leases and permits, rights of entry, and trackage rights, including the agreement for sale and donation of the SD&AE to MTDB/MTS dated February 12, 1979. It is the intent of the parties that all such and similar agreements, by whatever name, relating to the real property and property rights and trackage usage rights of the SD&AE Railway Company and/or MTDB/MTS shall remain in force and effect upon this Agreement becoming operative.

IN WITNESS WHEREOF, the parties have executed this Agreement this ____ day of _____ 2008.

PACIFIC SOUTHWEST MUSEUM
ASSOCIATION

SAN DIEGO METROPOLITAN
TRANSIT SYSTEM

President

Chief Executive Officer

Date: _____

Date: _____

SD&IV

SD&AE

General Manager

President

Date: _____

Date: _____

Approved as to form:

General Counsel

Date: _____

Attachments: Exhibit A - Museum Organization and Railway Operational Procedures
Exhibit B - Map - Lines of the SD&AE
Exhibit C - Fee Schedule and Usage
Exhibit D - Periodic Reports

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Exhibit A
Pacific Southwest Railway Museum
Operational Procedures

Exhibit B
Map
Lines of the SD&AE

Exhibit C
Fee Schedule and Usage

- A. Museum shall pay quarterly, a fee of two percent of its Operating Revenues to SD&AE c/o MTS. The fee shall be paid on the following dates each calendar year the agreement is in effect for the three month period preceding the payment date:

January 15th
April 15th
July 15th
October 15th

- B. As used in this Agreement, Operating Revenues means all revenues derived in any way from this Agreement and/or the operation of any passenger train over the track and right-of-way of SD&AE.

Exhibit D
Periodic Reports



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

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.

AG 220.13

August 21, 2008

**Draft for
Executive Committee
Review Date: 8/14/08**

SUBJECT:

MTS: JOB ACCESS AND REVERSE COMMUTE GRANT

RECOMMENDATION:

That the Board of Directors approve Resolution No. 08-17 (Attachment A) authorizing the Chief Executive Officer (CEO) to submit applications for federal fiscal years 2007 - 2009 Job Access and Reverse Commute (JARC) for Non-Urban (Rural) areas – Federal Transit Administration funding 5316.

Budget Impact

None.

DISCUSSION:

Resolution No. 08-17 would authorize filing applications with and requesting reimbursements from the California Department of Transportation and would satisfy requirements of the federal fiscal years 2007-2009 JARC grant application process for Non-Urban (Rural) areas. MTS's funding request for fiscal year 2009 is \$153,943. The funds would be used to supplement funding for Route 905. Route 905, which connects east Otay Mesa to the Trolley at the Iris Avenue Trolley Station, has been designated as an eligible route for rural JARC funding.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Nancy Dall, 619.557.4537, nancy.dall@sdmts.com

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Attachment: A. Resolution No. 08-17



SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 08-17

Resolution Approving the Submittal of Applications and Requests for Reimbursements for Federal Fiscal Years 2007-2009 Job Access and Reverse Commute Grant for Non-Urban (Rural) Areas

WHEREAS, the San Diego Metropolitan Transit System (MTS) is a public entity established under the laws of the State of California for the purpose of providing transportation services in the County of San Diego that desires to apply for and obtain funding to improve access to transportation services to employment and employment-related activities.

NOW, THEREFORE, BE IT RESOLVED, ORDERED, AND DETERMINED that the Chief Executive Officer is hereby authorized to execute any actions necessary for the purpose of obtaining state financial assistance provided by the California Department of Transportation.

PASSED AND ADOPTED by the Board of Directors this ____ day of _____ 2008, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

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

Office of the General Counsel
San Diego Metropolitan Transit System



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

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.

SRTP 830

August 21, 2008

**Draft for
Executive Committee
Review Date: 8/14/08**

SUBJECT:

MTS: SEPTEMBER 2008 MINOR SERVICE CHANGES

RECOMMENDATION:

That the Board of Directors receive this information on service changes scheduled for September 2008 implementation.

Budget Impact

The service changes implemented during the September shake-up are expected to result in an annual operating subsidy savings of \$1.8 million.

DISCUSSION:

Changes to bus and trolley service are implemented three times a year in the fall, winter, and summer. These regularly scheduled service changes provide us with opportunities to improve the service, operation, and schedules of the transit system consistent with service evaluation and customer comments and implement actions from the annual budget process. The next scheduled dates for implementing transit service changes are Sunday, August 31, and Tuesday, September 2, 2008 (September 1 is the Labor Day holiday).

This report is provided to the MTS Board of Directors so that members are aware of upcoming changes to the regional transit system and services. The 'Take One' that will be distributed to all passengers is attached. This brochure includes a detailed description of the service changes that will be implemented this fall. The changes fall primarily into four categories:



Metropolitan Transit System (MTS) is a California public agency and is comprised of San Diego Transit Corporation and San Diego Trolley, Inc. nonprofit public benefit corporations, in cooperation with Chula Vista Transit and National City Transit. MTS is the taxicab administrator for eight cities and the owner of the San Diego and Arizona Eastern Railway Company.

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

Minor Schedule Adjustments

Each service change, routes are adjusted as necessary to improve on-time performance, shift trips to meet demands, and/or improve transfers with other routes. These adjustments are typically minor in nature and improve the customer experience by fine-tuning the schedules for accuracy and better connectivity. These changes also include long-term construction detours and seasonal adjustments, which add a minor amount of service on beach routes during the summer and resume the regular schedule starting in the fall.

ROUTES AFFECTED: 3, 8/9, 10, 20, 27, 44, 856, 905, 928, 936, 960

I-15 Corridor Changes

On September 15, three of the five Premium Express routes will have a minor route and schedule change to serve the new Sabre Springs/Peñasquitos Transit Center.

ROUTES AFFECTED: 810, 820, 860

Service Efficiencies

Three routes were identified for efficiencies that would achieve substantial budget savings with minimal or no practical passenger impact. This includes revising a route in University City to replace an existing loop route and a minor route change in Imperial Beach.

ROUTES AFFECTED: 30, 48/49, 933/934

Budget-Related Service Reductions

Cuts in state transit funding, lower sales tax revenues, and sharply increased fuel costs have been the primary drivers in reducing the funding available for the MTS budget for fiscal year 2009. During the budget development process, the MTS Board of Directors provided guidance in resolving this significant shortfall, including non-fare-revenue adjustments, personnel reductions, and fare adjustments. Ultimately, service reductions were also required to balance the budget.

In compiling recommendations for these adjustments, staff considered the relative performance of each route compared to other routes in the system and the system average. Factors such as number of passengers affected, number of lost passengers, cost, subsidy per passenger, passengers per hour and trip, and availability of transit alternatives were all factored into prioritizing recommended service adjustments. Following a May 22, 2008, public hearing, the Board of Directors approved the changes below for an August 31 implementation:

- 1: Sunday service is reduced to hourly after 7 p.m.
- 8/9: Minor reductions in late-night and weekend services.
- 14: Weekday frequency is reduced to hourly all day, and most service is discontinued after 7 p.m. on all days.
- 25: Weekend service is discontinued.
- 83: Saturday service is discontinued.
- 105: Service will terminate in Clairemont after 7 p.m., and Sunday frequency is reduced to hourly.
- 115: On weekdays, service after 6 p.m. is reduced to an hourly frequency.
- 120: Sunday frequency is reduced to hourly before 9 a.m. and after 6 p.m.

- 832: Weekend frequency is reduced to hourly.
- 850 & 860: Two early afternoon combination Route 850/860 trips are discontinued.
- 871/872: Weekend service is reduced to operate hourly and from 7 a.m. - 7 p.m. only.
- 992: Weekday service is reduced to a 15-minute frequency.



Paul C. Jablonski
Chief Executive Officer

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

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Attachment A: Take One

Publicación del 18/8/08 - 5/9/08

Post 8/18/08 - 9/5/08

TOME UNO

Cambios en el servicio en septiembre de 2008
Cambios en las tarifas en septiembre de 2008
Horario del servicio del Día del Trabajo

TAKE ONE

September 2008 Service Changes
September 2008 Fare Changes
Labor Day Schedule

ESTA INFORMACION ESTA DISPONIBLE EN DIFERENTES FORMATOS. Para solicitar esta información en un formato diferente, por favor llame al (619) 231-1466. Los operadores del Metropolitan Transit System siguen una política que prohíbe la discriminación con respecto a los servicios e instalaciones.

THIS INFORMATION WILL BE MADE AVAILABLE IN ALTERNATIVE FORMATS UPON REQUEST. To request this notice in an alternative format, please call (619) 231-1466. The Metropolitan Transit System operators adhere to a nondiscrimination policy with regard to both services and facilities.

Cambios en el servicio en septiembre de 2008

Muchos servicios de autobús de MTS tendrán cambios de ruta y/o ajustes del horario en agosto y septiembre de 2008. Algunas reducciones en el servicio son necesarios para cerrar un déficit presupuestario de \$6 millones. Un resumen de los cambios es presentado abajo, pero a los pasajeros se les invita a visitar nuestro sitio en el Internet en la página www.sdmts.com con información de horarios más detallada, mapas y demás información. Asimismo, algunas tarifas cambiarán. Por favor, vea la sección abajo sobre los ajustes de servicio para más detalles sobre esos cambios. Los cambios en el servicio se implementarán de la siguiente manera:

- Los cambios en los horarios de los domingos tomarán efecto a partir del domingo 31 de agosto de 2008.
- Los cambios en los horarios de los días de entre semana tomarán efecto a partir del martes 2 de septiembre de 2008.

Asegúrese de recoger un nuevo horario para las rutas que tienen cambios en el servicio, según se indica a continuación:

RUTA	DESCRIPCIÓN
1	A partir del 31/08/08: Sólo los domingos, después de 7 p.m. el servicio se reduce a 60 minutos de frecuencia. Además, habrá ajustes en el horario en todos los días.
3	A partir del 31/08/08: Ajustes en el horario en los días de lunes a viernes.
8/9	A partir del 31/08/08: Habrá reducciones en servicios de la noche todos los días, y además cambios de temporada en los horarios.
10	A partir del 31/08/08: Ajustes menores de los horarios en todos los días, servicio más tarde en la dirección hacia el este en los fines de semana.
11	A partir del otoño de 2008, la ciudad de San Diego reconstruirá el puente de First Avenue en Bankers Hill para seguridad sísmica, lo que requiere el cierre de First Avenue y un desvío de la Ruta 11. Durante el cierre, la Ruta 11 usará las avenidas 4th y 5th entre Laurel Street y University Avenue, cubriendo todas las paradas locales de la Ruta 3. (Las paradas de autobuses en First Ave. entre Laurel Street y University Avenue no tendrán servicio durante el período de desvío). Preste atención a los avisos en los autobuses de la Ruta 11 este otoño para ver fechas exactas de implementación del desvío y más detalles.
14	A partir del 31/08/08: La frecuencia en los días de lunes a viernes se reduce a cada hora durante todo el día. Asimismo, el servicio se suspendió después de 7 p.m. en todos los días. Servicio sólo en Hotel Circle South y Montezuma Road, en la dirección hacia el este, continúa hasta las 10 p.m.
20	A partir del 31/08/08: Ajustes menores de los horarios en los días de lunes a viernes para mejorar los transbordos en Kearny Mesa y North County Fair.
25	A partir del 31/08/08: Se discontinúa todo el servicio en los fines de semana. Servicio entre Fashion Valley, Linda Vista, y Health Center Drive seguirá estando disponible en los fines de semana en las rutas 41 y 120.
27	A partir del 31/08/08: Ajustes menores de los horarios para mejorar la puntualidad.
30	A partir del 31/08/08: Cambiará la ruta de todos los viajes entre UTC Transit Center y VA Hospital, para ofrecer servicio a La Jolla Colony, incluyendo Nobel Drive, Regents Road, Arriba Street, y Palmilla Drive. Además habrá cambios de temporada en los horarios.
44	A partir del 31/08/08: Ajustes menores de los horarios en la tarde en los fines de semana.
48/49	A partir del 31/08/08: Todos los servicios se discontinúan y se sustituye como sigue: Servicio a La Jolla Colony es operado por una revisión de la Ruta 30, con servicio cada 15 minutos en ambas direcciones durante la semana y cada 30 minutos los fines de semana. Servicio en La Jolla Village Drive seguirá estando disponible en las rutas 41, 101, 150 y 921.
83	A partir del 06/09/08: Se suspende el servicio los sábados debido a la baja cantidad de pasajeros.
105	A partir del 31/08/08: Todos los viajes terminará en el extremo norte a Clairemont Square después de 7 p.m. todos los días de la semana. Para el servicio a University City, por favor use la Ruta 41. Asimismo, la frecuencia de servicio en los domingos se reduce a cada 60 minutos. Además, otros ajustes menores de los horarios en todos los días.
115	A partir del 31/08/08: En los días de lunes a viernes después de 6 p.m., se reduce el servicio a 60 minutos de frecuencia. Además, otros ajustes en el horario en la tarde en todos los días.
120	A partir del 31/08/08: Sólo en los domingos, se reduce la frecuencia de servicio a 60 minutos antes de 9 a.m. y después de 6 p.m. Durante el mediodía los domingos, el servicio se mantendrá con frecuencia de 30 minutos. Además, otros cambios de horario en todos los días.
810	Habrà ajustes menores en el horario, y viajes seleccionados servirán la nueva estación Sabre Springs/Peñasquitos Transit Center a partir de su apertura en septiembre. Por favor consulte los anuncios en los autobuses de ruta 810 para obtener más detalles y fechas exactas de implementación.
820	Cambiará la ruta para servir la nueva estación Sabre Springs/Peñasquitos Transit Center a partir de su apertura en septiembre. Además, habrá ajustes menores en el horario. Por favor consulte los anuncios en los autobuses de ruta 820 para obtener más detalles y fechas exactas de implementación.
832	A partir del 31/08/08: La frecuencia de servicio en los fines de semana se reduce a cada hora.
850	A partir del 02/09/08: Se discontinuarán los dos viajes de combinación (de las rutas 850 y 860) de las primeras horas de la tarde (los que salen de su terminal del centro a las 2:03 p.m. y 3:03 p.m.). Además, habrá ajustes menores en los horarios a partir del medio de septiembre. Consulte los anuncios en los autobuses para obtener detalles.
856	A partir del 02/09/08: Ajustes menores de los horarios en todos los días.

September 2008 Service Changes

Many MTS bus services will have route and/or schedule modifications in August and September 2008. Some reductions in service are needed to close a \$6 million budget deficit. A summary of the changes is below, but passengers are encouraged to refer to our website www.sdmts.com for more detailed schedules, maps, and other information. Also, some MTS fares will be changing. Please see the section below service adjustments for details on those changes.

- Sunday schedule changes take effect on Sunday, August 31, 2008.
- Weekday schedule changes take effect on Tuesday, September 2, 2008.

Please be sure to pick up a new timetable for the routes with changes, as listed below:

ROUTE	DESCRIPTION
1	Effective 8/31/08: On Sundays only, service after 7 p.m. is reduced to 60-minute frequency. Also, schedule adjustments on all days.
3	Effective 8/31/08: Weekday schedule adjustments.
8/9	Effective 8/31/08: Reductions in night service on all days, and seasonal schedule changes.
10	Effective 8/31/08: Minor schedule adjustments on all days and later eastbound service on weekends.
11	Starting in Fall 2008, the City of San Diego will be reconstructing the First Avenue bridge in Bankers Hill for seismic safety, requiring a closure of First Avenue and a detour of Route 11. During the closure, Route 11 will use 4th and 5th Avenues between Laurel Street and University Avenue, serving all local Route 3 stops. (Bus stops on First Avenue between Laurel Street and University Avenue will not be served during the detour period.) Watch for notices on Route 11 buses this fall for exact detour implementation dates and more details.
14	Effective 8/31/08: Weekday frequency is reduced to hourly all day. Also, service is discontinued after 7 p.m. on all days. Service on Hotel Circle South and eastbound Montezuma Road only, continues hourly until 10 p.m.
20	Effective 8/31/08: Minor weekday schedule adjustments to improve transfers at Kearny Mesa and North County Fair.
25	Effective 8/31/08: All weekend service is discontinued. Weekend service between Fashion Valley, Linda Vista, and Health Center Drive will remain available on Routes 41 and 120.
27	Effective 8/31/08: Minor schedule adjustments to improve on-time performance.
30	Effective 8/31/08: All trips are re-routed between UTC Transit Center and the VA Hospital to serve La Jolla Colony, including Nobel Dr., Regents Road, Arriba Street, and Palmilla Drive. Also, seasonal and other schedule adjustments.
44	Effective 8/31/08: Minor weekend evening schedule adjustments.
48/49	Effective 8/31/08: All service is discontinued and replaced as follows: Service to La Jolla Colony is operated by a revised Route 30, providing service every 15 minutes in both directions on weekdays and every 30 minutes on weekends. Service on La Jolla Village Drive will remain available on Routes 41, 101, 150, and 921.
83	Effective 9/6/08: Saturday service is discontinued due to low ridership.
105	Effective 8/31/08: All trips will terminate on the north end at Clairemont Square after 7 p.m. on all days. For service to University City, please use Route 41. Also, Sunday frequency on Route 105 is reduced to every 60 minutes. Also, other minor schedule adjustments on all days.
115	Effective 8/31/08: On weekdays, service after 6 p.m. is reduced to 60-minute frequency. Also, other evening schedule adjustments on all days.
120	Effective 8/31/08: On Sundays only, frequency is reduced to hourly before 9 a.m. and after 6 p.m. Sunday midday service will remain at a 30-minute frequency. Also, other schedule adjustments on all days.
810	Minor schedule adjustments and selected trips to serve the new Sabre Springs/Peñasquitos Transit Center upon its opening in mid-September. Please watch for notices on Route 810 buses for more details and exact implementation dates.
820	Route will change to serve the new Sabre Springs/Peñasquitos Transit Center upon its opening in mid-September. Also, minor schedule adjustments. Please watch for notices on Route 820 buses for more details and exact implementation dates.
832	Effective 8/31/08: Weekend frequency is reduced to hourly.
850	Effective 9/2/08: The two early afternoon combination Route 850/860 trips (departing the downtown terminal at 2:03 p.m. and 3:03 p.m.) are discontinued. Also, minor schedule adjustments effective in mid-September. Watch for notices on buses with more details.
856	Effective 8/31/08: Minor schedule adjustments on all days.
860	Effective 9/2/08, the two early afternoon combination Route 850/860 trips (departing the downtown terminal at 2:03 p.m. and 3:03 p.m.) are discontinued. Also, route and schedule will change to serve the new Sabre Springs/Peñasquitos Transit Center upon its opening in mid-September. Please watch for notices on Route 860 buses for more details and exact implementation dates.
871/872	Effective 8/31/08: Weekend service is reduced to operate 7a.m.-7p.m. only, and with a 60-minute frequency in each direction.
905	Effective 8/31/08: Route is changed in eastern Otay Mesa for a long-term construction detour. Service on Heinrich Hertz Drive is discontinued. Also, other schedule adjustments.
928	Effective 8/31/08: Minor evening schedule adjustments.
933/934	Effective 8/31/08: Route is changed in Nestor and Imperial Beach as follows: route will use Satellite Boulevard/Iris Avenue between Thermal Avenue and 13th Street (instead of Imperial Beach Boulevard); and, route will use Imperial Beach Boulevard between 9th Street and 13th Street (instead of Holly Avenue and Iris Avenue). Service is maintained on Coronado Avenue on Route 901. Route 933/934 service on 9th Street, Holly Avenue, 11th Street, and Thermal Avenue is discontinued. Also, the route change will result in minor schedule adjustments.

- 860** A partir del 02/09/08: Se discontinuarán los dos viajes de combinación (de las rutas 850 y 860) de las primeras horas de la tarde (los que salen de su terminal del centro a las 2:03 p.m. y 3:03 p.m.). Además, cambiarán la ruta y el horario para servir la nueva estación Sabre Springs/Peñasquitos Transit Center a partir de su apertura en septiembre. Por favor consulte los anuncios en los autobuses de ruta 860 para obtener más detalles y fechas exactas de implementación.
- 871/872** A partir del 31/08/08: Servicio del fin de semana se reduce a operar solamente de 7 a.m. a 7 p.m., y con una frecuencia de 60 minutos en cada dirección.
- 905** A partir del 31/08/08: Cambiará la ruta en el este de Olay Mesa para una desviación de construcción. Se discontinuará el servicio en Heinrich Hertz Drive. Además, habrán otros cambios de horario.
- 928** A partir del 31/08/08: Ajustes menores de los horarios en la tarde.
- 933/934** A partir del 31/08/08: Cambiará la ruta en Nestor y Imperial Beach de la siguiente manera: viajará por Satellite Boulevard/Iris Avenue entre Thermal Avenue y la calle 13 (en lugar de Imperial Beach Boulevard), y por Imperial Beach Boulevard entre calle 9 y 13 (en lugar de Holly Avenue y Iris Avenue). El servicio es mantenido en Coronado Avenue en la Ruta 901. Se discontinuará el servicio de la ruta 933/934 en la calle 9, Holly Avenue, la calle 11 y Thermal Avenue. Además, el cambio de la ruta se traducirá en menores ajustes del horario.
- 936** A partir del 31/08/08: Ajustes menores en los horarios en todos los días.
- 960** A partir del 2/09/08: Un viaje adicional en la mañana en la dirección hacia el norte y otros ajustes en los horarios.
- 992** A partir del 31/08/08: En los días de lunes a viernes, se reduce el servicio a 15 minutos de frecuencia. Además, otros ajustes en los horarios en todos los días.

Cambios en las tarifas en septiembre de 2008

Además de los ajustes de servicio anterior, algunas tarifas también cambiarán el 1 de septiembre de 2008. A continuación está un resumen de los cambios que es seguido por una tabla detallada que muestra todas las tarifas y precios actuales y nuevos.

Tarifas del MTS San Diego Trolley:

Todas las tarifas regulares en efectivo en el Trolley de San Diego será de \$2.50. La tarifa en efectivo ya no dependerá del número de estaciones de recorrido. Todos las tarifas en efectivo de los mayores y discapacitados y beneficiarios de Medicare en el Trolley será de \$1.25. Transbordos entre todas las líneas del Trolley se permiten sin costo adicional dentro de dos horas de la compra inicial. (Por favor, mantenga su boleto con usted durante todo su viaje en el Trolley.) La tarifa regular del centro sigue siendo de sólo \$1.25, y una tarifa de \$0.60 para los mayores/discapitados/Medicare será ofrecida. Los boletos de ida y vuelta y no serán ofrecidos. Son reemplazados con los pases diarios de \$5.

Tarifas de los autobuses de MTS:

No hay cambios en las tarifas regulares de adultos en efectivo de los de autobuses de MTS. La tarifa en efectivo de los autobuses de MTS para los mayores/discapitados/Medicare cambiará a ser medio de la tarifa de adultos en efectivo en la mayoría de las rutas de MTS, y \$1.10 en las rutas con una tarifa de \$2.25.

Sorrento Valley Coaster Connection (SVCC):

El servicio SVCC tendrá una tarifa en efectivo de \$1.00 por cada viaje (\$0.50 mayores/discapitados/Medicare). Alternativamente, un pase mensual que permite viajes ilimitados mensuales en el SVCC será disponible con un incremento al pase mensual del COASTER: adultos: \$40.00; mayores y discapacitados y Medicare: \$10.00; jóvenes: \$20.00.

Fichas:

Las fichas seguirán con un valor de \$2.25 a un autobús o Trolley en un solo sentido.

TARIFAS	ACTUAL	A PARTIR DEL 01/09/08
TARIFAS EN EFECTIVO		
Autobuses de MTS		
Shuttle	\$1.00	\$1.00 (sin cambio)
Mayores/Discapitados/Medicare	\$1.00	\$0.50
Local	\$2.00	\$2.00 (sin cambio)
Mayores/Discapitados/Medicare	\$1.00	\$1.00 (sin cambio)
Urbano	\$2.25	\$2.25 (sin cambio)
Mayores/Discapitados/Medicare	\$1.00	\$1.10
Express	\$2.50	\$2.50 (sin cambio)
Mayores/Discapitados/Medicare	\$1.00	\$1.25
Premium Express	\$5.00	\$5.00 (sin cambio)
Mayores/Discapitados/Medicare	\$1.00	\$2.50
MTS Trolley		
Adult	\$1.50-\$3.00	\$2.50
Mayores/Discapitados/Medicare	\$1.00	\$1.25
Downtown-Only	\$1.25	\$1.25 (sin cambio)
Mayores/Discapitados/Medicare	\$1.00	\$0.60
ADA Paratransit		
MTS Access	\$4.50	\$4.50 (sin cambio)
MTS ADA Suburban	\$3.50	\$3.50 (sin cambio)
Sorrento Valley COASTER Connection		
Adult	Free	\$1.00
Mayores/Discapitados/Medicare	Free	\$0.50
PRECIOS DE PASES		
Pases diarios		
Pase diario regional	\$5	\$5 (sin cambio)
Pase diario regional premium	\$11	\$11 (sin cambio)
Pases mensuales		
Regular Regional	\$64	\$64 (sin cambio)
Mayores/Discapitados/Medicare	\$16	\$16 (sin cambio)
Jóvenes (6-18)	\$32	\$32 (sin cambio)
Premium Regional	\$90	\$90 (sin cambio)
Sorrento Valley COASTER Connection		
Adulto Regular Mensual	N/A (nuevo)	\$40
Mayores/Discapitados/Medicare	N/A (nuevo)	\$10
Jóvenes (6-18)	N/A (nuevo)	\$20

Horario del servicio del Día del Trabajo

En el Día del Trabajo (el lunes 1 de septiembre del 2008), los servicios de tránsito de San Diego operarán de la siguiente manera:

- Los servicios de autobuses y Trolleys de MTS funcionarán de acuerdo con el horario de domingo.
- MTS Sorrento Valley Coaster Connection no operarán.
- Los servicios de BREEZE y SPRINTER de NCTD funcionarán de acuerdo con el horario de domingo.
- Los servicios de COASTER de NCTD y Sorrento Valley COASTER Connection de MTS no operarán.
- El servicio de información telefónica (511) tendrá un horario reducido (de 8 a.m. a 5 p.m.).
- La tienda "The Transit Store" permanecerá cerrada.
- Las suscripciones a MTS Access y ADA Paratransit Suburbano se cancelarán para el 1 de septiembre, 2008. Los pasajeros suscriptos que deseen hacer uso del servicio en este día deberán llamar 3-5 días antes para planificar su transporte.

- 936** Effective 8/31/08: Minor schedule adjustments on all days.
- 960** Effective 9/2/08: One added northbound a.m. trip and other schedule adjustments.
- 992** Effective 8/31/08: Weekday service is reduced to a 15-minute frequency. Also, other schedule adjustments on all days.

September 2008 Fare Changes

In addition to the service adjustments above, some MTS fares will also change on September 1, 2008. A summary of the changes below is followed by a detailed table showing all current and new fares and pricing.

MTS San Diego Trolley Fares:

All regular adult cash fares on the San Diego Trolley will be \$2.50. The cash fare will no longer depend on the number of stations travelled. All senior/disabled/Medicare recipient cash fares on the trolley will be \$1.25. Transfers between all Trolley lines are permitted without additional cost within two hours of initial purchase. (Please keep your ticket with you during your entire trip on the Trolley.) The regular downtown-only fare remains \$1.25 and a \$0.60 Senior/Disabled/Medicare fare will be offered. Round trip tickets will no longer be offered and will be replaced by the \$5 Day Pass.

MTS Bus Cash Fares:

There are no changes to the adult regular cash fares on MTS buses. The MTS bus cash fares for Seniors/Disabled/Medicare recipients will change to be half of the regular adult cash fare on most MTS routes and \$1.10 on MTS routes with a \$2.25 fare.

Sorrento Valley Coaster Connection (SVCC):

The SVCC service will have a cash fare of \$1.00 each way (\$0.50 Senior/Disabled/Medicare). Alternatively, a monthly pass that allows unlimited travel on the SVCC will be available as an add-on to the COASTER monthly pass as follows: Adult: \$40.00; Senior/Disabled/Medicare: \$10.00; Youth: \$20.00.

Tokens:

Tokens will remain valid for \$2.25 towards a bus or trolley one-way cash fare.

FARE CATEGORY	CURRENT	EFF. SEPTEMBER 1, 2008
MTS Buses		
Shuttle	\$1.00	\$1.00 (no change)
Senior/Disabled/Medicare	\$1.00	\$0.50
Local	\$2.00	\$2.00 (no change)
Senior/Disabled/Medicare	\$1.00	\$1.00 (no change)
Urban	\$2.25	\$2.25 (no change)
Senior/Disabled/Medicare	\$1.00	\$1.10
Express	\$2.50	\$2.50 (no change)
Senior/Disabled/Medicare	\$1.00	\$1.25
Premium Express	\$5.00	\$5.00 (no change)
Senior/Disabled/Medicare	\$1.00	\$2.50
MTS Trolley		
Adult	\$1.50-\$3.00	\$2.50
Senior/Disabled/Medicare	\$1.00	\$1.25
Downtown-Only	\$1.25	\$1.25 (no change)
Senior/Disabled/Medicare	\$1.00	\$0.60
ADA Paratransit		
MTS Access	\$4.50	\$4.50 (no change)
MTS ADA Suburban	\$3.50	\$3.50 (no change)
Sorrento Valley COASTER Connection		
Adult	Free	\$1.00
Senior/Disabled/Medicare	Free	\$0.50
Day Passes		
Regional Day Pass	\$5	\$5 (no change)
Regional Premium Day Pass	\$11	\$11 (no change)
Monthly Passes		
Regional Regular	\$64	\$64 (no change)
Senior/Disabled/Medicare	\$16	\$16 (no change)
Youth (6-18)	\$32	\$32 (no change)
Regional Premium	\$90	\$90 (no change)
Sorrento Valley COASTER Connection		
Adult Regular Monthly	N/A (new)	\$40
Senior/Disabled/Medicare	N/A (new)	\$10
Youth (6-18)	N/A (new)	\$20

Labor Day Schedule

On Labor Day (Monday, September 1, 2008), San Diego area transit services will operate with the following schedules:

- MTS bus and Trolley services: Sunday schedule
- MTS Sorrento Valley Coaster Connection: No service
- NCTD BREEZE and SPRINTER: Sunday schedule
- NCTD COASTER: No service
- Regional Transit Telephone Information (511): Reduced hours (8:00am - 5:00pm)
- The Transit Store: Closed
- MTS Access and ADA Suburban Paratransit: Subscriptions are cancelled for September 1, 2008. Subscription ADA passengers who want to maintain their trip on this day must call 3-5 days in advance to arrange their transportation.



Metropolitan Transit System

1255 Imperial Avenue, Suite 1000
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Agenda

Item No. 10

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

FIN 300

August 21, 2008

**Draft for
Executive Committee
Review Date: 8/14/08**

SUBJECT: MTS: INVESTMENT REPORT – JUNE 2008

RECOMMENDATION:

Receive a report for information.


Budget Impact

None.

DISCUSSION:

Attachment A is a report of MTS investments as of June 2008. It is broken into two columns—the first column relates to investments restricted for capital support or debt service; the second column is the unrestricted portion.

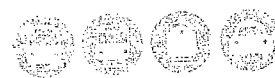
As the schedule shows, the overwhelming bulk of investments are restricted primarily for debt service related to the payments on the 1995 Lease and Leaseback transactions. The second column (unrestricted assets) provides the working capital for MTS operations for employee payroll and vendors' goods and services.


Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tom Lynch, 619.557.4538, tom.lynch@sdmts.com

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Attachment: A. Investment Report



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

**San Diego Metropolitan Transit System
Investment Report
6/30/2008**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Avg. Rate of Return</u>
<u>Cash and Cash Equivalents</u>	\$ 10,519,098	9,324,950	0.38%
<u>Investments - Working Capital</u>	27,658,780	36,125,093	2.89%
<u>Cash - Restricted for Capital Support</u>	\$ 5,595,161	-	N/A
<u>Investments - Restricted for Debt Service</u>	116,525,689	-	N/A
Total Cash and Investments	\$ 160,298,728	\$ 45,450,044	

Controller: _____ Date: _____