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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.

July 10, 2008

Executive Conference Room
9:00 a.m.

ACTION RECOMMENDED

A. ROLL CALL

B. APPROVAL OF MINUTES - June 5, 2008

Approve

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Leon Williams Station Dedication Update

Possible Action

Action would receive an update on efforts in regard to dedicating the San Diego State University (SDSU) Station to former Board Chairman Leon Williams.

2. MTS: Taxicab Maximum Allowable City Rates of Fare - Enactment of a Per-Fare \$1.00 Surcharge and Modification of MTS Policies and Procedures No. 34

Approve

Action would 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.

3. MTS: CBS Outdoor Advertising - Contract Renewal

Approve

Action would forward a recommendation to the Board of Directors to authorize the CEO to execute: (1) a Memorandum of Understanding (MOU) (MTS Doc. No. G1124.0-08) between MTS and the City of San Diego allowing MTS to generate revenue from advertising sales on bus shelters and on bus benches placed within the City of San Diego right-of-way; and (2) a five-year contract extension (MTS Doc. No. T0068.8-91) with CBS Outdoor to maintain all existing bus shelters, relocate bus shelters as directed by MTS, install new bus shelters as directed by MTS, and provide MTS with advertising revenue from bus shelters of at least \$4 million over the five-year contract period.

Please turn off cell phones and pagers
during the meeting



C. COMMITTEE DISCUSSION ITEMS - CONTINUED -

- | | | |
|----|--|-----------------|
| 4. | <u>MTS: Banking Services</u>
Action would forward a recommendation to the Board of Directors to authorize the CEO to award a contract (MTS Doc. No. G1147.0-08) to Bank of America for banking services. | Approve |
| 5. | <u>MTS: Pension Obligation Bonds Follow-up</u>
Action would forward a recommendation to the MTS Board of Directors to approve the following action items: (1) Replace UBS with the firm of E.J. De La Rosa and Company as the remarketing agent for the pension obligation bond (POB) 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. (4) Consider purchasing our own bonds until our bonds can be remarketed at appropriate market rates. | Approve |
| 6. | <u>MTS: CLOSED SESSION – CONFERENCE WITH LABOR NEGOTIATORS</u>
Pursuant to California Government Code Section 54957.6
Agency-Designated Representative: Jeff Stumbo
Unrepresented Employee (Chief Executive Officer) | Possible Action |

D. RECOMMENDED FOR BOARD CONSENT AGENDA

- | | | |
|----|--|---------|
| 1. | <u>MTS: Light Rail Vehicle Vandalism and Accident Repair Services - Contract Amendment</u>
Action would forward a recommendation to the Board of Directors to authorize the CEO to exercise the second and final option year of the contract with Carlos Guzman, Inc. (SDTI Doc. No. C.O.011.2-05) for light rail vehicle LRV accident and vandalism repair services. Budget Impact - The total not to exceed cost of \$458,280.00 for these services would come from the FY 09 San Diego Trolley, Inc. (SDTI) operating budget line item 35653610 (LRV Vandalism and Revenue Vehicle Repairs). | Approve |
| 2. | <u>MTS: Drug and Alcohol Policy for San Diego Trolley, Inc.</u>
Action would adopt Resolution No. 08-14, which would implement San Diego Trolley, Inc.'s (SDTI's) updated drug and alcohol policy in order to comply with current Federal Transit Administration (FTA) regulations. Budget Impact - None. | Approve |
| 3. | <u>MTS: Increased Authorization for Legal Services</u>
Action would forward a recommendation to the Board of Directors to authorize the CEO to enter into a contract amendment (MTS Doc. No. G1095.1-07) with the Law Office of Paul, Plevin, Sullivan & Connaughton, LLP for legal services. Budget Impact - Not to exceed \$250,000 for Law Offices of Paul, Plevin, Sullivan & Connaughton, LLP. Recommended amounts are contained within the FY 2009 budget. | Approve |

4. MTS: Light Rail Vehicle Rehabilitation Services – Contract Amendment
Action would forward a recommendation to the Board of Directors to authorize the CEO to exercise the second and final contract extension option with Carlos Guzman, Inc. (MTS Doc. No. L0744.2-06) to continue to provide light rail vehicle (LRV) paint and body rehabilitation services. Budget Impact - The total cost of \$507,000 would come from the FY 2009 Capital Improvement Program (CIP) LRV Body Rehabilitation Services line item (WBS No. 11165-0800).

Approve

E. REVIEW OF DRAFT JULY 17, 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: August 14, 2008

J. ADJOURNMENT

DRAFT

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

June 5, 2008

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

Chairman Mathis called the meeting to order at 9:05 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Monroe moved approval of the minutes of the May 15, 2008, Executive Committee meeting. Mr. Roberts seconded the motion, and the vote was 4 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: American Public Transportation Association (APTA) Update on 2008 International Exposition (AG 280.1)

Mr. Paul Jablonski, MTS CEO, advised the Executive Committee that the APTA Expo Committee has been meeting for well over a year on this conference and that he will be participating in weekly conference calls on the same subject starting on Monday. He stated that Jerry Premo from DMJM Harris, an icon in the industry, is chairing the Committee. He stated that Mr. Premo has functioned in various general manager positions on the east coast and has also served as the Deputy Administrator of the Federal Transit Administration. He then introduced Lenay Gore, APTA's Director of Meetings and Conventions. Ms. Gore had each of her core team members introduce themselves and explain their role on the committee.

Ms. Gore reported that 546 exhibitor registrations have been received for the EXPO and that 17,000 to 18,000 attendee registrations are expected. She added that the 5,000 rooms set aside at the hotels are almost sold out. Ms. Gore advised Mr. Monroe that the banquet will be held at the Hotel Del Coronado and that hotels for lodging were selected that were within walking distance of the conference hotel and convention center or a trolley line. Mr. Monroe offered to assist APTA with any issues related to the Hotel Del Coronado. Ms. Gore reported that the economic impact on San Diego for this conference is estimated at over \$57 million. She added that they currently have commitments for show floor space of 274,000 net square feet compared to their goal of 297,000 net square feet and have exceeded their DBE goal. She also reported that MTS will be providing airport transportation to the hotels and volunteers to help with various activities. Ms. Gore reported that there will be various speaking opportunities and that they welcome any assistance that can be given in making contact with possible keynote speakers. She also reported that they will have a large international contingent comprised of 15 separate delegations and includes the Transportation Minister of Egypt.

Executive Committee members and staff briefly discussed various entertainment options for the closing banquet and the fact that many people leave when the entertainment begins because it lacks the necessary broad appeal. Mr. Jablonski advised the Committee that MTS does have some influence regarding the selection of an entertainer. Mr. Jablonski added that five to six technical tours have been identified for the conference, and a list of those tours was passed around the table.

In response to a question from Mr. Roberts regarding Governor Schwarzenegger being a possible speaker, Mr. Jablonski stated that the Committee will attempt to get someone as prominent as possible to make remarks at the opening session. He added that this is a top priority for the Expo Committee. Mr. Roberts offered to assist with this effort and suggested getting the Governor to discuss hydrogen and green house gas topics. Mr. Monroe suggested that the Chair of the House Committee on Transportation, Mr. James Oberstar, be considered and stated that he is a transit supporter.

In response to a question from Mr. Monroe, Mr. Jablonski reported that there is a possibility that the APTA Scholarship Foundation will sponsor a golf event. Mr. Monroe suggested that the golf event be arranged as quickly as possible to ensure that a good golf course is available. Ms. Gore stated that she would add this item to the agenda for the Monday, June 9, conference call. An APTA video about the EXPO was played.

Action Taken

No action was taken.

D. RECOMMENDED FOR BOARD CONSENT AGENDA

1. MTS: 9th Avenue and C Street Grade Crossing Replacement – Fund Transfer (CIP 10494, 11156)

Recommend that the Board of Directors request from the SANDAG Board of Directors a transfer of funds from the Orange Line Head Span Replacement Project (CIP 1115600) to the City College Station Realignment Project (CIP 1049400) as shown in the Fund Transfer Summary (Attachment A of the agenda item).

2. MTS: Senior and Disabled Lift Replacement Project – Fund Transfer and Contract Award (CIP 11216, 11221, 11148)

Recommend that the Board of Directors (1) approve a fund transfer request (Attachment A) from Capital Improvement Programs (CIP) 11216 and 11221 to CIP 11148; and (2) authorize the CEO to execute MTS Doc. No. L0826.0-08 (in substantially the same form as shown on Attachment B of the agenda item) with Complete Coach Works, Inc. to furnish and install senior and disabled lifts on the fleet of 52 SD 100 light rail vehicles.

3. MTS: Poway Transit Services (OPS 920.5)

Recommend that the Board of Directors (1) authorize the CEO to exercise two carryover months allowable under the current contract (MTS Doc. No. B0339.0-02

in substantially the same format as Attachment A of the agenda item) with First Transit (formerly Laidlaw Transit Services, Inc.) for Poway transit Route Nos. 844 and 845 from July 1, 2008, through August 30, 2008; and (2) assign the service to Southland Transit to operate effective Sunday, August 31, 2008, for a projected savings of approximately \$50,000 annually.

4. MTS: Poway Transit Vehicles (CIP 11419)

Recommend that the Board of Directors authorize the CEO to execute MTS Document No. B0478.1-07 (in substantially the same form as Attachment A of the agenda item) with Creative Bus Sales to purchase up to eight additional medium-duty buses utilizing the public agency/state contract with Creative Bus Sales (Specification No. 54309 of State of California Contract No. 1-05-23-16).

5. MTS: Contract Award for MTS Americans with Disabilities Act (ADA) Certification and Evaluation Services (OPS 980.5)

Recommend that the Board of Directors authorize the CEO to execute MTS Doc. No. G1149.0-08 (in substantially the same format as Attachment A) with ADAride.com, LLC for ADA certification and evaluation services.

Action Taken

Mr. Ewin moved to approve placing Agenda Items No. D1, D2, D3, D4, and D5 on the Consent portion of the June 12, 2008, Board agenda. Mr. Roberts seconded the motion, and the vote was 5 to 0 in favor.

E. REVIEW OF DRAFT JUNE 12, 2008, BOARD AGENDA

Recommended Consent Item

6. MTS: Uniform Report of DBE Awards or Commitments and Payments (LEG 430)

Recommend that the Board of Directors receive the Uniform Report of Disadvantaged Business Enterprise Awards or Commitments and Payments (Attachment A of the agenda item).

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

Ms. Sharon Cooney, Director of Government Affairs and Community Relations, advised Committee members that a briefing on the SANDAG Transportation Committee agenda for June 6, 2008 had been placed at the table. She pointed out that the first reading of the fare ordinance is on this particular agenda, and that there was a difference of opinion between SANDAG and MTS staff members regarding which fare option to recommend -

\$2.50 cash fare with free transfers for two hours in a single direction (favored by MTS staff) or \$2.25 per-trolley-line cash fare with no free transfers (favored by SANDAG staff). She stated that staff differs on three other areas as well as outlined in the brief.

Ms. Cooney reported that SANDAG staff feels that the fare option of \$2.50 favored by MTS would have a disproportionate impact on minority and low-income groups under Title VI. Ms. Cooney referenced pages 17 and 18 of SANDAG's Title VI report, which is in the agenda item, and pointed out that there are two different statements – one that there is no disproportionate impact and one that there is. She also pointed out that the two fare options have about the same financial benefit to the system. She stated that the second page of the brief provides talking points regarding why MTS feels that the \$2.50 fare is a better option. She stated that, most importantly, the \$2.50 option is the easiest and least expensive fare type of administer. She added that a \$2.25 fare without transfers makes code compliance difficult. She also reported that that using the \$2.25 fare when Smart Cards are implemented would result in riders having to tap on when boarding the trolley and tap off when leaving to ensure that they are no longer being charged. With the \$2.50 fare, a rider would only have to tap on once. She added that SANDAG feels that trolley passengers should be treated the same as bus patrons, who no longer have transfer options. She stated that MTS feels that trolley is more closely aligned with MTS express bus service, which is an upgraded service also priced at \$2.50, and is not as closely aligned with normal urban bus service.

In response to a question from Mr. Monroe about the strength of SANDAG's position on this issue, Chairman Mathis responded that MTS will be at the meeting to state its position and SANDAG will state its position as well. Mr. Monroe felt that staff members from the two agencies should reach an agreement on this issue prior to presenting it to the Transportation Committee. Mr. Roberts pointed out that there are sometimes differences of opinion among staff members. He also pointed out that anyone making multiple transfers can purchase a Day Pass for \$5.00, so there is a minimal financial impact on the rider. He stated that he favored the \$2.50 fare because of its simplicity. Mr. Monroe stated that there are often less-than-satisfactory results when staff members don't make a unified recommendation. Mr. Jablonski stated that MTS has presented its position on the \$2.50 fare to SANDAG many times.

Mr. Jablonski reported that bus passengers interact with the farebox and an operator when they board a bus, but the system on the trolley is a barrier-free. He stated that fares therefore have to be checked by hand on the Trolley. He added that this would become even more difficult with the advent of Smart Cards, which have no identification, and code compliance officers will have to physically check each one. He stated that the elimination of transfers would mean that MTS would have to consider color-coded tickets at stations. He stated that this is further complicated in areas like C Street, which is served by two trolley lines, because tickets would have to somehow indicate on which line the ticket was purchased. Mr. Jablonski reported that under the \$2.25 fare scenario, SANDAG has indicated that a transfer exception could be allowed at Old Town. He stated that making exceptions to the no-transfer policy will be very problematic for MTS. He stated that if the \$2.25 fare is adopted and the transfer exception is not allowed at Old Town, MTS would lose \$300,000 to \$400,000 in revenue. He stated that there could also be public relations issues. Ms. Atkins stated that she feels there could be a perception problem and that it will be very important for MTS to make sure that the public understands. After a brief discussion regarding the volume of transfers at various locations, Mr. Roberts stated that, if the \$2.25 fare is adopted, MTS should market the Day Pass very clearly. He stated that it will be important that patrons understand they have this option, which would allow them to cap the cost of making multiple transfers. Mr. Jablonski stated that 75 percent of MTS's patrons use monthly passes, about 15 percent use day passes, and about 10 percent pay cash.

Mr. Monroe suggested that Mr. Jablonski and SANDAG Executive Director Gary Gallegos meet to form a unified recommendation prior to the Transportation Committee meeting at which this decision will be made. He also suggested contacting the other elected officials who sit on the Transportation Committee to make MTS's case for the \$2.50 fare. He stated that SANDAG is in the planning business, and MTS is in the operating business and should be able to run its business as it wants. Chairman Mathis stated that he has discussed MTS's position on this issue with Mr. Gallegos, who said it made sense. Chairman Mathis also pointed out that it is not always realistic to agree on these types of matters. Mr. Roberts suggested that staff back-up its position by showing examples of how much trips would cost under each of the fare scenarios and how many people fall in each of those categories. He stated that the material presented should show this information in a simple way. He stated that, since the financial impact of the two different fare options is similar, it is not a financial decision. When staff stated that data was not available for determining how many passengers would fall in the different fare and transfer scenarios, Mr. Monroe suggested picking five days in April for analysis. Chairman Mathis requested that this information be provided to Committee members prior to the Transportation Committee meeting.

In response to a question from Mr. Ewin regarding the \$2.50 fare being over the Title VI threshold, Mr. Jablonski reported that an exception can be made if there is a financial constraint for the agency. Lorenzen added that the consultant concluded that there is no disparate impact and stated so on pages 17 and 18 of the Title VI report.

Ms. Cooney stated that MTS staff is also recommending that the \$1.25 downtown trolley cash fare be increased from \$1.25 to \$1.75. She reported that this seems to have been left out inadvertently but could be included in the second reading of the ordinance if someone were to make that recommendation. In response to a question from Mr. Monroe, Ms. Lorenzen reported that SANDAG's legal counsel has stated that the ordinance can be modified between the first and second readings. She added that the request for the addition of this item has to be made by one of the Transportation Committee members.

Ms. Cooney briefly reviewed the items in the brief on amending the paratransit rate and eliminating the \$5 cap and delaying the recommendation for rolling 14- and 30-day passes until further analysis can be conducted. She stated that the proposed amendment to the paratransit rate would codify common practice. She added that SANDAG legal counsel believes the recommended paratransit rate adjustment would be a new ordinance and should go to the SANDAG Board. Mr. Jablonski pointed out that the rolling monthly 14- and 30-day passes would be implemented when the Smart Card program is activated.

Mr. Roberts stated that he studied the possibility of providing funding to patrons who are unable to pay for a full-month pass but was unsuccessful at identifying a successful way to do this. He stated that he made the suggestion at the fare hearing that was recently held in Oceanside that the Smart Card automatically convert to a monthly pass for that month once the cardholder has incurred cost equal to the cost of a monthly pass. Mr. Roberts stated that this concept, which has been discussed previously by SANDAG staff members, should have been presented to the respective boards. He felt that critical elements were being held back by SANDAG and that he expressed that to Mr. Jack Boda at SANDAG. It was reported that this idea has been discussed with Cubic staff members who have indicated that this can be done. Mr. Roberts reported that he would like to continue to explore other options to assist those who cannot afford the cash expenditure for a monthly pass.

In response to a question from Mr. Ewin, Mr. Jablonski stated that there has been limited implementation of the Smart Card for testing purposes. He estimated full implementation might take place in January 2009.

Mr. Jablonski stated that he would discuss the issue of having conflicting recommendation from staff members at the two agencies with Mr. Gallegos. He stated he would talk to Karen King, Executive Director of North County Transit, about supporting MTS's position on the fare issue.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no Committee member communications or other business.

G. PUBLIC COMMENTS

There were no public comments.

C. COMMITTEE DISCUSSION ITEMS (Continued)

The Committee convened to Closed Session at 10:21 a.m. to discuss the following item:

2. MTS: CLOSED SESSION: Conference with Legal Counsel – Existing Litigation Pursuant to California Government Code Section 54956.9(a). Balfour Beatty/Ortiz v. Metropolitan Transit System (Superior Court Case No. GIC 868963).

The Committee reconvened to Open Session at 10:53 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 received a report from and gave direction to outside counsel and General Counsel.

H. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, June 19, 2008, in the Executive Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 10:54 a.m.

Chairman

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

**EXECUTIVE COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) 06/05/08

CALL TO ORDER (TIME) 9:05 a.m.

RECESS _____

RECONVENE _____

CLOSED SESSION 10:21 a.m.

RECONVENE 10:53 a.m.

ADJOURN 10:54 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS	<input checked="" type="checkbox"/> (Young) <input type="checkbox"/>		
EMERY	<input type="checkbox"/> (Cafagna) <input type="checkbox"/>		<input checked="" type="checkbox"/>
EWIN	<input checked="" type="checkbox"/> (Clabby) <input type="checkbox"/>	9:17 a.m. during AI C1	
MATHIS	<input checked="" type="checkbox"/>		
MONROE	<input checked="" type="checkbox"/> (McLean) <input type="checkbox"/>		
RINDONE	<input type="checkbox"/> (Emery) <input type="checkbox"/>		<input checked="" type="checkbox"/>
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		

SIGNED BY OFFICE OF THE CLERK OF THE BOARD

Gail Williams

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

[Signature]



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Agenda

Item No. C1

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

ADM 110 (PC 50101)

July 10, 2008

SUBJECT:

MTS: LEON WILLIAMS STATION DEDICATION UPDATE

RECOMMENDATION:

That the Executive Committee receive an update on efforts in regard to dedicating the San Diego State University (SDSU) Station to former Board Chairman Leon Williams.

Budget Impact

None with this action.

DISCUSSION:

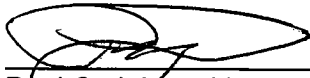
On January 26, 2006, the Board of Directors instructed the Chief Executive Officer (CEO) to form a working group to dedicate the SDSU Station to former Chairman and Board Member Leon Williams. The Board further instructed the dedication to include a visual display and plaque commemorating Mr. Williams' achievements to be located at an appropriate, highly visible location at the station. The dedication would preclude honoring anyone else at the station, and the station name would remain the "SDSU Station."

A working group was formed of representatives from MTS staff, SDSU staff, and the community. The group gained input from the City of San Diego Commission for Arts and Culture, the artist who consulted with MTS in creating the SDSU Station art, other sculptors, friends and former colleagues of Mr. Williams, and various members of the



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community who have expressed an interest in assisting in funding the project. The group recommended commissioning a bronze statue of Mr. Williams to be located on the mezzanine level of the station at SDSU with private funding. An artist was selected, and an estimate of \$63,200 for the statue, pedestal, and installation was received. Staff will provide a report on fund-raising efforts.



Paul C. Jablonski
Chief Executive Officer

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

JULY10-08.C1.LWILLIAMS.SCOONEY



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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.

TAXI 570.1, 590.10

July 10, 2008

SUBJECT:

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

RECOMMENDATION:

That the Executive Committee 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.

Budget Impact

None.

DISCUSSION:

MTS serves as the taxicab administrator for the Cities of El Cajon, Imperial Beach, La Mesa, Lemon Grove, Poway, San Diego, and Santee. Responsibilities include determining owner eligibility, inspecting vehicles, issuing permits, monitoring compliance with administrative and operational regulations, and investigating passenger complaints. Rates of fare for city taxicabs may vary from company to company but only up to a fixed amount set by MTS. MTS also sets uniform rates of fare for trips originating at the San Diego International Airport. In setting fares and surcharges, MTS attempts to balance the interests of the public with the needs of taxicab owners.



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.

Changes to Maximum Allowable City Rates of Fare - In March 2007, maximum allowable city rates of fare for trips not originating at the airport were set as follows:

\$2.60 flag drop, 1/14 of a mile
\$2.80 per mile
\$23.00 per-hour waiting time

On March 12, 2008, a public hearing was held regarding raising the maximum allowable city rates of fare as part of the MTS Taxicab Committee meeting. Issues discussed included the impact on the industry from the rising cost of fuel and the methodology used in calculating the airport rates of fare as well as the frequency at which fares are recalculated. After much discussion, committee members requested that MTS staff conduct a meeting of the Workshop on Regulatory Matters (WORM) Subcommittee.

On May 12, 2008, the WORM Subcommittee met to discuss the issues. Staff supplied those in attendance with taxicab rates of fare information from several cities (Attachment A). It was agreed that the maximum allowable city rates of fare be approved as presented at the Taxicab Committee meeting on March 12, 2008. Any additional adjustments; i.e. fuel surcharge and airport rate calculations, must assist all city and airport drivers in meeting rising costs to operate. It was agreed that a long-term solution needed to be addressed, and that any ameliorative measures should be enacted as soon as possible.

As a result of the WORM Subcommittee meeting, a second public hearing was held during the Taxicab Committee meeting on June 11, 2008. Based on its existing authority, the full Taxicab Committee approved the following changes to the maximum city rates of fare:

Maximum allowable city rates of fare as of June 11, 2008, through March 2009:

\$2.80 flag drop, 1/31 of a mile
\$3.10 per mile
\$24.00 per-hour waiting time

Temporary Fuel Surcharge. As part of the overall discussion related to enacting a fuel surcharge, staff advised Taxicab Committee members that while the formula used to calculate airport rates of fare incorporates fuel prices, the formula used to calculate the maximum allowable city rates of fare does not; therefore, any changes to the methods currently used would require changes to both MTS Ordinance No. 11, and MTS Policies and Procedures No. 34. This would delay any immediate assistance. Based on this discussion, staff and committee members agreed on a methodology for calculating an acceptable fuel surcharge.

Surcharge Calculation Methodology. Staff based the estimates of fuel capacity (20 gallons), average miles per gallon (15 mpg), and average paid miles (50%) on information supplied by taxicab companies. The average trips per day and average trip distance were taken from the 1999 SANDAG Taxicab Passenger Survey (Attachment B, page 2). The average taxicab trip distance is 4.6 miles overall; the average airport trip is 8 miles; and the average trips per day are 12. Staff and committee members agreed that as the city has grown since the last passenger survey was completed in 1999, that

the average airport trip distance would be used when calculating the proposed fuel surcharge (Attachment C, page 27).

FORMULA:

$$\frac{15 \text{ miles per gallon}}{8 \text{ miles per trip}} = 1.875 \text{ trips per gallon}$$

$$\frac{\$0.82 \text{ fuel increase per gallon}}{1.875 \text{ trips per gallon}} = \$0.4373 \text{ increased cost of fuel per trip}$$

For practical purposes, the \$0.44 rounded up to the nearest \$0.10 would be \$0.50. This calculation was presented to the WORM Subcommittee on May 12, 2008.

At the Taxicab Committee meeting held on June 11, 2008, staff presented a verbal update to the committee regarding increases in fuel prices since the subcommittee meeting held on May 12. As of June 6, 2008, the calculations show an overall increase of fuel prices from March 2007 through June 6, 2008, of \$1.25 per gallon of regular unleaded fuel, which equates to a \$0.62 cent increased cost of fuel per trip (Attachment D).

Staff and Taxicab Committee members agreed that the recommendation for a temporary fuel surcharge should consider the continuing increases in fuel costs as well as lost income to drivers. Committee members felt a \$1.00 per-trip charge would adequately address these concerns. Furthermore, staff and the members of the committee agreed to the following:

1. The surcharge will remain in effect until early 2009 when all rates of fare will be recalculated or until fuel prices drop to the March 2007 levels.
2. All taxicabs would be required to post the decal, which would be placed near the taxicab meter (minimum size 4 inches by 5 inches) stating the following in letters and numbers not less than ¼ inch in height (Attachment E):

"NOTICE TO PASSENGERS

Due to the recent substantial increase in fuel prices,
MTS has authorized a fuel surcharge for taxicabs.
This \$1.00 fuel surcharge will be added to the meter
fare for each trip (not each passenger)."

Staff acknowledges that up to this point, the taxicab industry as a whole has chosen not to raise its rates of fare. Staff has contacted all 16 approved radio services in an effort to obtain assurances from the industry that should the MTS Board approve the fuel surcharge, the taxicab industry would not raise its rates of fare. Upon MTS Taxicab Administration approval, the taxicab industry may raise its city rates to the maximum allowable.

Thirteen (13) of the 16 taxicab dispatch services that control 886 taxicabs out of a total of 1,056 (includes all areas of MTS Taxicab Administration jurisdiction) have verbally agreed that unless fuel prices continue to dramatically increase, they will not raise their

rates until rates are calculated next year. Of the three dispatch services that will request changes to their rates, only one service (controlling 44 taxicabs) will adjust its fares near the maximum allowable city rates.

Should the fuel surcharge be approved, staff will monitor all requests related to changing rates of fare, and should the majority of taxicabs request to change their approved current rates, staff will suspend the fuel surcharge.

Airport Rates of Fare – Airport rates of fare were also discussed by the Taxicab Committee. Since fuel prices are a part of the overall calculations used to complete airport rates of fare, staff and the Taxicab Committee recommend that MTS Policies and Procedures No. 34 (Attachment F) Section 34.5.1 be amended to allow airport rates of fare to be calculated on an annual basis. Annual calculations would help ensure that airport rates of fare reflect current fuel costs.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: John Scott, 619.595.7034, john.scott@sdmts.com

JULY10-08.C2.TAXI RATES OF FARE.SCOTT.doc

- Attachments:
- A. Annual taxicab rates of fare
 - B. 1999 SANDAG Taxicab Passenger Study, page 2
 - C. 1999 SANDAG Taxicab Passenger Study, page 27
 - D. Gas Prices - AAA June 9, 2008
 - E. Notice to Passengers
 - F. MTS Policies and Procedures No. 34



Friday, January 18, 2008

To: OCTAP Steering Committee

From: Iain C. Fairweather, Manager Motorist Services, SAFE, SAAV, OCTAP

Subject: Annual Taxicab Fare Study

Overview

The Orange County Taxi Administration Program (OCTAP) was established January 1, 1998. OCTAP Regulations require each member agency to accept the passenger fare schedule approved by the OCTAP Steering Committee. Each year the OCTAP Administrator conducts a study of comparable taxicab fares and presents the findings to the OCTAP Steering Committee.

At the Quarterly Steering Committee Meeting held July 23, 2003, the Steering Committee approved the use of the Los Angeles – Riverside – Orange County Consumer Price Index, using the time frame of December-to-December for all future taxicab fare adjustments in Orange County. In addition, the Steering Committee directed OCTAP staff to present the Annual Taxicab Fare Study at the Quarterly Steering Committee Meeting held in January of each year.

There have been four fare adjustments by the OCTAP Steering Committee since OCTAP was established in January 1998. Those adjustments took effect July 1, 2001, August 22, 2003, August 27, 2005, and August 27, 2006.

History of Orange County/OCTAP Taxicab Fares

Effective	Adjustment	Fare	Add'l Charge	Wait Time
1995	-----	\$1.90 first 1/6mile	\$0.30 ea 1/6mile	\$22 per hour

OCTAP Established-January 1998

07/01/2001	+16%	\$2.30 first 1/7mile	\$0.30 ea 1/7mile	\$24.00 per hour
08/22/2003	+8%	\$2.30 first 1/5 mile	\$0.45 ea 1/5 mile	\$26.00 per hour
08/27/2005	+6.9%	\$2.40 first 1/6 mile	\$0.40 ea 1/6 mile	\$27.60 per hour
08/27/2006	+4.6%	\$2.65 first 1/5 mile	\$0.50 ea 1/5 mile	\$28.80 per hour

Discussion

As shown above, the last adjustment by the OCTAP Steering Committee to the taxicab fare schedule was a 4.6% increase and went into effect August 27, 2006. The current fare in Orange County for a typical five-mile ride is \$14.65. A study of eleven comparable cities in California reflected a five-mile taxicab ride varied in price from \$12.98 to \$18.05.

Consumer Price Index Recommendation

On July 23, 2003, the Steering Committee approved the use of Los Angeles – Riverside – Orange County Consumer Price Index as the indicator for taxicab fare adjustments.

The Los Angeles – Riverside – Orange County Consumer Price Index (CPI) rose 4.2% from the 12-month period ending December 31, 2007. A 4.2% adjustment to the current 5-mile trip for Orange County would increase to \$15.27. A 4.45% adjustment is listed below (option 2) due to a limitation in meter increments. A two year cumulative Consumer Price Index figure (7.5%) has also been included due to no recommended or approved fare increase in 2007.

Fare Adjustment/Increase Options for Consideration:

Option 1: No Fare Increase

Current Rate	Add'l Charge	Wait Time	Five Mile Ride
\$2.65 first 1/5 mile	\$0.50 ea 1/5 mile	\$28.80 per hour	\$14.65
(First mile: \$4.65 Each Additional Mile: \$2.50)			

Option 2: 4.45% Fare Increase

Rate:	Add'l Charge	Wait Time	Five Mile Ride
\$2.95 first 1/4	\$.65 ea 1/4	\$30.00	\$15.30
(First mile: \$4.90 Each Additional Mile: \$2.60)			

Option 3: 6.5% Fare Increase

Rate:	Add'l Charge	Wait Time	Five Mile Ride
\$3.25 first 1/4	\$.65 ea 1/4	\$30.70	\$15.60
(First mile: \$5.20 Each Additional Mile: \$2.60)			

Option 4: 7.5% Fare Increase

Rate:	Add'l Charge	Wait Time	Five Mile Ride
\$2.70 first 1/6	\$.45 ea 1/6	\$31.00	\$15.75
(First mile: \$4.95 Each Additional Mile: \$2.70)			

Recommendation

The recommendation from the OCTAP Administrator is that Option 2 be approved.

Attachments:

- Five Mile Ride Comparison
- Los Angeles, Riverside, Orange County Consumer Price Index with Percent Changes 2004 - 2007
- Los Angeles, Riverside, Orange County Consumer Price Index Average Fuel Prices 2005 - 2007

Five-mile Ride Comparison

City	Five Mile Total	Wait Time per hour
San Bernardino	\$12.98	\$25.00
San Francisco	\$13.90	\$27.00
Santa Barbara	\$13.95 (\$20.63)	\$30.00 (\$45.00)
Long Beach	\$14.35	\$26.53
Los Angeles	\$14.35	\$26.53
Orange County	\$14.65	\$28.80
Fresno	\$14.68	\$27.00
Ventura	\$15.75	\$25.00
Sacramento	\$16.00	\$26.00
San Diego	\$16.60	\$23.00
Palm Springs	\$18.05	\$35.00
Average:	\$15.02	\$27.26

All above listed fares are the most current fare schedule for each city.

**Los Angeles-Riverside-Orange County
Consumer Price Index 2004 – 2007**

Consumer Price Index - All Urban Consumers

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	188.5	190.1	191.5	191.9	193.3	193.7	193.4	193.1	194.5	196.3	196.9	195.2
2005	195.4	197.4	199.2	201.1	201.5	200.7	201.4	203.1	205.8	206.9	205.6	203.9
2006	206.0	207.5	208.5	210.5	212.4	211.1	211.4	211.9	212.9	211.4	211.1	210.6
2007	212.584	214.760	216.500	217.845	218.596	217.273	217.454	217.330	217.697	218.696	219.943	219.373

12 Months CPI Percent Change from December 2005 to December 2006

Year	Dec
2006	Up 3.3%

12 Months CPI Percent Change from December 2006 to December 2007

Year	Dec
2007	Up 4.2%

**Los Angeles-Riverside-Orange County
Consumer Price Index
Average Fuel Prices (all types) 2005 – 2007**

Consumer Price Index - All Urban Consumers

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	151.4	163.1	180.0	199.1	191.8	182.6	195.3	208.7	225.6	221.1	197.5	175.7
2006	185.9	195.4	201.1	226.3	256.9	248.3	248.7	244.3	221.2	193.1	186.2	192.9
2007	193.608	199.916	233.599	251.751	261.973	245.206	234.932	217.025	219.690	232.693	253.666	248.263

12 Months Average Fuel Price Change from December to December

Year	Dec
2005	2.326
2006	2.559
2007	3.299

12 Months Average Fuel Price Percentage Change from December to December

Year	Dec
2005	Up 7.3%
2006	Up 10.0%
2007	Up 28.9%

RATE SURVEY 2008

CITY/STATE	FLAG DROP	EACH ADDITIONAL MILE	WAIT AND/OR DELAY TIME	ADDITIONAL RATES AND NOTES	Cabs	Last Increase
Anchorage, AK	\$3.00 1st 1/10mi	\$0.25 per 1/10mi (\$2.50/mi)	\$45/hr	review rates at least every two years	162	Jul-06
Atlanta, GA	\$2.50 1st 1/8mi	\$0.25 per 1/8mi (\$2.00/mi)	\$21/hr	\$2.00 per additional passenger; \$30 Airport to downtown & \$38 to Buckhead flat fee	1600	Nov-05
Austin, TX	\$2.00 1st 1/8mi	\$0.25 per 1/8mi (\$2.00/mi)	\$25/hr	\$1.00 airport surcharge	669	Feb-08
Baltimore, MD - Annapolis	\$1.80 1st 1/10mi	\$0.20 per 1/10mi (\$2.00/mi)	\$24/hr	\$0.90 airport surcharge; \$0.25 for luggage in excess of 2; \$1 to 25% extra in bad weather; \$27 flat rate downtown Baltimore to airport	1151	Sep-06
Boston, MA	\$1.75 1st 1/8mi	\$0.30 per 1/8mi (\$2.40/mi)	\$24/hr	logan airport drop is \$2.25; airport exit charge is \$6.00	1825	Sep-02
Broward County, FL	\$2.50 1st 1/6mi	\$0.40 per 1/6mi (\$2.40/mi)	\$24/hr	\$10 min charge out of Fort Lauderdale Airport; review every two years	870	Sep-05
Charlotte, NC	\$2.00 no mileage	\$0.40 per 1/5mi (\$2.00/mi)	\$24/hr	\$2.00 per passenger after 2nd; \$20 flat fare airport to downtown + \$1.00 gas surcharge; \$12 min airport charge + \$1.00 gas surcharge	700	
Chicago, IL**	\$2.25 1st 1/9mi	\$0.20 per 1/9mi (\$1.80/mi)	\$20/hr	\$1.00 added passenger 12 to 65; \$0.50 third passenger; \$1.00 airport surcharge	6700	May-05
Cincinnati, OH	\$3.60 1st 1/8mi	\$0.20 per 1/8mi (\$1.60/mi)	\$24/hr	\$3.00 minimum charge	675	Mar-07
Columbus, OH	\$2.75 1st 1/9mi	\$0.45 per 2/9mi (\$2.025/mi)	\$27/hr	\$2.25 per mile outside of city; \$0.50 dispatch request; \$0.50 cc payment extra as svc charge	500	06-07
Dallas, TX++	\$2.00 1st 1/9mi	\$0.20 per 1/9mi (\$1.80/mi)	\$18/hr	\$2.00 per extra passenger; Love Field: \$1.00 depart surcharge; \$18 & \$14 flat fees; DFW: \$3.60 depart surcharge; \$40 flat rate; \$0.50 fuel surcharge for every \$0.50 above \$2.00 cost	2022	Nov-05
Dayton, OH	\$2.00 1st 1/2 mile	\$0.20 per 1/10mi (\$2.00/mi)	\$15/hr	\$5.00 minimum; \$0.20 per extra passenger; \$0.10 per luggage in excess of two	80	Aug-02
Denver, CO	\$1.80 1st 1/9mi to \$2.50 1st 1/9 mi; ave \$2.44 1st 1/9mi	\$0.20 per 1/9mi (\$1.80/mi) to \$0.25 per 1/9mi (\$2.25); ave \$2.04 per mile	\$22.50/hr	varies by company; ave \$1.00 added passenger; \$0.10 per extra luggage; \$0.25 per trunk; \$3.25 airport toll charge	942	06-07
Detroit, MI	\$2.50 1st 1/8mi	\$0.20 per 1/8mi (\$1.60/mi)	\$16/hr		1310	Aug-01

RATE SURVEY 2008

CITY/STATE	FLAG DROP	EACH ADDITIONAL MILE	WAIT AND/OR DELAY TIME	ADDITIONAL RATES AND NOTES	Cabs	Last Increase
Fairfax County, VA ++	\$2.75 1st 1/5mi	\$0.35 per 1/5mi (\$1.75/mi)	\$21/hr	\$1.00 fuel surcharge per trip; \$1.00 per added passenger; \$0.25 per package in excess of two per passenger; \$0.50 luggage; \$2.00 trunks	576	8/05; 2007 gas surcharge
Honolulu, HI	\$2.80 1st 1/4mi	\$0.75 per 1/4mi (\$3.00/mi)	\$30/hr	\$0.50 per reg baggage; large at \$4.20 each	1193	Nov-05
Houston, TX ++	\$2.50 1st 1/6mi normal; \$2.50 1st 2/11 mi high fuel	\$0.30 per 1/6mi (\$1.80/mi) normal; \$0.17 per 1/11 mi (\$1.87 mi) high fuel	\$20/hr	\$1.00 night svc; tolls and various airport flat rates; revised rates above \$2.00 per reg unleaded	2270	Aug-05
Indianapolis, IN	\$4.00 1st 1/5mi (estimated)	\$0.40 per 1/5mi (\$2.00/mi)	\$24/hr	\$0.65 max per extra passenger; rates are maximum; \$15 min airport fee; flag drop not regulated ranges from \$2.25 to \$4.95	614	Jun-96
Las Vegas, NV ++	\$3.30 1st 1/11mi	\$0.20 per 1/11mi (\$2.20/mi) (includes \$0.20 per mile fuel surcharge)	\$28/hr	\$1.20 airport surcharge	1933	Oct-07
Little Rock, AK++	\$3.00 1st 1/4mi current with surcharge and proposed	\$0.40 per 1/4mi (\$1.60/mi) current; will be \$2.00 per mile	\$22/hr	\$2.00 per added passenger; \$1.00 fuel surcharge added to drop - to be permanent; \$1.00 airport surcharge	123	3/06 fuel surcharge
Los Angeles Current	\$2.45 1st 1/7mi	\$0.35 per 1/7mi (\$2.45/mi)	\$26.53/hr	\$42 flat fare to and from LAX and downtown; \$0.20 flag drop add for bandit enforcement	2303	Dec-06
Louisville, KY ++	\$4.10 - 1st mi or fraction	\$0.195 per 1/10mi (\$1.95mi)	\$20.75/hr max & \$18/hr wait	5% surcharge for gasoline over \$2.50; +5% at \$3.00 +5% at \$3.50; \$17 airport to downtown flat rate	300	Dec-05
Madison, WI	\$3.00 - 1/9mi	\$0.25 per 1/9mi (\$2.25/mi)	\$30/hr	\$1.00 airport surcharge; \$2.00 animals, skis, large trunks; \$0.50 3rd + bag	166	Sep-05
Miami Dade/County, FL	\$2.50 1st 1/6mi	\$0.40 per 1/6mi (\$2.40/mi)	\$24/hr	\$2.00 airport and seaport surcharge; several flat rate trips	2080	Oct-05
Minneapolis, MN **	\$2.50 1st 1/5mi	\$0.38 per 1/5mi (\$1.90/mi)	\$21/hr	up to \$5.00 min charge allowed; \$2.75 airport surcharge; review every 2 years	450	Sep-05
Montgomery County, MD	\$4.00 1st 1/4mi	\$0.40 per 1/4mi (\$1.60mi)	\$24/hr	\$1.00 additional passenger; \$1.00 for loading trunk	580	Feb-06
Nashville, TN	\$3.00 - no mileage	\$0.20 per 1/10mi (\$2.00/mi)	\$18/hr for passenger requested delays only	\$1.00 per additional passenger (non airport trips); \$25 airport rate; \$3.50 airport surcharge tied to \$7 airport flag drop to recoup	559	12/03 mileage; 8/07 airport rate & fee changes

RATE SURVEY 2008

CITY/STATE	FLAG DROP	EACH ADDITIONAL MILE	WAIT AND/OR DELAY TIME	ADDITIONAL RATES AND NOTES	Cabs	Last Increase
New Orleans, LA ++	\$2.50 1st 1/6mi	\$0.20 per 1/6mi (\$1.20/mi)	\$18/hr	\$1.00 per additional passenger; \$1 fuel surcharge; \$28 airport flat rate	1608	May-05
New York, NY	\$2.50 1st 1/5mi	\$0.40 per 1/5mi (\$2.00/mi)	\$24/hr	\$0.50 night surcharge after 8:00 pm and before 6:00 am; \$1.00 weekday peak surcharge; \$45 JFK flat fare; \$7.50 to \$9.50 LaGuardia flat fares	13150	5/04 distance; 11/06 waiting
Philadelphia, PA ** ++	\$2.30 1st 1/7mi	\$0.30 per 1/7mi (\$2.10/mi)	\$20/hr	\$0.40 per trip fuel surcharge (drop is \$2.70); \$1.50 airport surcharge; \$25 airport flat rate and \$10 airport minimum charges (includes \$1.50 egress charge); \$1.25 fuel surcharge also added to airport flat rates	1700	Jul-05
Phoenix, AZ Airport	\$3.00 drop	\$2.00 per mile (\$5 first mile)	\$20/hr	\$1.00 airport surcharge; \$15 min charge	225 airport; 800+ city	Feb-06
Portland, OR ++ current	\$2.50 drop	\$2.00 per mile	\$30/hr	\$1.00 per additional passenger; \$0.20 per mile fuel surcharge; \$3.50 airport surcharge; maximum charges	382	Jul-05
Portland, OR pending 3/08	\$2.50 drop	\$2.30 per mile	\$30/hr	\$1.00 per additional passenger; \$3.50 airport surcharge; max charges	382	Mar-08
San Antonio, TX ++	\$1.70 1st 1/6mi	\$0.30 per 1/6mi (\$1.80/mi)	\$18/hr	\$1.00 night charge; per-mile fuel surcharges above \$2.00 gallon for reg unleaded - currently at \$0.25 per mile; \$8 airport min; \$3 downtown min; \$0.50 airport surcharge	788	Sep-05
San Diego City Max	\$2.60 1st 1/14mi	\$0.20 per 1/14mi (\$2.80/mi)	\$23/hr	new rate pending	994	Mar-07
San Diego City Pending	\$2.80 1st 1/31mi	\$0.10 per 1/31mi (\$3.10/mi)	\$24/hr	pending rate for 3/08	994	Mar-07
San Francisco, CA	\$3.10 1st 1/5mi	\$0.45 per 1/5mi (\$2.25/mi)	\$27/hr	\$2.00 airport fee; 150% charge if 15 miles out of city; controller report recommends change to \$0.50 per 1/5 mile	1431	Nov-06



RATE SURVEY 2008

CITY/STATE	FLAG DROP	EACH ADDITIONAL MILE	WAIT AND/OR DELAY TIME	ADDITIONAL RATES AND NOTES	Cabs	Last Increase
Seattle, WA ** ++	\$2.50 1st 1/10mi	\$0.20 per 1/10mi (\$2.00/mi)	\$30/hr	\$1.00 per trip fuel-charge since 5/8/06; \$.50 per third or more passenger except kids; \$28 flat rate airport to downtown with \$3 outbound surcharge	651	4/1/05 normal rates; 5/8/06 \$1.00 surcharge; recommending new rates
St. Louis, MO ++	\$2.50 1st 1/10mi	\$0.20 per 1/10mi (\$2.00/mi)	\$24	\$1.00 per added passenger; \$2.00 to \$3.00 airport surcharge; \$1.00 per trip fuel surcharge; max charges	944	10/1/05; added passenger decreased
Tampa, FL	\$2.00 1st 1/5mi	\$0.45 per 1/5mi (\$2.25/mi)	\$18/hr	\$22 airport flat rate; \$10 min airport charge	608	Sep-05
Washington, DC (airport)	\$2.80 1st 1/4mi	\$0.45 per 1/4mi (\$1.80/mi)	\$21.04/hr	\$1.50 per additional passenger; \$2.00 extra for radio dispatch in DC; \$1.00 trip surcharge morn and evening peaks; \$0.50 for more than 1 piece of luggage; \$2.50 for snow emergency; \$1.75 airport fee for Ronald Reagan Airport		Feb-06

Note: Yellow color - rates were verified by the regulator of the city or jurisdiction

Note : Orange color - no formal survey response was provided, but did find info on website

Note : ** after the jurisdiction indicates that a potential rate increase review is in progress

Note : ++ after the jurisdiction indicates that a fuel surcharge is currently in use

- Most riders were Caucasian (59%). Nineteen percent were African American and 16% were Hispanic.
- Just over half of the visitors were in the San Diego area on business or convention. Seventy percent were staying in a hotel.
- Residents took more taxi trips (in any city) in the previous month than did visitors.

Taxicab Trip Characteristics

- The average time it took a taxicab driver from receiving a dispatch to reaching a passenger was 7.3 minutes.
- The average perceived time from a respondent's phone call to a taxicab company, and the arrival of the taxicab, was 10.5 minutes.
- The average number of passengers in each taxicab was 1.6.
- Eighty-seven percent of the trips either began or ended at home or accommodations (such as a hotel).
- After home/accommodations, the most frequent places for residents to take taxicab rides were shopping, social activities, or travel (such as the airport). For visitors, the most frequent place after home/accommodations was travel.
- The average trip distance was 4.6 miles. The average distance for an airport trip was 8.0 miles. Visitors had slightly longer trip distances than did residents.
- The average fare was \$8.76, with visitor fares higher than resident fares. Fares from the airport averaged \$16.06.

Passenger Awareness and Transportation Options

- Most passengers were not aware of rate differences between airport and non-airport taxicabs.
- The majority believed that rates should be the same throughout the San Diego area.
- The percent of resident respondents with a specific taxicab company preference is declining. The 1999 survey showed 57% of respondents with a preference, compared to 62% in 1994 and 70% in 1989.
- Prompt response and safe drivers were seen as the most important aspects of taxicab service.
- Overall taxicab service was rated "good" by 61% of the respondents.
- Most passengers viewed taxicab service in San Diego as "the same" as other areas.
- Only 29% of residents had a private car available.
- If a taxi had not been available for the trip, 38% of residents would have taken public transportation, while 34% of visitors would have rented a car.
- Sixty-nine percent of respondents had never used a paid shuttle in the San Diego area.
- The reason mentioned most often for taking a taxicab instead of a shuttle was convenience.



ESTIMATION OF ANNUAL TAXICAB TRIPS

Using data provided by taxicab radio service companies, survey results, and the Port of San Diego, an estimate was developed of annual taxicab trips in the MTDB service area. An estimated 3.9 to 4.2 million taxicab trips were made in the service area between August 1998 and July 1999. The table below and the subsequent text explain the methodology and results.

Figure 38
Estimation of Annual Taxicab Trips

Average Daily Non-Airport Taxicabs in Operation	672.8
Average Hours Per Taxicab	13.28
Daily Vehicle Hours of Operation	8,935
Trips Per Hour	1.08
Average Daily Non-Airport Taxicab Trips	9,650
Average Daily Airport Taxicab Trips	1,956
Total Daily Taxicab Trips	11,606
Total Yearly Taxicab Trips	4,236,014

Currently, 945 taxicabs are authorized for operation in the MTDB service area. Using data from MTDB and selected taxicab radio service companies, it is estimated that on average, 673 taxicabs are operating on any given day, excluding airport taxicabs. Also using radio service company information, the average daily hours of operation of each taxicab is estimated at 13.28. Multiplying the average number of taxis by the average hours per taxicab results in 8,935 vehicle daily hours of operation. Survey results show that the average number of trips per hour is 1.08, resulting in 9,650 non-airport trips daily. The Port of San Diego provided daily airport trip data. Adding together non-airport and airport trips and multiplying by 365 results in a total of 4.2 million trips annually. Similar results were achieved using a different estimation technique that utilized taxi driver trip logs and airport information. This procedure resulted in an estimation of 3.9 million annual taxicab trips.

In 1994 SANDAG estimated the number of annual taxi trips to be between 3.8 and 4.0 million. The volume of taxicab trips increased by an estimated 4% to 5% between 1994 and 1999, while population increased by 8% and visitation by 9% between 1994 and 1998.



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Gas Prices Reach Stratospheric Heights, Jump More Than 20 Cents In One Week

(LOS ANGELES, June 6, 2008) – Gas prices spiked over the last week at a pace not seen since 2003, bringing new all-time price records that are more than a dollar higher than this time last year in most areas, according to the Automobile Club of Southern California's Weekend Gas Watch.

The average price of self-serve regular gasoline in the Los Angeles-Long Beach area is \$4.339 per gallon, which is 22.7 cents more than last week, 44 cents higher than last month, and 98 cents above last year. In San Diego, the price is \$4.375, which is 21 cents higher than last week's price, 44 cents above last month, and \$1.03 higher than last year. On the Central Coast, the average price is \$4.415, up 18.3 cents from last week, 40 cents above last month, and 92 cents more than last year. In the Inland Empire, the average per gallon price is \$4.345, 21.1 cents over last week, up 43 cents from last month, and \$1.01 higher than last year.

"The last time that weekly gas prices rose by more than three cents a day locally was in August 2003, when several refinery outages and an Arizona gasoline pipeline shutdown caused a major supply issue," said Auto Club spokesperson Jeffrey Spring. "Oil industry analysts say that California refineries have begun producing more diesel fuel and less gasoline, creating a need to import more costly unleaded fuel from out-of-state and overseas.

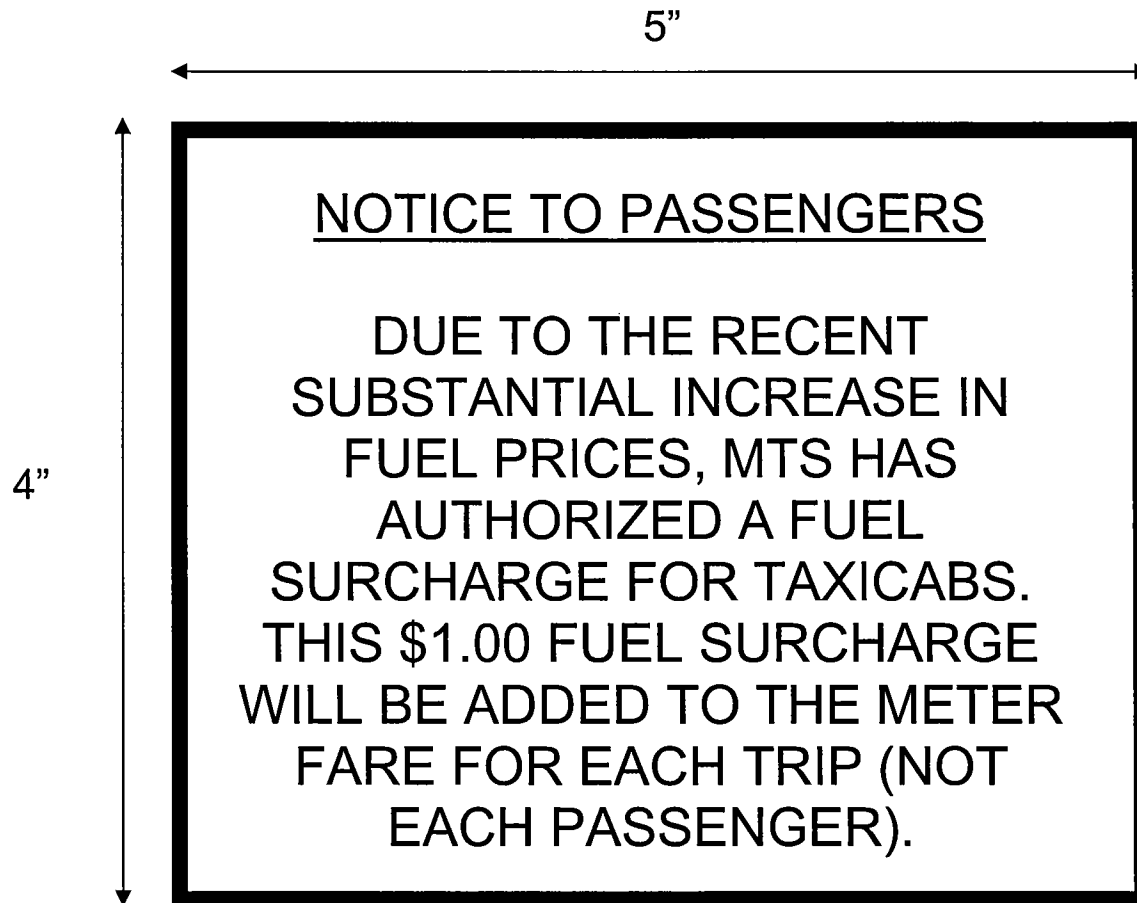
"There are a few rays of hope, however – crude oil and California wholesale gasoline prices have dropped, and several Midwestern and Southern states have seen slight gas price decreases in the past week."

The Weekend Gas Watch monitors the average price of gasoline as of 12:01 a.m., June 6:

Area	Regular	One-week change	Record Price
Los Angeles – Long Beach	\$4.339	+ 22.7 cents	\$4.339 (6/5/08)
Orange County	\$4.315	+ 22.3 cents	\$4.315 (6/5/08)
San Diego	\$4.375	+ 21.0 cents	\$4.375 (6/5/08)
Santa Barbara – Santa Maria – Lompoc	\$4.415	+ 18.3 cents	\$4.415 (6/5/08)
Riverside – San Bernardino	\$4.345	+ 21.1 cents	\$4.345 (6/5/08)
Bakersfield	\$4.388	+ 19.3 cents	\$4.388 (6/5/08)

Las Vegas, NV	\$4.050	+ 15.8 cents	\$4.050 (6/5/08)
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Policies and Procedures

No. 34

SUBJECT:

Board Approval: 04/26/07

FOR-HIRE VEHICLE SERVICES

PURPOSE:

To establish a policy with guidelines and procedures for the implementation of MTS Ordinance No. 11.

BACKGROUND:

Regulation of for-hire vehicle service is in the interest of providing the citizens and visitors to the MTS region and particularly the Cities of El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, and Santee, with a good quality local transportation service. Toward this end, MTS finds it desirable to regulate the issuance of taxicab permits, to establish maximum rates of fare, and to provide for annual review of cost-recovery regulatory fees.

POLICY:

34.1 City of San Diego Entry Policy

34.1.1 MTS will periodically establish the maximum number of taxicab permits to be issued for the City of San Diego.

34.1.2 New City of San Diego permits will be issued in accordance with amended City Council Policy No. 500-2, "Taxicab Permits," adopted on August 6, 2001.

34.2 City of San Diego Entry Policy Implementation

The following guidelines should be observed with respect to the issuance of taxicab permits when the formula yields an increase of at least 40 permits.

34.2.1 The percentage of growth in population divided by 2 plus the percentage of growth in hotel room nights occupied times the current number of permits. All changes are to be calculated on a two-year rolling average.



34.2.2 The process through which permits are issued will limit the concentration of permits. No permit will be issued or transferred to any person, partnership, corporation, association, or other entity if such issuance or transfer would result in any permit holder having an interest in more than 40 percent of the existing permits. New permits shall not be transferred for a period of five years after issuance.

34.2.3 No single permit will be issued or transferred to any person, company, business, corporation, or other entity if such issuance or transfer would result in single permit holders in aggregate having interest in more than 40 percent of the existing permits.

34.3 City of San Diego Entry Policy Exclusions

This policy is not intended to govern the issuance of limited permits as authorized by Section 1.7 of MTS Ordinance No. 11.

34.4 Maximum Fare Policy

Pursuant to MTS Ordinance No. 11, Section 2.2(a) and after a duly noticed and open public hearing, MTS determined that the maximum rate of fare for exclusive ride and group ride hire of taxicabs shall be that fare that does not exceed twenty percent (20%) more than the weighted average of fares as established in accordance with this policy.

34.4.1 Maximum Fare Determination

The weighted average of fares shall be computed by the Chief Executive Officer and duly promulgated in writing upon the passage of this policy and thereafter each year by averaging each segment of the fare structure of all MTS taxicab permit holders. The fare structure shall consist of the dollar amounts charged by said permit holders for the flag drop, the per-mile charge, waiting-time charge, first zone, and each additional zone charge. The weighted average of these charges shall be arrived at by adding each segment of each respective charge and dividing it by the total number of taxicabs holding effective permits.

34.4.2 The Chief Executive Officer will use his discretion when the maximum rates of fare and the uniform rates of fare for trips from Lindbergh Field airport are incompatible. The Chief Executive Officer may adjust the maximum rates of fare so that the uniform rates of fare, based on the change in the Annual All Urban Western Transportation Consumer Price Index, do not exceed the maximum rates allowed in accordance with Section 34.4.1.

34.5 Airport Taxicab Fare Policy

Rates of fare for trips from Lindbergh Field Airport shall be uniform.

In the event an owner chooses a different rate for nonairport trips for taxicabs authorized to service the airport, two meters or a multirate meter shall be installed

and identified. The meter(s) shall be activated according to the proper rate for the trip's origin, and it shall be clearly visible to the passenger which rate is being charged.

- 34.5.1 The uniform rates of fare for taxicab trips from Lindbergh Field Airport are initially established at \$1.40 flag drop, \$1.50 per mile, and \$12.00 per hour, effective June 1, 1990.

The airport rates shall be reviewed ~~every two years~~ annually, beginning in January 1997 2009, by the Chief Executive Officer. Airport rates shall be adjusted based on the 1990 amounts, in accordance with the change in the Annual All Urban Western Transportation Consumer Price Index/ San Diego. Adjustments shall be rounded up or down, as appropriate, to the nearest even \$0.10 increment.

34.6 Regulatory Fee Review

The following procedures will be utilized for the establishment of for-hire vehicle regulatory fees.

- 34.6.1 In accordance with State of California Public Utilities Code Section 120266, MTS shall fully recover the cost of regulating the taxicab and other for-hire vehicle industry. Pursuant to MTS Ordinance No. 11, Sections 1.3(b), 1.4(b), and (d), and 1.5(d), the Chief Executive Officer establishes a fee schedule to effect full-cost recovery and notify affected permit holders of changes in the fee schedule.

- 34.6.2 The procedure for establishing a regulatory fee schedule will include an annual review of the audited expenses and revenue of the previous fiscal year associated with MTS for-hire vehicle activities. The revised fee schedule will be available for review by interested parties in November each year and is subject to appeal as provided for in Ordinance No. 11, Section 1.5(d).

- 34.6.3 A fee schedule based on previous year expenses and revenue amounts will be put into effect each January.

DDarro/SChamp/JGarde/DSundholm
POLICY.34.FOR-HIRE VEHICLE SERVICES
4/20/07

This policy was originally adopted on 12/8/88.
This policy was amended on 7/26/90.
This policy was amended on 5/9/91.
This policy was amended on 6/13/91.
This policy was amended on 1/28/93.
This policy was amended on 5/11/95.
This policy was amended on 10/31/02.
This policy was amended on 4/24/03.
This policy revised on 3/25/04.

This policy was amended on 4/26/07



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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.

MKPC 620.9

July 10, 2008

SUBJECT:

MTS: CBS OUTDOOR ADVERTISING - CONTRACT RENEWAL

RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to execute:

1. a Memorandum of Understanding (MTS Doc. No. G1124.0-08) between MTS and the City of San Diego allowing MTS to generate revenue from advertising sales on bus shelters and on bus benches placed within the City of San Diego right-of-way in substantially the same format as attached; and
2. a five-year contract extension (MTS Doc. No. T0068.8-91, Attachment B) with CBS Outdoor to maintain all existing bus shelters, relocate bus shelters as directed by MTS, install new bus shelters as directed by MTS, and provide MTS with advertising revenue from bus shelters of at least \$4 million over the five-year contract period in substantially the same format as attached.

Budget Impact:

The contract extension would generate total revenue of more than \$4 million over the five-year contract extension.

DISCUSSION:

History

In 1990, MTS entered into a 15-year agreement with Gannett Outdoor to provide and maintain bus shelters in the Cities of San Diego, National City, Imperial Beach, Santee,



and La Mesa. The contract included two five-year options. CBS Outdoor subsequently assumed the contract from Gannett Outdoor.

The agreement between MTS and CBS Outdoor generated \$150,000 per year to cover the administrative costs incurred by MTS. In each of the Memorandums of Understanding between MTS and the participating cities, it was stipulated that the shelter program would not generate income for MTS beyond its administrative costs. An amendment to the MOU between MTS and the City of San Diego provided that MTS and the City of San Diego would share equally in the net revenues generated by bus bench advertising.

Currently, CBS manages 479 bus shelters—three quarters of which generate revenues from the sale of advertising panels. This revenue is used by CBS to clean and repair all shelters, install new shelters, pay for electricity, obtain all necessary permits, and solicit advertising.

At the conclusion of the original term of the agreement, MTS opted to extend the contract for only two years. At the end of the extension, MTS intended to have a new shelter program that would be awarded through a competitive bid process and include the replacement of all existing shelters to enhance the appearance and customer experience of public transportation.

Subsequently, over the last two fiscal years, the general economic downturn has caused advertising revenues to fall for CBS Outdoor as well as significant budget deficits for MTS. To help balance its budget for fiscal year 2009 and maintain CBS Outdoor's existing revenue stream, MTS and CBS Outdoor explored options to exercise the remaining five-year option in an effort to generate new revenues for MTS.

Concurrently, MTS approached the City of San Diego to terminate its existing MOU and establish a new MOU to allow MTS to generate revenues from both its bus shelter and bus bench programs to fund current bus operations.

MTS has also consulted industry experts to assess the market conditions conducive to issuing a Request for Proposals for a new bus shelter and advertising program. Experts cited that current advertising revenues are down by more than 40 percent and postponed Requests for Proposals in other markets as reasons for not pursuing a long-term bus shelter program at this time.

These facts combined with MTS's immediate need to generate greater revenues to preserve transit services has prompted staff to work with City of San Diego staff and CBS Outdoor to modify its existing agreements. The following summarizes the substantive changes of each agreement.

MTS Memorandum of Understanding with the City of San Diego

The proposed new MOU between MTS and the City of San Diego contains several major changes from the existing document:

1. There will be no restrictions on the ability of MTS to generate revenues from bus shelter advertising panels. The previous agreement allowed MTS to recoup only up to \$150,000 in administrative costs.

2. MTS will utilize any advertising revenue generated over the length of the MOU to operate, maintain, and enhance transit services within the City of San Diego.
3. There will be no limit to the number of bus shelters that can have advertising panels. The previous agreement specified that advertising would be limited to 75 percent of the total number of shelters.
4. MTS will reserve unsold space on which the City of San Diego can place advertising to promote civic activities. There was no similar provision in the previous agreement.
5. MTS plans to incorporate "showcase" transit shelters in high-visibility areas of the city. The previous agreement did not include new shelters.
6. MTS will endeavor to include new technologies, such as next-bus information and solar power, into the shelter design when possible.

The San Diego City Council will consider the proposal in July.

Contract Modifications between MTS and CBS Outdoor

MTS is proposing Amendment No. 8 to MTS Doc. No. T0068.0-91- Advertising Transit Shelter Agreement.

The amendment contains the following provisions:

1. Contractor (CBS Outdoor) shall make the following payments to MTS:
 - a. \$1,000,000 on July 1, 2008, or upon execution of this amendment, whichever is sooner.
 - b. \$50,000 per month, payable on the first of each month of this amendment, for the duration of the Agreement.
 - c. After installation expenses are paid for, 50% of the revenue generated from the sale of advertising on the 20 new shelter locations (identified on Attachment B to the contract) payable on the first of each month of this amendment for the duration of the Agreement.
 - d. 75% of the revenue generated from the sale of advertising on any new shelter purchase and installation paid for by MTS payable on the first of each month of this amendment for the duration of the Agreement.
 - e. After installation expenses are paid, a minimum of 50% of the revenue generated on the other advertising opportunities (outlined on Attachment C to the contract) payable on the first of each month of this amendment for the duration of the Agreement. The parties shall negotiate any additional revenue split over and above the 50% minimum for each of the advertising opportunities (outlined on Attachment C to the contract).

2. Additionally, the scope of work includes these amendments to the original contract:
 - a. MTS shall have the right to utilize any unused advertising space on a space-available basis to promote MTS, the City of San Diego, or other public service programs.
 - b. Contractor shall assume the cleaning and maintenance of the shelters (identified on Attachment A to the contract).
 - c. Contractor shall provide and install 20 new shelters, from existing shelters Contractor has in stock, in premium sales locations as identified on Attachment B (to the contract).
 - d. Should MTS desire to install more than 20 shelters, MTS shall pay for the shelter(s) and pay the reasonable cost for installation of the shelter(s). MTS shall have the right to select any shelter of its choice. Contractor shall install the shelter that MTS selects.
 - e. At the completion of this amendment and the Agreement, MTS shall have the option to take title to any and all ad faces, bus shelters, and/or street furniture installed pursuant to this Agreement.
 - f. Contractor shall provide a monthly advertising report that details the number of advertisements sold, the client who purchased the advertising, and the revenue generated from the advertising sale, for each advertisement sold during the previous month. The monthly advertising report shall be provided to MTS, attention Cliff Telfer, Chief Financial Officer, on the 15th of each month of this Agreement.
3. The term of the contract will be from August 1, 2008, through June 30, 2013. There shall be no further extensions of the agreement.
4. All other conditions remain unchanged. They include maintenance, permitting, electricity payments, and other provisions.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Rob Schupp, 619.557.4511, rob.schupp@sdmts.com

JULY10-08.C3.CBS OUTDOOR AD CONTRACT.RSCHUPP.doc

Attachments: A. MOU - MTS Doc. No. G1124.0-08
B. Contract Extension - MTS Doc. No. T0068.8-91

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE CITY OF SAN DIEGO
AND
THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM

THIS AGREEMENT is entered into by and between THE CITY OF SAN DIEGO, a municipal corporation, herein called "CITY," and the SAN DIEGO METROPOLITAN TRANSIT SYSTEM, a public entity, herein called "MTS."

WHEREAS, MTS and the CITY have for the last 16 years operated a successful transit shelter and bus bench advertising and maintenance program; and

WHEREAS, MTS desires to install new transit shelters of the highest possible quality and aesthetic appeal and maintain transit shelters that are already in place in keeping with the image of the CITY; and

WHEREAS, MTS desires to install and/or maintain its transit shelters to provide a higher level of service to all patrons; and

WHEREAS, MTS will require all transit shelters to meet Americans with Disabilities Act requirements;

WHEREAS, MTS will endeavor to include new technologies, such as next-bus information and solar power, into the shelter design; and

WHEREAS, MTS plans to incorporate "showcase" transit shelters with electronic advertising in high-visibility areas within the CITY; and

WHEREAS, public funding is unavailable for the construction and maintenance of transit shelters; and

WHEREAS, MTS will utilize any advertising revenue generated over the length of this Memorandum of Understanding (MOU) to operate, maintain and enhance transit services within the City of San Diego;

WHEREAS, MTS will provide the CITY an annual update on the installation of new shelters within the City;

WHEREAS, MTS proposes to enter into an agreement, such as this one, with each of the other cities within its service territory wishing to participate in the new transit shelter program; and

WHEREAS, Section 3D of City Council Policy No. 600-34 calls for the CITY to maximize transit-operating efficiency and to maintain a reasonable high farebox recovery rate in order to minimize the need for other sources of funding; and

WHEREAS, the transit shelter program would provide a significant improvement in the area's transit system potentially increasing ridership without incurring any public costs; NOW, THEREFORE, be it ordained that the CITY and MTS agree as follows:

1. The CITY Council hereby grants to MTS for a period of five (5) years the exclusive authority to install, or cause to be installed, bus benches and transit shelters within the public rights-of-way in the CITY contingent upon the following:
 - A. Maximum Number of Transit Shelters

No more than six hundred and ninety (690) transit shelters shall be permitted in the city. Any additional transit shelters that MTS proposes to install shall require prior approval from the CITY.
 - B. Maximum Number of Bus Benches

No more than two thousand five hundred (2,500) bus benches shall be permitted in the city. Any additional bus benches that MTS proposes to install shall require prior approval from the CITY.
 - C. Standard Signage

Standard size for poster ads within transit shelters is four (4) feet in width or six (6) feet in height. Showcase transit shelters may also include electronic advertising including, but not limited to, electronic message boards and video displays.
 - D. Installation of Transit Shelters or Bus Benches

MTS will develop a list of locations for the installation of bus benches or transit shelters and provide the list to the CITY. All installations shall conform to the terms of this agreement.
 - E. Removal of Transit Shelters or Bus Benches

MTS and the CITY's designated representatives shall mutually agree to remove a transit shelter or bus bench or relocate the transit shelter or bus bench from any location, at no cost to the CITY, upon the CITY's written request to MTS for such removal.
 - F. Maintenance

Through its contractor, MTS shall be responsible for providing ongoing maintenance for every bus bench or transit shelter that is installed under this agreement. Transit shelters and bus benches shall be repaired or replaced upon notification to MTS of any damage, vandalism, or graffiti on any MTS transit shelter or bench. Through its subcontractor, MTS will repair, replace, or remove damage, vandalism, or graffiti within forty-eight (48) hours of notification or such longer period as may be needed in order to reasonably complete the repairs. If the transit shelter or bus bench is destroyed, it shall be removed within twenty-four (24) hours of notification and shall be replaced within thirty (30) days. In conjunction with such removal, the curbs and sidewalk, if affected by the removal, shall be restored to a safe, finished condition.
 - G. Notices

MTS shall use its best efforts to notify the underlying property owners, as indicated on the most recent tax assessor's rolls, and building occupants that a new transit shelter or

bus bench with or without advertising is proposed to be installed within 100 feet of their property in the public right-of-way prior to any transit shelter installation. Such notice will not be required if a shelter or bus bench currently exists and is simply being replaced by a new shelter or bus bench.

H. Permits

All new transit shelters will require an encroachment, excavation, or other permit from the CITY. MTS's contractor will be required to comply with all rules, regulations, and laws of the CITY and any applicable state or federal laws. Permit fees shall be paid by MTS's contractor for each permit issued. All permit applications for new shelters shall require proof of notification of the proposed transit shelter installation to adjacent property owners and tenants.

I. Electrification

MTS's contractor will secure all electrical permits necessary for the installation of new shelters. MTS's contractor shall assume all costs associated with lighting and powering transit shelters.

2. Advertising Policy

A. Standards

In its agreements with its advertising contractors, MTS shall reserve the right to reject any advertisement that does not meet the standards set forth in MTS Policy No. 21, which includes the CITY's advertising policy. A copy of MTS Policy No. 21 is attached hereto and incorporated into this agreement.

B. Removal

The CITY may request that MTS exercise its right to remove any advertisement, commercial, or noncommercial that does not conform to MTS Policy No. 22. Such demand shall be in writing and state reasonable grounds for the demand. MTS shall consider and act upon the demand in accordance with the policy.

3. Hold Harmless

MTS undertakes and agrees to defend, indemnify, and hold harmless the CITY and any and all of the CITY's officers, agents, employees, assigns, and successors in interest from and against all suits and causes of actions, claims, loss, demands, expenses, including, but not limited to, attorneys' fees and costs of litigation, damage or liability, or any nature whatsoever, for death or injury to any person, including MTS's employees and agents, or damage or destruction to any property of either party hereto or third person in any manner arising by reason of or incident to the performance of this agreement on the part of MTS, except for active negligence of the CITY or any of the City's officers, agents, contractors or employees, in which case the CITY shall hold MTS harmless and MTS shall have no obligation to defend and indemnify the CITY or its officers, agents, employees, assigns or successors.

4. Termination of this Agreement

The CITY may terminate this Agreement if MTS or its contractor materially breaches the terms and conditions set forth herein. In the event the CITY terminates this Agreement, MTS shall require the contractor to remove the advertising displays from every transit shelter in the public rights-of-way, and the CITY shall pay MTS the current value for every transit shelter in the public right-of-way.

The method of calculating the current value of a transit shelter will be as follows:

$$\text{CURRENT VALUE} = \left[\frac{\text{Transit Shelter Unit Price}}{\text{Depreciation Period (in months)}} \right] \left[\text{Depreciation Period (in months)} - \text{Months in Service} \right]$$

For purposes of calculating the current value the transit shelter:

- the unit price shall be the unit price listed in the contractor's financial plan submitted with the bid documents plus the installation costs of the bus bench or transit shelter;
- the depreciation period for transit shelters will be ninety-six (96) months; and
- the number of months in service will be calculated from the date the transit shelter is placed in service to the date of termination.

5. Insurance

During the term of the agreement, MTS shall require its contractor to maintain the following levels and types of insurance:

- A. Comprehensive general liability insurance for bodily injury (including death) and property damage, which provides total limits of not less than two million five hundred thousand dollars (\$2,500,000.00) combined single limit per occurrence. Coverages included shall be:
1. Premises and operations;
 2. Contractual liability expressly, 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;
 3. Personal injury liability;
 4. Independent contractors; and
 5. Cross-liability clause providing that the insurance applies separately to each insured except with respect to the limits of liability.

Such insurance shall include the following endorsement (copies of which shall be provided):

- a. Inclusion of the CITY, its officers, agents, and employees as additional insureds with respect to activities, services, or operations under this agreement;
 - b. Inclusion of MTS, and its subsidiaries, its officers, agents, and employees as additional insureds with respect to activities, services, or operations under this agreement;
 - c. Stipulation that the contractor's insurance is primary insurance and that no insurance of the CITY or MTS will be called upon to contribute to a loss.
- B. Comprehensive automobile liability insurance for bodily injury (including death) and property damage, which provides total limits of not less two million five hundred thousand dollars (\$2,500,000.00) combined single limit per occurrence applicable to all owned, nonowned, and hired vehicles.
- C. Statutory workers' compensation coverage including a broad form all states endorsement; employer's liability insurance for not less than one million dollars (\$1,000,000.00) per occurrence for all individuals engaged in services or operations to implement this agreement, including an insurer's waiver of subrogation in favor of the CITY, their directors, officers, representatives, agents, and employees.
- D. MTS shall also provide CITY with satisfactory evidence of self-insurance that meets or exceeds the types and levels of insurance outlined above.

6. Condition Precedent

Certificates of insurance, satisfactory to the CITY, evidencing all coverages above shall be furnished to the CITY before commencing any operations under this agreement with complete copies of policies to be delivered to CITY upon its request.

7. Approval

Approval of the insurance by the CITY shall not relieve or decrease the liability of MTS.

8. Notices

No notice, request, demand, instruction, or other document to be given hereunder to any party shall be effective for any purpose unless personally delivered to the person at the appropriate address set forth below (in which event, such notice shall be deemed effective only upon such delivery) or delivered by certified mail, return receipt requested, as follows:

To The CITY:
Jerry Sanders
Mayor
City of San Diego
202 C Street
San Diego, California 92101

To MTS:
Paul C. Jablonski
Chief Executive Officer
Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, California 92101

Notices so mailed shall be deemed to have been given forty-eight (48) hours after the deposit of same in any United States Post Office mailbox. The addresses and addressees, for the

purpose of this paragraph, may be changed by giving written notice of such change in the manner herein provided for giving notice. Unless and until such written notice of change is received, the last address and addressee stated by written notice, or provided herein if no such written notice of change has been received, shall be deemed effective.

9. Time

It is agreed that time is of the essence in this agreement.

10. Attorneys' Fees

If legal action be commenced to enforce or to declare the effect of any provisions of the agreement, the court as part of its judgment shall award reasonable attorneys' fees and costs to the prevailing party.

11. No Waiver

The waiver by one (1) party of the performance of any covenant, condition, or promise shall not invalidate this agreement nor shall it be considered a waiver by such party of any other covenant, condition, or promise hereunder. The waiver by either or both parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or identical act required to be performed at a later time. The exercise of any remedy provided by law and the provisions of this agreement for any remedy shall not exclude other consistent remedies unless they are expressly excluded.

12. Severance

If any provision of this agreement is found to be unenforceable, the remainder of the provisions shall continue to be given full force and effect.

13. Amendments

No change in or addition to this agreement or any part hereof shall be valid unless in writing and properly authorized by the CITY and MTS.

14. Computation of Periods

All periods of time referred to in this agreement shall include all Saturdays, Sundays, and state or national holidays, unless the period of time specifies business days, provided that if the date or last date to perform any act or give any notice with respect to the Agreement shall fall on a Saturday, Sunday, or state or national holiday, such act or notice may be timely performed or given on the next succeeding day that is not a Saturday, Sunday, or state or national holiday.

Dated this _____ day of _____ 2008.

METROPOLITAN TRANSIT SYSTEM

CITY OF SAN DIEGO

Paul C. Jablonski
Chief Executive Officer

APPROVED AS TO FORM

Jerry Sanders
Mayor

APPROVED AS TO FORM

Office of General Counsel

San Diego City Attorneys' Office

JULY10-08.C3.AttA.CBS OUTDOOR MOU.RSCHUPP.doc

Attachment: MTS Policy No. 21

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
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FAX 619/234-3407

Policies and Procedures

No. 21

SUBJECT:

Board Approval: 2/26/04

MTS: REVENUE-GENERATING DISPLAY ADVERTISING, CONCESSIONS, AND MERCHANDISE

PURPOSE:

To establish a policy and guidelines concerning a revenue-generating advertising, concessions, and merchandise program encompassing trolley stations, MTS property and facilities, and selected printed materials.

Advertising on bus shelters and benches within the public rights-of-way shall be governed by the applicable policies of the applicable jurisdiction. The City of San Diego policy is included as Attachment A to this policy.

BACKGROUND:

Public transit operators and administration agencies have historically utilized advertising, concessions, and merchandising programs to supplement operational and capital funds. A sound advertising and concessions program can be a viable, alternative income source while maintaining aesthetic standards and promoting transit use.

POLICY:

The following guidelines will be reviewed annually to reflect the current policies of the MTS Board of Directors and to reflect changes in the trends of social and economic acceptance and appropriateness of various forms of advertising and concessions.

21.1 Advertising - General

21.1.1 Safety, aesthetic considerations, rider convenience, and information needs will take precedence over revenue generation.

21.1.2 Quantity, quality, and placement of all advertising will be controlled by and subject to the specific approval of MTS.



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.

- 21.1.3 MTS reserves the right to reject any advertisement, commercial or noncommercial, which does not meet the Board's standards as set forth in this policy. Before any advertisement is rejected, it shall be referred to the Chief Executive Officer and General Counsel for MTS for appropriate action and a final decision.
- 21.1.4 The advertising program will serve the needs of local as well as national advertisers and encourage the promotion of public transit. Local advertisers will be guided by the appropriate transit agency staff in promoting specific routes/lines serving their areas.
- 21.1.5 No advertisement will be permitted that:
- a. appears to make a personal attack on any individual or upon any company, product, or institution; or falsely disparages any service or product or is defamatory in any respect;
 - b. might be interpreted to be offensive to any religious, ethnic, racial, or political group;
 - c. might be interpreted as condoning any type of criminal act or which might be considered as derogatory toward any aspect of the law enforcement profession;
 - d. portrays acts of violence, murder, sedition, terror, vandalism, or other acts of violence against persons or institutions; or
 - e. depicts nudity or portions of nudity that would be considered as offensive, distasteful, pornographic, or erotic, is obscene, or advertises adult entertainment. The rule of "public acceptance" should be used in such cases; i.e., if the advertisement has already gained public acceptance, then it may be considered as acceptable to MTS.
 - f. might be interpreted as condoning any type of discrimination; or
 - g. might be interpreted as condoning or soliciting any unlawful act or conduct.
- 21.1.6 No advertisement will be permitted that is in conflict with any applicable federal, state, or local law, statute, or ordinance.
- 21.1.7 No advertisement will be permitted that contains false or grossly misleading information.
- 21.1.8 No liquor, tobacco, religious, political, or firearms advertisements will be permitted.

- 21.1.9 Upon written demand by the Chief Executive Officer of MTS on stated grounds that shall be reasonable and upon review by General Counsel of MTS, any advertisement or other display deemed to be objectionable will be removed. No refund shall be made for the time such objectionable material was on display.
- 21.1.10 Advertising treatments will not impede vehicular or pedestrian traffic, will not restrict the visibility of directional/traffic signs and informational material, and will not encroach on necessary sight lines (e.g., driver/operator view of waiting patrons) nor present any other safety risks or hazards.
- 21.1.11 Advertising industry standard sizes will be used for all advertising treatments.
- 21.1.12 Advertising treatments will be maintained in "like-new" condition. Damage to the advertisement or its housing will be corrected within forty-eight (48) hours.

21.2 Advertising - Light Rail Vehicles and Buses

- 21.2.1 Light rail vehicles (LRVs) will not carry commercial advertising. Buses may continue the practice of having interior and exterior advertising.
- 21.2.2 For buses, a maximum of 10 percent of the full fleet may carry full-bus advertising formats rather than conventional advertising formats. Vehicle fronts must remain "unwrapped" with standard paint schemes and materials. The San Diego Transit Executive Committee, serving as the advertising design review committee, shall review and approve all full-bus advertisements in advance of installation.
- 21.2.3 Transit information material may be placed inside LRVs and buses at the discretion of the operating corporation's Chief Executive Officer. Such information can include, in accordance with this policy, the promotion of regularly scheduled public transit routes that will serve major community events open to the public with no admission charge.
- 21.2.4 At the request of a recognized public entity and with the approval of the individual operating corporation's Chief Executive Officer, LRVs and buses may carry notices of events that are served by regularly scheduled transit routes and open to the public for an entrance or other fee in accordance with this policy and under the following conditions only:
- Such notices shall be limited to no more than once per month.
 - More than one event may be shown on the same notice.
 - The listing order within the monthly notice will be by event dates. Should more than one event start on the same date, alphabetical ranking will then be used.

- Notices will be produced in English and Spanish.
- The production costs of each notice (including translation, typesetting, camera work, and printing) will be reimbursed by the participating public entity/event. If more than one public entity/event is involved, costs will be divided equally among all participants.

21.2.5 Metropolitan Transit System advertising would be excluded from the 10 percent cap on full-bus advertising formats.

21.2.6 Super King and Mural formats are approved for acceptable use on buses. The size specification for the Super King is 226 inches x 30 inches and is placed between the front and rear wheel wells on the street side of the bus. Murals are defined as encompassing the space under the vehicle passenger windows on each side of the bus and extending from the front of the bus to just past the rear wheel well. These advertising formats will not be subject to the 10 percent cap assigned to full-bus wraps.

21.3 Advertising - Transit Centers, Major Transit Points, Stations, and Stops

21.3.1 Advertising treatments (housings) will be designed to complement the architecture of the transit centers/stations and the flavor of the surrounding community. MTS plan specifications will be followed wherever applicable. Advertising treatments will be designed, constructed, and placed in accordance with all applicable local, state, and federal standards.

21.3.2 Any unsold transit center, major transit points, and station display advertising space will be allocated for graphics and/or other nonrevenue-producing functions approved by the MTS Board. At least one full display panel per transit center and station will be reserved exclusively for transit-related items.

21.4 Advertising - Printed Materials

21.4.1 Advertising space may be allowed in printed materials (e.g., timetables, maps, and informational brochures) at the discretion of the operating corporation's Chief Executive Officer.

21.4.2 Advertising space may be allowed on the reverse side of regional passes, tickets, and transfers at the discretion of the MTS Chief Executive Officer.

21.4.3 No advertising space shall supersede necessary transit information and/or regulations.

21.4.4 At the discretion of the respective Chief Executive Officer, MTS and operating corporations may allocate space in printed materials to inform transit customers about private entities actively participating in transit services, e.g., pass and ticket-sales outlets.

21.5 Concessions

- 21.5.1 Concession formats, quantity, and placement will be approved and controlled by the MTS Board.
- 21.5.2 Acceptable concession formats are: pay telephones, automatic teller machines (ATMs), child-care facilities, and kiosks/shops for the sale of prepaid transit fares, transit-related merchandise, and rider convenience items approved by the MTS Board. Any additional concession formats are subject to Board approval.
- 21.5.3 Contracts for any concession format or related development will be awarded in accordance with existing MTS policies.
- 21.5.4 During hours of business, concessionaires will provide the public with transit information materials as directed and supplied by MTS or its designated representative.
- 21.5.5 Concession treatments/structures will be designed to complement the architecture of the transit centers/stations and the flavor of the surrounding community. MTS plan specifications will be followed wherever applicable. Concession treatments/structures will be designed, constructed, and placed in accordance with all applicable local, state, and federal standards.
- 21.5.6 Concession treatments/structures will not impede vehicular or pedestrian traffic, will not restrict the visibility of directional signs and informational materials, and will not encroach on necessary sight lines.
- 21.5.7 Concessionaire contracts will include remittance to MTS or its designated operating corporation. Said remittance will be made monthly and include a flat rate, plus percentage of gross revenue, as approved by the MTS Board.
- 21.5.8 Any and all concession on-site signing and displays will be in accordance with existing MTS policies and subject to approval of the MTS Chief Executive Officer.

21.6 Merchandise

- 21.6.1 Any and all system-related merchandise will be of the highest available quality and project a positive transit image.
- 21.6.2 Merchandise licensing agreements and royalty payments will be made in accordance with existing MTS policies.

21.7 Revenue

- 21.7.1 Except as otherwise provided, revenue from advertising in transit centers, major transit points, stations, and stops shall accrue to MTS.

- 21.7.2 Revenue received by each corporation for vehicle and printed material advertising, concessions, and merchandise will be retained by the respective corporation and used to offset the need for public subsidy. Revenue received from electronic message boards located at San Diego Trolley stations will be retained by San Diego Trolley.
- 21.7.3 Revenue received from advertising on the reverse side of regional passes, tickets, and transfers shall be utilized as reimbursement to the MTS "Transfers, Tickets, Passes" line item.
- 21.7.4 In lieu of revenue, MTS may elect to accept an equivalent value of goods and/or services, including, but not limited to, capital improvements, information services, and site maintenance.

21.8 Contractor Services

- 21.8.1 MTS may engage contractor(s) services for the development, implementation, management, and maintenance of advertising, concessions, and/or merchandise programs in conformance with existing Board policies and in the best interests of MTS.

LTresc/SChamp/JGarde
POLICY.21.REV GENERATE DISPLAY AD CONCESSIONS & MERCHANDISE
7/13/06

Attachment A – City of San Diego Advertising Policy

Original Policy approved on 5/9/83.
Policy revised on 6/6/85.
Policy revised on 7/9/87.
Policy revised on 6/23/88.
Policy revised on 3/22/90.
Policy revised on 3/14/91.
Policy revised on 4/9/92.
Policy revised on 5/12/94.
Policy revised on 8/11/94.
Policy revised on 6/22/95.
Policy revised on 3/27/97.
Policy revised on 6/11/98.
Policy revised on 2/22/01
Policy revised on 2/26/04.

ATTACHMENT A
MTS POLICY NO. 21
CITY OF SAN DIEGO
ADVERTISING POLICY

Subject:

ADVERTISING ON BUS STOP SHELTERS AND BENCHES

Background:

The City of San Diego (City) entered into a Memorandum of Understanding (MOU) with the Metropolitan Transit Development Board (MTS), adopted July 25, 1988, and amended February 25, 1991, and June 21, 1999, authorizing MTS to install bus stop shelters and bus benches in public rights-of-way in the City. Pursuant to the MOU, MTS contracted with third parties for the construction, installation, and maintenance of the bus stop shelters and benches. In exchange, MTS's contractors receive the proceeds from the sale of advertising space on the shelters and benches.

MTS regulated the content of the advertising placed on the bus stop shelters and benches according to its Policies and Procedures No. 21. After advertising containing a religious message was removed pursuant to that policy, valid concerns were raised that the policy may violate due process and first amendment rights governing public speech.

Purpose:

It is the intent of the City Council to establish a policy governing advertising on bus stop shelters and benches in the public rights-of-way within the City that will be included by amendment in the MOU between the City and MTS, and administered by MTS.

It is the further intent of the City Council to prohibit advertising on bus stop shelters and benches of alcoholic beverages, tobacco products, and firearms in recognition of the fact that many public transit patrons are minors, that possession of these products by minors is illegal and dangerous, and that advertising is a persuasive medium for encouraging the use of these products by minors.

This policy applies only to advertising space located in designated areas on bus stop shelters and benches, as described in the MOU between the City and MTS.

Policy:

Advertising on Bus Stop Shelters and Benches:

1. In its agreement with its advertising contractors, MTS shall reserve the right to reject any advertisement, commercial or noncommercial, which does not meet the standards set forth in this policy.

2. All advertising posted on bus stop shelters and benches must conform to the following criteria:
 - A. Defamatory Advertising. No advertising will be permitted that falsely disparages any person, product, or company, or that is likely to damage the reputation of any person, product, or company.
 - B. Advertising Condoning Criminal Conduct. No advertising will be permitted that is likely to incite or produce imminent unlawful activity.
 - C. Obscene Advertising. No advertising will be permitted that contains obscene matter or matter harmful to minors, as defined in California Penal Code Sections 311 and 313.
 - D. False Advertising. No advertisement will be permitted that contains false or grossly misleading information.
 - E. Alcohol, Tobacco, and Firearms. No advertisement will be permitted that promotes the sale of alcoholic beverages, tobacco or tobacco products, or firearms.
 - F. Existing Laws. All advertisements must conform to applicable federal, state, and local laws.
3. The City may make demand upon the Chief Executive Officer of MTS for the removal of any advertisement, commercial or noncommercial, that does not conform to this policy. Such demand shall be in writing and shall state reasonable grounds for the demand. MTS shall consider and act upon the demand in accordance with this policy.

SGreen/SChamp/JGarde
POLICY.21.REV GENERATE DISPLAY
AD CONCESSIONS & MERCHANDISE
7/13/06

DRAFT

June 17, 2008

MTS Doc. No. T0068.8-91
OPS 850.3 (PC 50911)

Mr. Ron Moreno
General Manager
CBS Outdoor
4450 Alvarado Canyon Road
San Diego, CA 92120

Dear Mr. Moreno:

RE: AMENDMENT NO. 8 TO MTS DOC. NO. T0068.0-91; ADVERTISING TRANSIT SHELTER AGREEMENT

This letter shall serve as Amendment No. 8 to MTS Doc. No. T0068.0-91.

CONTRACT MODIFICATIONS

The following language shall be removed from the original Agreement, MTS Doc. No. T0068.0-91:

"Within the City, MTS shall maintain a ratio of one shelter without advertising for every three shelters with advertising."

SCOPE OF WORK

Continue to operate and maintain advertising transit shelters on each participating municipality's property pursuant to the terms and conditions of the original agreement. In addition, Contractor shall provide the following additional work:

- MTS shall have the right to utilize any unused advertising space on a space-available basis to promote MTS, the City of San Diego, or other public service programs.
- Contractor shall assume the cleaning and maintenance of the shelters identified on Attachment "A" hereto.
- Contractor shall provide and install 20 new shelters, from existing shelters Contractor has in stock, in premium sales locations as identified on Attachment "B" hereto.
- Should MTS desire to install more than 20 shelters, MTS shall pay for the shelter(s) and pay the reasonable cost for installation of the shelter(s). MTS shall have the right to select any shelter of its choice. Contractor shall install the shelter MTS selects.
- At the completion of this amendment and the Agreement, MTS shall have the option to take title to any and all ad faces, bus shelters, and/or street furniture installed pursuant to this Agreement.
- Contractor shall provide a monthly advertising report that details the number of advertisements sold, the client who purchased the advertising, and the revenue generated from the advertising sale for each advertisement sold during the previous month. The monthly advertising report

shall be provided to MTS to the attention of Cliff Telfer, Chief Financial Officer, on the 15th of each month of this Agreement.

PAYMENT

Contractor shall make the following payments to MTS:

- \$1,000,000 on July 1, 2008, or upon execution of this amendment, whichever is sooner.
- \$50,000 per month, payable on the first of each month of this amendment, for the duration of the Agreement.
- After installation expenses are paid for, 50% of the revenue generated from the sale of advertising on the 20 new shelter locations identified on Attachment "B" payable on the first of each month of this amendment for the duration of the Agreement.
- 75% of the revenue generated from the sale of advertising on any new shelter purchase and installation paid for by MTS payable on the first of each month of this amendment for the duration of the Agreement.
- After installation expenses are paid, a minimum of 50% of the revenue generated on the other advertising opportunities outlined on Attachment "C" payable on the first of each month of this amendment for the duration of the Agreement. The parties shall negotiate any additional revenue split over and above the 50% minimum for each of the advertising opportunities outlined on Attachment "C".

TERM

Extend the contract for the sole remaining 5 year option from July 1, 2008, through June 30, 2013. There shall be no further extensions of the Agreement.

All other conditions shall remain unchanged. If you agree with the above, please sign and return the page marked "Original" to the Contracts Specialist at MTS. The other copy is for your records.

Sincerely

Agreed:

Paul C. Jablonski
Chief Executive Officer

Ron Moreno
CBS Outdoor

JULY10-08.C3.AttB.CBS OUTDOOR AMDMT.RSCHUPP.doc

Date: _____

Attachments: A. List of Cleaning and Maintenance Shelters to be assumed by CBS
B. List of Locations for 20 New Shelters to be installed by CBS
C. List of Other Advertising Opportunities

ATTACHMENT A

List of Cleaning and Maintenance Shelters to be Assumed by CBS

ATTACHMENT B

List of Locations for 20 New Shelters to be Installed by CBS

ATTACHMENT C

List of Other Advertising Opportunities



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.

FIN 360

July 10, 2008

SUBJECT:

MTS: BANKING SERVICES

RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to award a contract (MTS Doc. No. G1147.0-08 in substantially the same form as Attachment A) to Bank of America for banking services.

Budget Impact

The FY 2009 budget impact for the cost of services is \$36,662. This amount was included in the FY 2009 budget.

Base contract – three years	\$ 160,076
<u>Options (two 1-year options)</u>	<u>\$ 123,384</u>
Total contract if options exercised	\$ 283,460

Details are provided in the Contract Cost Summary by year in Attachment B.

Additionally MTS receives interest income on cash balances that are not invested elsewhere, such as the Local Agency Investment Fund (LAIF) or the San Diego County Investment Pool. This amount is projected to be \$1,114,000 for FY 2009.

In previous years, MTS has absorbed the above fees by maintaining a minimum balance. Currently and with this contract, MTS is paying all bank fees out of pocket and utilizing all cash balances to earn interest income. The purpose is to better highlight the true cost of fees and provide greater comparability of the rate of return on cash balances.



DISCUSSION:

Background

MTS's banking contract expired, and MTS initiated a Request for Proposals (RFP) for a new banking services contract. MTS currently maintains a banking relationship with Bank of America to provide its banking services. The primary services that MTS utilizes include supporting 14 checking or investment accounts, accepting deposits inclusive of armored car deliveries, and sophisticated on-line banking services. The latter automates many MTS transactions as well as provides real-time financial information critical to managing cash flow.

Request for Proposals (RFP) Process

On March 17, 2008, staff issued an RFP for banking services based on a negotiated "best value" process. The primary objective of the procurement was to secure a multiyear contract for banking services that includes depository, cash vault, Automated Clearinghouse House (ACH), disbursement, reconciliation, and reporting as well as other account services. The RFP was advertised and mailed to five prospective banking institutions. On April 30, MTS received two proposals—one from Bank of America, N.A. and the other from US Bank.

Both proposals were found to meet the minimum requirements established in the RFP and deemed responsive and responsible. The proposals were evaluated by a committee consisting of representatives from the MTS Finance and Procurement Departments. While considered the primary objectives of the RFP, the committee evaluated and ranked the proposals using the following five criteria and their relative weights of importance:

- | | | |
|----|---|-----|
| 1. | Financial strength | 20% |
| 2. | Experience and ability to provide service | 30% |
| 3. | Community investment | 10% |
| 4. | Customer service | 20% |
| 5. | Cost | 20% |

It was the unanimous finding of the evaluation committee that the proposal submitted by Bank of America represented the best value to the MTS. This finding was based on the procurement objectives, the evaluation criterion contained in the RFP, and a consideration of both technical and price factors. (See Attachment C - Evaluation Summary.)

Based upon the above, staff recommends that the Executive Committee forward a recommendation to the Board of Directors to authorize award of a contract for banking services to Bank of America, N.A.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Tom Lynch, 619.557.4538, Tom.Lynch@sdmts.com
Mike Ceragioli, 619.238.0100, Ext. 6493, Mike.Ceragioli@sdmts.com

JULY10-08.C4.BANKING SVCS.TLYNCH.doc

Attachments: A. Draft Standard Services Agreement
B. Contract Cost Summary
C. Evaluation Summary

STANDARD SERVICES AGREEMENT

DRAFT

G1147.0-08
 CONTRACT NUMBER
 FIN 360
 FILE NUMBER (S)

THIS AGREEMENT is entered into this ____ day of ____ 2008, in the state of California by and between the Metropolitan Transit System (MTS), and the following contractor, hereinafter referred to as "Contractor":

Name: Bank of America, N.A. Address: 333 South Hope St, 13th Floor

Form of Business: Corporation Los Angeles, CA 90071
 (Corporation, partnership, sole proprietor, etc.)

Telephone: 213-621-7138

Authorized person to sign contracts: Lou Mastro Senior Vice President
 Name Title

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

Provide banking services to MTS for a 3-year base period with two 1-year options, exercisable at MTS's sole discretion, based upon MTS's RFP No. G1147.0-08, Addendum No. 1, MTS's Responses to Questions and Clarifications, and in accordance with MTS's Standard Services Agreement, including the Standard Conditions Services, Federal Requirements, and Bank of America's proposal dated April 30, 2008. If there are any inconsistencies between the contract documents, the following order of precedence will govern the interpretation of this contract: (1) MTS's RFP No. G1147.0-08 Banking Services, including Addendum No. 1, MTS's Responses to Questions and Clarifications, Bank of America's proposal, and (2) Standard Services Agreement, including Standard Conditions Services and Federal Requirements.

The total cost of the banking services shall not exceed \$283,460.00.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM		CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer		Firm: _____
Approved as to form:		By: _____ Signature
By: _____ Office of General Counsel		Title: _____
AMOUNT ENCUMBERED \$ 283,460.00	BUDGET ITEM 902-53910	FISCAL YEAR FY 2009-14

By: Cliff Telfer, Interim Chief Financial Officer Date _____

**San Diego Metropolitan Transit System
Banking Services Contract
Cost Summary**

Service	Year 1	Year 2	Year 3	Sub Total Base Contract	Year 4	Year 5	Total Contract
1 General Account Services	336	336	336	1,008	336	336	1,680
2 Depository Services	2,432	2,432	2,432	7,296	2,432	2,432	12,160
3 Paper Disbursement Services	166	166	166	498	166	166	830
4 Paper Disbursement Recon Services	102	102	102	306	102	102	510
5 General ACH Services	124	124	124	372	124	124	620
6 Wire & Other Fund Transfer Services	386	386	386	1,158	386	386	1,930
7 Information Services	1,580	1,580	1,580	4,740	1,580	1,580	7,900
8 Investment/Custody Services	15	15	15	45	15	15	75
<hr/>							
Monthly Cost	5,141	5,141	5,141	15,423	5,141	5,141	25,705
Months in Year	12	12	12	12	12	12	12
Annual Costs	61,692	61,692	61,692	185,076	61,692	61,692	308,460
Other: One-time Customer Loyalty Credit	(25,000)			(25,000)			(25,000)
Total Costs	36,692	61,692	61,692	160,076	61,692	61,692	283,460

Att. B, AI C4, 7/10/08

**San Diego Metropolitan Transit System
Banking Services Contract
Evaluation Summary**

	Member 1	Member 2	Member 3	Combined Total	Average Score
Bank of America	83.00	90.00	93.00	266.00	88.67
US Bank	69.00	78.00	81.20	228.20	76.07



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

Agenda

Item No. C5

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

OPS 960.6

July 10, 2008

SUBJECT:

SDTC: PENSION OBLIGATION BONDS FOLLOW-UP

RECOMMENDATION:

That the Executive Committee forward a recommendation to the MTS Board of Directors to approve the following action items:

1. Replace UBS with the firm of E.J. De La Rosa and Company as the remarketing agent for the pension obligation bond (POB) 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.
4. Consider purchasing our own bonds until our bonds can be remarketed at appropriate market rates.

Budget Impact

The legal and administrative costs to implement the final strategy are currently estimated to be between \$250,000 and \$300,000. It is anticipated that restructuring the variable rate POBs will bring the current rate back within budget projections.



DISCUSSION:

In April, the Board was appraised on how the current turbulence in the bond market, caused by reductions in the credit ratings of the bond insurers, was affecting MTS's variable POBs. Nearly 80% of the municipal bonds currently in the market carry some form of credit enhancement—usually a bond insurance policy from a “monoline” insurance provider. MTS's 2004 bonds are insured by MBIA, which is one of the largest firms in the industry.

Since that update, the finance team has been endeavoring to accomplish several objectives in accordance with board direction and sound financial practice. Specifically, staff has been attempting to affect a restructuring that maintained the previously purchased bond insurance from MBIA, provided immediate relief from bond rate resets that exceeded the swap receipt, and preserved the ability of MTS to refund these bonds into a fixed-rate mode at competitive rates once the current interest rate swap matures in 2012.

An alternative approach to accomplish these objectives was developed and the finance team spent considerable time in financial engineering to achieve these goals. This new approach involved the conversion of the existing bonds into two-year notes with a fixed interest rate and a second interest rate swap to cancel out the variable rate obligation of the current swap. This strategy was designed to reduce interest cost by approximately 25 basis points from the original strategy of converting the existing Dexia liquidity facility to a Letter of Credit, and it would have preserved the MBIA insurance.

However, two new developments in the municipal market have occurred that has required us to return to our original strategy. First, On June 20, MBIA was downgraded to A2 and AA by Moody's and Standard & Poor's, respectively. This makes the current bond insurance a substantial liability that is not worth retaining and must be replaced. Second, UBS, the remarketing agent for the bonds, announced it was leaving the municipal market and subsequently dismissed its municipal investment bankers handling the MTS account. While UBS continues to remarket MTS's bonds, it does not have a long-term commitment to the municipal market.

Because of the downgrade of MBIA, the MTS bonds have been “put,” resulting in a draw on the Dexia liquidity facility. As a practical matter, this means the effective interest rate is over 7% and will likely go higher. Based upon last weeks rate of 7.2% and a LIBOR rate of 2.41%, MTS would pay an additional \$1,839,000 annually in interest. If MBIA's credit rating is reduced further or interest rates increase in general (both events which are likely to occur), the amount will increase. An increase from 7.2% to 8.2% would increase MTS's annualized investment costs by \$388,000.

On June 24, representatives of MTS met with Moody's and Standard & Poor's. Moody's has reaffirmed the ratings of MTS at A1, and Standard & Poor's has established a rating of A. The rating agencies specifically noted the proactive leadership of the agency staff and its board in addressing its fiscal issues.

In order to provide a definitive solution to the affect of the disruption in the municipal market confronting MTS, staff is recommending the following action items.

1. Replace UBS with the Firm of E. J. De La Rosa and Company (DLR). DLR is one of the leading California-based investment banks and has successfully remarketed Variable Rate Demand Bond (VRDB) Programs for several large issuers in the state. Because the firm is focused only on municipals, it does not have the same subprime exposure as other Wall Street investment banks. De La Rosa is the designated underwriter in the California Transit Finance Corporation program and was recently selected by the San Diego Association of Governments to replace UBS as remarketing agent of the \$150 million tranche of bonds issued earlier this year (see Attachment A – Resolution No. 08-15).
2. Adopt a Swap Policy. Standard & Poor's has recommended that all agencies with interest rate swaps adopt a policy governing how such instruments are used. MTS has one swap currently—the attached swap policy (Attachment B) was developed in consultation with The PFM Group and represents “good government” practice in the use of interest rate swaps.
3. Continue the Effort to Convert the Existing Liquidity Facility to a Letter of Credit and Issue Refunding Bonds to Extinguish the MBIA Insurance. This will allow DLR to remarket MTS's bonds without market penalty. MTS retains the option to refund the bonds into fixed rate or to continue in a variable mode after the swap terminates in 2012. With the exercise of the put on the current bonds, Dexia is now motivated to move its documentation quickly.
4. MTS to Consider Purchasing its Own Bonds in the Short Term. By using funds currently on deposit in Local Agency Investment Fund (LAIF), MTS can stanch its exposure to higher interest rates while MBIA insured debt is being shunned by the market. This would provide a financial benefit and is expected to be a short-term option (two to four weeks) until the redemption notice can be provided and MTS's bonds can be remarketed at appropriate market rates.

The current time line is to bring the final bond documents for approval to the Board at its August 21 meeting. This 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.



Paul C. Jablonski
Chief Executive Officer

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

APRIL17-08.C1.PENSIONBONDS.TELFER.doc

Attachments: A. Resolution No. 08-15
B. Swap Policy

RESOLUTION NO. 08-15

A Resolution Approving the Appointment of
E.J. De La Rosa & Company, Inc. as Remarketing Agent
and the Execution and Delivery of a Remarketing Agreement with Respect to the Taxable
Pension Obligation Bonds 2004 Series B (Variable Rate Demand Bonds) and Authorizing the
Issuance of a Conditional Notice of Redemption and Other Matters Relating Thereto

WHEREAS, the San Diego Metropolitan Transit System ("MTS") has assumed the obligations of San Diego Transit Corporation with respect to the Retirement Plan for Noncontract Employees, the Retirement Plan for A.T.U. Local 1309 Contract Employees, and the Retirement Plan for I.B.E.W. Local 465 Contract Employees (collectively, the "Plan") and is obligated to provide the benefits under the Plan as required by California law, including, without limitation, California Public Utilities Code Section 120520 et seq.; and

WHEREAS, MTS is obligated to (1) make annual contributions to the Plan to fund pension benefits for its employees, (2) amortize the unfunded accrued actuarial liability ("UAAL") with respect to such pension benefits over a period not exceeding 30 years, and (3) appropriate funds for the purposes described in (1) and (2); and

WHEREAS, pursuant to the terms and conditions of that certain Trust Agreement, dated October 1, 2004 (the "2004 Trust Agreement"), between MTS and BNY Western Trust Company, as the original trustee, MTS issued \$38,800,000 in Taxable Pension Obligation Bonds 2004 Series B (Variable Rate Demand Bonds) (the "2004 Series B Bonds") in order to evidence its obligations to the Plan and to pay a portion of the unfunded accrued actuarial liability of MTS; and

WHEREAS, pursuant to authority granted under the 2004 Trust Agreement and to provide for the remarketing of the 2004 Series B Bonds, MTS entered into that certain Remarketing Agreement, dated October 1, 2004 (the "2004 Remarketing Agreement"), with UBS Financial Services, Inc. as remarketing agent; and

WHEREAS, MTS desires to appoint E. J. De La Rosa & Co., Inc. ("De La Rosa") to act as the sole remarketing agent under a new remarketing agreement relating to the remarketing of the 2004 Series B Bonds; and

WHEREAS, the Board is considering the optional redemption in whole of the outstanding principal amount of the 2004 Series B Bonds from the proceeds of Taxable Pension Obligation Refunding Bonds and desires to direct the Chief Executive Officer to give a conditional notice of optional redemption of the 2004 Series B Bonds to The Bank of New York Mellon Trust Company, N.A., as successor trustee ("Trustee"); and

WHEREAS, there has been presented to this meeting proposed form of the Remarketing Agreement, dated as of July 1, 2008 (the "2008 Remarketing Agreement"), to be entered into between MTS and De La Rosa, as the remarketing agent.

NOW, THEREFORE, IT IS RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of the MTS as follows:

The appointment of De La Rosa to act as remarketing agent for the 2004 Series B Bonds is hereby approved, and the Chief Executive Officer is hereby authorized and directed to take any and all actions necessary and appropriate to appoint De La Rosa to act as the remarketing agent for the 2004 Series B Bonds under the 2008 Remarketing Agreement and

any and all actions previously taken by the Chief Executive Officer in connection with the replacement of the remarketing agent for the 2004 Series B Bonds are hereby ratified and approved. The Chief Executive Officer is hereby authorized and directed to execute and deliver the 2008 Remarketing Agreement, in substantially the form presented to this meeting, with such changes therein, deletions therefrom, and additions thereto as the Chief Executive Officer shall approve such approval to be conclusively evidenced by the execution and delivery of the 2008 Remarketing Agreement.

If necessary and appropriate to effectuate the purposes of this Resolution, MTS shall enter into a First Supplemental Trust Agreement with the Trustee.

The Chief Executive Officer of MTS is authorized and directed to deliver to the Trustee a conditional notice of its intent to exercise its right under Section 4.02(b) of the Trust Agreement to optionally redeem in whole of the 2004 Series B Bonds with a proposed redemption date of September 5, 2008. The issuance of Taxable Pension Obligation Refunding Bonds, the proceeds from the sale of which would be used to pay the redemption price of the 2004 Series B Bonds, and the approval of documents in connection therewith will be considered by this Board at its next meeting.

The Chief Executive Officer of MTS is authorized and directed to do any and all things and to execute and deliver any and all documents he may deem necessary or advisable in order to consummate the transactions contemplated by this Resolution and otherwise to carry out, give effect to, and comply with the terms and intent of this Resolution.

This resolution shall take effect immediately upon its adoption at a duly constituted regular or special meeting called for that purpose.

PASSED AND ADOPTED this _____ day of July 2008 by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of General Counsel
San Diego Metropolitan Transit System



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

Att. B, AI C5, 7/10/08

Policies and Procedures

No. 58

SUBJECT:

Board Approval: 7/19/07

INTEREST RATE SWAP POLICY

PURPOSE

The purpose of this policy (the "Policy") is to establish guidelines for the execution and management of the Metropolitan Transit System's ("MTS's") use of interest rate swaps or similar financial instruments ("Swaps") and related transactions to meet the financial and management objectives as outlined herein.

This policy confirms the commitment of MTS management to adhere to sound financial and risk management practices.

SCOPE

MTS recognizes that Swaps can be appropriate financial management tools to achieve MTS's financial and management objectives. This Policy sets forth the manner in which MTS shall enter into transactions involving Swaps. MTS shall integrate Swaps into its overall debt and investment management programs in a prudent manner in accordance with the parameters set forth in this Policy.

This Policy applies to any interest rate swap; swap option or related transaction that MTS may undertake.

58.1 AUTHORIZATIONS AND APPROVALS; COMPLIANCE WITH BOND DOCUMENTS AND COVENANTS

MTS shall obtain the approval of MTS's Board of Directors (the "Board") prior to entering into any interest rate swap, swap option or related transaction. MTS, in consultation with its Bond Counsel and Financial and Swap Advisors, will determine whether a proposed swap agreement complies with state law and any other applicable law and any other applicable provisions of MTS's bond resolutions and agreements with respect to its outstanding debt.

General Objectives

MTS may execute an interest rate swap, swap option, or related transaction to the extent the transaction can be reasonably expected to achieve one or more of the following objectives:

- Result in a lower net cost of borrowing with respect to MTS's debt, or achieve a higher net rate of return on the investment of MTS monies.

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- Reduce exposure to changes in interest rates either in connection with a particular debt financing or investment transaction or in the management of interest rate risk with respect to MTS's overall debt and investment portfolios.
- Enhance financing flexibility for future capital projects.

58.2 PROHIBITED USES OF INTEREST RATE SWAPS AND RELATED INSTRUMENTS

MTS shall not execute interest rate swaps agreements or related instruments under the following circumstances:

- When a swap or other financial instrument is used for speculative purposes, such as potential trading gains, rather than for managing and controlling interest rate risk in connection with MTS debt or investments;
- When a swap or other financial instrument creates extraordinary leverage or financial risk;
- When MTS lacks sufficient liquidity to terminate the swap at current market rates; or
- When there is insufficient price "transparency" to permit MTS and its financial advisors to reasonably value the instrument, as a result, for example, of the use of unusual or highly complex structures or terms.

58.3 PERMITTED FINANCIAL INSTRUMENTS

MTS may utilize the following hedging instruments, if then permitted by law, on either a current or forward basis, after identifying the objective(s) to be realized and assessing the attendant risks, if permitted by law:

- Interest rate swaps, including fixed, floating and/or basis swaps.
- Interest rate caps, floors, and collars.
- Options, including on swaps, caps, floors and/or collars and/or cancellation or index-based features.
- Other related financial instruments that MTS and its financial advisors consider appropriate for use pursuant to the terms of the Policy.

58.4 IDENTIFICATION AND EVALUATION OF FINANCIAL AND OTHER RISKS

Prior to execution of an interest rate swap, option, or related transaction, MTS and its financial advisors shall identify and evaluate the financial risks involved in the transaction, and summarize them, along with any measures that will be taken to mitigate those risks. The types of questions that should be evaluated in connection with the identification and evaluation of financial risks shall include:

- Market or Interest Rate Risk: Does the proposed transaction hedge or create exposure to fluctuations in interest rates?

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- Tax Law Risk: Is the proposed transaction subject to rate adjustments, extraordinary payments, termination, or other adverse consequences in the event of a future change in federal income tax policy?
- Termination Risk: Under what circumstances might the proposed transaction be terminated (other than at the option of MTS)? At what cost? Does MTS have sufficient liquidity to cover this exposure?
- Risk of Uncommitted Funding ("Put" Risk): Does the transaction require or anticipate a future financing(s) that is dependent upon third-party participation? What commitments can be or have been secured for such participation?
- Legal Risk: Is there any uncertainty regarding the legal authority of any party to participate in the transaction?
- Counterparty Credit Risk: What is the credit-worthiness of the counterparty? What provisions have been made to mitigate exposure to adverse changes in the counterparty credit standing?
- Ratings Risk: Is the proposed transaction consistent with MTS's current credit ratings or its desired future ratings and with related rating agency policies?
- Basis Risk: Do the anticipated payments that MTS would make or receive match the payments that it seeks to hedge?
- Tax Exemption on MTS Debt: Does the transaction comply with all federal tax law requirements with respect to MTS's outstanding tax-exempt bonds?
- Accounting Risk: Does the proposed transaction create any accounting issues that could have a material detrimental effect on MTS's financial statements? Would the proposed transaction have any material effect on MTS's rate covenant calculation or compliance? How are any such effects addressed?
- Administrative Risk: Can the proposed transaction be readily administered and monitored by MTS's finance team consistent with the policies outlined in MTS's Interest Rate Swap Policy?
- Subsequent Business Conditions: Does the proposed transaction or its benefits depend upon the continuation or realization of specific industry or business conditions?
- Aggregate Risk: To the extent that other departments of MTS or issuing entities of MTS also have swap exposures that may aggregate up to MTS level; i.e., they are not limited but involve some sort of pledge by MTS itself, MTS should include this risk in its overall analysis.

58.5 RISK LIMITATIONS

The total notional amount and term of all Swaps executed by MTS shall not exceed the notional amount and term specified from time to time by MTS Chief Financial Officer. It is expected that MTS's total variable rate exposure, net of Swaps that have the economic effect of reducing variable rate exposure, will be established from time to time based upon an evaluation of all

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relevant factors, including investment allocations, risk tolerance, credit strength, and market conditions. MTS will strive to manage its credit risk to any one counterparty by limiting its maximum potential termination exposure (as measured by the current mark-to-market value of its swaps plus any increase in value due to potential future changes in interest rates based on historical or projected measures applied over the remaining term of each swap) such that it does not exceed a prudent level as measured against gross revenues, available assets, or other financial resources of MTS. Such limits will be reviewed periodically and MTS may make exceptions to these limitations in its discretion after consultation with its Swap Advisor and Bond Counsel. If any exposure limit is exceeded by counterparty during the term of a Swap, the Chief Financial Officer shall consult with the Swap Advisors and Bond Counsel regarding appropriate actions to take, if any, to mitigate such increased exposure.

58.6 FORM OF SWAP AGREEMENTS

Each Swap executed by MTS shall contain terms and conditions as set forth in the International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement, including the Schedule to the Master Agreement and a Credit Support Annex, as supplemented and amended in accordance with the recommendations of MTS's finance team. The swap agreements between MTS and each qualified swap counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions, and provisions as MTS, in consultation with its financial advisors and Bond Counsel deems necessary or desirable.

58.7 QUALIFIED SWAP COUNTERPARTIES

Qualified swap counterparties, or their guarantor or credit support provider, shall (1) be rated at least "Aa3" or "AA-", or equivalent by at least one of the three nationally recognized rating agencies (i.e. Moody's, Standard and Poor's, and Fitch) and at least "A2" or "A" by the other two nationally recognized rating agencies; or (2) have, as support for their obligations, a "AAA" subsidiary or other entity (e.g. bond insurer) as rated by at least one nationally recognized rating agency.

58.8 PROCUREMENT PROCESS

MTS may either negotiate or competitively bid interest rate swap transactions with qualified swap providers. Each Swap executed by MTS shall be the subject of an independent review and analysis by a Swap Advisor or other qualified party and include a finding that its terms and conditions reflected a fair market value as of the date and time of its execution

58.9 TERMINATION PROVISIONS AND MTS LIQUIDITY

- Optional Termination: All interest rate swap transactions shall contain provisions granting MTS the right to optionally terminate a swap agreement at any time over the term of the agreement. In general, exercising the right to optionally terminate an agreement produces a benefit to MTS, either through receipt of a payment from a termination, or if a termination payment is made by MTS, in connection with a corresponding benefit from a change in the related MTS debt or investment, as determined by MTS. The Chief Financial Officer, as appropriate, in consultation with MTS's finance team, shall determine if it is financially advantageous for MTS to terminate a swap agreement.
- Termination Events: A termination payment to or from MTS may be required in the event of termination of a swap agreement due to a default by or a decrease in the credit rating of either MTS or the counterparty. Prior to entering into the swap agreement or

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making any such termination payment, as appropriate, the Chief Financial Officer shall evaluate whether it would be financially advantageous for MTS to enter into a replacement swap as a means of offsetting any such termination payment.

Any swap termination payment due from MTS shall be made from available MTS monies. The Chief Financial Officer shall report any such termination payments to MTS at the next MTS meeting.

- Available Liquidity: MTS shall consider the extent of its exposure to termination payment liability in connection with each swap transaction and the availability of sufficient liquidity to make any such payments that may become due.

58.10 TERM AND NOTIONAL AMOUNT OF SWAP AGREEMENT

MTS shall determine the appropriate term for an interest rate swap agreement on a case-by-case basis. The slope of the interest rate swap curve, the marginal change in swap rates from year to year along the swap curve, and the impact that the term of the swap has on the overall exposure of MTS shall be considered in determining the appropriate term of any swap agreement. For any swap agreement entered into in connection with the issuance or carrying of bonds, the term of such swap agreement shall not extend beyond the final maturity date of such bonds.

58.11 COLLATERAL REQUIREMENTS

As part of any swap agreement, MTS may require collateralization or other credit enhancement to secure any or all swap payment obligations of the counterparty. As appropriate, MTS may require collateral or other credit enhancement to be posted by each swap counterparty under the following circumstances:

- Each counterparty shall be required to post collateral, in accordance with its (or its guarantor's) credit rating equal to the positive net termination value of the swap agreement.
- Collateral shall consist of cash, U.S. Treasury securities, and U.S. Agency securities.
- Collateral shall be deposited with a custodian, acting as agent for MTS, or as mutually agreed upon between MTS and each counterparty.
- The market value of the collateral shall be determined on at least a monthly basis.
- MTS will determine reasonable threshold limits for the initial deposit and for increments of collateral posted thereafter.
- The Chief Financial Officer shall determine on a case-by-case basis whether other forms of credit enhancement are more beneficial to MTS.

In connection with any collateralization requirements that may be imposed upon MTS in connection with a swap agreement, MTS may post collateral or it may seek to obtain swap insurance in lieu of posting collateral. The Chief Financial Officer shall recommend a preferred approach to MTS on a case-by-case basis.

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58.12 REPORTING REQUIREMENTS

MTS's finance team will monitor any interest rate swaps that MTS enters into on at least a monthly basis.

MTS's Chief Financial Officer will provide a written report to MTS regarding the status of all interest rate swap agreements on at least a semiannual basis and shall include the following information:

- Highlights of all material changes to swap agreements or new swap agreements entered into by MTS since the last report.
- Market value of each of MTS's interest rate swap agreement.
- For each counterparty, MTS shall provide the total notional amount position, the average life of each swap agreement, the available capacity to enter into a swap transaction, and the remaining term of each swap agreement.
- The credit rating of each swap counterparty and credit enhancer insuring swap payments, if any.
- Actual collateral posting by each swap counterparty, if any, under each swap agreement and in total by that swap counterparty.
- A summary of each swap agreement, including, but not limited to, the type of swap, the rates and dollar amounts paid by MTS and received by MTS, and other terms.
- Information concerning any default by a swap counterparty under a swap agreement with MTS and the results of the default, including, but not limited to, the financial impact to MTS, if any.
- A summary of any planned swap transactions and the projected impact of such swap transactions on MTS.
- A summary of any swap agreements that were terminated.

58.13 SWAPS ACCOUNTING TREATMENT

MTS shall comply with any applicable accounting standards for the treatment of swaps and related financial instruments. MTS and MTS's external auditors shall implement the appropriate accounting standards.

58.14 PERIODIC REVIEW OF INTEREST RATE SWAP POLICY

The Chief Financial Officer and MTS's financial advisors shall review its swap policy on a periodic basis and recommend appropriate changes.

JULY10-08.C5.AttB.POLICY 58.POB RATE SWAP.CTELFER.doc

Original Policy adopted on 7/17/08.



**Recommended
for Board Consent
on 7/17/08**

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.**

OPS 970.6

July 10, 2008

SUBJECT:

**SDTI: LIGHT RAIL VEHICLE VANDALISM AND ACCIDENT REPAIR SERVICES -
CONTRACT AMENDMENT**

RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to exercise the second and final option year of the contract with Carlos Guzman, Inc. (SDTI Doc. No. C.O.011.2-05 – Attachment A) for light rail vehicle (LRV) accident and vandalism repair services.

Budget Impact

The total not-to-exceed cost of \$458,280.00 for these services would come from the FY 09 San Diego Trolley, Inc. (SDTI) operating budget line item 35653610 (LRV Vandalism and Revenue Vehicle Repairs).

DISCUSSION:

On August 2004, the MTS Board of Directors approved a three-year base contract (SDTI Doc. No. C.O.011.0-05) with an option for two single-year extensions for a total cost not to exceed \$2.2 million for LRV accident and vandalism repair services. The three-year base period (during which original bid unit prices remained unchanged per contract terms) expired in August 1, 2007. The original contract allowed a negotiated unit price adjustment not to exceed San Diego's Urban Consumer Price Index (CPI) during the prior three-year period for the option years.



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.

SDTI experiences a fair amount of vandalism and minors accidents requiring paint and bodywork during the course of normal operations. To repair such damage, the two most important qualities that SDTI looks for are the quality of the repair work and a timely response. The current contractor, Carlos Guzman, Inc., has exceeded the expectations in both of these critical areas. Staff is very satisfied with the contractor's performance and would like to continue using its services without interruption for one additional year by exercising the second and final contract extension options to the contract.

As required in the original contract, SDTI staff has negotiated the unit prices for the option year two of these services (see Attachment B). The contractor has agreed to keep unit prices the same as those offered in 2004 for the original service contract with the exception of a \$2.00 per hour or 7.14% increase on the preparation of paint materials only, which was stipulated under the original agreement allowing increases not to exceed the CPI. The CPI for 2007 was 2.3%, and currently for 2008 it is 4.9% for a total of 7.2%. The cost of paint and materials has increased by 6% in the last year alone per documents provided by DuPont (the paint manufacture).

Staff believes that these price increases are fair and reasonable and therefore recommends approval of the last option year of this agreement.



Paul G. Jablonski
Chief Executive Officer

Key Staff Contacts: Terry Mulcahy, 619.595.4904, terry.mulcahy@sdmts.com
Russ Desai, 619.595.4908, rdesai@sdti.sdmts.com

JULY10-08.D1.LRV REPAIR SVCS.MYNIGUEZ.doc

Attachment: A. SDTI Doc. No. C.O.011.2-05 w/cost proposal

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July 17, 2008

MTS Doc. No. C.O.011.2-05
OPS 970.6

Mr. Carlos Guzman
President
Carlos Guzman Industries
1619 East Creston Street
Signal Hill, CA 90755

Dear Mr. Guzman:

Subject: AMENDMENT NO. 2 TO SDTI DOC. NO. C.O.011.0-05, LRV ACCIDENT/ VANDALISM
DAMAGE REPAIR SERVICES FOR A ONE-YEAR CONTRACT EXTENSION

This shall serve as Amendment No. 2 to SDTI Doc No. C.O.0.11.0-05 for services to be provided under the LRV Accident/Vandalism Damage Repair Services Agreement as shown below.

SCOPE OF SERVICES

Provide light rail vehicle (LRV) accident/vandalism damage repair services on an as-needed basis for one additional year (until August 2009) in accordance with the LRV Accident/ Vandalism Damage Repair Services Agreement.

SCHEDULE

All work under this contract amendment shall be completed by August 2009. The original Request for Proposals (RFP), Attachment B-II, Section 1-3, Requirement for Contractor Response Time, shall apply for each incident.

PAYMENT

Payment shall be made on a monthly basis. The invoice shall include a list of preapproved cost estimates for each incident during the previous month with appropriate supporting paperwork. The unit price for the services provided shall be in accordance with the attached cost proposal. The total cost of services provided for this period shall not exceed \$458,280.00.

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

Sincerely,

Agreed:

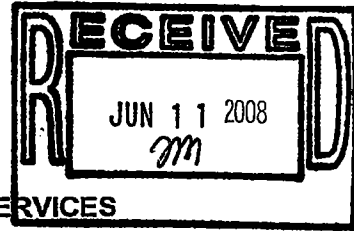
Paul C. Jablonski
Chief Executive Officer

Carlos Guzman
Carlos Guzman Industries

JULY10-08.D1.AttA.LRV REPAIR
CONTRACT.MYNIGUEZ.doc

Date: _____

Attachment: Cost Proposal



COST PROPOSAL

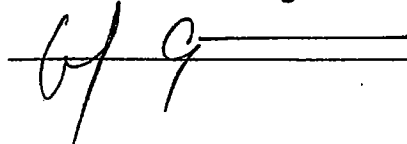
LRV ACCIDENT AND VANDALISM REPAIR SERVICES

July 1, 2008 – June 30, 2009

<u>Description</u>	<u>Unit of Measure</u>	<u>Unit Price</u>
1. Body Work, Labor Only.	Per Hour	\$40.00
2. Preparation and Paint, Labor Only	Per Hour	\$40.00
3. Preparation and Paint, Materials Only	Per Hour	\$30.00..
4. Decal Application/Removal Labor Only	Per Hour	\$25.00

Authorized Officer's Signature

Date



6-9-08

Carlos Guzman, CEO, 562-427-8497

Authorized Officer's Name, Title, and Telephone Number

Carlos Guzman Inc., 1619 E. Creston Street Signal Hill, CA 90755

Company Name and Address



**Recommended
for Board Consent
on 7/17/08**

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

ADM 110.2

July 10, 2008

SUBJECT:

MTS: DRUG AND ALCOHOL POLICY FOR SAN DIEGO TROLLEY, INC.

RECOMMENDATION:

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

Budget Impact

None.

DISCUSSION:

The FTA requires recipients of federal financial assistance (such as SDTI) to maintain a drug and alcohol policy in compliance with FTA regulations on prevention of prohibited drug use and alcohol misuse in transit operations. The policy must comply with 49 C.F.R. Part 655.

FTA periodically audits transit operators to ensure that the FTA-mandated drug and alcohol testing programs of the operators are in compliance with FTA regulations. The FTA has notified SDTI that it will be auditing the company's compliance with FTA regulations in the near future. As such, staff has made certain changes to the policy in order to comply with changes in FTA regulations that have occurred since the policy was last updated in 2003 and to reflect MTS's current practice.



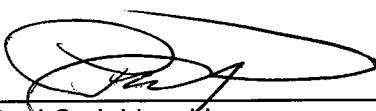
Metropolitan Transit System (MTS) is comprised of the Metropolitan Transit Development Board (MTDB) a California public agency, San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit. MTS is Taxicab Administrator for eight cities. MTDB 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.

The following is a brief summary of the most significant changes.

1. Persons submitting to pre-employment physicals will no longer be tested for alcohol, but they will continue to be tested for drugs.
2. MTS will no longer test employees who have violated any operating rule as the FTA does not require it. The FTA only requires a test if there is an accident that results in:
 - a) a fatality;
 - b) an individual suffering bodily injury that requires medical attention away from the accident; or
 - c) a trolley being removed from operation.
3. The section identifying signs and effects of potential alcohol misuse is no longer included in the policy, but will be addressed during orientation with all new employees.

Since January 1, 2006, only four SDTI employees have tested positive for drugs or alcohol out of 1,581 tests, or .002%.

The FTA regulations require that the governing board of the organization approve the drug and alcohol policy. Accordingly, staff respectfully requests that the Board of Directors approve of the updated drug and alcohol policy (Attachment A).



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Jeff Stumbo, 619.557.4509, Jeff.Stumbo@sdmts.com

JULY10-08.D2.DRUG ALCOHOL POLICY.JSTUMBO.doc

Attachment: A. Resolution No. 08-14

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 08-14

A Resolution to Implement an Updated San Diego Trolley, Inc.
Drug and Alcohol Policy in Compliance with Federal Transit Administration Regulations

WHEREAS, San Diego Trolley, Inc. (SDTI) provides mass transportation services funded in part by federal financial assistance from the Federal Transit Administration (FTA); and

WHEREAS, FTA has implemented regulations set forth at 49 C.F.R. Part 655 requiring operators that provide mass transportation services for a recipient of FTA federal financial assistance to establish and implement a policy concerning drugs and alcohol as set forth in those regulations;

WHEREAS, SDTI has updated its drug and alcohol testing policy in order to make certain that it is in compliance with current regulations;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED that the Board of Directors does hereby adopt the updated drug and alcohol policy for SDTI effective August 1, 2008, which is attached to this Resolution.

PASSED AND ADOPTED, by the SDTI 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:

Clerk of the Board
San Diego Metropolitan Transit System

Office of General Counsel
San Diego Metropolitan Transit System



**Recommended
for Board Consent
on 7/17/08**

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

Agenda

Item No. D3

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

July 10, 2008

SUBJECT:

MTS: INCREASED AUTHORIZATION FOR LEGAL SERVICES

RECOMMENDATION:

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

Budget Impact

Not to exceed \$250,000 for Law Offices of Paul, Plevin, Sullivan & Connaughton, LLP. Recommended amounts are contained within the FY 2009 budget.

DISCUSSION:

On January 18, 2007, the Board approved a list of qualified attorneys for use by MTS, San Diego Trolley, Inc. (SDTI), and San Diego Transit Corporation (SDTC) (hereinafter referred to as the Agencies) on an as-needed basis. Thereafter, MTS began to contract with approved attorneys for various amounts depending upon current and anticipated needs.

Pursuant to Board Policy No. 52 (Procurement of Goods and Services), the CEO may enter into contracts with service providers for up to \$100,000. The Board must approve all agreements in excess of \$100,000. The firm Paul, Plevin, Sullivan & Connaughton, LLP provides legal advice in employment cases, arbitrations, and negotiating contracts with all of the employee unions at MTS. There are also cases that are scheduled to



proceed to trial and/or arbitration, and the total cost of their legal services will exceed the CEO's authority.

The Law Office of Paul, Plevin, Sullivan & Connaughton, LLP is currently under contract with the Agencies for \$100,000. Attorney Rod Betts has successfully defended the Agencies in a number of cases and has provided valuable counsel on numerous employment and termination matters and negotiations.

Staff is requesting that the Executive Committee forward a recommendation to the Board for approval of MTS Doc. No. G1095.1-07 with the Law Office of Paul, Plevin, Sullivan & Connaughton, LLP for legal services.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Jeffrey M. Stumbo, 619.557.4509, jeff.stumbo@sdmts.com

JULY10-08.D3.LEGAL SVCS.JSTUMBO.doc

Attachment: A. MTS Doc. No. G1095.1-07

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July 17, 2008

MTS Doc. No. G1095.1-07

Rod Betts, Esq.
Paul, Plevin, Sullivan & Connaughton, LLP
401 B Street, 10th Floor
San Diego CA 92101

Dear Mr. Betts:

Subject: AMENDMENT NO. 1 TO MTS DOC. NO. G1095.0-07: LEGAL SERVICES

This letter will serve as Amendment No. 1 to MTS Doc. No. G1095.0-07. This contract amendment authorizes additional costs not to exceed \$250,000 for professional services. The total value of this contract, including this amendment, is \$350,000. Additional authorization is contingent upon MTS approval.

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

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

Mr. Rod Betts
Paul, Plevin, Sullivan & Connaughton, LLP

JULY10-08.D3.AttA.LEGAL SVCS CONTRACT.JSTUMBO.doc

Date: _____



**Recommended
for Board Consent
on 7/17/08**

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

Agenda

Item No. D4

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

CIP 11165

July 10, 2008

SUBJECT:

**MTS: LIGHT RAIL VEHICLE REHABILITATION SERVICES – CONTRACT
AMENDMENT**

RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (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 (LRV) paint and body rehabilitation services.

Budget Impact

The total cost of \$507,000 would come from the FY 2009 Capital Improvement Program (CIP) LRV Body Rehabilitation Services line item (WBS No. 11165-0800).

DISCUSSION:

In July 2004, the San Diego Association of Governments (SANDAG) awarded an LRV body rehabilitation contract (Doc. No. 5000259) to Carlos Guzman, Inc. The total contract was not to exceed \$4,000,000 over a five-year period, including a three-year base period and an option for two single-year extensions.

In October 2006, the original contract from SANDAG was reassigned to MTS as the capital funding for the project was included in the MTS budget. Work continued under the same contract at MTS until the end of FY 2007.



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.

The three-year base period (during which the original unit price of paint and bodywork rehabilitation services was to remain unchanged per contract terms) expired in July 2007. The original contract allowed for an option for two single-year extensions to be exercised at MTS's discretion. An option for the first one-year extension was exercised on June 27, 2007. During this option year, 17 SD 100 LRVs were rehabilitated. The plan is to continue work on the remaining SD 100 fleet of 52 LRVs over the next two to three years depending upon funding availability. The quality of finished paint and bodywork by Carlos Guzman, Inc. is highly satisfactory, and the contractor is efficient and responsive to the needs of San Diego Trolley, Inc.; therefore, staff recommends the continuation of paint and body rehabilitation services from Carlos Guzman, Inc. for one more year by exercising the last of the two one-year extension options.

As required by the contract terms, staff negotiated unit-price adjustments for the first year extension of these services last year, which resulted in the reduction of the unit price for SD 100 LRVs from \$37,000 in the original contract to \$35,200 for first option year. The contractor has agreed to keep the same unit price of \$35,200 for SD 100 vehicles for option year two as negotiated for option year one (Attachment A-2). Staff feels that these prices are very reasonable and recommends approval of this extension.



Paul C. Jablonski
Chief Executive Officer

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

JULY10-08.D4.LRV REHAB SVCS.RDESAI.doc

Attachment: A. MTS Doc. No. L0744.2-06 (with cost proposal)

DRAFT

July 17, 2007

MTS Doc. No. L0744.2-06
OPS 970.6

Mr. Carlos Guzman
President
Carlos Guzman, Inc.
1619 East Creston Street
Signal Hill, CA 90755

Dear Mr. Guzman:

Subject: AMENDMENT NO. 2 TO MTS DOC. NO. L0744.0-06 – SECOND ONE-YEAR CONTRACT
EXTENSION

This letter will serve as Amendment No. 2 to MTS Doc. No. L0744.0-06.

SCOPE OF SERVICES

Provide light rail vehicle (LRV) paint and bodywork services on U-2 and SD 100 LRVs in accordance with the terms and conditions of the LRV Body Rehabilitation Services Agreement.

SCHEDULE

This amendment extends the contract terms to August 31, 2009.

PAYMENT

The unit cost of each type of LRV paint and body rehabilitation services shall be as shown on the attached cost proposal. Any extraordinary repairs shall be on an individual case-by-case basis. The total cost of all work during this one-year extension period shall not exceed \$507,000.

All other terms and conditions of the original LRV Body Rehabilitation Services Agreement shall apply.

If you agree with the above, please sign below and return the document marked "original" to the Contracts Specialist at MTS. The second copy is for your records:

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

Carlos Guzman
Carlos Guzman, Inc.

JULY10-08.D4.AttA.LRV REHAB.RDESAI.doc

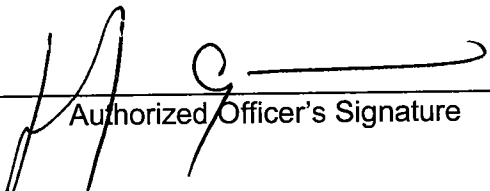
Date: _____

Attachment: Cost Proposal

COST PROPOSAL FOR FINAL ONE YEAR EXTENSION

LRV PAINT AND BODY REPAIR SERVICES

<u>Description</u>	<u>Qty.</u>	<u>Unit Price</u>
1. Paint complete exterior of one U2 LRV as described in Attachment II, Technical Specifications.		<u>\$38,500</u>
2. Paint complete exterior of one SD100 LRV as described in Attachment II, Technical Specifications.		<u>\$35,200</u>

 6-23-08
Authorized Officer's Signature Date

Carlos Guzman owner 562-427-8497
Authorized Officer's Name, Title, and Telephone Number

Carlos Guzman Inc 1619 E. Creston St Signal Hill
Company Name and Address CA 90755



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

DRAFT

Agenda

JOINT MEETING OF THE BOARD OF DIRECTORS

for the

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

July 17, 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

**ACTION
RECOMMENDED**

1. Roll Call
2. Approval of Minutes - June 26, 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



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CONSENT ITEMS

- | | | |
|----|--|---------|
| 6. | <u>MTS: Transit Security Grant Program</u>
Action would approve Resolution No. 08-13 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 (OHS). Budget Impact - None. Grant approvals for federal 2007 Transit Security Grant Program funding were announced last year. This action would allow MTS to request the funds that were already granted. | Approve |
| 7. | <u>MTS: Investment Report - April 2008</u>
Action would receive a report for information. Budget Impact - None. | Receive |
| 8. | <u>MTS: Investment Report - May 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).

- | | | |
|-----|---|---------|
| 9. | <u>MTS: Light Rail Vehicle Vandalism and Accident Repair Services - Contract Amendment</u>
Action would authorize the CEO to exercise the second and final option year of the contract with Carlos Guzman, Inc. (SDTI Doc. No. C.O.011.2-05 – Attachment A) for light rail vehicle (LRV) accident and vandalism repair services. Budget Impact - The total not-to-exceed cost of \$458,280.00 for these services would come from the FY 09 San Diego Trolley, Inc. (SDTI) operating budget line item 35653610 (LRV Vandalism and Revenue Vehicle Repairs). | Approve |
| 10. | <u>MTS: Drug and Alcohol Policy for San Diego Trolley, Inc.</u>
Action would adopt Resolution No. 08-14, which would implement San Diego Trolley, Inc.'s (SDTI's) updated drug and alcohol policy in order to comply with current Federal Transit Administration (FTA) regulations. Budget Impact - None. | Approve |
| 11. | <u>MTS: Increased Authorization for Legal Services</u>
Action would authorize the CEO to enter into a contract amendment (MTS Doc. No. G1095.1-07) with the Law Office of Paul, Plevin, Sullivan & Connaughton, LLP for legal services. Budget Impact - Not to exceed \$250,000 for Law Offices of Paul, Plevin, Sullivan & Connaughton, LLP. Recommended amounts are contained within the FY 2009 budget. | Approve |
| 12. | <u>MTS: Light Rail Vehicle Rehabilitation Services – Contract Amendment</u>
Action would authorize the CEO to exercise the second and final contract extension option with Carlos Guzman, Inc. (MTS Doc. No. L0744.2-06) to continue to provide light rail vehicle (LRV) paint and body rehabilitation services. Budget Impact - The total cost of \$507,000 would come from the FY 2009 Capital Improvement Program (CIP) LRV Body Rehabilitation Services line item (WBS No. 11165-0800). | Approve |

CLOSED SESSION

- | | | |
|-----|--|-----------------|
| 24. | a. 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) | Possible Action |
| | b. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a): <u>San Diego Public-Transit Riders' Alliance</u> (Case No. 37-2008-00086580-CU-TT-CTL) | Possible Action |

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

- | | | |
|-----|--|---------|
| 30. | <u>MTS: Pension Obligation Bonds</u>
Action would approve the following action items: (1) Replace UBS with the firm of E.J. De La Rosa and Company as the remarketing agent for the pension obligation bond (POB) 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. (4) Consider purchasing our own bonds until our bonds can be remarketed at appropriate market rates. | Approve |
| 31. | <u>MTS: Banking Services</u>
Action would authorize the CEO to award a contract (MTS Doc. No. G1147.0-08) to Bank of America for banking services. | Approve |
| 32. | <u>MTS: An Ordinance Amending Ordinance No. 4, An Ordinance Establishing a Metropolitan Transit System Fare-Pricing Schedule</u>
Action would adopt the proposed changes to the ordinance entitled "Ordinance No. 4: An Ordinance Establishing a Metropolitan Transit System Fare-Pricing Schedule" and direct publication of an ordinance summary. The ordinance would take effect on January 1, 2009. | Adopt |

- | | | |
|-----|--|---------|
| 33. | <u>MTS: Taxicab Maximum Allowable City Rates of Fare - Enactment of a Per-Fare \$1.00 Surcharge and Modification of MTS Policies and Procedures No. 34</u>
Action would 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. | Approve |
| 34. | <u>MTS: CBS Outdoor Advertising - Contract Renewal</u>
Action would authorize the CEO to execute: (1) a Memorandum of Understanding (MOU) (MTS Doc. No. G1124.0-08) between MTS and the City of San Diego allowing MTS to generate revenue from advertising sales on bus shelters and on bus benches placed within the City of San Diego's right-of-way; and (2) a five-year contract extension (MTS Doc. No. T0068.8-91) with CBS Outdoor to maintain all existing bus shelters, relocate bus shelters as directed by MTS, install new bus shelters as directed by MTS, and provide MTS with advertising revenue from bus shelters of at least \$4 million over the five-year contract period. | Approve |

REPORT ITEMS

- | | | |
|-----|---|-------------|
| 45. | None. | |
| 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: August 21, 2008</u> | |
| 66. | <u>Adjournment</u> | |



1255 Imperial Avenue, Suite 1000
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.

AG 210.9 (PC 50102)

July 17, 2008

**Draft for
Executive Committee
Review Date: 7/10/08**

SUBJECT:

MTS: TRANSIT SECURITY GRANT PROGRAM

RECOMMENDATION:

That the Board of Directors approve Resolution No. 08-13 (Attachment A) authorizing the Chief Executive Officer (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 (OHS).

Budget Impact

None. Grant approvals for federal 2007 Transit Security Grant Program funding were announced last year. This action would allow MTS to request the funds that were already granted.

DISCUSSION:

Resolution No. 08-13 would authorize filing applications with and requesting reimbursements from OHS and would satisfy requirements of the federal fiscal year 2007 Transit Security Grant Program. MTS's allocation for security training was \$55,071; the funds would be used for training to enhance security at MTS trolley stations and on MTS buses.

Paul C. Jablonski
Chief Executive Officer

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

JULY17-08.6.SECURITY GRANT PROG.NDALL.doc

Attachment: A. Resolution No. 08-13



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

RESOLUTION NO. 08-13

Resolution Approving the Submittal of Applications and Requests for Reimbursements
for Fiscal Year 2007 Transit Security Grant Program Funding

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 who desires to apply for and obtain funding for transit security purposes.

NOW, THEREFORE, BE IT RESOLVED that the Chief Executive Officer is hereby authorized to execute any actions necessary for the purpose of obtaining federal financial assistance for grant 2007-RL-T7-K001 provided by the federal Department of Homeland Security and subgranted through the State of California.

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



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Agenda

Item No. 7

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

FIN 300 (PC 50601)

July 17, 2008

**Draft for
Executive Committee
Review Date: 7/10/08**

SUBJECT:

MTS: INVESTMENT REPORT – APRIL 2008

RECOMMENDATION:

Receive a report for information.

Budget Impact

None.

DISCUSSION:

The attached schedule (Attachment A) is a report of MTS investments as of April 2008. It is broken into two columns—the first column relates to investments restricted either for capital support or for debt service, and 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

JULY17-08.7.INVEST RPT 4-08.LMUSENGO.doc

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
4/30/2008**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Avg. Rate of Return</u>
<u>Cash and Cash Equivalents</u>	\$ 10,828,855	12,627,749	0.45%
<u>Investments - Working Capital</u>	-	78,788,879	3.40%
<u>Cash - Restricted for Capital Support</u>	\$ 5,591,067	-	N/A
<u>Investments - Restricted for Debt Service</u>	118,054,538	-	N/A
Total Cash and Investments	\$ 134,474,460	\$ 91,416,628	

Controller: _____ Date: _____



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.

FIN 300 (PC 50601)

July 17, 2008

**Draft for
Executive Committee
Review Date: 7/10/08**

SUBJECT:

MTS: INVESTMENT REPORT – MAY 2008

RECOMMENDATION:

Receive a report for information.

Budget Impact

None.

DISCUSSION:

The attached schedule (Attachment A) is a report of MTS investments as of May, 2008. It is broken into two columns—the first column relates to investments restricted either 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 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

JULY17-08.8.INVEST RPT 5-08.LMUSENGO.doc

Attachment: A. Investment Report



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**San Diego Metropolitan Transit System
Investment Report
5/31/2008**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Avg. Rate of Return</u>
<u>Cash and Cash Equivalents</u>	\$ 10,828,855	15,758,088	0.36%
<u>Investments - Working Capital</u>	-	63,788,890	3.07%
<u>Cash - Restricted for Capital Support</u>	\$ 5,592,596	-	N/A
<u>Investments - Restricted for Debt Service</u>	117,482,713	-	N/A
Total Cash and Investments	\$ 133,904,163	\$ 79,546,978	

Controller: _____ Date: _____